ANNUAL REPORT 2017

grupo enusa

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LETTER FROM THE CHAIRMAN & CEO

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Dear Reader:

You have before you a new edition of the ENUSA Group's Annual Report, a document with a marked technological design through which we have intended to reflect the change that this company has undertaken towards its digital transformation.

Digital transformation signifies the generation of a new value in the company, a new way of acting and of thinking. We leaders and workers must immerse ourselves in this digital vision which will make us more competitive and will allow us to attract and retain talent. It deals with an important challenge for the future of ENUSA in which we are working with enthusiasm: putting into motion a digital transformation program for the company that will allow us to tackle our strategic objectives, with reinforcement in digitalization as a support tool. To do this, we have taken the first steps in 2017 and we are identifying those digital skills that we need to develop, with the aim of incorporating those digital profiles to our company's internal processes and to the relationships with our stakeholders.

This Annual Report corresponds to a year, 2017, in which the restructuring has occurred of two large suppliers of technology and nuclear fuel: AREVA, with a new organization of the Group; and Westinghouse, which has overcome a bankruptcy situation and continues forward with a new shareholder after its selling process.

2017, in which in the national market the definitive closing of Santa María de Garoña took place and in which we are awaiting the Climate Change and Energy Transition Act that the government has planned to issue in 2018 and which will define the energy policy for upcoming years.

It has been a year in which we have continued our commitment to technology and innovation as the motor for the growth strategy and internationalization, being supported, as always, by our excellent human team, whose capacity and professionalism is a guarantee of the trust of our customers, licensors, regulators and shareholders and basis of our competitive position.

Contracts were signed with Westinghouse to extend the technological transfer agreement and the commercial alliance through the European Fuel Group to the year 2024. Additionally, the commercial agreements and that of technological transfer has been extended with Global Nuclear Fuel until the end of 2018.

GENUSA has been the awardee of two firm refuelings for the years 2019-2021 and two optional refuelings for 2023-2025 for the Cofrentes plant, and ENUSA has been awarded the supply of refuelings of the nuclear plants of Doel and Tihange; and is negotiating with the Spanish electric companies the extension of refuelings for the Ascó I and II, Almaraz I and II and Vandellós II nuclear plants.

In relation to our factory in Juzbado, important developments have continued to be made in the area of safety systems, ventilation and air conditioning in the gadolinium area and in the manufacturing and inspection areas.

In the Saelices el Chico Center, the dismantling and commissioning activities have continued, pending the mandatory Authorization of the Nuclear Safety Council. Pilot tests have continued on the elimination of acid water through passive systems of applying artificial soils and the R&D&I Project TEKURA continues which has received the authorization and support of the Technological and Environmental Development Center (CDTI).

In the Madrid Center, the renovation work on the offices has been completed, overcoming, with the willingness and valuable collaboration of the workers, all the inconveniences and upsets that an action of this significance entails. This project has allowed us to welcome our colleagues from Emgrisa, improving the synergies, the collaboration and the economic efficiency by sharing the same headquarters.

With respect to our RSU plant in Castellón, managed through the UTE ENUSA-Azahar-A2A Ambiente, it must be pointed out that it continues to follow an environmental management model, increasing the amount of tons treated with regard to the previous year.

It is a source of satisfaction to affirm that ETSA consolidates its strong logistic position in the area of radioisotopes and nuclear medicine because of its predominant position, and in the transport of radioactive waste and nuclear material as a result of the new agreement signed with ENUSA for the next four years.

Emgrisa, as instrumental medium of the public sector, is suffering the effects of the economic crisis, which has entailed new business strategies aimed at strengthening its internationalization. A different way of working in order to be introduced with greater visibility in the private sector.

The degree of technification and constant commitment to safety and quality causes us to continue maintaining our demanding training program for our workers, which requires a heavy investment which in the year 2017 was 1.2 million euros with more than 30,800 training hours.

In the year 2017, the planning of the generational replacement of the staff has continued as well as the associated process of technological transfer.

We could conclude that in the year 2017 specific actions and investments have been boosted, aimed at improving business management, at optimizing costs and improving efficiency, at remodeling and expanding products and services; at the performance of actions in the environmental aspect, in training to maintain our levels of operation, technological knowledge, innovation and sustainability, and we have learned and advanced in order to carry out a good policy of social responsibility.

The ENUSA Group takes on new management and skill models in the current market and it does so driven by the spirit of work and vision of the future of its workers and by the constant support of our shareholders and customers.

With my thanks to all of you,

José L. González
Chairman

CORPORATE GOVERNANCE

The governance structure of ENUSA Industrias Avanzadas, S.A., S.M.E., comprises the following bodies:

BOARD OF DIRECTORS

Highest governance body of the company. It approves the strategy and oversees all the organization's activities. It is composed of 12 members: the Chairman – the only executive member who in turn presides over the Executive Committee, i.e. discharges at the same time senior management functions in the company – and 11 board members, of which three are proprietary directors and the remaining eight are independent. The General Board Meeting is responsible for appointing and retiring board members, and also for determining the number of board members within the minimum and maximum limits provided in the corporate bylaws.

AUDIT COMMITTEE

Board of Directors Committee comprising a chairwoman and two members, none of them executive. Its function is to report to the Board of Directors on agreements to be adopted in the General Shareholders' Meeting in relation to approval of the accounts and assessment of the company management during the year and its internal control system. It also reports to the Board of Directors on any other matters of its competence that are raised in its meetings.

EXECUTIVE COMMITTEE

It is composed of nine members and, on the date of publishing this Annual Report, seven members (Chairman plus six company directors), all of them executives. It proposes the organization's strategy in all matters to the highest governance body, it advises the Chairman on those matters of its competence and it makes decisions when any specific proposal is submitted to it.

APPOINTMENT AND SELECTION

The highest governance body is appointed in full by the organization's two partners. The criteria used to select the members of the current highest governance body are as follows:

- The only executive member and the three proprietary directors were directly elected by the organization's two partners from among persons that are related through labor or profession to the organization itself or to them, respectively.

- The eight other independent members were chosen from among persons who are not related through labor or profession to the organization, or to the two partners, or to the regulatory body with competence on the subject of the organization's activity, or, finally, to the Administrative Authority to which the tutelage of the organization is attributed.

The highest governance body has an audit committee appointed and selected from among its members by said authority.

The following is considered for the appointment and selection of the members of the highest governance body:

- The participation of representatives of the main Ministries and agencies of the State's General Administration to which the organization reports.

- Specialized knowledge and experience in the economic, environmental and social areas, insofar as the members in turn hold posts and perform functions in different spheres of the State's General Administration and its subordinate agencies that have relations with the social community in the aforesaid spheres.

Independence is taken into consideration for the appointment and selection of the members of the highest governance body, given that, as has been commented, eight of its twelve members are independent. For its part, the stakeholder group comprised by the shareholders is directly involved in their appointment and selection:

a. In the appointment of all the members of the highest governance body, given that they are all appointed by the two partners of the organization.

b. In the selection of four of the members (the only executive and the three proprietary), which have been directly chosen by the two partners of the organization from among persons that are related through their work or profession to the organization itself or to them, respectively.

CONFLICTS OF INTEREST

The members of the highest governance body annually report to the organization the possible existence of conflicts of interest, and they agree to abstain from taking part in decisions regarding which they may have any possible conflict of interest.

Since possible conflicts of interest must be reflected, by law, in the organization's annual report (pages 128 and 209), and since this annual report is published on both the institutional Website and in the Business Registry (accessible to the public for these purposes), possible conflicts of interest are public and, therefore, known by all the stakeholders.

REMUNERATION POLICIES

The remuneration policy of the Board of Directors is described on pages 127 and 208 of this report.

The remuneration policy of the Executive Committee is described on pages 128 and 209. However, it should be added that the remuneration policy is dictated by RD 451/2012 of March 5, which regulates the system of remuneration of senior executives and directors in the public corporate sector and other entities. As indicated, the cited decree includes the minimum principles of austerity, efficiency and transparency required both of entities and their senior executives and directors. It thus applies criteria of good governance common to the world of listed companies and financial firms and that are derived from agreements coming from international organizations, adapting these advances to the nature of the public sector. It is the responsibility of the Ministry of Finance and Public Function to classify the entities according to their nature and the criteria provided in article 5 thereof.

Remunerations in commercial contracts or of senior management are classified as basic or supplementary. Supplementary remunerations include a job post supplement and, if appropriate, a variable supplement.

- The job post supplement remunerates the specific characteristics of the functions performed and it is assigned by whoever exercises the entity's financial oversight or control, by the shareholder or, in the absence thereof, by the associated Ministry in accordance with the following criteria: external competitiveness, organizational structure under the job post, relative weight of the post inside the organization and level of responsibility.

- The variable supplement is of an optional nature and remunerates the achievement of previously set targets according to parameters to be evaluated by whoever exercises the entity's financial oversight or control, by the shareholder or, in the absence thereof, by the associated Ministry, and its payment is conditioned by the achievement of such targets.

Severance pay is regulated in the eighth additional provision of RDL 3/2012.

COMPOSITION
OF THE BOARD
OF DIRECTORS

On 31 October 2017, the resignation submitted by Ms. Mercedes Real Rodrigálvarez as proprietary director representing the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI) is accepted.

On 31 October 2017, Ms. Mª Jesús Álvarez González Pico is appointed as propietary director to represent the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI).

As a result of the above, the composition of the Board of Directors on the date of publication of this Annual Report is as follows:

CHAIRMAN

Mr. José L. González Martínez
Chairman & CEO
ENUSA Industrias Avanzadas, S.A., S.M.E.

VICE CHAIRMAN

Mr. Ramón Gavela González
Director General. CIEMAT

BOARD MEMBERS

Ms. María Jesús Álvarez González
Economic and Financial Director. SEPI

Ms. Ana Collados Martín-Posadillo
General Secretary. CIEMAT

Ms. Ana Calle Martín
Head of the Office of the Controller General of the State Administration. Controller General of the State Administration (IGAE). Ministry of Finance and Civil Service

Ms. María Dolores Rodríguez Maroto
Advisory Member of the State Secretariat for Support to Enterprises
Ministry of Economy, Industry and Competitiveness

Mr. José Manuel Redondo García
Deputy General Director of Nuclear Energy. Directorate General for Energy Policy and Mines. Ministry of Energy, Tourism and the Digital Agenda

Mr. Luís M. Aguado Díaz
Deputy Director General for Special Sectors.
Spanish Agrarian Guarantee Fund. Ministry of Agriculture, Fisheries and Food and the Environment

Mr. Francisco Javier Muñoz Regueira
Director of State Secretariat for Civil Service.
Ministry of Finance and Civil Service

Ms. Raquel González Pico
Counsel of the Office of the Secretary of State for Environment.
Ministry of Agriculture, Fisheries and Food and the Environment.

Ms. Blanca Fernández Barjau
Deputy Director General Policy Analysis and Business Finance.
Ministry of Economy, Industry and Competitiveness.

Mr. Luis Gonzaga Serrano de Toledo
Deputy Director General Litigation Services.
Government Attorneys' Office.

NON-MEMBER SECRETARY TO THE BOARD

Mr. Fernando Lozano Sánchez
Director of Legal Department & Secretary of the Board.
ENUSA Industrias Avanzadas, S.A., S.M.E

COMPOSITION OF THE EXECUTIVE COMMITTEE

CHAIRMAN
José L. González Martínez

DIRECTOR OF INTERNAL AUDITING
José L. González Martínez (acting)

DIRECTOR OF SYSTEMS AND QUALITY
Julián Andrés González

DIRECTOR OF LEGAL CONSULTANCY AND SECRETARY OF THE BOARD
Fernando Lozano Sánchez

DIRECTOR OF ORGANIZATION AND HUMAN RESOURCES
Begoña Díaz-Varela Arrese

DIRECTOR OF NUCLEAR FUEL OPERATIONS
Francisco Javier Montes Navarro

DIRECTOR OF TECHNOLOGY AND BUSINESS DEVELOPMENT
Roberto González Villegas

DIRECTOR OF URANIUM PROCUREMENT
José Luis González Martínez (acting)

DIRECTOR OF FINANCE AND INVESTMENTS
Juan I. Artieda González-Granda

TRANSPARENCY
AND GOOD GOVERNANCE

The full enforcement of Law 19/2013 on Transparency, Access to Public Information and Good Governance marked a new beginning to improve the integrity of organizations in Spain.

In order to adapt to the demands of this Law, the ENUSA website includes a section devoted to the Transparency Portal (http://www.enusa.es/conocenos/p-de-transparencia/), which makes available to all interested parties information on the company business and which includes data on economic and financial management, corporate information and organizational and regulatory information. In 2017, ENUSA received four requests for access to information through the Law of Transparency:

- List of the minor contracts entered into by ENUSA since financial year 2012.
- Investments made by ENUSA in the dismantling and reclamation of the former uranium mining exploitations in Saelices el Chico (Salamanca).
- Collaboration agreement on the 2009 ENUSA-Berkeley mining rights and addenda of 2012.
- Costs of dismantling the Saelices mine, of the action on the water of the site and of the environmental and radiological supervision.

In the framework of the legal and political changes that the government of Spain is making, a fundamental aspect is thus to strengthen transparency. The objective pursued is to ensure integrity in management and to prevent inappropriate practices.

As in previous years, ENUSA performs each year a comprehensive analysis of the competitiveness assessing and analyzing the environment and the pilot exercise of a risk map conducted previously that identifies and classifies them in various categories as strategic, of compliance, of preparation of operational reports and regulatory documentation, and identifying the strengths, weaknesses, opportunities and threats that have arisen in the definition and establishment of the strategies, key actions and tracking indicators.

In this context, the start of a digital transformation project in our company arises, beginning a structured program in 2017. The reorientation is intended of the organization and its processes towards an efficient model that improves the company's position through the use of the new digital technologies. This will be achieved with the digitalization of its internal processes and relations with customers, markets, channels, products, services and solutions. Its strategic objectives are:

- Improve our position in the market.
- Provide maximum value.
- Immerse the company in new technologies.

- Digital vision, digital culture, digital leaders and workers
- Effectiveness
- Attractive company (to attract and retain talent).

In order to achieve all of this, we need to bring about a cultural change using the cross-function digital technologies as its motor.

No change is possible without taking into account the technological evolution of our society, and without people. It is necessary to adapt the leadership style and it is fundamental to develop general and specific digital skills.

During this year, work has been done on the evaluation of the company's digital culture, in defining business goals, generating value proposals and acting in the value chain in commercial, operative, auxiliary and administrative processes, the establishment of the so-called digital territories, cross-function digitalization areas and the specific definition of the projects to carry out.

As a consequence of the above, we are working on the identification of the digital skills that are needed to reach the marked business goals in order to develop them or incorporate new profiles to the company.

All this will be expressed in a Digital Transformation Master Plan.

The digital transformation signifies the generation of a new value in the company, a new way of acting and thinking.

In this market and regulatory framework, the relationship between governance, risk management and compliance is practically indissoluble; most governance decisions become compliance obligations, and a good part of the risks have to do with a potential non-compliance with the legal regulations or internal rules (self-imposed).

The prevention of legal liability risks is a component of the principle of company efficiency and social responsibility.

For the aforesaid reasons, transparency and credibility are firm steps on the way to consolidating Corporate Social Responsibility (CSR) with a view to gaining the trust of all stakeholders, including the market.

This CSR policy must, at the very least, identify the following:

a) Objectives and development of support instruments
b) Sustainability, environment and social issues strategy
c) Specific practices related to: shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal conduct
d) Methods or systems to track the results of the application of the specific practices indicated in the preceding paragraph, the associated risks and the management thereof
e) Non-financial risk, ethics and corporate conduct oversight mechanisms
f) Channels of communication, engagement and dialogue with stakeholders
g) Responsible communication practices that prevent information manipulation and protect integrity and honor.

Practices related to the stakeholders and the tracking methods include the materiality analysis, the purpose of which is:

- to place the stakeholders at the center of our business, and
- to support internal participation in the preparation of a sustainability report.

The reason for the actions taken is to strengthen society's trust in institutions and enterprises by promoting transparency, good governance and social commitment. This report should serve as a tool that contributes to the organization's transparency, allowing the stakeholders to know beforehand what to expect of it.

MISSION, VISION AND VALUES

ENUSA believes that the best guarantee of its commitment to creating value for all the different people and collectives with which it interacts is professional performance in accordance with its Mission, Vision and Values.

MISSION

Provide to society, on a continuous, long-term basis, first-rate, competitive and safe products that enable professional and human development, environmental protection and an adequate return.

VISION

It is based on business lines in technology and service areas developed on the basis of structural capabilities in nuclear and radioactive material treatment and management, which combine mature markets with other emerging markets with a major growth potential.

VALUES

Prioritized attention to safety, quality and the environment. Attention, confidence, understanding and respect for people. Training. Teamwork spirit. Leadership, innovation, professionalism and honesty. Perseverance in work and desire to excel. Transparency and constructive self-criticism. Participation, commitment and communication.

The senior management defines the purpose, values, mission, strategies, policies and objectives related to the indicated impacts of the organization and submits them to the approval of the highest governance body.

ETHICS AND INTEGRITY

Transparency is an important requirement because it calls for better ethical behavior. Thus the efficiently operating Integrity and Transparency binomial will require all that is seen to be a product of an ethical exercise.

Ethics is the science of good behavior in the service to the people and other stakeholders and constitutes a vital factor for the creation and maintenance of trust in the company.

Ethical standards and the prevention of the risks posed by the violation thereof are a matter of responsible management that concerns everyone. The most advanced standards on Compliance follow this approach, known as “integrity”, by focusing on personal conduct and at the same time making models of criminal prevention mandatory in companies.

These standards are included in the Code of Conduct and in the Organization, Management and Control Model for Crime Prevention.

CODE OF CONDUCT

On 15 March 2004, the Board of Directors of ENUSA Industrias Avanzadas, S.A. approved the first Code of Conduct. In 2014, a new Code of Conduct was drawn up in accordance with the criteria established by SEPI for its subsidiary companies. This new Code of Conduct is the key element that identifies the standards of conduct that ENUSA wants to observe in all its company activities. It is a more demanding standard of conduct than that defined by the applicable legislation in the different countries where ENUSA conducts its business.

This Code is the declaration of a set of principles and values of corporate conduct; it is a written reflection of a public commitment by ENUSA to these principles and values.

In February 2014, it was approved by the Board of Directors, as the highest governance body of ENUSA, and therefore it also implies the highest level of commitment.

As for its scope of application, the Code will be applied to all the subsidiary companies in which ENUSA holds a majority interest. It may also be applied to temporary joint ventures, consortiums and other instruments of business development in which ENUSA holds a majority interest.

PRINCIPLES AND VALUES OF CORPORATE CONDUCT

The principles and values of corporate conduct to which ENUSA is committed at the very highest level and on which this code is based are as follows:

1. Compliance with the law.
2. Integrity and objectivity in corporate performance.
3. Respect for people.
4. Protection of health and physical integrity.
5. Environmental protection.
6. Efficient management.
7. Proper conduct in international markets.
8. Use and protection of information.
9. Quality and safety.

Each of these principles leads to a set of rules of conduct, which in most cases are broadened with more specific rules via internal company rules or contract clauses.

ORGANIZATION, MANAGEMENT AND CONTROL MODEL FOR PREVENTING CRIMES

In accordance with its mission and values and the principles of ethics and integrity, ENUSA has a strong commitment to regulatory compliance – both with legal provisions and technical standards that affect its business and in general with all legal system regulations and in particular criminal law. All the people who work in ENUSA and its subsidiaries and anyone who has relations with our Company should know that ENUSA does not tolerate legal non-compliance of any kind and that it will take decisive action if it becomes aware that an illegal act has been committed.

The result of this commitment is the Organization, Management and Control Model for Preventing Crimes (hereinafter, “the Model”), which was approved by the ENUSA Board of Directors on 29 June 2015. Likewise, on 30 June, the respective Administrative Bodies of the *Empresa para la Gestión de Residuos Industriales, S.A.* (hereinafter, Emgrisa) and Express Truck S.A.U. (hereinafter, ETSA) approved their Models. The Model has three complementary Protocols that were approved by the competent bodies in each case.

- Anti-corruption Protocol
- Action Protocol in case of Detection of Irregularities
- Reporting Channel Protocol

The purpose of the ENUSA Crime Prevention Model is to complete the compliance function already implemented in the Company and adapt it to the standards established in international practice for effective crime prevention programs that go above and beyond the currently enforced levels. The system thus meets the requirements regarding the criminal liability of legal entities enacted in Spain by Organic Law 5/2010, with the wording provided by Organic Law 1/2015 of March 30.

The Model is divided into two parts: a General Part and a Special Part.

The General Part describes the following elements:

(i) the main activities of ENUSA and the associated criminal risks;
(ii) the controls of a general nature that it has implemented;
(iii) the compliance culture ("safety culture") that ENUSA requires at all times;
(iv) the Company's organic control structure, paying special attention to the Supervisory Body;
(v) the set of internal rules and protocols, from the Code of Conduct to the Manuals regarding the most significant risks and the Operating Procedures;
(vi) the main aspects of the training system for all ENUSA personnel, which is essential to ensure the Model's effectiveness;
(vii) the main aspects of the action protocol in case a Model non-compliance or an illegal or criminal act is detected;
(viii) the Reporting Channel that enables any person who is aware of a potential criminal or illegal act to contact the Supervisory Body on a confidential basis and without fear of reprisals;
(ix) the main aspects of the procedure for monitoring and applying the Model and its continuous improvement.

The Special Part contains the following elements:

(i) a description of each of the crimes that in principle could possibly be committed considering ENUSA's business;
(ii) the main internal rules that refer to the risk associated with each specific crime;
(iii) the controls implemented by the Company in relation to such risk;
(iv) the internal bodies which act to mitigate the risk in question.

REPORTING CHANNEL

Both the Code of Conduct and the Organization, Management and Control Model for Preventing Crimes requires the existence of a Supervisory Body, as well as a channel for complaints and/or denunciations and another one for suggestions. For this reason, the two channels have been merged so that anyone who is aware of any act that could constitute a crime or a non-compliance of the ENUSA Model, Code of Conduct or Rules and Procedures will be able to contact the Supervisory Body via any of the following means:

(i) By mail, to the following postal address:
ENUSA Industrias Avanzadas, S.A., S.M.E.
Órgano de Vigilancia
C/ Santiago Rusiñol, 12
28040 Madrid
(ii) By email, to the following email addresses:
canaldedenuncias@enusa.es
canaldesugerencias@enusa.es
(iii) By personal interview with any of the Supervisory Body members.

This Reporting Channel is based on the following principles:

(i) It is categorically forbidden to adopt any penalty, reprisal or consequence against a person for having filed a complaint.
(ii) Access for reporting directly to the Supervisory Body is guaranteed, without the person who reports the act having to go through a hierarchical superior or any other intermediate body.
(iii) It is guaranteed that the identity of the person who makes the denunciation will remain confidential (although anonymous reports are not possible), unless revealing the identity is required by a judicial body.
(iv) The guarantees of the reporting channel do not apply to denunciations that are made with the knowledge that they are not true or with rash disregard for the truth.

The Reporting Channel Protocol is published on the ENUSA website. This document:

- Defines the purpose as the establishment of a set of rules that regulate a specific channel through which the people in ENUSA can comply with their obligation to report any irregularities they become aware of to the Supervisory Body freely, without fear of reprisals and with their confidentiality guaranteed.

- Moreover, this Protocol establishes the appropriate mechanisms for respecting the rights of the reported person, including those recognized in the personal data protection act.

    - It includes the scope of application, the obligation of reporting, the way to report, the rights and obligations of the informer, the processing of the denunciation, the protection of personal data, and training and dissemination.

During 2017, a report was recorded in relation to the Code of Conduct, and once the corresponding examination process was carried out, it ended in the voluntary withdrawal by the claimant and was closed.

TRAINING

Furthermore, both documents state that it is obligatory to take the necessary training/information actions so that all employees will be sufficiently aware of them and to ensure their effectiveness.

During 2017 and beginning of 2018, different training actions have been carried out for the ENUSA employees, on the Code of Conduct and the Organization, Management and Control Model for Crime Prevention, as well as in the Protocols that implement it. Specifically, in 2017, 100% of the Management Committee was formed and training actions were planned and programmed for the rest of the staff at 100%, with the realization being carried out at the beginning of 2018.

AUDITS

Finally, both documents pose the conducting of audits and implementing internal controls in matters concerning their application, requiring that the bodies responsible for the internal audit take part in compliance monitoring and control. For 2018, the internal management audit of "Review of the system established for crime prevention".

APOYAMOS
EL PACTO MUNDIAL

GLOBAL COMPACT

ENUSA is a signatory of the United Nations Global Compact since 2002, the year when the Spanish network for this initiative was founded. Since then, it has been committed to its 10 Principles, based on the promotion of and respect for human, labor and environmental rights and the fight against corruption, and these have become another mainstay of the code of ethics and best practices on which the company bases its management.

In addition to submitting its annual Progress Report (available at www.pactomundial.org), ENUSA gives all newly hired staff members an informative brochure together with its Welcome Manual; this brochure explains what the Global Compact is and the company's commitment, and what it means for the organization to be a member.

THE 10 PRINCIPLES OF THE GLOBAL COMPACT

HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights within their area of influence.
2. Businesses should make sure that they are not complicit in human rights abuses.

LABOR RIGHTS

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labor.
5. Businesses should uphold the effective abolition of child labor.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENTAL RIGHTS

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

BATTLE AGAINST CORRUPTION

10. Businesses should work against all forms of corruption, including extortion and bribery.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

On 25 September, 2015, the UN General Assembly approved the 2030 Agenda for Sustainable Development, composed of 17 goals (the so-called "Sustainable Development Goals", SDGs) and 169 objectives. Unlike what occurred with the preceding Millennium Development Goals (MDGs), the SDGs grant a fundamental role to the private sector's participation in its achievement, which is more important than ever before in this scenario.

At ENUSA, the challenge is to integrate the SDGs in the company's strategy, aligning our business core with those to which we contribute more directly notwithstanding maintaining additional initiatives that favor other SDGs.

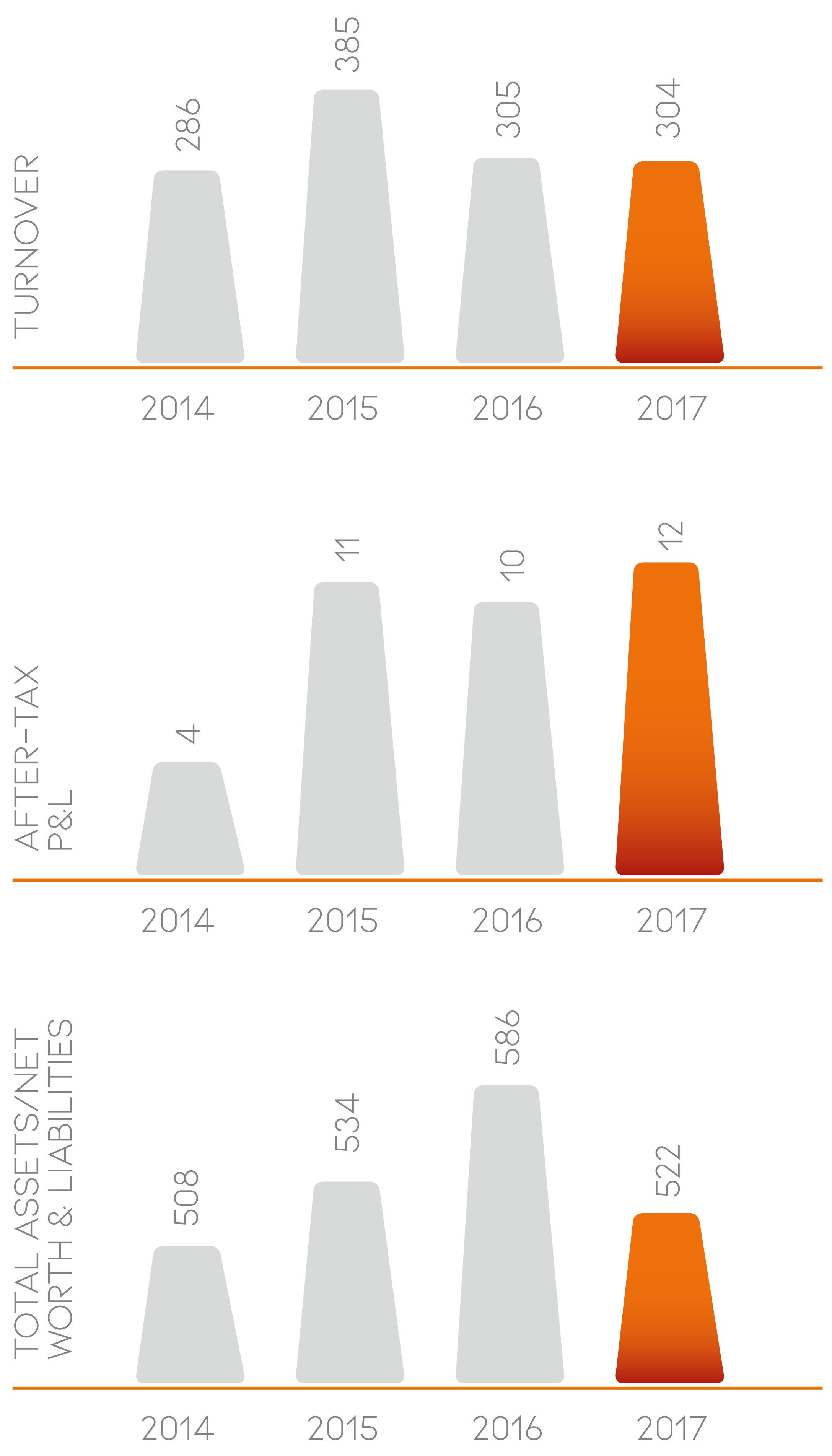
MAIN ECONOMIC QUANTITIES

MAIN ECONOMIC QUANTITIES OF THE ENUSA GROUP

	2014	2015	2016	2017
TURNOVER	**286**	**385**	**305**	**304**
- Services rendered	39	46	48	44
Net variation of cash and cash equivalents	-4	-	-	-
Amortizations and provisions	15	15	12	13
Before-tax profit/loss	8	14	12	13
AFTER-TAX PROFIT/LOSS	**4**	**11**	**10**	**12**
Net intangible fixed assets	39	38	37	35
Net tangible fixed assets	43	43	42	44
Net worth (excluding profit/loss of the year)	114	113	113	109
Financial indebtedness				
- Long-term debt	194	173	172	130
- Short-term debt	36	92	91	99
Creditors	82	67	123	98
TOTAL ASSET/NET WORTH & LIABILITIES	**508**	**534**	**586**	**522**

Thousands of Euros

STAFF	**711**	**726**	**735**	**748**

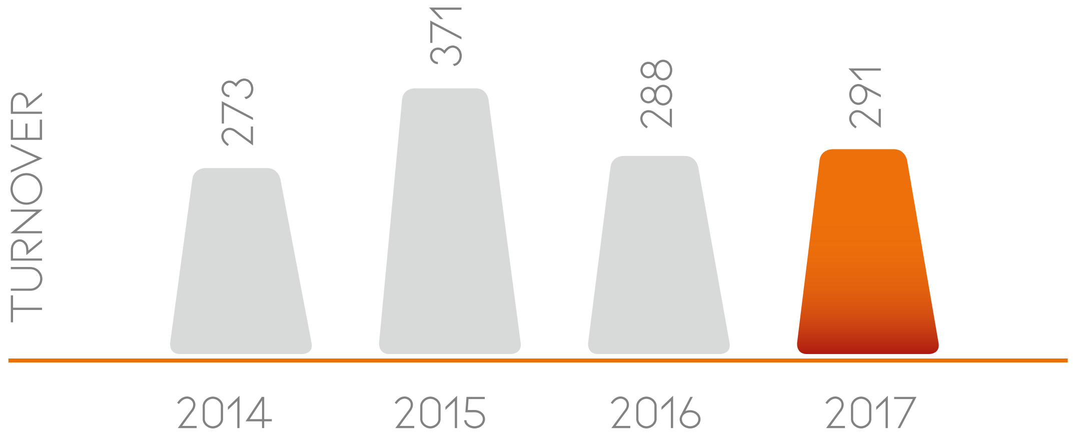


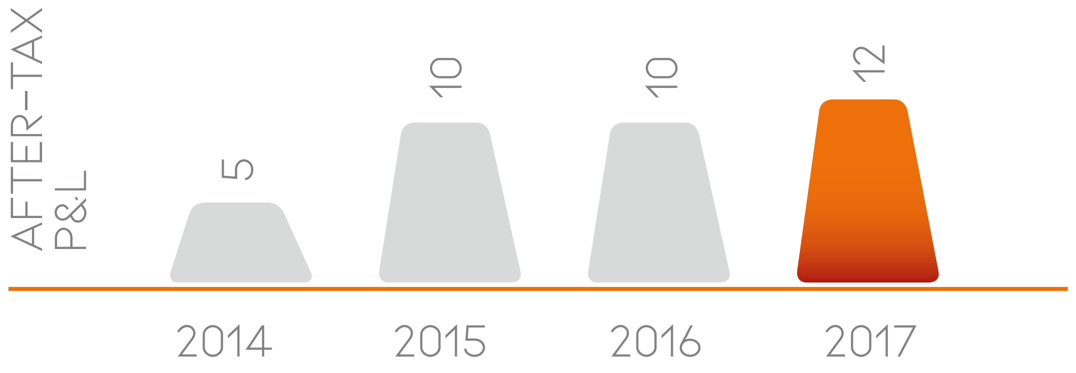
MAIN ECONOMIC QUANTITIES OF ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E.

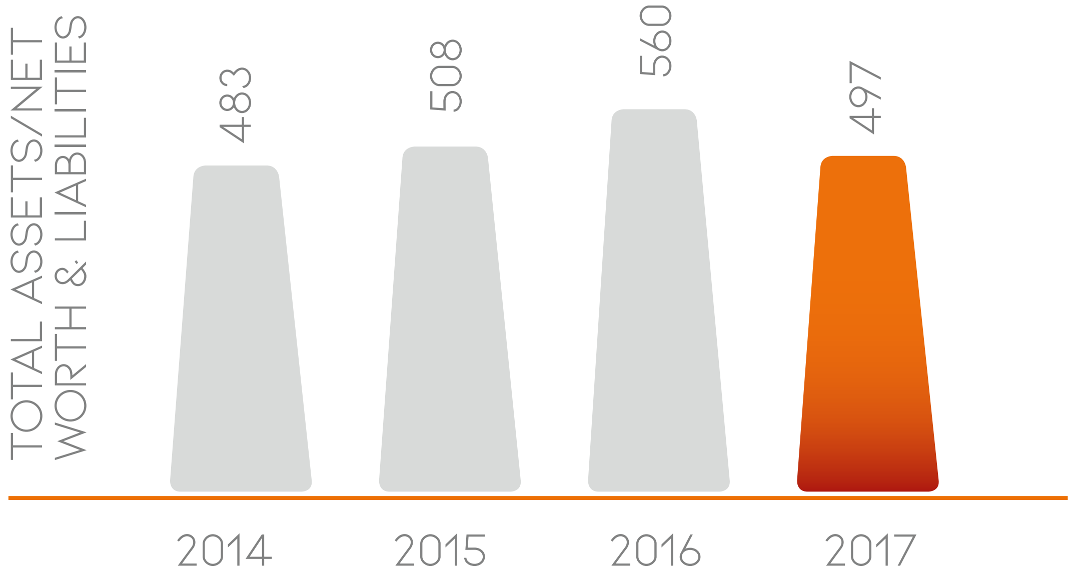
	2014	2015	2016	2017
TURNOVER	**273**	**371**	**288**	**291**
- Services rendered	27	32	31	31
Net variation of cash and cash equivalents	-2	-	-	-
Amortizations and provisions	14	14	11	12
Before-tax profits/loss	9	13	12	14
AFTER-TAX PROFITS/LOSS	**5**	**10**	**10**	**12**
Net intangible fixed assets	39	38	37	35
Net tangible fixed assets	39	39	39	42
Net worth (excluding profit/loss of the year)	93	92	92	88
Financial indebtedness				
- Long-term debt	194	173	172	130
- Short-term debt	36	92	91	99
Creditors	80	64	121	95
TOTAL ASSET/NET WORTH & LIABILITIES	**483**	**508**	**560**	**497**

Thousands of Euros

STAFF	**614**	**630**	**635**	**646**







ITEMIZED SALES

	SUPPLY	FUEL	ENVIRONMENT	TOTAL
SERVICE		23	8	31
SALES	193	66	0	259
TURNOVER	**193**	**90**	**8**	**291**

ENUSA GROUP STRUCTURE

ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E.
(PARENT OR CONTROLLING COMPANY)

SHAREHOLDERS
60% SEPI
40% CIEMAT

CORPORATE HEADQUARTERS & CENTRAL SERVICES
Santiago Rusiñol, 12.
28040 Madrid
(+34) 913 474 200; Fax: (+34) 913 474 215

JUZBADO FUEL ASSEMBLY FACTORY
Carretera Salamanca-Ledesma, Km. 26;
37115 Juzbado (Salamanca)
Tel: (+34) 923 329 700; Fax: (+34) 923 321 369

SAELICES EL CHICO CENTER
Carretera Ciudad Rodrigo-Saelices, Km. 7;
37592 Saelices el Chico, Ciudad Rodrigo (Salamanca).
Tel: (+34) 923 461 139; Fax: (+34) 923 481 060.

BUSINESS AREAS
Enriched uranium management and supply.
Fuel assembly manufacturing. In-plant services.
Environmental area.

STAFF AT 31 DECEMBER 2017
646 employees

FINANCIAL INVESTMENTS

COMINAK 10%
(1973)
Republic of Niger
Uranium mining extraction

INDUSTRIAL INVESTMENTS

ETSA 100%
(1996)
Hazardous material transport
Staff: 43
Ctra. C-517 Salamanca-Vitigudino
Km. 0,7
37009 Salamanca
Tel. 923 330 980
e-mail: transport@etsa.es

CETRAMESA 10%
(2006)
Development of logistics and transport in Salamanca and western Castilla-León
Ctra. C-517 Salamanca-Vitigudino
Km. 0,7
37009 Salamanca
Tel. 923 330 500
e-mail: cetramesa@cetramesa.com

ENVIRONMENTAL INVESTMENTS

EMGRISA 99.62%
(2003)
Treatment of contaminated soil, industrial waste & discharge management
Staff: 57
C/ Santiago Rusiñol 12
28040 Madrid
Tel. 91 411 92 15
e-mail: info@emgrisa.es

Investments in other enterprises or companies:
- 50% **REMESA**
  - 30% **CETRANSA**
    - 100% **GESTIÓN Y PROTECCIÓN AMBIENTAL, S.L(*)**

FUEL AREA INVESTMENTS

GENUSA 49%
(1996)
Fuel supply to European BWR nuclear power plants and engineering services
C/ Josefa Valcárcel, nº 26
28006 Madrid
e-mail: jjs@enusa.es

ENUSA-ENSA AIE 50%
(1995)
PWR fuel assembly repair
Services related to the reactor core and its components.
C/ Santiago Rusiñol, 12
28040 Madrid
Tlf: 913 474 200

SNGC AIE 25%
(2008)
Commercial promotion of products and services for nuclear power plants in China and South America.
C/ Santiago Rusiñol, 12
28040 Madrid
Tlf. 913 474 200

THE ENUSA GROUP IS COMPOSED OF THE PARENT OR CONTROLLING COMPANY (ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E.) AND ITS INVESTEE COMPANIES.

(*) Company invested indirectly through Cetransa
Data updated at 31 December 2017

ANNUAL REPORT PARAMETERS

ANNUAL REPORT PROFILE

SCOPE AND COVERAGE

The non-financial information or that related to corporate social responsibility contributes to measuring, supervising and managing the performance of the companies and its impact on society. For this reason, from the company and within our responsibility, we intend to make known the impact on society, reflecting the environmental and social issues as well as those related to personnel, as regards human rights and the fight against corruption and bribery. The provided information may refer to the measures adopted to guarantee gender equality, the application of fundamental agreements of the International Labor Organization, the working conditions, social dialogue, among others.

Therefore, since 2007, ENUSA Industrias Avanzadas, S.A., S.M.E. draws up its Sustainability Report every year in keeping with the recommendations of the Global Reporting Initiative (GRI), the most important international reporting standard in terms of Corporate Social Responsibility. Likewise, the rest of the companies that form the Group, the so-called affiliated companies or subsidiaries, also try to adapt their available data as far as possible to these recommendations.

"This report has been prepared in accordance to the GRI standards; comprehensive option," being the first Annual Report of ENUSA that has been prepared with the latest version of this standard. The Annual Reports of 2015 and 2016 were prepared following Guideline G4 of GRI, while those published previously used the contents of version 3.0 (G3) of the Global Reporting Initiative (GRI). The historical file of annual reports from previous years is available to any interested member of the general public on the company's corporate website, in the Publications section: (http://www.enusa.es/sala-de-prensa/publicaciones/memorias-anuales/).

In view of the level of maturity of the ENUSA Sustainability Reports, the Comprehensive Option has been used to prepare the 2017 Annual Report. Therefore, this document includes information on all the contents of the GRI 102 (General Contents) and of all the standard GRI themed standards (Series 200, 300, and 400) that correspond to material topics.

This annual report has been subject to external assurance by an independent entity. The Assurance Report issued by this entity can be found at the end of this document. Likewise, the section on "Economic Performance" has been audited by another entity, and there is no relationship between one audit process and the other.

THIS ANNUAL REPORT HAS BEEN SUBJECT TO EXTERNAL ASSURANCE BY AN INDEPENDENT ENTITY

All the data and GRI indicators provided in this annual report have been prepared in accordance with the same valuation and calculation methods used in previous annual reports, thus ensuring that their evolution over the last four years can be properly analyzed. If any significant change occurs that should be taken into account for proper interpretation of the information on any indicator, this change is duly indicated with table/chart footnotes or, as the case may be, in Appendix II.

MATERIALITY ANALYSIS

In order to determine the material topics and, consequently, the Annual Report contents, a materiality analysis was carried out in three phases. This materiality analysis was made in the framework of the 2015 Annual Report and was broadened during the preparation of the 2016 Annual Report. During 2017, this materiality analysis was adapted to GRI Standards.

1. ESTABLISHMENT THE INITIAL TOPICS LIST

The first step of the process was to define the "material topics" concept in accordance with the two types:

1. Topics that reflects social, environmental and economic impacts of the company.
2. Topics that influences the decisions of stakeholders.

Once the concept of "material topics" was defined, the topics of GRI were established as the baseline for the materiality analysis, i.e. as initial list of potentially material topics, the GRI topics.

2. INTERNAL AND EXTERNAL PRIORITIZATION

In order to determine the material topics in ENUSA, the initial list of topics was then subjected to both an internal prioritization (by the members of the Executive Committee) and external prioritization (by the representatives of the following stakeholders: customers, partners, suppliers, regulatory bodies and Public Administrations). For this purpose, they were given a questionnaire and asked to identify the topics they consider relevant for ENUSA and that, accordingly, should be included in the Annual Report, and to score each of them on a scale from 1 to 4 (where 1 is not very important and 4 very important).

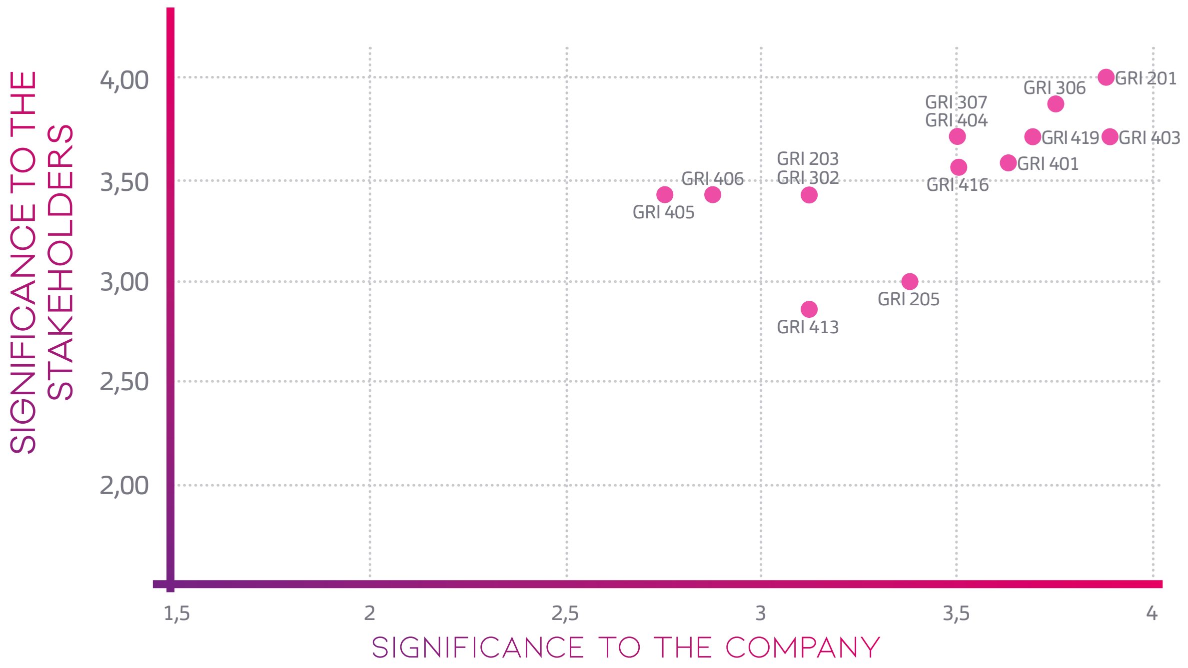
3. REVIEW AND VALIDATION

The results of the questionnaires were reviewed and appraised by the Corporate Social Responsibility and Continuous Improvement divisions. The arithmetic mean and the typical deviation of the results were calculated for each of the groups (internal and external). To make the analysis more consistent, the criterion for selecting the material topics was the confluence in the same topics of a high arithmetic mean and a low typical deviation, such that the resulting material topics not only have a high score but also all the respondents coincide in attaching great importance to them.

Consequently, the material topics resulting from the materiality analysis (internal and external) for the 2017 Annual Report were as follows:

GRI Standard	Material topics	Coverage
ECONOMIC		
GRI 201	Economic performance	ENUSA
GRI 203	Indirect economic impacts	ENUSA - Juzbado
GRI 205	Anti-corruption	ENUSA
ENVIRONMENTAL		
GRI 302	Energy	ENUSA - Juzbado /Saelices
GRI 306	Effluents and waste	ENUSA - Juzbado /Saelices
GRI 307	Environmental compliance	ENUSA - Juzbado /Saelices
SOCIAL		
GRI 401	Employment	ENUSA
GRI 403	Occupational health and safety	ENUSA
GRI 404	Training and education	ENUSA
GRI 405	Diversity and equal opportunity	ENUSA
GRI 406	Non-discrimination	ENUSA
GRI 413	Local communities	ENUSA - Juzbado
GRI 416	Customer health and safety	ENUSA
GRI 419	Socioeconomic compliance	ENUSA

MATERIALITY MATRIX



ENGAGEMENT OF STAKEHOLDERS

The ultimate purpose of this Annual Report is to provide relevant, rigorous and accessible information to all of the ENUSA stakeholders and in general to any person interested in the activities carried out by the Company. Therefore, year after year, a major effort is made to this end.

Just as in previous years, the annual report is divided into three blocks which correspond to what ENUSA considers are the three fundamental mainstays of corporate responsibility (economic, social and environmental performance), in order to facilitate analysis and comparison. This structure is, in turn, subdivided into sections that are intended to satisfy the information needs of the different stakeholders who may read the document.

The following table shows a breakdown of the ENUSA stakeholders and their level of priority for the organization.

	PRIORITY		
SHAREHOLDERS	HIGH		
REGULATORY BODIES	HIGH		
PUBLIC ADMINISTRATION	HIGH		
HUMAN CAPITAL			
STAFF	HIGH		
WORKERS' COMMITTEES	HIGH		
PARTNERS			
TECHNOLOGICAL	HIGH		
BUSINESS	HIGH	MEDIUM	
CUSTOMERS	HIGH		
SUPPLIERS	HIGH	MEDIUM	LOW
SOCIETY			
LOCAL COMMUNITIES	HIGH		
TRADE UNIONS	HIGH		
NGOs & Civil Organizations	HIGH	MEDIUM	
ASSOCIATIONS & FOUNDATIONS	HIGH	MEDIUM	LOW
PROFESSIONAL ASSOCIATIONS & ORGANIZATIONS	HIGH	MEDIUM	LOW
ACADEMIC INSTITUTIONS	HIGH	MEDIUM	
COMMUNICATION MEDIA	HIGH	MEDIUM	

The stakeholders shown here correspond to general categories. In certain cases, because of their importance, the categories have been broken down (e.g., partners). In other cases, because of the breadth and range of collectives covered by the general category (e.g., suppliers), more than one level of priority is shown. The prioritization of stakeholders is based on their specific weight, the frequency of interaction and how critical they are for the organization.

The various channels of communication maintained with the stakeholders are specifically dealt with in the paragraph on "Communication with our Stakeholders" in the Social Performance section.

Nevertheless, in the following table, the means and frequency of participation of each stakeholder is summarized:

STAKEHOLDER	CHANNEL	FREQUENCY
SHAREHOLDERS	– General Shareholder's Meeting – Board of Directors – Annual Operative Plan (AOP) – Annual Management Evaluation – Periodic meetings – Corporate reports – "ENUSA Nuclear Fuel" Newsletter	VERY HIGH
REGULATORY ORGANIZATIONS	– Liaison Committee – Inspections – Periodic working meetings – Periodic information – Information request assistance – Satisfaction surveys – Institutional meetings – "ENUSA Nuclear Fuel" Newsletter	VERY HIGH
PUBLIC ADMINISTRATION	– Satisfaction surveys – Information request assistance – Institutional meetings – Bilateral meetings with mayors – Annual meeting with mayors	HIGH
STAFF	– Report/suggestion channel – Welcome manual – Corporate Intranet – Bulletin boards – relin@enusa.es Email – "Internal Communication" email – ENU-Agenda – Group meetings	VERY HIGH
PARTNERS	– Coordination meetings – Joint improvement projects – Period technical publications – Conferences, exhibits and fairs – "ENUSA Nuclear Fuel" Newsletter	VERY HIGH
CUSTOMERS	– B2B customer portal – Annual meetings – Project start-monitoring-closing meetings – Satisfaction surveys – Technical committees and working groups – Periodic technical publications – Conferences, exhibits and fairs – "ENUSA Nuclear Fuel" Newsletter	VERY HIGH
SUPPLIERS	– Periodic meetings – Evaluations – Bids and contracts – State Contracting Platform – Code of Suppliers	VERY HIGH
SOCIETY	– Corporate Website – Corporate reports – Twitter – Corporate communications	VERY HIGH
PROFESSIONAL ORGANIZATIONS AND ASSOCIATIONS	– Participation in national and international technical committees and working groups. – Attendance of Conferences and sectoral meetings	HIGH
ACADEMIC INSTITUTIONS	– Participation in technical committees and working groups – Attendance in Conferences and sectoral meetings Periodic technical publications	HIGH
MEDIA	– Email/Website – Press releases – Media Planning Meetings – Twitter – Forums	HIGH

As commented above, representatives of the following stakeholders took part in the process to determine the material topics for the Annual Report: customers, partners, suppliers, Regulatory Bodies and Public Administrations. As a result of this engagement, the stakeholders identified the following key issues further to those provided in GRI Standards:

PARTNERS	– Intellectual Property – Crisis Management – Mechanisms to internally report integrity violations – Operating experience management – Benchmarking – Excellence in operations (Vision and Mission) – Technological development (added value) – Balance between personal performance in relation to targets and wage raises, etc. (in this case ENUSA materiality) – Knowledge transfer – Management of lessons learned and corrective programs – Investment in Technological Development and Innovation – Contribution to the level of exports in Salamanca – Percentage of Permanent Labor Contracts
P.A.	– Participation in comprehensive development projects of the immediate environment of the centers that have productive activity, with special attention to the municipalities where these centers are located. – Contribution of labor activity (employment) to the environment of the productive centers, with evaluation of the positive impact against depopulation of the affected rural areas. – Participation in one-time projects (social, cultural, sports, etc.) that positively influence revitalization and improved quality of life for the people who live in the immediate environment of the productive centers, with special attention to the municipalities where these centers are located. – Evaluation of the implication with the aforesaid environment as regards the company's exterior image (environmental marketing, cultural promotion, etc.): degree of exploitation of the environment's local resources as support for achieving a positive image. – Implication/generation of environmental projects in the aforesaid environment on: landscape reclamation, biodiversity development/recovery, reclamation of degraded spaces (gravel pits, slagheaps, landfills, etc.).

ECONOMIC PERFORMANCE

1. PARENT COMPANY ACTIVITY

AND CORPORATE AIM

ENUSA Industrias Avanzadas, S.A., S.M.E. (hereinafter ENUSA or the Parent Company) is a public enterprise 60% owned by the *Sociedad Estatal de Participaciones Industriales* (SEPI), which is attached to the Ministry of Finance and Civil Service, and 40% by the *Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas* (CIEMAT), which in turn is attached to the Ministry of Economy, Industry and Competitiveness.

The main purpose of ENUSA is to meet its customers' expectations with first-rate, safe and competitive products. The company is aware that technology, research, development and innovation are essential elements for positioning itself and competing on the market.

The mainstays of the company are the safety of its industrial installations and protection of the environment, together with quality and corporate responsibility. Furthermore, it understands that excellence in management requires that it should strengthen and improve the dialogue with its stakeholders, pay special attention to the regions where it operates and support social and economic development.

ENUSA's activity is structured around two business areas: nuclear business and environmental business.

NUCLEAR BUSINESS

This is the traditional core business of the company. It basically consists of the supply of enriched uranium to the Spanish nuclear power plants, with the company acting as a purchasing pool for our country's electric utilities. It also includes the design and manufacture of nuclear fuel in its Juzbado factory (Salamanca) for national and foreign power plants. ENUSA also provides engineering services in everything related to the management and optimization of fuel use in the reactor, fuel services in activities involving fresh and irradiated fuel inspection, repair and handling, acting as support to the nuclear power plants, as well as spent fuel management and support to the *Empresa Nacional de Residuos Radiactivos, S.A., S.M.E., M.P.* (ENRESA) in the design and future licensing of the construction of the centralized temporary storage facility (ATC).

While in the year 2016 the company had two minority financial stakes related to its core business, currently, following the disinvestment of the minority financial stake in the European uranium enrichment consortium EURODIF, in June 2017, it has a stake in COMINAK, the owner of a uranium mine and uranium concentrate plant located in the Republic of Niger.

On the other hand, because of ENUSA's experience in the nuclear field and its great technological potential, the company has a financial stake in another company related to the nuclear business – Express Truck, S.A.U., S.M.E. (ETSA) which transports nuclear material.

ENVIRONMENTAL BUSINESS

Thanks to its long experience in mining operations, ENUSA has gained an extensive environmental know-how. Taking advantage of this know-how and experience, it has developed a technical staff dedicated to environmental management projects undertaken through the Technical Environmental Office.

This Office has carried out activities involving the reclamation of land affected by mining, the construction and closure of landfills, radiation protection services and the development of new energy applications such as biogas and other environmental R&D and Technological Innovation projects.

ENUSA's environmental business has been enlarged with the Municipal Solid Waste (MSW) treatment plant in the north of the province of Castellón and with its subsidiary *Empresa para la Gestión de Residuos Industriales, S.A., S.M.E., M.P.* (Emgrisa), which manages industrial wastes and treats and characterizes water and soil.

2. DESCRIPTION OF THE PARENT

COMPANY ACTIVITIES

2.1. URANIUM SUPPLY BUSINESS UNIT

In the year 2017 the closing has materialized of the reactor of Santa María de Garoña, which remained shut down since December 2012. In August 2017, by Order of the Ministry of Energy, Tourism and Digital Agenda (MINETAD), the renewal of the operating license of the nuclear plant was denied, thereby decreeing the definitive closure.

As for the uranium market, the Fukushima accident and the shutdown to a greater or lesser extent of the Japanese reactors continue to shape its evolution with regard to both natural uranium and enrichment services.

The shortage of demand and excess production are still the main reasons for this market imbalance, which is increasingly more pronounced and is causing sharp drops in prices.

In the case of demand, the slowdown of the nuclear program in China, the delay in restarting the reactors in Japan and the accumulation of stocks in recent years have all meant that the enriched uranium present on the market is not being consumed. To this is added that the new government of South Korea has announced a change in its energy policy in the country which will reduce the contribution of nuclear energy in the energy mix.

In the case of supply, throughout the year 2017 large producers announced temporary shutdowns of mines and cutbacks of production in other cases. These announcements have brought about a price increase but the variation has been small and the market has calmly assumed these announcements.

In relation to the market news, we can add the bankruptcy situation of Westinghouse. It is also important to point out that the number of reactors that are planned to be closed in the United States for economic reasons is growing. From 2013 six reactors have closed and up to 2025 eight others are forecast to be added.

The traders are still the most active players on the uranium concentrate spot market, favoring the same price volatility as in previous years.

During 2017, the Spanish reactors of Almaraz II, Ascó II, Trillo I, Vandellos II and Cofrentes have been supplied with enriched uranium for the subsequent fuel assembly fabrication process. All the supplies have been properly delivered on time.

The Supply business has been involved in other activities that give added value to the customers. Among them, the exchange of uranium, avoiding transportation and insurance expenses, can be highlighted. Improvements in certain contracts that have provided greater flexibility to the supplies and reductions in the purchase prices have also been negotiated.

Among the objectives of the Supply business, for the first time a multi-year objective has been established that assesses in the medium term the management carried out. This objective is timely and interesting for the customers as well as for the Supply Management of ENUSA itself.

2.2. FUEL BUSINESS UNIT

The year 2017 has been clearly influenced by the news on the restructuring of the large technology and nuclear fuel suppliers.

The reorganization of the Areva group has continued with the purchase of the nuclear plant design and construction businesses as well as the design and fuel manufacturing businesses by the French electric company, Electricité de France (EDF). This acquisition has led to the new company Framatome, to which Mitsubishi has been incorporated as a minority partner. The rest of the activities, related to the supply of the different uranium components and to the second part of the fuel cycle are going to be undertaken by the new company called Orano.

As mentioned, the bankruptcy situation of the company Westinghouse has caused the removal by Toshiba of its capital and the sale of its shares to the Canadian fund Brookfield. This process is in its final phase, having been announced to the press. The negotiation of the purchase is intended to be finished before the end of Westinghouse's fiscal year on 31/03/2018 and the conclusion of the restructuring of the company that must be done around the third quarter of 2018.

Furthermore, doubts remain on the situation of the company General Electric (GE) and, specifically, on its nuclear activity under the responsibility of GE Hitachi Nuclear Energy (GEH) after the strong impact suffered in its business due to the closing of the Japanese BWR plants and the oldest ones in Europe and USA.

With all these uncertainties the current leader in the nuclear plant supply is the Russian company Rosatom.

In the European fuel market the importance of the offer over the demand continues to grow due to closing of nuclear plants (NPPs) in Germany, Sweden and Switzerland, as foreseen, and to the delay of the new construction projects, Olkiluoto, Flamanville and UK.

Specifically, a tremendous imbalance is being produced in the BWR technology with three active suppliers (Framatome, Westinghouse, GE) and an offer being reduced from 300 tU/year to nearly 150 tU/year in the immediate future.

In relation to the Spanish market, by not authorizing the operation of the Santa María de Garoña Nuclear Plant, the owners have been led to announce the dismantling of the cited plant in upcoming years. Moreover, the owner companies of the rest of the fleet of reactors in operation have initiated the procedures to obtain authorization to extend the operation of the 7 functioning reactors. The first ones affected have been Almaraz I and Vandellós II.

Throughout the year 2017 the following actions have been carried out:

- In the strategic area the agreements were signed to extend the alliance of the European Fuel Group (EFG) with Westinghouse until the end of 2024.

- Similarly, the agreement of GENUSA with Global Nuclear Fuel (GNF) until the end of 2018, maintaining the business model in effect until the date and incorporating the conditions and deliveries associated with the Contract that GENUSA has signed with Iberdrola for the supply of fuel to the Cofrentes Nuclear Plant. GENUSA has been the winner of the tender initiated in 2016 to supply two firm refuelings for the years 2019-2021 and two optional ones for 2023-2025. Westinghouse and Framatome were also awarded with a smaller scope.

- In the commercial PWR area one must highlight the negotiations that are being carried out with the Spanish companies owners of the 5-PWR for the extension of the agreements in effect. A negotiating panel has been constituted that intends to get an agreement to sign in the spring of 2018 to supply the first refuelings of 2020.

- In the area of GENUSA a technical bid was presented at the end of 2017 as well as a commercial bid at the beginning of 2018 for the fuel supply of BWR technology to the three Forsmark units of the Vattenfall company. The award is envisaged for the spring of 2018 and will be a good reference for knowing the response of the European market to the situation of strong imbalance in the BWR area. Parallel to this tender, contacts have been initiated with the Finnish of TVO who have planned to launch a tender for supplying fuel to the two units of Olkiluoto in the first part of 2018.

- In the area of engineering, there has been an important effort focusing on operating support of the French, Belgian and Spanish NPPs as a consequence of new product introduction, life extension and operating flexibility that they demand.

- As for the Juzbado fuel assembly factory, the following is of note:

  – During 2017, the requirements were fulfilled on time and in proper form of the Complementary Technical Instructions as well as the commitments acquired with the Nuclear Safety Council (CSN), a consequence of the renewals of the Manufacturing and Operating and the Physical Protection Permits that were granted in 2016 by the MINETAD.

- During this financial year, the CSN implemented a continuous inspection figure (reinforced inspection) carried out by the same resident NPP inspection group.

- Production amounted to 286 tU, achieving the set production target.

- The level of investment in the factory in 2017 has amounted to 2,870 thousand Euros, which is less than planned due to delays in different projects, especially the new fast passive scanner.

- The engineering project was carried out for the change of the exhaust and HVAC units numbered 14 and 15 by GHESA, continuing the design process for the rest of the units. This project is part of the renovation plan of this safety system. With this activity, 4 units have already been changed and the design of another 2 has been finished, and the design of the rest is quite advanced.

- With regard to the relevant developments in the manufacturing area, of note is the project for the high speed passive scanner, which will replace the active scanner, eliminate the current risk in the Californium market and improve safety at the facility since neutron sources will not have to be handled. This machine is in the final test phase. Because of the technological difficulty of this development, it is due to be implemented on the line in the summer of 2018.

- The furnace for pre-oxidation of the bottom of fuel rods, a feature of the new PWR product aimed at improving in-service reliability, is in full operation. The Belgian and Spanish clients have already incorporated this new characteristic.

- Line 3 of the rectifier and the automatic pellet visual inspection robot associated with this line have been upgraded.

- Several improvements in processing, inspection, system equipment and installations have been performed.

- The worker internal dosimetry system for bioassays is fully implemented. It was necessary to incorporate a new supplier since the CIEMAT could not meet the demand of the plant.

- The program of waste shipments to El Cabril continues. In this year 611 casks were sent to El Cabril.

- An action plan was initiated on the classification and treatment of radioactive waste. The declassification licensing is done by the CSN within this plan.

- In the area of refueling design, the contractual commitments acquired with Spanish and European customers with PWR and BWR technology have been fulfilled on time with the agreed quality and cost.

- In the area of services in the plant, the agreement reached with Westinghouse for its exit from the AIE ENUSA-ENWESA and the entry in its place by ENSA was the most noteworthy, contributing the engineering and container loading business. This led to an adaptation to the new AIE ENUSA-ENSA that was formalized in in the month of November of 2017 and which throughout 2018 is going to signify an important increase of activities entrusted to the AIE by its main shareholders, ENUSA, ENSA and ENWESA. The purpose of this this grouping is to provide Plant services associated with the fresh fuel, to the refueling plant and to the spent fuel. It has also added Engineering services related to the design of containers for the storage and dry transport of the spent fuel.

To face these challenges, ENUSA continues to consider technology and innovation as engines of its company's strategic growth and internationalization.

In this respect, the annual investment in R&D&I programs was situated slightly over €7M in 2017, primarily allocated to the development of fuel manufacturing, inspection and conditioning equipment, the development of design methodologies and the introduction of new products.

At the end of 2017, a proposal was made to the main shareholder SEPI to include 10 new projects, for the year 2018 in the areas of new methodologies, codes, basic research and new inspection equipment.

NUCLEAR BUSINESS-RELATED INVESTMENTS

EXPRESS TRUCK, S.A.U., S.M.E.

At 31/12/2017, the situation of Express Truck, S.A.U., S.M.E. (ETSA) is considered to be satisfactory since it has achieved the targets set for the year.

The turnover increased 2.1% with respect to the previous year. The decrease in sales of the business line related to the nuclear industry is offset with the increase in tankers and nuclear medicine. ETSA's overall margin has dropped slightly (11.34%) compared to the previous year (11.97%).

The Operating Income represents 11.31% of the Turnover.

Of note is ETSA's strong position in radioactive product logistics in general, nuclear medicine, radioactive waste and nuclear material.

2.3. ENVIRONMENTAL BUSINESS UNIT

SAELICES EL CHICO CENTER

In 2017, the decommissioning activities at the Center have continued, which are very conditioned by the existence of acid drainage in the mine, due to the presence of pyrite in rocks of the site, which pollutes the water. For this reason, it requires the water to be collected and treated (mainly using in-plant chemical treatment via neutralization with lime) before controlled discharge in accordance with the current permit of the *Confederation Hidrográfica del Duero* (CHD) and with the requirements of the CSN.

The pilot tests to eliminate water with passive systems, based on the use of artificial soils ("Technosols") were continued. Up to now it can be concluded that the soil treatment tests have been satisfactory. However, those of the wetlands and the remediation test of deep water have not been decisive, requiring an integral action on the surfaces and of the produced runoff water.

For this reason, an R&D project has been in progress called "*Reseach and development of bioactive compounds based on technosols to avoid the generation of acid drainage in Uranium mines*" ("TEKURA" project), which was approved by the Center for Development of Industrial Technology (CDTI) in the month of February, signing the corresponding agreement in May, with the derived fiscal and administrative advantages. ENUSA is its owner and manager, with the participation of Emgrisa, CIEMAT, the University of Santiago de Compostela (USC), as technologist. For its execution, manufacturing technosols in situ, a small pilot plant was built, being practically finalized and pending the corresponding authorizations.

Parallel to the actions, the different environmental and radiological monitoring programs at the site have continued to be executed, required by the competent organizations (CSN, mainly).

With respect to the Quercus Plant, it should be noted that in February, the review of the Environmental Impact Study, incorporating the allegations received in it, and requesting the start of the environmental impact project of the dismantling project and closure of the plant was presented to the MINETAD, as the substantive body. This Ministry, in turn, sent it to the Ministry of Agriculture and Fishing, Food and Environment (MAPAMA) for its corresponding evaluation that same month.

In December, the review of the documentation accompanying the request of Phase I of the dismantling of the Quercus Plant was also presented to the MINETAD, as well as to the CSN, which was required following the request for additional information, once the documentation presented in September 2015 was assessed.

As regards the collaboration with ENRESA, on the shared decommissioning expenses, in February the pending Framework Agreement was signed, valid until 31 December 2019, related to the dismantling, reclamation and site and installation surveillance activities on the uranium mine who ownership corresponds to ENUSA and that are co-financed by this company.

TECHNICAL ENVIRONMENTAL OFFICE

The Technical Environmental Office has been reducing its staff and focusing on assistance to other ENUSA activities, e.g. the Saelices el Chico Work Center and the Biogas Generation Plant, for the sale of electrical energy and the supply of hot water to the Nuclear Fuel Factory of Juzbado. For this reason, it has gradually been giving up exterior activities and transferring them to Emgrisa for its continuation in the Group.

In the framework of its close collaboration with the Saelices El Chico Center, there are two important courses of action; the first is collaboration with the Center's technical personnel in reviewing the documentation required by the Nuclear Safety Council for the dismantling and closure of the Quercus Plant installations, the coordination and monitoring of the TEKURA Project, on using Technosols for the treatment of acidic mine water which have been carried out throughout 2017.

Within its own projects, the ENUSA agro-animal and agro-industrial waste Biomethanation Plant in Juzbado (Salamanca) has continued, which has been operating uninterruptedly since early 2012. At this Plant, biogas is produced by the anaerobic digestion of the wastes which then supplies a cogeneration motor and/or boilers to produce electric power and heat, while the pollution load of the wastes is reduced.

In 2017, the Plant has treated a total of 10,219 tons of agro-animal and agro-industrial wastes (75% purines and 25% residue of beet and tobacco plants) and supplied a total of 1,344, 741 kWhe to the electric power distribution grid, whereby at the end of 2017 an accumulated value of 12,865,341 kWhe has been dispatched to the grid.

On the other hand, since the new boiler system that operates on the basis of biogas and natural gas entered into operation in the year 2016, the biogas plant has supplied a total of 2,561,162 thermal kWh to the Juzbado Factory to meet this facility's heating/cooling and sanitary hot water needs, with 1,713,629 kWht being generated in the year 2017.

Referring to the Plant, like the previous year, the biodigestion treatment tests have continued with vegetable waste coming from the beet sugar industry (facilities on Azucarera in Toro (Zamora), La Bañeza (León) and Miranda de Ebro (Burgos). The effluents generated in the biogas plant have been used as agronomic products on the cultivated fields near the Plant.

In collaboration with the Juzbado Fuel Assembly Factory, and in relation to the Boiler Replacement Project of fuel-oil used in the HVAC and sanitary hot water system of the installations, the dismantling of the old boilers and the inertization of fuel-oil deposits that were used as fuel, has been carried out, finalizing the work to be done by the Technical Office. The purpose of this replacement is to improve safety by eliminating fuel storage inside the factory installations, and at the same time reduce greenhouse gas emissions. A subsidy from the Institute for Diversification and Saving of Energy (IDEA) was obtained for this project that improves the profitability of the installation.

Similarly, close contact with Emgrisa has been maintained. This year two benchmarks can be highlighted in the cooperation with the environmental affiliate: on the one hand, the collaboration in the TEKURA Project and the construction of the Technosols Plant mentioned earlier and, on the other, the signing of a Management Delegation for the operation and supervision of the Biogas Plant during the next two years.

In relation to the LIFE Ammonia Trapping Project for the recovery of ammonia from liquid (purines and digested materials) and gaseous effluents, in which the Office participates directly, throughout this year the prototypes were designed and constructed that are necessary to carry out the experiences in the designated installations, among which is the biogas plant of Juzbado. This three-year project will be undertaken with the participation of the Agrarian Technology Institute of Castilla-Leon (ITACYL), the University of Valladolid and three companies from the agro-animal sector.

CASTELLÓN UTE-RSU

The ENUSA-AZAHAR A2A AMBIENTE UTE (joint venture) manages the municipal wastes of the 49 municipalities of the northern region of the province of Castellón, called Zone C1 in the Integral Waste Plan of the Valencian Community (PIRCV). For this purpose, it uses four facilities located in this province: the Municipal Solid Waste (MSW) and Bulky Waste Treatment and Recovery Plant, the Reject Repository in the municipality of Cervera del Maestre, and two MSW Transfer Plants located in the municipalities of Benlloch and Villafranca del Cid.

During 2017, a total of 89,865 tons of wastes have been managed, 75,016 tons from Zone C1 and 14,849 tons from Zone C2. This is an increase of 7.96% over the previous year. However, if no wastes had been received from Zone C2, the increase would have been 8.55% over the previous year, which indicates that there has been an increase in waste generation in Zone C1, partly due to a slight economic recovery and, on the other hand, as a consequence of a maritime storm that caused the amount of algae from the cleaning of beaches managed in the installations to increase by 275% with respect to the previous year. The increase in bulky waste, of 37%, and in bulky waste mixed with construction and demolition waste, which was 46%, were also significant. There was also an increase, although slight, in the fraction of other waste, of 2%, and from pruning, 1%.

Certain materials have been recovered from all these wastes, to achieve the objectives set by the PIRCV concerning recovery and recycling. A total of 10,025.46 tons have been recovered and 8,481.12 tons have been sold. It should be noted that more tons were sold than in the year 2016. However, the income from these sales was less, due to the reduction in prices of the materials on the secondary market.

During 2017, making the slopes of cell no. 3 of the landfill impermeable was finished and a campaign of extra maintenance was carried out to update certain equipment after 5 years of continuous operation.

ENVIRONMENTAL INVESTMENTS

EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E., M.P. (Emgrisa)

The *Empresa Para la Gestión de Residuos Industriales*, S.A. S.M.E., M.P (Emgrisa) was incorporated in 1990 as an instrument of the Ministry of Environment to carry out the objectives of the national plans on industrial waste and soil decontamination. At present, it belongs to ENUSA Industrias Avanzadas, attached in turn to the SEPI Holding, and its company purpose is developed fully in the field of environmental services.

Emgrisa is an agent and technical service of the General State Administration and of other public-sector entities such as SEPI, ENUSA, CIEMAT, AENA, PUERTOS DEL ESTADO, RENFE, ADIF and ABRA INDUSTRIAL.

Since 2010 its status as an agent of the entire public state sector has been increasing, being maintained in 2017.

The management activities of industrial waste and management of contaminated soil, in both characterization and remediation, constitute to a great extent the company purpose of Emgrisa. Regulations on environmental matters involved, in its day, a very considerable increase in work volume and, therefore, of close collaboration with the State environmental authorities. The reduction of the Administration's budget and of the private sector in recent years for investment in environmental issues has involved new corporate strategies.

The Company carries out its activity according to its integrated management system, which is audited and certified by SGS ICS IBERIA S.A. in compliance with the ISO 9001:2008 (certificate ES10/9160), ISO 14001:2004 (certificate ES05/0947) and OHSAS 18001:2007 (certificate ES11/9314) standards for its activities of the Madrid plant related to:

- Environmental consulting,
- engineering,
- intermediation in waste management,
- remediation of contaminated areas, and
- environmental inspection,

and for its transfer centers of Alcázar de San Juan (Castilla-La Mancha) and Mérida (Extremadura) in the activities of collection, transport, storage and waste management.

In addition, as a value added to its inspection activity, Emgrisa is accredited by the National Accreditation Entity (ENAC) with its qualification as Inspection Entity with Accreditation no. 71/EI076, according to the criteria included in the UNE-EN-ISO/IEC 17020:2012 standard, for conducting inspections in the Environmental Area, and more specifically in the scope of potentially contaminated soil and groundwater associated with them. For 2018 it is envisaged that the accreditation for risk and waste management will also be obtained.

The year 2017 was noted by the signing of new assignments and contracts for 2017 and upcoming years and, at the same time, by the application by the assigning entities of the new Procurement Directive, which was transposed to Spanish law at the end of the year. This new application signifies a delay in the signing of assignments and/or contracts.

During 2017, work has continued on the following courses of action:

- Promotion of the company as a quality brand: web and social networks, communication media, logo, new customer actions and enhanced services portfolio.
- Development of the integration of the ENUSA environmental activities into Emgrisa, with new assignments in the subject of technosols, biogas plant and Quercus dismantling.
- Major presence as an agent for the State's General Administration (AGE) and public sector, with special mention for the SEPI Group companies. The assignments with ADIF, RENFE, the Ministry of Agriculture, and Fisheries, Food and Environment, AENA, Alta Velocidad País Vasco, as well as the Ministry of Justice, Hunosa, Cofides, for a portfolio amount of around 8 million Euros should be noted.

- Differentiating solutions have been developed in the areas of thermal desorption, proposals and technology, Technosols, urban wastewater, bio-energies and contaminated soil remediation. The assignment to Remesa and the technical assistance to Emgrisa on the waste water purification station (EDAR) of Melilla as well as the building of the technosols plant in Saelices can be highlighted.

- Continuation of the push to internationalize the company, with activities in Peru, contracts with the mining company Southern Chile, tender for the regional Government of Antofagasta, Argentina and Trinidad and Tobago. Improvement of the Lima branch office and undertaking of actions with multilateral organizations, the United Nations Industrial Development Organization (UNIDO), in Trinidad and Tobago and the World Bank in Argentina.

- Waste management in invested companies and own centers. Activities in Autonomous Communities to support particularly urgent situations, such as Castilla-La Mancha and Aragon. The new contracts with Aragón for one million Euros and for Castilla-La Mancha and Toledo, in Seseña, Chiloeches, and asbestos in Toledo are noteworthy.

- The implementation of new technological processes and procedures were worked on, such as the application for waste management and the management of contaminated soil.

- Moreover, it should be noted that in 2017 the company moved its Madrid offices to the headquarters of the parent company ENUSA, which improves the synergies, coordination and economic efficiency.

The activities in 2017 in the area of waste management and innovation and development have included the following:

- Business participation in the waste management of the Autonomous City of Melilla via REMESA, improving management and technically collaborating in plant optimization. Development of the management delegation agreement for purification of urban wastewater.

- Industrial waste management via its shareholding in CETRANSA, an integral hazardous waste treatment center.

- Management of its hazardous waste treatment and transfer centers in Extremadura and Castilla-La Mancha.

- Service provision to various public agencies and entities in the area of hazardous waste management, especially the *Instituto Nacional de Técnica Aeroespacial* (INTA) of the Ministry of Defense, network of ADIF stations, and the Spanish Mint (Fábrica Nacional de Moneda y Timbre) and Imbisa,(banknote printing) of the Bank of Spain.

- Service delegation agreement with the Ministry of Justice for the management and/or destruction of confiscated assets.

- Service provision to private enterprise and entities throughout Spain: SIGFITO, Iberdrola.

- In 2017, 5,065.91 MT of industrial wastes were managed, 296.45 MT more than the previous year.

The soil characterization and decontamination and engineering activities included the following:

- Technical support and management delegation agreements for agencies of the State's General Administration, in addition to those already existing (Ministry of Defense, Ministry of Agriculture, Fisheries and Food and the Environment, Autonomous Communities), thus securing its position in the public sector market.
- Development and execution of remediation projects for ADIF, RENFE and AENA, as well as the subsoil in Sabiñánigo (Huesca) for the government of Aragon. Contract renewal for 2017 and subsequent contract extensions.
- Actions for the Hydrographic Confederation of the Ebro River in Bailin (Huesca).
- Execution of technical projects and training activities in environmental risk assessment for public agencies and corporations of the oil sector.
- Undertaking of various actions for the public enterprises and/or of the SEPI Group: Cofivacasa, Sepides, Hunosa, and Aquamed.
- Support to ENUSA for its environmental activities in the Juzbado factory and the Saelices mine. Management delegation of the biogas plant and of the technical assistance in dismantling installations in Saelices.

The internationalization activities in 2017 have included:

- Number of bids in the international arena: 33 bids, 25% of the total of the bids made.
- Contaminated soil characterization contracts and oil management for Southern Cooper.
- Obtaining of the tender, along with Ingeniería Poch, of the contract for characterization of contaminated areas in the region of Antofagasta.
- Work for multilateral organizations such as UNIDO in Trinidad and Tobago.
- Development of the Emgrisa branch office in Peru and preparation of documentation for opening an agency in Chile in 2018.

3. ECONOMIC-FINANCIAL MANAGEMENT
OF THE GROUP

3.1 ANALYSIS OF PARENT COMPANY RESULTS

The ENUSA turnover in 2017 amounted to 290.9 million Euros, an amount that has signified an increase of 1% with respect to the preceding year. This increase has been concentrated in almost its totality in the sales of enriched uranium, with those corresponding to fuel manufacturing and services being practically identical to those of the previous year.

The operating result amounted to 8.5 million Euros in 2017, versus 14.3 million Euros in 2016, with this decrease being primarily due to the increase in operating expenses.

Pre-tax earnings in 2017 have amounted to 13.5 million Euros, compared to 12.0 million Euros of the previous year.

The return on equity in 2017 (after-tax profit over total equity, before the year's P&L) was 13.6%, compared to 10.8% in 2016.

3.2 PARENT COMPANY FINANCING AND INVESTMENT

There was no net variation in cash and other equivalent liquid assets compared to the previous year, generating an effective cash flow that is described below:

- from operating activities: +40.3 million Euros
- from investment activities: +1.8 million Euros
- from financing activities: -42.1 million Euros

The short- and long-term financial debt at year's end amounted to 229.5 million Euros, versus 262.5 million Euros in 2016. This debt corresponds nearly in full to financing of the stocks related to the supply activity.

The Parent Company has not undertaken any own shares operations in fiscal year 2017.

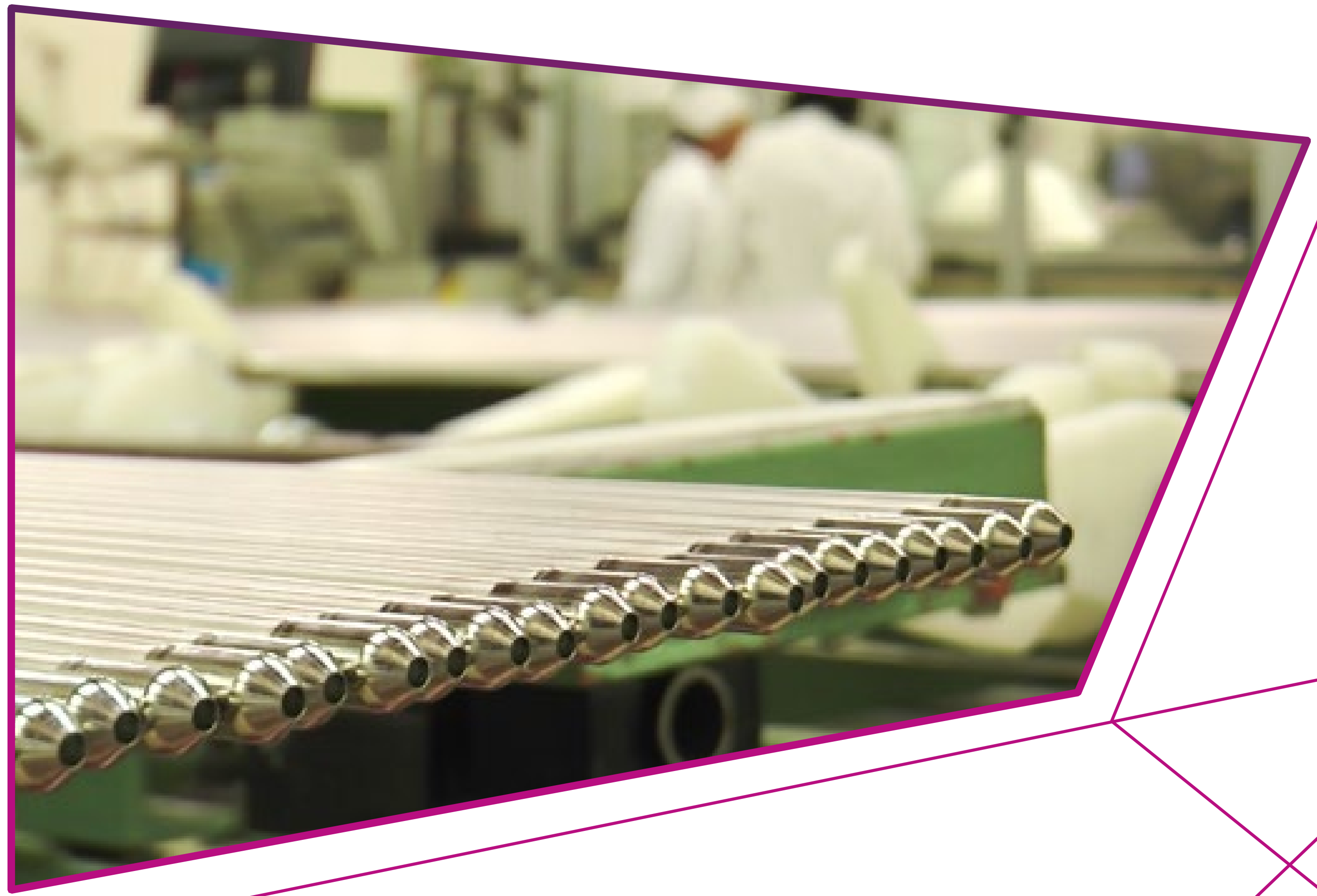
3.3 PAYMENT TO SUPPLIERS

The information regarding the average supplier payment period during 2017 is provided in note 24 of the Consolidated Annual Accounts.

3.4 REPRESENTATIVE CONSOLIDATED DATA OF THE GROUP

The ENUSA Group has obtained consolidated earnings of 12.3 million Euros in 2017, versus 10.2 million Euros in 2016. The net decrease of cash or cash equivalents was 0.3 million Euros, compared to a 0.4 million Euros decrease in 2016.

The consolidated turnover has amounted to 303.5 million Euros in 2017, compared to 305.0 million Euros the previous year. The return on equity (consolidated after-tax profit and discontinued operations over total equity, before the year's consolidated P&L) was 11.4% (9.5% in 2016).



3.5 ANALYSIS OF BUSINESS EVOLUTION

The estimated business evolution of ENUSA for the coming years is as follows:

PARENT COMPANY URANIUM SUPPLY

The sales prices of the enriched uranium that ENUSA supplies to its electric utility customers that own the Spanish nuclear power plants have dropped significantly in 2017. This reduction has been due both to the management of the contracts maintained with the supplier companies, which has made it possible to take advantage of the lower prices on the international uranium component market, and to the renegotiation of some contracts, which has allowed taking advantage of the moment of low prices in the market and reflecting it in the selling prices of ENUSA.

In the immediate future, ENUSA will maintain its supply policy, according to which it has medium- and long-term contracts with the world's leading suppliers, but it also takes advantage of the opportunities that arise in the market.

As regards the commitment to customers, the company will continue to make efforts to comply scrupulously with the obligations related to the uranium supply in order to properly supply it on time, and on the other hand it will continue to try to provide quality services that add value to management and in this way keep the customers' trust.

PARENT COMPANY´S NUCLEAR FUEL

The forecasts for the fuel business continue to be conditioned on the restructuring that is being carried out by the large European and American suppliers, specifically, on the decisions of the new owner of the Westinghouse Company and those that may be made by the GE Company on its affiliate GEH.

ENUSA must reinforce its alliances with its technological partners Westinghouse and GNF, taking advantage of the opportunities that may arise in the European market.

On the international scope, one must be watchful of the concentration of the Chinese companies and their expansion policies in emerging markets. ENUSA must continue with its internationalization strategy through the enhancement of its technology and knowledge of the fuel market, using the synergies with the partners of the AIE-SNGC (Spanish Nuclear Group for Cooperation).

In upcoming years, new awards in the Nordic market are going to occur, for which we have to pay close attention to the decisions of the operators of the nuclear plants of BWR technology in order to make a decision on the future business model that GENUSA must apply.

A critical aspect is the renovation of the operating permits of the Belgian and Spanish nuclear power stations beyond 40 years of life. The concession of the new permits starting 2020 will lead to defining the strategy in the future.

The company's growth expectations in the nuclear business are placed in the second part of the fuel cycle and on the development of capacity to dismantle nuclear installations.

In this regard, the decision on the future of the Spanish ATC and the role that ENRESA is going to play in its current dismantling responsibilities of the Spanish NPP can condition significantly ENUSA's strategy in the management of spent fuel and in the dismantling and decommissioning of the nuclear installations.

An objective that is critical for the future of ENUSA is putting into motion a program of digital transformation of the company that takes on its strategic objectives, being supported on digitalization as a support tool for these strategic lines.

PARENT COMPANY´S SAELICES EL CHICO CENTER

Until the second half of 2018, it is not expected that we will receive the corresponding dismantling and closing permits or the Environmental Impact Declaration on the Quercus Plant, therefore presumably the work cannot begin until the end of this year or even the beginning of 2019.

The dismantling will be carried out in phases because it is necessary to maintain the Plant's tailings dam and other water storage structures for polluted water, caused by the mine's acid drainage, until the quality required for direct discharge to public waterways is obtained.

During the upcoming years, the pilot tests will continue on the cited technosols, in addition to the R&D project "TEKURA", which will be the main action in this field. Once the permits are obtained from the organizations of the Government of Castilla-León, in January or February 2018, for the start-up of the composting plant, as well as the authorization of ENUSA as manager of inert, non-hazardous waste, necessary for its manufacturing, the project as such has a deadline of the end of the month of December 2019.

When it ends and the results are verified, if they are favorable, its application to the rest of the affected surface (around an additional 250 hectares) will be carried out. With this, the reclamation of the natural space affected by the mining activities will be completed. Nonetheless, the solution for the deep water is more complex and poses other difficulties, for which more specific tests are being conducted.

In any event, since this solution does not have an immediate effect (it requires maturity times of several years), it will be necessary to continue with the chemical treatment of the acidic water. Some 500,000 m3 are due to be neutralized during 2018 and the volume of water gradually reduced in the following years.

As for the reclaimed site of the Lobo-G Plant (La Haba, Badajoz), which has been decommissioned since 2004, execution of the Long-Term Monitoring Program will continue until the entity responsible for the institutional monitoring of this type of facility is defined. ENUSA and ENRESA continue financing it proportionally, according to their responsibilities, as specified in the Framework Agreement signed between the two companies.

TECHNICAL ENVIRONMENTAL OFFICE

In accordance with the Strategic Plan of the ENUSA Group, whereby the decision was made to use the Emgrisa brand for commercializing the environmental activities of the Group, the activities that the Office has been carrying out will be incorporated into the Emgrisa services portfolio for 2018 and following years.

Nevertheless, while this incorporation occurs, the Office will continue carrying out its activities, on one hand in the training and advice to Emgrisa for the operation and supervision of the biogas plant in Juzbado (Salamanca), and on the other hand maintaining its environmental radiological surveillance programs.

The human resources of the Environmental Technical Office will focus the next two years on continuing to coordinate the TEKURA project and on collaborating with the technical personnel of the Saelices El Chico center to review and provide support in the documentation required by the Nuclear Safety Council for the dismantling and closing of the installations if the Quercus plant.

In the LIFE Ammonia Trapping Project, and also during the next two years, tests on the Biogas Plant will be conducted for the reduction and recovery of the nitrogen contained in digested material, reducing gaseous ammonia emissions to the atmosphere and recovering the ammonia to use as fertilizer.

CASTELLÓN UTE-RSU

This year the Castellón UTE-RSU continued to receive treatment rejects from the management plant of Onda, which serves the town councils in the center of Castellón province (Zone C2) as a consequence of the collaboration agreement signed with the consortiums C1 and C2. In 2017, 14,849 tons were received for this item, an amount similar to that of 2016.

All the wastes – both those from the C1 town councils and the rejects from C2 – will be managed under the conditions established in the contract signed between the UTE and Consortium C1, although certain details and nuances have been specified in the aforesaid agreement.

Although in the agreement a maximum of 35,000 tons was considered for waste coming from the consortium C2, less than half of this amount were received, both in 2016 and 2017. This required conducting tests throughout 2017, supervised by the technicians of the Consortium, who agreed with the UTE, since, given that the material sent from C2 is not according to that agreement, the problems that it causes in the Cervera del Maestre installations impede more than 15,000 tons being received annually. The economic discount is being solved after the tests mentioned in the previous paragraph.

On the other hand, the agreement allows the UTE to return to C2, when its landfill is again operational, the same amount of wastes that it has received during the three years of agreement validity, which will be of help so as to not overfill the UTE landfill with wastes from the other consortium.

Once the firm ruling of the High Court of Justice of the Region of Valencia (TSJCV) is declared, which annulled the second modification of the contract with the Consortium C1, in 2017 negotiations were initiated for a modification of this contract that substitutes the annulled one. These negotiations will continue in the year 2018.

GROUP MEMBER COMPANIES

EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E., M.P (Emgrisa)

The evolution of the company's environmental business is quite conditioned by its relation with the figure of instrumental resource and to the new regulation of this figure in the recently approved Law 9/2017, of 8 November, on Public Procurement Contracts. The main challenge for the company is the adaptation to the changing markets of recent times, for which a Strategic Marketing Plan has been designed to adapt its commercial and business functions to the public and private sectors. Compliance with the requirements set forth in the 2017 law on instrumental resource and the sustainability of the company are the determining factors of the equation that Emgrisa must solve in upcoming years. It will work to broaden markets, enhance the brand, develop a commercial model, develop new lines of business, internationalize the company and develop final management of wastes.

Furthermore, the digitization of the company will continue, with special attention to the efficiency of the business lines and optimization of internal management processes.

It will carry on with the commercial and project integration with the ENUSA environmental area to become the parent company environmental brand. The biogas plant projects will be put into motion and the dismantling project of industrial or nuclear activities will continue in the framework of the consortium that ENUSA is promoting.

It will continue to execute the management delegation agreements for various general directorates of the Ministry of Agriculture, Fisheries and Food and the Environment, Likewise it aims to renew the contract with the Government of Aragon for two more years and will expand the activities for other Autonomous Communities. It will continue working for state-run public entities and corporations. Important future assignments on industrial dismantling and actions by the Defense authorities must be highlighted.

For ENUSA, pertinent actions will be taken for the execution of project TEKURA and other dismantling activities for the Quercus plant, both in the Saelices mine, once the technosol plant is constructed and the corresponding work begun.

The internationalization process will continue through the execution of the proposals submitted and its presence via the branch office in Peru, and an agency in Chile, and also with the award of new contracts for multilateral organizations and collaborations with Spanish companies related to thermal desorption and/or technological development.

New business lines will be promoted, such as urban wastewater management, and it will continue with the improvement in economic efficiency and the implementation of new management processes in the areas of soil and Administration.

EXPRESS TRUCK, S.A.U., S.M.E. (ETSA)

The strategies and guidelines of the business lines of nuclear industry and nuclear medicine logistics that have been pursued in previous years are being maintained for the 2018-2021 timeframe, as these are slow growth markets, with a focus on preserving market share.

In the tanker business line, the growth strategy continues with a limited risk exposure approach.

3.6 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

Based on the risk positions, the Parent Company actively manages the exchange rate risk and the interest rate risk. The instruments it uses always address the concepts of safety and prudence and their objective is to limit the risks and, at the same time, avoid a temporary concentration of risks. They are never used to take up speculative positions.

At 31 December 2017, there are exchange rate derivative financial instruments amounting to 48 million USD, which will serve to meet payments stemming from purchase contracts that ENUSA has signed, as well as other exchange rate derivative instruments to insure foreign currency payments.

In addition, ENUSA has the interest rate risk hedged for 40 million Euros of its debt, to which must be added the hedging of the interest rate risk for the UTE-RSU debt (incorporated into its percentage share therein) for another 17.9 million Euros.

4. HUMAN RESOURCES

During 2017, the staff numbers have increased 1.73%, as seen in the following table.

The final staff numbers are therefore as follows:

WORK CENTER	AT 31/12/2016	AT 31/12/2017
MADRID	195	203
JUZBADO	400	401
CIUDAD RODRIGO	26	30
UTE RSU CASTELLÓN (*)	14	12
TOTAL	635	646

(*) The information referring to the UTE RSU Castellón is reflected only for accounting consolidation, since its personnel is contracted directly by the UTE and not by ENUSA.

In relation to type of contract, the composition of the staff is as follows:

STAFF	AT 31/12/2016	AT 31/12/2017
PERMANENT PERSONNEL	518	502
TEMPORARY PERSONNEL	117	144
TOTAL	635	646
AVERAGE STAFF	590.95	597.25

The staff structure in terms of work groups is as follows:

	AT 31/12/2016		AT 31/12/2017	
WORK GROUP	NUMBER	%	NUMBER	%
DIRECTIVOS	8	1.3	8	1.2
TITULADOS SUPERIORES	228	35.9	243	37.6
TITULADOS MEDIOS	49	7.7	46	7.1
TÉCNICOS Y ADMINISTRATIVOS	180	28.3	188	29.1
OBREROS Y SUBALTERNOS	170	26.8	161	24.9
TOTALES	635	100	646	100

The staffs of the subsidiaries in which ENUSA has a share have evolved as follows:

SUBSIDIARY	AT 31/12/2016	AT 31/12/2017
ETSA	43	43
EMGRISA	57	59
TOTAL	100	102

IMPORTANT EVENTS:

THE MEASURES TAKEN TO REDUCE THE PUBLIC DEFICIT AND THE BUDGETARY CONTROL MEASURES PROVIDED IN THE STATE'S GENERAL BUDGET ACT FOR STATE-RUN PUBLIC CORPORATIONS AND THE IMPLEMENTING LEGISLATION THAT HAS BEEN ENACTED FROM 2012 TO 2016, INCLUSIVE, CONTINUE TO HAVE A MAJOR IMPACT ON THE COMPANY.

ANNUAL ACCOUNTS FOR THE YEAR 2017

ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E.

BALANCE SHEETS
(THOUSANDS OF EUROS)

ASSETS	ANNUAL REPORT NOTES	31/12/2017	31/12/2016
A) NON-CURRENT ASSETS		**97,727**	**98,447**
I – Intangible Fixed Assets	6	**34,654**	**36,814**
5. Computer applications		316	270
6. Other intangible fixed assets		34,338	36,544
II – Tangible Fixed Assets	5	**42,375**	**39,287**
1. Properties and constructions		18,070	17,121
2. Technical installations, machinery, tools, furniture & other tangible fixed assets		18,703	17,083
3. Fixed assets under construction and advances		5,602	5,083
IV – Long-Term Investments in Group and Associated Companies	8	**5,353**	**5,353**
1. Financial investments		5,353	5,353
V – Long-Term Financial Investments	8	**2,764**	**3,529**
1. Financial investments		264	264
2. Financial derivatives		3	684
5. Other financial assets		2,497	2,581
VI – Deferred Tax Assets	11	**12,581**	**13,464**

CONTINUED ON NEXT PAGE

B) CURRENT ASSETS		**399,030**	**461,707**
I – Non-Current Assets Held for Sale	5, 18	**-**	**471**
II – Inventories	9	**325,601**	**386,945**
2. Raw materials and other supplies		299,604	366,194
3. Products in progress		14,544	11,479
4. Finished products		6,600	6,795
6. Advances to suppliers		4,853	2,477
III – Trade Debtors and Other Accounts Receivable		**26,881**	**22,291**
1. Customers, sales and services rendered	8	19,154	17,720
2. Customers, group and associated companies	8, 20	473	846
3. Sundry debtors	8	203	351
4. Group and associated company accounts	8, 20	1,749	1,909
5. Personnel	8	190	196
6. Current tax assets	11	3,438	936
7. Other Public Administration credits		1,674	333
IV – Short-Term Investments in Group and Associated Companies	8, 20	**42,001**	**41,287**
2. Company loans to group and associated companies		42,001	41,002
3. Other financial assets		-	285
V – Short-Term Financial Investments	8	**727**	**7,329**
4. Derivatives		240	5,750
3. Third party loans		457	1,552
5. Other financial assets		30	27
VI – Short-Term Prepayments and Accruals		**594**	**143**
VII – Cash and Cash Equivalents	8	**3,226**	**3,241**
1. Treasury		3,226	3,241
TOTAL ASSETS (A + B)		**496,757**	**560,154**

NET WORTH AND LIABILITIES	ANNUAL REPORT NOTES	31/12/2017	31/12/2016
A) NET WORTH		**100,187**	**102,044**
A.1) SHAREHOLDERS' EQUITY	8.3	**104,114**	**101,588**
I – Capital		**60,102**	**60,102**
1. Stated capital		60,102	60,102
III – Reserves		**31,562**	**31,562**
1. Legal and statutory		12,020	12,020
2. Other reserves		19,542	19,542
VII – Year-End P&L		**12,450**	**9,924**
A.2) REVALUATION ADJUSTMENTS	8	**(4,283)**	**336**
II – Hedging Operations		**(4,283)**	**336**
A.3) SUBSIDIES, DONATIONS & BEQUESTS RECEIVED	16	**356**	**120**
B) NON-CURRENT LIABILITIES		**189,737**	**236,629**
I – Long-Term Provisions	13	**51,715**	**54,610**
2. Environmental activities	14	38,043	37,601
3. Restructuring provisions		364	362
4. Other provisions		13,308	16,647
II – Long-Term Debts	8	**135,001**	**177,615**
2. Bank loans		130,419	171,711
4. Derivatives		3,864	5,219
5. Other financial liabilities		718	685
III – Long-Term Debts with Group and Associated Companies	20	**2,021**	**1,970**
IV – Deferred Tax Liabilities	11	**1,000**	**2,434**

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C) CURRENT LIABILITIES		**206,833**	**221,481**
II – Short-Term Provisions	13, 14	**6,368**	**5,595**
III – Short-Term Debts	8	**103,712**	**94,260**
2. Bank loans		99,117	90,838
4. Derivatives		2,401	1,090
5. Other financial liabilities		2,194	2,332
IV – Short-Term Debts with Group and Associated Companies	20	**1,098**	**541**
V – Trade Creditors and Other Accounts Payable		**95,376**	**120,590**
1. Suppliers	8	31,843	38,523
2. Suppliers, group and associated companies	8, 20	2,046	3,157
3. Sundry creditors	8	19,695	24,162
4. Personnel (outstanding remunerations)		1,820	1,689
5. Current tax liabilities	11	-	11
6. Other Public Administration debts		1,882	3,160
7. Customer advances		38,090	49,888
VI – Short-Term Prepayments and Accruals		**279**	**495**
TOTAL NET WORTH & LIABILITIES (A + B + C)		**496,757**	**560,154**

PROFIT & LOSS ACCOUNT
(THOUSANDS OF EUROS)

	ANNUAL REPORT NOTES	31/12/2017	31/12/2016
A) GOING CONCERNS			
1 – Net Turnover	12	**290,908**	**287,696**
a) Sales		259,437	256,924
b) Services rendered		31,471	30,772
2 – Variation in inventories of finished products & products in progress		**2,870**	**3,520**
4 – Supplies		**(230,454)**	**(223,855)**
b) Consumption of raw materials and other consumables	12	(208,193)	(205,437)
c) Contracted services		(22,261)	(18,626)
d) Depreciation of commodities, raw materials and other supplies		-	208
5 – Other Operating Income		**3,222**	**2,557**
a) Non-core and other current operating income		3,092	2,506
b) Operating subsidies included in the year's P&L	16	130	51
6 – Personnel Costs		**(34,444)**	**(32,636)**
a) Wages, salaries and similar costs		(26,214)	(24,623)
b) Social charges	12	(8,230)	(8,030)
c) Provisions	13	-	17
7 – Other Operating Expenses		**(19,844)**	**(17,121)**
a) Outsourcing		(17,258)	(14,880)
b) Taxes		(1,765)	(1,327)
c) Losses, depreciation and variation in trading provisions		(730)	(826)
d) Other current operating expenses		(91)	(88)
8 – Fixed Asset Amortization	5, 6	**(6,887)**	**(7,006)**
10 – Excess Provisions	13	**2,148**	**939**
11 – Fixed Asset Depreciation and Disposal Results		**44**	**(72)**
a) Fixed asset depreciation and losses		-	(51)
b) Disposal and other results		44	(21)

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12 – Other Operating Results	12	**895**	**272**
a) Extraordinary expenses		(631)	(791)
b) Extraordinary income		1,526	1,063
A.1) OPERATING RESULT(1+2+4+5+6+7+8+10+11+12)		**8,458**	**14,294**
13. Interest Income		**1,099**	**3,524**
a) From shares in financial investments	8	**655**	**1,149**
a.1. Group and associated companies		655	1,060
a.2. Third parties		-	89
b) From marketable securities and other financial instruments		**444**	**2,375**
b.1. Group and associated companies		326	195
b.2. Third parties		118	2,180
14. Financing Costs		**(5,730)**	**(6,615)**
a) For debts with group and associated companies		-	(19)
b) For debts with third parties		(4,702)	(5,364)
c) For revaluation of provisions		(1,028)	(1,232)
15. Exchange Rate Differences	10	**417**	**(77)**
16. Impairment and results from sale of financial instruments	8	**8,500**	**-**
b) Results for sales and others		8,500	-
17. Capitalization of Financing Costs	6	**783**	**898**
A.2) FINANCIAL RESULTS (13+14+15+16+17)		**5,069**	**(2,270)**
A.3) PRE-TAX P&L (A.1. + A.2.)		**13,527**	**12,024**
18. Income Tax	11	**(1,077)**	**(2,100)**
A.4) YEAR-END P&L FROM GOING CONCERNS (A.3. + 18.)		**12,450**	**9,924**
19. Year-End P&L from Discontinued Operations, Net of Taxes		**-**	**-**
A.5) YEAR-END P&L (A.4. + 19.)		**12,450**	**9,924**

STATEMENT OF CHANGES IN NET WORTH

A) STATEMENT OF RECORDED INCOME AND EXPENDITURE

(THOUSANDS OF EUROS)

	ANNUAL REPORT NOTES	2017	2016
A) PROFIT & LOSS ACCOUNT		**12,450**	**9,924**
INCOME & EXPENDITURE CHARGED DIRECTLY TO NET WORTH			
II. For cash flow hedges	8	(5,247)	2,517
III. Subsidies, donations and legacies received	16	414	159
V. Tax effect	8, 16	1,208	(669)
B) TOTAL INCOME & EXPENDITURE CHARGED DIRECTLY TO NET WORTH (II+III+IV+V)		**(3,625)**	**2,007**
TRANSFERS TO THE P&L ACCOUNT			
VII. For cash flow hedges	8	(911)	(2,851)
X. Subsidies, donations and bequests received	16	(99)	-
IX. Tax effect	8	252	713
C) TOTAL TRANSFERS TO THE P&L ACCOUNT (VII+VIII+IX)		**(758)**	**(2,138)**
TOTAL RECORDED INCOME & EXPENDITURE (A+B+C)		**8,067**	**9,793**

STATEMENT OF CHANGES IN NET WORTH

B) TOTAL STATEMENT OF CHANGES IN NET WORTH

(THOUSANDS OF EUROS)

		RESERVES					
	STATED CAPITAL	LEGAL	VOLUNTARY	YEAR-END P&L	REVALUATION ADJUSTMENTS	SUBSIDIES	TOTAL
A. BALANCE AT 31 DECEMBER 2015	**60,102**	**12,020**	**19,542**	**10,437**	**587**	**-**	**102,688**
I. Recorded income and expenditure	-	-	-	9,924	(251)	120	9,793
II. Operations with partners or owners	-	-	-	(10,437)	-	-	(10,437)
4. Distribution of dividends	-	-	-	(10,437)	-	-	(10,437)
B. BALANCE AT 31 DECEMBER 2016	**60,102**	**12,020**	**19,542**	**9,924**	**336**	**120**	**102,044**
I. Recorded income and expenditure	-	-	-	12,450	(4,619)	236	8,067
II. Operations with partners or owners	-	-	-	(9,924)	-	-	(9,924)
4. Distribution of dividends	-	-	-	(9,924)	-	-	(9,924)
C. BALANCE AT 31 DECEMBER 2017	**60,102**	**12,020**	**19,542**	**12,450**	**(4,283)**	**356**	**100,187**

STATEMENT OF CASH FLOWS
(THOUSANDS OF EUROS)

	ANNUAL REPORT NOTES	2017	2016
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Pre-tax year-end P&L		**13,527**	**12,024**
2. P&L adjustments		**4,135**	**11,055**
a) Fixed asset amortizations	5,6	6,887	7,006
b) Valuation adjustments for depreciation		707	251
c) Variation in provisions		3,064	2,776
d) Allocation of subsidies		(99)	-
e) Fixed asset disposal & write-off results		(44)	21
f) Results for removals and sales of financial instruments		(8,500)	-
g) Interest income		(1,099)	(3,524)
h) Financing costs		3,636	4,118
i) Exchange rate differences	10	(417)	77
j) Other income and expenditure		-	330
3. Changes in Working Capital		**30,727**	**4,951**
a) Inventories		61,346	(55,226)
b) Debtors and other accounts receivable		(3,202)	(1,516)
c) Other current assets		(453)	(152)
d) Creditors and other accounts payable		(26,748)	62,297
e) Other current liabilities		(216)	(452)
4. Other Cash Flows from Operating Activities		**(8,124)**	**(12,255)**
a) Interest payments		(4,483)	(5,132)
b) Dividend income		857	947
c) Interest income		2,336	1,538
d) Income tax charges (payments)		(2,681)	(5,590)
e) Other payments (charges)	13	(4,153)	(4,018)
5. Cash Flows from Operating Activities		**40,265**	**15,775**

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B) CASH FLOWS FROM INVESTMENT ACTIVITIES		
6. Investment Payments	**(48,902)**	**(49,116)**
a) Group and associated companies	(42,000)	(41,000)
b) Intangible fixed assets	(447)	(453)
c) Tangible fixed assets	(6,341)	(7,094)
e) Other financial assets	(114)	(569)
7. Disinvestment Charges	**50,728**	**44,799**
a) Group and associated companies	41,000	44,000
e) Other financial assets	8,691	225
f) Non-current assets held for sale	1,037	574
8. Cash flows from investment activities	**1,826**	**(4,317)**
C) CASH FLOWS FROM FINANCING ACTIVITIES		
9. Collections and payments for equity instruments	**108**	**-**
g) Subsidies, donations and bequests received	**108**	-
10. Financial Liability Instrument Charges and Payments	**(32,290)**	**(1,220)**
a) Issue	**57,837**	**90,460**
2. Bank loans	57,046	88,846
3. Group and associated company loans	608	1,528
4. Loans originating in the public sector	140	-
5. Sundry debts	43	86
b) Repayment and Amortization	**(90,127)**	**(91,680)**
2. Bank loans	(90,029)	(91,521)
4. Sundry debts	(98)	(159)
11. Dividend Payments and Remuneration of Other Financial Investments	**(9,924)**	**(10,437)**
a) Dividends	(9,924)	(10,437)
12. Cash Flows from Financing Activities	**(42,106)**	**(11,657)**
E) NET INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS	**(15)**	**(199)**
CASH OR CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,241**	**3,440**
CASH OR CASH EQUIVALENTS AT YEAR'S END	**3,226**	**3,241**

ANNUAL REPORT 2017

1. COMPANY ACTIVITY

ENUSA Industrias Avanzadas, S.A. S.M.E. (hereinafter ENUSA or the Company) was incorporated in Spain in 1972 for an indefinite period of time. Its registered office is located on Calle San¬tiago Rusiñol, nº 12 in Madrid.

The shareholders at 31 December 2017 are the *Sociedad Estatal de Participaciones Industriales* (SEPI), holding 60% of the capital, and the *Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas* (CIEMAT), holding the remaining 40%.

The Company's aim is as follows:

1. Mineral research and exploitation, production of uranium concentrates and other byproducts, uranium enrichment, engineering and manufacture of nuclear fuel assemblies and other components, products, equipment and processes for electric power generation, and the use, distribution and marketing of the products resulting from each of the aforesaid industrial phases and provision of services related to these products or to radioactive materials.

2. Provision of chemical, physicochemical and radiological analysis services, and issue of reports and advice on environment-, energy- and technology-related matters.

3. Execution and maintenance, by itself or by others, of all manner of civil works, buildings and installations, including electrical and mechanical ones and including operations inside and outside quarries, as well as land reclamation, including land affected by radioactive materials.

4. Preparation of all kinds of technical studies and reports, including those regarding radioactive materials; execution of all kinds of projects, and technical oversight and management of works of any sort, including nuclear or radioactive installations.

5. Collection and treatment of urban and industrial wastes, and water treatment.

The main activities carried out by ENUSA are as follows:

1. Industrial Activities

– Engineering and manufacture of nuclear fuel assemblies and other components. To conduct its manufacturing business, ENUSA has signed licensing contracts since 1974 with the technology owners, to which it pays the appropriate royalties. The Global Nuclear Fuel - Americas, General Electric Hitachi and GE Infrastructure Technology International license contracts were extended in 2017, extending their validity up to December 2018. As for the license contract with Westinghouse, it was renewed in November 2017, effective 1 January 2017, valid until 31 December 2024.

– Product distribution and marketing in each of the aforesaid industrial phases, and provision of services related to these products or to radioactive materials.

2. Uranium Supply Activities

- Uranium procurement, as well as isotopic enrichment and conversion services, for the supply of enriched uranium to the Spanish nuclear reactors.

- Natural and enriched uranium stock management.

3. Other Activities

- Provision of chemical, physicochemical and radiological analysis services, as well as reporting on environmental, energy and technological issues.

- Land, slag heap and old mine reclamation, water treatment, and execution and maintenance, by itself or by others, of all manner of civil works, buildings and installations.

- Studies, technical reports and projects related to its areas of operation.

- Provision, through its subsidiaries, of fuel assembly inspection and repair services, radioactive material and explosives transportation, radioactive isotope manufacture and marketing, land reclamation, execution and maintenance of all manner of civil works, buildings and installations, including electrical and mechanical ones and including operations inside and outside quarries, as well as management, recycling, reutilization and treatment of industrial and hazardous wastes and recovery and decontamination of contaminated areas and soils.

- The execution of works and service management corresponding to the "Project for urban solid waste management of the Zonal Waste Plan of Zone I of Castellón" through its investment as partner in the joint venture (UTE) "Enusa Industrias Avanzadas, S.A., S.M.E., Azahar Environment, S.A. and A2A Ambiente, S.P.A. Unión Temporal de Empresas" (hereinafter UTE RSU).

The industrial activities have been carried out in the fuel assembly factory located in the town of Juzbado, in the province of Salamanca, since 1985.

The manufacturing process of the PWR fuel assemblies (for pressurized water nuclear power plants) and BWR fuel assemblies (for boiling water nuclear power plants) takes place in this industrial center.

ENUSA also leads pioneering environmental reclamation projects in the areas where it operates or in which it has conducted its mining and industrial business in the past (uranium concentrate mines of La Haba in Badajoz and Saelices el Chico in Salamanca), for the ultimate purpose of returning these areas to the geological and environmental conditions they had before their exploitation began.

ENUSA belongs to the consolidated group of the *Sociedad Estatal de Participaciones Industriales* (SEPI). In accordance with the provisions of article 136.3 of General Budget Act 47/2003 of November 26, SEPI is not required to deposit its accounts in the Business Registry because it is not a commercial enterprise.

As described in note 8, the Company holds shares in subsidiary, multi-group and associated companies. As a result, the Company is the parent of a Group of companies in accordance with current legislation. The presentation of consolidated annual accounts is required, in accordance with generally accepted accounting principles and rules, in order to give a true and fair reflection of the financial position, the operating results, and the changes in the Group net worth and cash flows.

On 2 March 2018, the Administrators have prepared the 2017 consolidated annual accounts of ENUSA Industrias Avanzadas, S.A., S.M.E. and subsidiary companies, which show a consolidated profit attributable to the parent Company of 12,305 thousand Euros and a consolidated net worth of 121,142 thousand Euros. These consolidated annual accounts will be deposited in the Companies' Registry once they are approved, according to current legislation.

2. BASES FOR PRESENTATION OF THE ANNUAL ACCOUNTS

2.1. TRUE AND FAIR REFLECTION

The annual accounts have been prepared on the basis of the accounting records of ENUSA and the integrated Temporary Joint Ventures (UTEs). The 2017 annual accounts have been prepared in accordance with current commercial legislation and with the rules provided in the General Accounting Plan, which was modified in 2016 by Royal Decree 602/2016, of 2 December, in order to show a true and fair reflection of the Company's state of affairs and financial position at 31 December 2017 and the results of its operations and changes in the net worth and cash flows corresponding to the financial year ending on that date.

The 2017 annual accounts, which have been prepared on 2 March 2018, are expected to be approved by the General Shareholders' Meeting without any modifications.

2.2. INFORMATION COMPARISON

The Annual Accounts present, for purposes of comparison with each of the items in the balance sheet, profit and loss account, statement of changes in net worth, statement of cash flows and annual report, in addition to the figures for 2017, the figures from the previous year which formed part of the 2016 annual accounts approved by the General Shareholders' Meeting of 26 June 2017.

2.3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The annual accounts are presented in thousands of Euros, rounded off to the nearest thousand, which is the Company's functional and presentation currency.

2.4. CRITICAL ISSUES OF VALUATION AND ESTIMATION OF UNCERTAINTY

In the preparation of the Company's annual accounts estimates have been used to determine the accounting value of some of the assets, liabilities, income and expenses and on the breakdown of the contingent liabilities. These estimates made have been made on the basis of the best information available at the closing of the financial year. However, given their inherent uncertainty, future events may arise that require modifying them in upcoming years, which will be done, where applicable, on a prospective basis.

The key suppositions about the future, as well as other relevant data on the estimate of the uncertainty on the closing date of the financial year, which are associated to an important risk of causing significant changes in the value of the assets or liabilities in the upcoming financial year are the following:

Impairment of the value of non-current assets

The assessment of non-current assets, other than financial assets, requires making estimates with the aim of determining their recoverable value, for the purpose of evaluating possible impairment, especially for the goodwill. In order to determine this recoverable value, the future cash flows expected from the assets or from the cash generating units of which they form part are estimated and an appropriate discount rate is used to calculate the current value of these cash flows. The future cash flows depend on working within the budgets of the next five years, while the discount rates depend on the interest rate and the risk premium associated with each cash generating unit.

Deferred tax assets

Deferred tax assets are recorded for all the temporary deductible differences for which it is probable that the Company will have future tax earnings that permit the application of these assets. For this reason, significant estimates have to be made to determine the amount of the deferred tax assets that can be recorded, taking into account the amounts and the dates in which the future tax earnings will be obtained and the reversion period of the temporary tax differences.

Provisions and contingencies

The Company allocates provisions to cover future liabilities, for which it is required to make different hypotheses and estimates. In general, for all the allocated provisions, the principal estimates refer to the greater or lesser certainty that future disbursements directly related to the provision are going to take place, to the amounts provided for them, as well as to the dates in which it is forecast that they will be realized. In the specific case of the provisions derived from litigations in progress, the Company also counts on outside advisers regarding the probability of the occurrence of disbursements, in order to classify the events as a provision or a future contingency.

Lastly, there is no awareness of any major uncertainties relative to events or conditions that could cast significant doubts on the ability of the Company to continue business as usual.

3. DISTRIBUTION OF EARNINGS

The Board of Directors will propose to the General Shareholders' Meeting that it approve the following distribution of 2017 earnings:

	EUROS
BASIS FOR DISTRIBUTION	**2017**
P&L ACCOUNT BALANCE	12,450,169.43
TOTAL	**12,450,169.43**
DISTRIBUTION	
TO DIVIDENDS	12,450,169.43
TOTAL	**12,450,169.43**

The General Shareholders' Meeting of 26 June 2017 approved the distribution of 2016 earnings amounting to 9,924,065.59 Euros, consisting of their complete allocation to dividends.

4. RECORDING AND VALUATION RULES

The main principles applied are as follows:

4.1. INTANGIBLE FIXED ASSETS

Intangible fixed assets are appraised at the acquisition price or production cost, and they are presented in the balance sheet at cost price, minus the accrued amortization and the accrued amount of known valuation adjustments, if any, for depreciation.

Research-related costs are recorded as expenditure in the profit and loss account as they are incurred. Development costs have been considered in full as part of the year's expenditure, as the conditions for their capitalization have not been met.

Intangible fixed assets in computer applications are those acquired from third parties, and they are amortized using the straight-line method over a period of no more than four years. The maintenance costs of computer applications are carried over to expenses at the time they are incurred.

The Intangible Fixed Assets include the asset subject to concession comprised by the Company's investment in the UTE RSU, applying the provisions of Order EHA/3362/2010 of 23 December, which approved the Rules for adapting the General Accounting Plan to the concessionaires of public infrastructures. The most significant aspects of this application are the following:

- Consideration received for the construction or improvement services.

The consideration received by the concessionaire is recorded at the fair value of the service provided, in principle, equivalent to the cost plus the construction margin, with this concession agreement having been classified as an Intangible Fixed Asset. This Intangible Fixed Asset is amortized over the entire concession period (20 years).

- Deferred financing costs for financing concession elements.

By having classified concession agreements as Intangible Fixed Assets, from the time at which the infrastructure covered by the agreements is in operating conditions, the financing costs incurred are capitalized, and charged to results in proportion to the expected income indicated in the Financial Economic Plan of the concession. This proportion is applied to the total financing costs envisaged during the concession period.

- Actions on the infrastructure during the term of the agreement.

Certain future actions on the infrastructure covered by the agreements generate the allocation of certain provisions, some of which are made with the matching entry being the higher value of the intangible fixed assets subject to the concession, as they are similar to the provisions for dismantling or retirement costs.

4.2. TANGIBLE FIXED ASSETS

Tangible fixed assets are shown at acquisition price or production cost and include the value of the legal revaluation carried out in accordance with the provisions of Royal Decree-Law 7/1996 of June 7 (see note 5), and they are presented in the balance sheet at cost price, minus the accrued amortization and the accrued amount of known valuation adjustments, if any, for depreciation.

The cost of tangible fixed assets includes the estimated costs of dismantling or retiring the Juzbado factory, as well as rehabilitation of the site on which it is located, which is planned as of the year 2027, as obligations are incurred as a result of their use and for purposes other than production of inventories.

Advances and fixed assets under construction correspond to monetary payments prior to the total commissioning for the Company of the fixed asset to which they refer. They are appraised by the amount of the monetary payment made up to the time of reception and total commissioning of the fixed asset in question, at which time they are reclassified to the appropriate tangible fixed asset account.

The cost of those assets acquired or produced after 1 January 2008 and that need more than one year to be in a condition for use includes the financing costs accrued before the fixed asset is fit for operation which meet the requirements for capitalization thereof.

The amortization of fixed assets is calculated on the basis of book values in order to linearly amortize these values in full over annual periods within the estimated useful life of the assets.

The Company amortizes the tangible fixed assets, following the straight-line method according to the following years of estimated useful life, as shown below:

CONSTRUCTIONS	33 TO 50 YEARS
TECHNICAL INSTALLATIONS, MACHINERY & TOOLS	8 TO 15 YEARS
OTHER INSTALLATIONS	8 TO 10 YEARS
DATA PROCESSING EQUIPMENT AND FURNITURE	3 TO 10 YEARS
OTHER TANGIBLE FIXED ASSETS	10 YEARS

The costs of upgrading, expanding or enhancing tangible fixed assets, when this does not involve increased capacity or productivity or an extension of their useful life, are charged to results of the year in which they are incurred.

Likewise, the enhancements of tangible fixed asset items that represent increased capacity or efficiency, or an extension of their useful life, are included in the acquisition cost.

The fixed asset revaluation carried out in 1996 was calculated by applying certain rates, depending on the year of purchase and amortization of the items, to the acquisition values or production cost and to the corresponding annual amortization provisions that were considered as a deductible expense for tax purposes, in accordance with the rule that regulates these revaluation operations. The resulting net revaluation was reduced by 40% for purposes of considering the financing circumstances of the items, as established by this rule.

Valuation adjustments for depreciation correspond to the estimated amounts of reversible losses of the tangible fixed assets at year's end.

4.3. FINANCIAL INSTRUMENTS

4.3.1. Criteria of Classification and Valuation of the Different Financial Instruments

Financial instruments are classified at the time of their initial recording as a financial asset, a financial liability or a financial investment, in accordance with the economic essence of the contractual agreement and with the definitions of financial asset, financial liability and financial investment.

The Company classifies the financial instruments in the different categories in keeping with the characteristics and the intentions of the Management at the time of their initial recognition.

A financial asset and a financial liability are subject to compensation only when the Company has the right to demand compensation for the recorded amounts and intends to liquidate the net amount or simultaneously realize the asset and cancel the liability.

Based on their valuation criteria, financial instruments are classified in the following categories:

- Financial Assets

Loans and Accounts Receivable

These correspond to loans for trade and non-trade operations, provided the latter are not considered as financial derivatives and cannot be traded on an active market. This group includes the balance sheet items relative to trade debtors and other accounts receivable (including balances in favor of the Company with personnel), loans to companies of the group and other financial assets (deposits and guarantees), both long and short term.

These assets are initially recorded at their fair value, including the transaction costs incurred, and they are subsequently appraised at the amortized cost by using the effective interest rate method.

At year's end, the Company makes the appropriate value adjustment in its financial assets when a decrease in the fair value of realization of these assets becomes evident. Specifically, the Company records a depreciation in value in the trade debtor accounts and other accounts receivable when there is objective evidence that it will not be able to collect all the amounts it is owed, in accordance with the original terms of those accounts.

The depreciation loss is recorded and charged to results and is reversible in subsequent years if the decrease can be objectively related to an event following its recognition.

Available-for-Sale Financial Assets

These correspond to financial investments in companies that are not considered as group, multi-group or associated companies and which the Company does not plan to dispose of in the short term.

The available-for-sale financial assets are initially recorded at the fair value plus the transaction costs directly attributable to the purchase.

After the initial recognition, if the fair value of the financial assets classified in this category cannot be reliably determined, they are appraised at cost minus, if any, the accrued amount of the valuation adjustments for depreciation of the item in question. The dividends are recorded in results according to the criteria provided in section 4.3.3.

Value depreciation losses that correspond to financial investments are not reversible. Subsequent increases in the fair value, once the depreciation loss has been recognized, are recorded in net worth.

Investments in Group, Multi-Group and Associated Company Equity

Group companies are considered to be those over which the Company directly, or indirectly through subsidiaries, exercises control, as provided in art. 42 of Code of Commerce, or companies that are controlled through any means by one or more natural persons or legal entities that act jointly or report to a single Management based on statutory clauses or agreements.

Control is the power to direct a company's financial and operating policies for the purpose of earning profits from its businesses, considering as such any potential voting rights held by the Company or third parties that are exercisable or convertible at the end of the accounting year. The Company considers that it has control when ENUSA's direct or indirect share in the capital of the company in question exceeds 50% and it has majority voting rights.

Associated companies are considered to be those on which the Company directly, or indirectly through subsidiaries, exerts significant influence. Significant influence is the power to intervene in the decisions concerning a company's financial and operating policies, without entailing the existence of control or joint control over that company. The assessment of the existence of significant influence considers the potential voting rights exercisable or convertible at the end of each financial year, and also considers the potential voting rights held by the Company or by another company. The Company considers that it exerts significant influence when the share that ENUSA holds in the capital of the company in question is greater than 20% but less than 50%.

Multi-group companies are considered to be those that are jointly managed by the Company or one or more of the group companies, including the dominant entities or natural persons, and one or more third parties outside the group.

The investments in group, associated and multi-group companies are initially recorded at cost, which is equal to the fair value of the compensation paid. In the case of investments in associated and multi-group companies, the transaction costs incurred are also included and they are appraised at cost, minus the accrued amount of the valuation adjustments for depreciation. The investments in group companies acquired before 1 January 2010 include the incurred transaction costs in the acquisition cost.

The depreciation is calculated as the result of comparing the investment book value to its recoverable value, understood as the value in use or fair value, whichever is greater, minus the sale costs. In this respect, the value in use is calculated on the basis of the Company's share in the current value of the estimated cash flows from ordinary activities and from final disposal, or of the estimated flows that are expected to be received from the distribution of dividends and final disposal of the investment.

Nevertheless, in certain cases and unless there is better evidence of the recoverable amount of the investment, the estimation of the depreciation of this class of assets takes into consideration the net worth of the invested company, adjusting it, if appropriate, to the generally accepted accounting principles and rules in Spanish legislation that are applicable and corrected by the net tacit capital gains existing on the date of valuation.

In subsequent years, the reversions of the value depreciation are recorded, if there is an increase in the recoverable value, with the book value limit that the investment would have if the value depreciation had not been recognized

The valuation adjustment for value depreciation of the investment is limited to the value thereof, except in those cases in which the Company has assumed contractual, legal or implicit obligations, or else has made payments on behalf of the companies. In the latter case, a provision is recorded in accordance with the criteria provided in section 4.10.

The valuation adjustments for depreciation and their reversion, if any, are recorded as expenditure or income, respectively, in the profit and loss account.

▶ Financial liabilities

Debts and Accounts Payable

These correspond to debts from trade and non-trade operations, provided the latter are not considered as financial derivatives. Specifically, this section includes all the balance sheet items relative to trade creditors and other accounts payable (including outstanding remunerations to personnel and advances received from customers, the latter with short-term maturity), long- and short-term bank loans, and other unpaid long-term and short-term debts.

They are initially recorded by their fair value, minus transaction costs, if any, that are directly attributable to their issue. After the initial recognition, the liabilities classified under this category are appraised at amortized cost by using the effective interest rate method.

4.3.2. Criteria Used to Record the Write-Off of Financial Instruments

Financial assets are written off the books when the rights to receive cash flows related to them have expired or have been transferred and the Company has substantially transferred the risks and benefits derived from their ownership.

The Company writes off a financial liability or part of it when it has fulfilled the obligation contained in the liability or else it is legally exempted from the fundamental responsibility contained in the liability, whether by virtue of legal proceedings or by the creditor.

4.3.3. Interest and dividends

Interest income and expenditure are recorded by applying the effective interest rate method. On the other hand, the dividends from financial investments are recorded when the Company obtains the rights to receive them. If the distributed dividends come unequivocally from results generated prior to the date of acquisition because amounts greater than the profits yielded by the invested company since the acquisition have been distributed, they decrease the book value of the investment.

4.4. HEDGE ACCOUNTING

The Company uses financial derivatives as part of its strategy to reduce its exposure to exchange rate and interest rate risks.

The hedging operations carried out by the Company are classified as cash flow hedges and they cover the exposure to the variation in future cash flows attributed to:

- Risks in relation to exchange rates, in purchases or supplies and in sales made in foreign currencies, by foreign currency purchase/sales operations on credit, thereby fixing a known exchange rate on a specific date (which furthermore may be restated later for exact adaptation and application to the cash flows of the hedged item).

- Interest rate risks, by contracting financial swaps that allow the Company to convert part of the financing costs referenced at a variable rate into a fixed rate.

The derivative financial instruments that meet the hedge accounting criteria are initially recorded at their fair value, plus the transaction costs, if any, that are directly attributable to the contracting thereof, or minus the transaction costs, if any, that are directly attributable to the issue thereof. However, the transaction costs are subsequently recorded in results if they do not form part of the effective variation of the hedge.

At the beginning of the hedge, the Company formally designates and documents the hedge ratios, as well as the goal and strategy it plans with respect thereto.

Entering the hedge operations in the books is only useful when it is expected that the hedge will be highly effective at the beginning of the hedge and in the following years to succeed in offsetting the changes in the fair value or in the cash flows attributable to the hedged risk, during the period for which it has been designated (prospective analysis), and the actual effectiveness, which can be reliably determined, is in the range of 80-125% (retrospective analysis).

The part of the gain or loss of the derivative financial instrument that has been determined as effective hedging is temporarily recorded in net worth, using as balancing entry the corresponding asset account (financial investments) or liability account (financial debt) and charging it to the profit and loss account in the financial year or years in which the planned hedge operation affects the results.

The Company prospectively discontinues the accounting of fair value hedges in the cases in which the derivative financial instrument expires or is sold, resolved or exercised, the hedge no longer meets the conditions for hedge accounting, or the Company revokes the designation. The successive renewal or replacement of a derivative financial instrument with another is not an expiration or resolution, whenever it forms part of the documented hedging strategy. In these cases, the amount accrued in net worth is not recorded in results until the planned transaction takes place. Notwithstanding the above, the amounts accrued in net worth are reclassified to the item for fair value variation in financial instruments of the profit and loss account at the time when the Company no longer expects that the planned transaction will take place.

4.5. INVENTORIES

Inventories are initially appraised by the acquisition or production cost.

The acquisition cost includes the amount billed by the vendor after deducting any discount or other similar items, and also the interest charged at the nominal debt rate, and adding the additional costs incurred until the goods are placed for sale and any others directly attributable to the acquisition, as well as the financing costs according to the following provisions and the indirect, non-recoverable Public Treasury taxes.

The Company includes in the cost of the supply management inventories, which require more than one year to be in a condition to sell, the financing costs related to the specific or generic financing directly attributable to their acquisition.

If the financing has been specifically obtained, the amount of the interest to be capitalized is determined on the basis of the accrued financing costs. The amount of the interest to be capitalized for generic, non-commercial financing is determined by applying an average weighted interest rate to the current investment, deducting the specifically financed part and the part financed with total equity, with the limit of the accrued financing costs in the profit and loss account.

The production cost of inventories includes the acquisition price of the raw materials and other consumables, and the costs directly related to the produced units and a systematically calculated part of the variable or fixed indirect costs incurred during the transformation process. The fixed indirect costs are distributed on the basis of the normal production capacity or actual production, whichever is lower.

Specifically, the costs of the main headings are determined as follows:

- Raw and auxiliary materials corresponding to the supply management stock: include the material acquisition price and the financial burden associated with financing them, as determined in the uranium supply contract.

- Finished products and products in progress: include the cost of materials and assemblies that are incorporable into their acquisition cost, plus direct and indirect personnel costs based on the number of hours charged, plus the amortization of productive items and other manufacturing process costs.

Advances to suppliers, delivered on account of purchase orders, are appraised by the nominal amount or by the equivalent value in Euros, as appropriate, in view of the scant financial effect.

The cost of raw materials and other supplies, the cost of commodities and the cost of transformation are allocated to the different units in inventories by applying the average weighted price method (for the stock of raw materials) or FIFO (for the remainder of the stocks).

Part of the inventories, and fundamentally some of the supply management inventories, have a turnover of more than 12 months. However, the Company has been keeping all of its inventories in Current Assets, in keeping with their productive cycle.

The cost price of inventories is subject to valuation adjustments in those cases in which their cost exceeds their net realizable value. For these purposes, net realizable value is understood to be:

- For raw materials and other supplies, their replenishment price. The Company does not recognize the valuation adjustment in those cases in which it expects that the finished products into which the raw materials and other supplies are incorporated are going to be disposed of for a value greater than or equal to their production cost.

- For commodities and finished products, their estimated sales price, minus the necessary sale costs.

- For products in progress, the estimated sales price of the corresponding finished products, minus the estimated costs required to complete their production and the sales-related costs.

The previously recorded valuation adjustment reverts against results, if the circumstances that caused the diminished value no longer exist or when there is clear evidence of an increase in the net realizable value as a result of a change in the economic circumstances. The limit of the reversion of the valuation adjustment is lower of the cost and the new net realizable value of the inventories.

4.6. CASH AND CASH EQUIVALENTS

This heading includes cash in hand, current bank accounts and temporary deposits and acquisitions of assets that meet all the following requirements:

- They are convertible into cash.
- Their maturity was not more than three months at the time of acquisition.
- They are not subject to a significant change of value risk.
- They form part of the normal treasury management policy of the Company.

For purposes of the cash flow statement, the occasional overdrafts resulting from the Company's cash flow management are included as less cash and cash equivalents.

This heading does not include the so-called "Intersepi" investments (see note 20).

4.7. TRANSACTIONS IN FOREIGN CURRENCY

The foreign currency transactions undertaken by the Company mostly correspond to capital resources defined as monetary items. These are initially appraised at the exchange rate on the date on which the transactions are made. The balance sheet balances corresponding to these items are adjusted at year's end on the basis of the current exchange on that date.

Both the foreign currency exchange profits and losses originating in this process, as well as those resulting from liquidation of these capital resources, will be recorded in the profit and loss account of the year in which they occur.

4.8. INCOME TAX

The year's income tax expense is calculated with the sum of the current tax, which results from applying the corresponding tax rate to the year's taxable income minus the existing deductions and allowances, and the variations occurring during that year in the recorded deferred tax assets and liabilities. It is recorded in the profit and loss account, except when it corresponds to transactions that are directly recorded in the net worth, in which case the corresponding tax is also recorded in net worth.

Deferred taxes are recorded for the temporary differences existing on the balance sheet date between the tax base of the assets and liabilities and their book values. The tax base of a capital resource is considered to be the amount attributed to it for tax purposes.

The tax effect of the temporary differences is included in the corresponding balance sheet headings "Deferred Tax Assets" and "Deferred Tax Liabilities".

The Company records a deferred tax liability for all the taxable temporary differences, subject to the exceptions, if any, provided in current legislation.

The Company records deferred tax assets for all the deductible temporary differences, unused tax credits and negative taxable bases still to be compensated, if it is likely that the Company is going to obtain future tax gains that enable the application of these assets, subject to the exceptions, if any, provided in current legislation.

On each year's closure date, the Company reviews the recorded deferred tax assets and those that have not been previously recognized. Based on this review, the Company proceeds to write off a previously recorded asset if its recovery is no longer likely, or if the recovery is forecast in a period over ten years, or if it proceeds to record any previously unrecognized deferred tax asset, provided it is likely that the Company is going to obtain future tax gains that enable its application.

Deferred tax assets and liabilities are appraised at the tax rates expected at the time of their reversion, according to current legislation and in accordance with the way in which it is rationally expected that the deferred tax asset or liability will be recovered or paid.

Deferred tax assets and liabilities are not deducted and they are classified as non-current assets and liabilities, regardless of the expected date of realization or liquidation.

4.9. INCOME FROM SALES OF GOODS AND SERVICES RENDERED

Income from the sale of goods or services is recorded at the fair value of the compensation received or to be received from them. Discounts for upfront payment, volume or others are recorded as a reduction thereof.

Sales income

Income from the sale of goods is recorded when the Company:

- has transferred to the buyer the significant risks and benefits inherent in ownership of the goods;
- is no longer involved in the current management of the sold goods to the degree usually associated with ownership, nor does it retain effective control over them;
- The amount of the income and the costs incurred or to be incurred can be reliably appraised;
- It is probable that the financial profits associated with the sale will be received.

Provision of Services

Income earned from services rendered is recorded at the time the service is provided. If the service has still not been provided on the closure date, the amount of the costs incurred up to the date of book closure is recorded as current inventories (work in progress), as is the provision for value depreciation, if any, if the costs incurred up to the date of book closure are greater than the expected amount of income.

In the case of service provisions whose end result cannot be reliably estimated, the income is only recognized up to the limit of the recorded expenses that are recoverable.

4.10. PROVISIONS AND CONTINGENCIES

Provisions are recognized when the Company has a current obligation, whether legal, contractual, implicit or tacit, as a result of a past event, it is likely that resources incorporating future financial profits will be used to cancel such obligation, and a reliable estimate of the amount of the obligation can be made.

The amounts recorded in the balance sheet correspond to the best estimate on the closure date of the disbursements required to cancel the current obligation, once the risks and uncertainties related to the provision and, when significant, the financial effect caused by the discount have been considered, provided that the disbursements to be made in each period can be reliably determined. The discount rate is determined before taxes, considering the temporary monetary value, as well as the specific risks that have not been considered in the future flows related to the provision.

The financial effect of the provisions is recorded as financing costs in the profit and loss account.

Provisions revert against results when it is not likely that resources will be used to cancel such obligation.

Restructuring provisions

The provisions related to restructuring processes are recorded at the time that a formal detailed plan exists and there are valid expectations among the affected personnel that a rescission of the labor relation will occur, either because execution of the plan has begun or else because its main features have been announced.

The restructuring provisions only include the disbursements directly related to the restructuring that are not associated with the Company's going concerns.

Dismantling, reclamation and similar provisions

The provisions referred to in this section are recorded in keeping with the general criteria for recognizing provisions, and they are recorded as the greater cost price of the tangible fixed asset items to which they are related when they arise from the acquisition or construction thereof, provided the asset on which they are recorded has not reached the end of its useful life (see section 4.2.).

Variations in the provision stemming from changes in the amount or in the time structure of disbursements increase or decrease the cost price of the fixed assets, with the limit of their book value, and the excess is recorded in the profit and loss account.

Changes in the amount of the provision that become apparent at the end of the useful life of the fixed asset are recorded in the profit and loss account as they occur.

The Company has been making the necessary provisions to cover the costs of reclaiming the natural space around mining operations, in accordance with the provisions of Royal Decree 2994/1982 of October 15, as well as to cover the costs of cessation of business and closure of the industrial installations in Juzbado and mining installations in Saelices el Chico.

The provisions for mining installation reclamation include the estimate of the income from ENRESA for its contribution to these reclamation projects, according to the agreements reached between the parties.

Also included are other provisions to meet probable or certain liabilities originating in risks and expenses stemming from execution of the activity, and which are certain or likely to occur but are indeterminate in terms of their exact amount or the date on which they will occur.

4.11. CAPITAL RESOURCES OF AN ENVIRONMENTAL NATURE

The Company undertakes operations whose main purpose is to prevent, reduce or repair any damages to the environment that may result from its activities. These activities currently focus on the reclamation and closure of the Saelices mining installations and the future costs of dismantling the Juzbado fuel assembly factory.

The costs resulting from environmental activities are recorded as “Other operating expenses” under the item “environmental expenses” in the year they are incurred.

Those items that are likely to be incorporated into the Company’s equity for use in its business on a long-lasting basis and whose primary purpose is to minimize the environmental impact and protect and improve the environment, including the reduction or elimination of future contamination by Company operations, are entered as tangible fixed assets, in keeping with the valuation rules indicated in note 4.2 of this annual report.

The Company also sets up provisions to pay for environmental activities. These provisions are established on the basis of the best estimate of the expenditure required to fulfill the obligation, restating the flow of future payments at year’s end. Those compensations to be collected by the Company, if any, in relation to the origin of the environmental obligation are recorded as rights to payment in the balance sheet Assets, provided there are no doubts that this reimbursement will be received, without exceeding the amount of the recorded obligation.

4.12. PERSONNEL COSTS

In accordance with the current labor legislation, the Company is required to pay compensations to those employees with whom, under certain conditions, it rescinds their labor relations. The compensations for dismissal susceptible to reasonable quantification are recorded as an expense of the year in which there is a valid expectation created by the Company towards the affected third parties.

The Company records the expected cost of short-term remunerations in the form of paid leaves, the rights to which are accrued by the employees as they provide the services that entitle them to such leaves. In addition, the Company records the expected cost of variable remunerations for workers when there is a current, legal or implicit obligation resulting from past events and the value of the obligation can be reliably estimated.

4.13. SUBSIDIES

Subsidies, donations and legacies are entered as income and expenditure in net worth when the official grant, if necessary, is obtained and the conditions for granting them have been met, and there are no reasonable doubts about the reception thereof.

Subsidies received to finance specific expenses are charged to results in the year in which they are granted, as these correspond to costs incurred in the same year.

4.14. BUSINESS MERGERS

The operations of merger, spin-off and non-monetary contribution of a business between group companies are recorded as established for the transactions between related parties.

4.15. JOINT VENTURES

Joint ventures are considered to be those in which there is a statutory or contractual agreement to share control over an economic activity, such that both financial and operating strategic decisions concerning the activity require the unanimous consent of the Company and the rest of the partners.

For jointly controlled operations and assets, the Company records in the annual accounts the assets that are under its control, the liabilities it has incurred and the proportional part based on its percent share in the jointly controlled assets and jointly incurred liabilities, as well as the portion of income earned from the sale of goods or provision of services and the costs incurred by the joint venture. Likewise, the statement of changes in equity and the statement of cash flows also include the proportional part that pertains to the Company by virtue of the agreements reached.

The Company undertakes certain projects on a joint basis with other companies by setting up Temporary Joint Ventures (UTEs). The information on these UTEs is provided in note 17.

4.16. OPERATIONS WITH GROUP COMPANIES

Transactions between group companies are recognized by the fair value of the compensation made or received. The difference between this value and the agreed amount is recorded in accordance with the underlying financial asset.

4.17. NON-CURRENT ASSETS HELD FOR SALE

The heading "Non-Current Assets Held for Sale" of the balance sheet includes the assets whose book value is going to be essentially recovered through a sales transaction instead of by continued use. To classify non-current assets or disposable groups of items as held for sale, they must be available, in their current condition, for immediate disposal, subject exclusively to the usual and regular terms of a sales transaction, and write-off of the asset must also be considered as highly probable.

Non-current assets or disposable groups of items classified as held for sale are not amortized, and they are appraised by the lower of their book value and fair value, minus the sale costs.

There is no liability associated with "Non-Current Assets Held for Sale".

4.18. LEASES

The Company has been granted the right to use certain assets under leasing contracts.

Leasing contracts that, at the beginning thereof, substantially transfer to the Company all the risks and benefits inherent in ownership of the assets are classified as financial leases, and they are otherwise classified as operating leases.

Fees stemming from operating leases, net of the incentives received, are linearly recorded as an expense during the term of the lease, except when another systematic basis for distribution is more representative because it more adequately reflects the timeframe of the lease profits.

4.19. CLASSIFICATION OF ASSETS AND LIABILITIES IN CURRENT AND NON-CURRENT

The Company presents the balance sheet with assets and liabilities classified as current and non-current. To this end, current assets and liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realized or they are intended to be sold or consumed in the course of the Company's normal operating cycle, they are held primarily for trading purposes, they are expected to be realized within a period of twelve months following the closure date, or the assets are cash or cash equivalents, except in those cases in which they cannot be exchanged or used to cancel a liability, at least during the twelve months following the closure date.

- Liabilities are classified as current when they are expected to be liquidated in the course of the Company's normal operating cycle, they are held primarily for trading purposes, they must be liquidated within a period of twelve months following the closure date, or the Company does not have the unconditional right to defer cancellation of the liabilities during the twelve months following the closure date.

- Financial liabilities are classified as current when they should be liquidated within the twelve months following the closure date, even though the original term is a period greater than twelve months, and there is a long-term payment refinancing or restructuring agreement that has concluded after the closure date and before the annual accounts are prepared.

5. TANGIBLE FIXED ASSETS

The analysis and breakdown of the balance sheet items included in this heading in 2017 and 2016 are as follows:

FINANCIAL YEAR 2017

ITEM	BALANCE AT 31/12/2016	INFLOWS	OUTFLOWS	TRANSFERS	BALANCE AT 31/12/2017
COST					
Property and natural assets	3,209	-	-	168	3,377
Constructions	63,652	2	(149)	2,246	65,751
Technical installations, machinery and tools	65,493	1,312	(6)	165	66,964
Other installations	23,304	647	(29)	1,852	25,774
Data processing equipment & furniture	8,554	221	(41)	563	9,297
Other tangible fixed assets	12,366	154	(4)	34	12,550
Advances & fixed assets in progress	5,083	5,070	-	(4,551)	5,602
TOTAL	**181,661**	**7,406**	**(229)**	**477**	**189,315**
AMORTIZATIONS					
Constructions	(48,726)	(1,352)	2	-	(50,076)
Technical installations, machinery and tools	(57,433)	(1,405)	6	-	(58,832)
Other installations	(17,341)	(1,213)	23	-	(18,531)
Data processing equipment & furniture	(8,039)	(237)	29	-	(8,247)
Other tangible fixed assets	(9,576)	(472)	2	-	(10,046)
TOTAL	**(141,115)**	**(4,679)**	**62**	**-**	**(145,732)**
VALUATION CORRECTIONS FOR DEPRECIATION					
Property and constructions	(1,014)	-	32	-	(982)
Tech. installations & other tangible FA	(245)	-	19	-	(226)
TOTAL	**(1,259)**	**-**	**51**	**-**	**(1,208)**
TANGIBLE FIXED ASSETS	**39,287**	**2,727**	**(116)**	**477**	**42,375**

FINANCIAL YEAR 2016

ITEM	BALANCE AT 31/12/2015	INFLOWS	OUTFLOWS	TRANSFERS	BALANCE AT 31/12/2016
COST					
Property and natural assets	3,209	-	-	-	3,209
Constructions	62,808	197	-	647	63,652
Technical installations, machinery and tools	64,371	338	(26)	810	65,493
Other installations	20,931	496	-	1,877	23,304
Data processing equipment & furniture	8,402	157	(15)	10	8,554
Other tangible fixed assets	12,226	128	(8)	20	12,366
Advances & fixed assets in progress	5,114	3,337	-	(3,368)	5,083
TOTAL	**177,061**	**4,653**	**(49)**	**(4)**	**181,661**
AMORTIZATIONS					
Constructions	(47,375)	(1,351)	-	-	(48,726)
Technical installations, machinery and tools	(56,046)	(1,412)	25	-	(57,433)
Other installations	(16,301)	(1,040)	-	-	(17,341)
Data processing equipment & furniture	(7,786)	(268)	15	-	(8,039)
Other tangible fixed assets	(9,012)	(572)	8	-	(9,576)
TOTAL	**(136,520)**	**(4,643)**	**48**	**-**	**(141,115)**
VALUATION CORRECTIONS FOR DEPRECIATION					
Property and constructions	(982)	(32)	-	-	(1,014)
Tech. installations & other tangible FA	(226)	(19)	-	-	(245)
TOTAL	**(1,208)**	**(51)**	**-**	**-**	**(1,259)**
TANGIBLE FIXED ASSETS	**39,333**	**(41)**	**(1)**	**(4)**	**39,287**

There have been no changes in the estimate of loss of value of the biogas electrical energy generation plant.

The most relevant investments made by the Company in financial year 2017, amounting to 7,406 thousand Euros, corresponded to the remodelling of the new offices in Madrid; in the Juzbado factory, to the acquisition of a new ventilation and heating system, to the construction costs of a new passive scanner, to the acquisition of californium for the active scanner, and to the adaptation of the physical protection network; and in Saelices, to the construction of a technosol manufacturing plant.

The most relevant investments made by the Company in financial year 2016, in the amount of 3,612 thousand Euros, were the acquisition of a ventilation and air conditioning/heating system of the Juzbado factory, as well as the purchase of traveler containers for refuelings at PWR plants, construction costs of a new passive scanner and renovation work in the Company headquarters in Madrid.

The net transfers received in the year amounting to 477 thousand Euros come from the Intangible Fixed Assets, in the amount of 6 thousand Euros (see note 6) and from Non-Current Assets held for sale, of 471 thousand Euros (see note 18). The accounting movements of the restatement of asset elements, made pursuant to RDL 7/1996 in financial years 2017 and 2016, were:

	Thousands of Euros						
ITEM	**BALANCE AT 31/12/2015**	**INFLOWS**	**OUTFLOWS**	**BALANCE AT 31/12/2016**	**INFLOWS**	**OUTFLOWS**	**BALANCE AT 31/12/2017**
COST							
Property and constructions	6,120	-	-	6,120	-	-	6,120
Technical installations and other tangible FA	892	-	-	892	-	-	892
TOTAL	**7,012**	**-**	**-**	**7,012**	**-**	**-**	**7,012**
AMORTIZATIONS							
Property and constructions	(4,911)	(245)	-	(5,156)	(245)	-	(5,401)
Technical installations and other tangible FA	(892)	-	-	(892)	-	-	(892)
TOTAL	**(5,803)**	**(245)**	**-**	**(6,048)**	**(245)**	**-**	**(6,293)**
TANGIBLE FIXED ASSETS	**1,209**	**(245)**	**-**	**964**	**(245)**	**-**	**719**

The amortizations planned for financial year 2018 from the 1996 revaluation of the different asset items will amount to approximately 245 thousand Euros.

The non-operating tangible fixed assets at 31 December 2017 and 2016 correspond to land at the Saelices Work Center adjacent to the mining operations, whose net book value at 31 December 2017 and 2016, once the 848 thousand Euro value adjustment due to impairment is considered, amounts to 1,932 thousand Euros.

The amount of the assets in use of the tangible fixed assets amortized in full at 31 December 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	**2016**
CONSTRUCTIONS	21,515	20,494
TECHNICAL INSTALLATIONS, MACHINERY AND TOOLS	51,571	51,053
OTHER INSTALLATIONS	13,819	12,844
DATA PROCESSING EQUIPMENT AND FURNITURE	7,420	7,150
OTHER TANGIBLE FIXED ASSETS	6,824	5,692
	101,149	**97,233**

The firm investment commitments that have materialized in purchase orders amount to approximately 1,960 thousand Euros at 31 December 2017 (2,580 thousand Euros at 31 December 2016).

The Company has taken out insurance policies on equity risks with coverage that insures all capital assets and goods in full, as well as any possible claims that may be filed due to the conduct of its business, and the Company considers that these policies sufficiently cover the risks to which they are exposed.

6. INTANGIBLE FIXED ASSETS

The breakdown and activity of this heading in 2017 and 2016 are shown below:

FINANCIAL YEAR 2017	Thousands of Euros					
ITEM	BALANCE AT 31/12/2016	INFLOWS	OUTFLOWS	OTHERS	TRANSFERS	BALANCE AT 31/12/2017
COST						
Patents, licenses, brands & similar	2,238	-	-	-	-	2,238
Computer applications	5,554	107	-	-	111	5,772
Advances & FA in progress	116	36	-	-	(117)	35
Concession agreements, regulated asset	41,662	1	-	(1,056)	-	40,607
Concession agreements, financial capitalization	4,999	783	-	-	-	5,782
TOTAL	**54,569**	**927**	**-**	**(1,056)**	**(6)**	**54,434**
AMORTIZATIONS						
Patents, licenses, brands & similar	(2,238)	-	-	-	-	(2,238)
Computer applications	(5,284)	(171)	-	(1)	-	(5,456)
Concession agreements, regulated asset	(10,233)	(2,037)	-	184	-	(12,086)
TOTAL	**(17,755)**	**(2,208)**	**-**	**183**	**-**	**(19,780)**
INTANGIBLE FIXED ASSETS	**36,814**	**(1,281)**	**-**	**(873)**	**(6)**	**34,654**

FINANCIAL YEAR 2016	Thousands of Euros				
ITEM	BALANCE AT 31/12/2015	INFLOWS	OUTFLOWS	TRANSFERS	BALANCE AT 31/12/2016
COST					
Patents, licenses, brands & similar	2,238	-	-	-	2,238
Computer applications	5,281	127	-	146	5,554
Advances & FA in progress	176	82	-	(142)	116
Concession agreements, regulated asset	41,601	84	(23)	-	41,662
Concession agreements, financial capitalization	4,100	899	-	-	4,999
TOTAL	**53,396**	**1,192**	**(23)**	**4**	**54,569**
AMORTIZATIONS					
Patents, licenses, brands & similar	(2,238)	-	-	-	(2,238)
Computer applications	(5,014)	(270)	-	-	(5,284)
Concession agreements, regulated asset	(8,143)	(2,093)	3	-	(10,233)
TOTAL	**(15,395)**	**(2,363)**	**3**	**-**	**(17,755)**
INTANGIBLE FIXED ASSETS	**38,001**	**(1,171)**	**(20)**	**4**	**36,814**

The total investment included in the heading “Concession agreement, regulated asset” corresponds to assets of a reversible nature that will be delivered by the UTE RSU to the granting entity at the end of the concession period, in compliance with the provisions of the concession contract. The Company does not expect to incur expenses stemming from the reversion at the end of this period other than those already considered in the Economic-Financial Plan.

The main items of the intangible fixed assets correspond to those related to the concession agreement that comprises the activity of the UTE RSU. Specifically, they correspond to different installations for the treatment and management of the urban solid waste from the 49 municipalities that make up the Consortium for Execution of the Planned Work for the Zonal Waste Plan of Zone 1 (Castellón) and that are geographically located in the northern part of the province of Castellón.

Furthermore, these assets include, at 31 December 2017 and 2016, estimated costs of 1,323 thousand Euros, which correspond to the obligation to seal and subsequently monitor the landfill of the waste treatment plant, and other costs amounting to 1,210 thousand Euros at 31 December 2017 (1,309 thousand Euros at 31 December 2016), which correspond to the future construction of additional disposal cells for the landfill (see note 13). These amounts are included under the heading “Concession agreement, regulated asset”.

The amount of the financing costs incurred in the construction period and capitalized, at 31 December 2017 and 2016, as an increased value of the fixed asset is 981 thousand Euros, and they are included under the heading “Concession agreement, regulated asset”.

Additionally, part of the financing costs incurred in the financial year have been capitalized, after the operating period had begun, under the heading “Concession agreement, financial capitalization”, in the amount of 783 thousand Euros (899 thousand Euros in 2016).

The most significant variations in the financial year 2017 in the Intangible Fixed Assets (Concession agreements, regulated asset) reflected in “Others” corresponded to those derived from the adjustment of different provisions regarding the UTE RSU (see note 13).

All the figures related to the Intangible Fixed Assets corresponding to Concession agreements and indicated in the above paragraphs are shown by the amount incorporated into ENUSA’s accounts, in accordance with its percent share in the UTE RSU.

The amount of the assets in use of the intangible fixed assets amortized in full at 31 December 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	**2016**
PATENTS, LICENSES, BRANDS & SIMILAR	2,238	2,238
COMPUTER APPLICATIONS	5,090	4,958
	7,328	**7,196**

7. LEASING AND OTHER SIMILAR OPERATIONS

7.1. OPERATING LEASES

During 2017, the Company has had assets subject to operating lease arrangements, accruing an expense during the year of 263 thousand Euros for this item (366 thousand Euros in 2016).

There are no minimum future payments expected for non-cancelable operating leases, as all the leases are considered as annually cancelable.

8. FINANCIAL INSTRUMENTS

8.1. INFORMATION ON THE RELEVANCE OF FINANCIAL INSTRUMENTS TO THE COMPANY´S FINANCIAL POSITION AND RESULTS

8.1.1. Balance sheet-related information

a) Categories of financial assets and liabilities.

The book value of the Company’s various financial assets and liabilities at 31 December 2017 and 2016, based on their qualification, is as follows:

a.1) Financial assets (except for investments in group, multi-group and associated company equity):

Thousands of Euros

	CLASSES OF FINANCIAL ASSETS										TOTAL	
	LONG-TERM FINANCIAL ASSETS						SHORT-TERM FINANCIAL ASSETS					
	EQUITY INSTRUMENTS		CREDITS, DERIVATIVES & OTHERS		TOTAL LONG-TERM		CREDITS, DERIVATIVES & OTHERS		TOTAL SHORT-TERM			
CATEGORIES OF FINANCIAL ASSETS	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Cash & csh equivalents	-	-	-	-	**-**	**-**	3,226	3,241	**3,226**	**3,241**	**3,226**	**3,241**
Loans & accounts receivable	-	-	2,497	2,581	**2,497**	**2,581**	64,257	63,888	**64,257**	**63,888**	**66,754**	**66,469**
Available-for-sale assets												
- Appraised at cost	264	264	-	-	**264**	**264**	-	-	-	-	**264**	**264**
Hedge derivatives	-	-	3	684	**3**	**684**	240	5,750	**240**	**5,750**	**243**	**6,434**
TOTAL	**264**	**264**	**2,500**	**3,265**	**2,764**	**3,529**	**67,723**	**72,879**	**67,723**	**72,879**	**70,487**	**76,408**

a.2) Financial liabilities:

Thousands of Euros

	CLASSES OF FINANCIAL LIABILITIES												TOTAL	
	LONG-TERM FINANCIAL LIABILITIES						SHORT-TERM FINANCIAL LIABILITIES							
	BANK LOANS		TRADE CREDITORS, DERIVATIVES & OTHERS		TOTAL LONG-TERM		BANK LOANS		TRADE CREDITORS, DERIVATIVES & OTHERS		TOTAL SHORT-TERM			
CATEGORIES OF FINANCIAL LIABILITIES	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Debits and accounts payable	130,419	171,711	2,739	2,655	**133,158**	**174,366**	99,117	90,838	96,786	119,751	**195,903**	**210,589**	**329,061**	**384,955**
Hedge derivatives	-	-	3,864	5,219	**3,864**	**5,219**	-	-	2,401	1,090	**2,401**	**1,090**	**6,265**	**6,309**
TOTAL	**130,419**	**171,711**	**6,603**	**7,874**	**137,022**	**179,585**	**99,117**	**90,838**	**99,187**	**120,841**	**198,304**	**211,679**	**335,326**	**391,264**

b) Classification by maturities

The breakdown by maturity date of the financial assets and liabilities with a determined or determinable maturity at 31 December 2017 and 2016, is as follows (not including financial investments in companies of the group, multi-group and associates):

FINANCIAL YEAR 2017

Thousands of Euros

	SHORT-TERM	LONG-TERM					
FINANCIAL ASSETS	**2018**	**2019**	**2020**	**2021**	**2022**	**REST**	**TOTAL LONG-TERM**
Financial investments (*)	-	-	-	-	-	264	**264**
Group Company accounts (Note 20)	42,001	-	-	-	-	-	**-**
Derivatives	240	3	-	-	-	-	**3**
Other credits to third parties	457	-	-	-	-	-	**-**
Other financial assets	30	-	-	-	-	2,497	**2,497**
Trade debtors and other accounts receivable	21,769	-	-	-	-	-	**-**
Cash & cash equivalents	3,226	-		-	-	-	**-**
TOTAL	**67,723**	**3**	**-**	**-**	**-**	**2,761**	**2,764**

(*) Without specific maturity

Thousands of Euros

	SHORT-TERM	LONG-TERM					
FINANCIAL LIABILITIES	**2018**	**2019**	**2020**	**2021**	**2022**	**REST**	**TOTAL LONG-TERM**
Loans with Group and Associated Co. (Note 20)	1,098	561	561	561	-	338	**2,021**
Bank loans	99,117	111,443	1,633	1,700	1,711	13,932	**130,419**
Derivatives	2,401	568	-	-	-	3,296	**3,864**
Other financial liabilities	1,096	112	122	131	45	308	**718**
Trade creditors and other accounts payable	94,592	-	-	-	-	-	**-**
TOTAL	**198,304**	**112,684**	**2,316**	**2,392**	**1,756**	**17,874**	**137,022**

FINANCIAL YEAR 2016

Thousands of Euros

	SHORT-TERM	LONG-TERM					
FINANCIAL ASSETS	**2017**	**2018**	**2019**	**2020**	**2021**	**REST**	**TOTAL LONG-TERM**
Financial investments (*)	-	-	-	-	-	264	**264**
Group Company accounts (Note 20)	41,002	-	-	-	-	-	**-**
Derivatives	5,750	584	100	-	-	-	**684**
Other credits to third parties	1,552	-	-	-	-	-	**-**
Other financial assets	27	-	-	-	-	2,581	**2,581**
Trade debtors and other accounts receivable	21,307	-	-	-	-	-	**-**
Cash & cash equivalents	3,241	-	-	-	-	-	**-**
TOTAL	**72,879**	**584**	**100**	**-**	**-**	**2,845**	**3,529**

(*) Without specific maturity

Thousands of Euros

	SHORT-TERM	LONG-TERM					
FINANCIAL LIABILITIES	**2017**	**2018**	**2019**	**2020**	**2021**	**REST**	**TOTAL LONG-TERM**
Loans with Group and Associated Co. (Note 20)	541	657	657	656	-	-	**1,970**
Bank loans	90,838	41,260	111,474	1,633	1,700	15,644	**171,711**
Derivatives	1,090	511	379	-	-	4,329	**5,219**
Other financial liabilities	1,791	103	112	122	131	217	**685**
Trade creditors and other accounts payable	117,419	-	-	-	-	-	**-**
TOTAL	**211,679**	**42,531**	**112,622**	**2,411**	**1,831**	**20,190**	**179,585**

The amount of long-term bank loans, both long- and short-term, corresponds, mainly, to loans made to the Company by various credit institutions for the purpose of financing the supply management, which includes the supply stocks.

In addition, the amount corresponding to the financing related to the execution of works and service management has been incorporated, which corresponds to the “Project for urban solid waste management for the Zonal Waste Plan of Zone 1 of Castellón”, managed by the UTE RSU. During 2010, in order to finance the project, the UTE RSU formalized with two banks a financing contract through the Project-Finance modality. Its maximum limit is 33,000 thousand Euros and the balance available at 31 December 2017 (incorporated into ENUSA accounts at its percent share in the UTE RSU) is 21,766 thousand Euros (22,898 thousand Euros at 31 December 2016). The clauses of this financing agreement include the requirement that the borrower comply with certain financial ratios as of the beginning of the project exploitation period (2012). These ratios were being met at the end of this year and the previous year and no failure to comply with them is expected in the new twelve months.

The current interest rates are market interest rates.

c) Financial assets available for sale

These assets correspond to Equity Instruments in companies that are not considered group, multi-group or associated companies and which the Company does not plan to sell in the short term. Given that these Equity Instruments are not listed on any active market, they are assessed in the books at their cost minus the possible value impairment. The book value, at the closing of financial years 2017 and 2016, of these financial assets is 264 thousand Euros.

During the financial year 2017, the Company has not received dividends from these instruments (89 thousand Euros in 2016).

In 2017 non-listed shares were sold, whose book value was nil (their impairment was recorded at 100% in previous years), thus a gain of 8,500 thousand Euros was recorded in the year.

d) Value impairment adjustments

The analysis of the transactions of the representative adjustment accounts for losses due to impairment originating in the credit risk (mainly of customers and sundry debtors) for 2017 and 2016 is as follows:

	Thousands of Euros
BALANCE ON 1 JANUARY 2016	**4,706**
Provisions	839
Reversions and applications	(343)
BALANCE ON 31 DECEMBER 2016	**5,202**
Provisions	782
Reversions and applications	(72)
BALANCE ON 31 DECEMBER 2017	**5,912**

The total provision made in the financial year in the amount of 782 thousand Euros (839 thousand Euros in 2016) comes almost entirely from the amount allocated in the UTE RSU (integrated in ENUSA at its investment percentage therein), corresponding to the estimate of the possible non-payment of part of the invoices issued (related to adjustments in the payment to receive for the management of the services, according to the financial conditions borne by the UTE RSU).

The reversion registered in the financial year, amounting to 72 thousand Euros corresponds to a surplus provision also coming from the UTE RSU. In 2016 the reversion in the amount of 343 thousand Euros was a consequence, basically, of the reduction for failed loans initially provisioned.

8.1.2. Miscellaneous Information

a) Hedge Accounting

At 31 December 2017 and 2016, the Company had declared the following hedge derivative operations:

- Interest rate swap operations, designated as derivative financial instrument for the interest rate risk existing on financial liabilities at amortized cost (long-term bank loans).

- Foreign currency purchase/sale operations with various entities, designated as derivative financial instrument for the exchange rate risk existing on highly probable planned transactions (payments to trade creditors).

All the operations meet the requirements contained in the reporting and valuation rule relative to hedge accounting, as each operation is individually documented for its designation as such and they are shown to be highly effective at both the prospective level, verifying that the expected changes in the cash flows of the hedged item that are attributable to the hedged risk will be almost completely offset by the expected changes in the cash flows of the derivative financial instrument, and at the retrospective level, on verifying that the hedge results have fluctuated within a range of variation of eighty to one hundred twenty-five percent with respect to the result of the hedged item.

The fair and notional values of the derivatives designated as derivative financial instruments, separated by class of hedge and in the years in which the cash flows are expected to occur, are as follows:

FINANCIAL YEAR 2017	Thousands of Euros	Foreign Currencies (in Thousands) Notional Amount				
	Fair Value at 31/12/2017	2018	2019	2020	REST	TOTAL
ASSETS						
Fin. swaps on interest rates (1)	3	-	10.000	-		**10,000**
Exchange insurance (2)	240	4,000	-	-	-	**4,000**
Exchange insurance (3)	-	-	-	-	-	**-**
LIABILITIES						
Fin. swaps on interest rates (1)	4,469	20,000	10.000	-	17,899	**47,899**
Exchange insurance (2)	1,633	38,163	6.000	-	-	**44,163**
Exchange insurance (3)	163	1,315	-	-	-	**1,315**

(1) Notional amount stated in thousands of Euros
(2) Notional amount stated in thousands of US Dollars
(3) Notional amount stated in thousands of Pounds Sterling

FINANCIAL YEAR 2016	Thousands of Euros	Foreign Currencies (in Thousands) Notional Amount				
	Fair Value at 31/12/2016	2017	2018	2019	REST	TOTAL
ASSETS						
Exchange insurance (2)	6,434	66,407	-	5.200	2.000	**73.607**
Exchange insurance (3)	-	-	-	-	-	**-**
LIABILITIES						
Fin. swaps on interest rates (1)	5,928	1,021	20,000	20,000	17,899	**58,920**
Exchange insurance (2)	-	-	-	-	-	**-**
Exchange insurance (3)	381	1,900	1,500	-	-	**3,400**

(1) Notional amount stated in thousands of Euros
(2) Notional amount stated in thousands of US Dollars
(3) Notional amount stated in thousands of Pounds Sterling

The notional amount of the declared contracts does not represent the actual risk assumed by the Company in relation to these instruments. The fair value of the derivatives designated as derivative financial instruments is assimilated into the sum of the future cash flows originating in the instrument, deducted on the valuation date. In this respect, the Company uses the commonly accepted methodology and necessary market data to calculate the fair value, verifying that the fair value calculated for each operation does not differ significantly from the market valuation provided by the entity with which the operation is contracted.

The fair value of these operations, net of taxes, has as balancing entry the heading "Net worth-Valuation adjustments-Cash flow hedges", incorporated into the Company's equity.

The activity recorded under the heading "Net worth-Valuation adjustments-Cash flow hedges" in 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	2016
BALANCE ON 31 DECEMBER OF PREVIOUS YEAR (PROFITS)/LOSSES	**(336)**	**(587)**
Amounts charged to P&L account for change in fair value of hedge operations	5,247	(2,517)
Amount charged to the P/L account from net worth	911	2,851
- Supplies	1,768	3,715
- Other operating expenses	(10)	(5)
- Financing costs	(846)	(871)
- Fixed assets	(1)	12
Tax effect	(1,539)	(83)
BALANCE AT 31 DECEMBER CURRENT YEAR (PROFITS) / LOSSES CHARGED TO NET WORTH	**4,283**	**(336)**

b) Fair Value

The book value of the loans and accounts receivable assets, as well as debts and accounts payable, for both trade and non-trade operations is an acceptable approximation of their fair value.

c) Investments in Group, Multi-Group and Associated Companies

The investments in group companies in 2017 and 2016 correspond to the following companies in which ENUSA has majority voting rights:

NAME	ADDRESS	COMPANY ACTIVITIES
EXPRESS TRUCK, S.A.U., S.M.E. (ETSA)	Ctra. Salamanca-Vitigudino, km 0,7 (Cetramesa) (Salamanca)	All types of national and international transports, in any modality and with any merchandise, including hydrocarbons, chemical products, radioactive material and others.
EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E., M.P. (Emgrisa)	Calle Santiago Rusiñol 12, 28040 (Madrid)	Undertaking of all activities required for proper management of the programs and actions of the National Industrial Waste Plan referred to in Law 20/1986 of May 14, focusing on the rationalization and coordination of the management of these wastes.

None of the group company shares is listed on the stock market.

The breakdown of the net worth and the value of the ENUSA investment in the group companies in which the Company has a direct controlling share at 31 December 2017 and 2016, according to their individual audited accounts, is as follows:

FINANCIAL YEAR 2017

		Thousands of Euros					
NAME	% DIRECT SHARE	CAPITAL	RESERVES	AFTER-TAX P&L	VALUE CHANGE ADJUSTMENTS	SUBSIDIES	BOOK VALUE OF INVESTMENT
EXPRESS TRUCK, S.A.U. S.M.E. (ETSA)	100.00	301	5,265	821	-	-	528
EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E.M.P. (EMGRISA)	99.62	7,813	3,591	(17)	(18)	4,839	4,655
TOTAL		**8,114**	**8,856**	**804**	**(18)**	**4,839**	**5,183**

Last year audited: 2016.

FINANCIAL YEAR 2016

		Thousands of Euros				
NAME	% DIRECT SHARE	CAPITAL	RESERVES	AFTER-TAX P&L	SUBSIDIES	BOOK VALUE OF INVESTMENT
EXPRESS TRUCK, S.A.	100.00	301	4,818	894	-	528
EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E.M.P. (EMGRISA)	99.62	7,813	3,258	332	4,841	4,655
TOTAL		**8,114**	**8,076**	**1,226**	**4,841**	**5,183**

In 2017, the Company has received dividends from the group companies amounting to 447 thousand Euros (511 thousand Euros in 2016).

The investments in multi-group and associated companies in 2017 and 2016 correspond to the following companies:

NAME	ADDRESS	% DIRECT SHARE	% INDIRECT SHARE	COMPANY ACTIVITIES
MULTI-GROUP COMPANIES				
ENUSA-ENSA, A.I.E.	Santiago Rusiñol, nº 12 (Madrid)	50.00		Repair of fuel assemblies for PWR light water reactors, as well as other services related to the reactor core and its components
ASSOCIATED COMPANIES				
G.E.ENUSA NUCLEAR FUEL, S.A.	Juan Bravo, 3-C (Madrid)	49.00		Marketing of nuclear fuel and provision of engineering services for this fuel
CETRANSA, S.A.	Pol Industrial Los Barriales, Santovenia de Pisuerga (Valladolid)		29.89 (1)	Industrial waste management and treatment
REMESA, S.A.	Plaza de España, s/n (Melilla)		49.81 (1)	Integral urban waste treatment plant operation and management
SPANISH NUCLEAR GROUP FOR CHINA, A.I.E.		25.00		Commercial promotion of products and services for nuclear power plants in China and other countries of common interest to the partners.
(1) Emgrisa invested company				

None of the shares of multi-group and associated companies are listed on the stock market.

The breakdown of the net worth, the dividends received and the value of the investment, without including outstanding disbursements, in the multi-group and associated companies directly controlled by ENUSA at 31 December 2017 and 2016, according to their individual audited accounts, is as follows:

FINANCIAL YEAR 2017

		Thousands of Euros					
NAME	% SHARE	STATED CAPITAL	RESERVES	AFTER-TAX P&L	VALUE CHANGE ADJUSTMENTS	DIVIDENDS RECEIVED	BOOK VALUE OF INVESTMENT
MULTI-GROUP COMPANIES							
ENUSA-ENSA, A.I.E. (*)	50.00	421	12	330	126	123	210
ASSOCIATED COMPANIES							
G.E.ENUSA NUCLEAR FUEL, S.A.	49.00	108	22	269	-	85	53
SPANISH NUCLEAR GROUP FOR CHINA, A.I.E. (*)	25.00	24	40	10	-	-	42
TOTALS		**553**	**74**	**609**	**126**	**208**	**305**

Last year audited: 2016.
(*) Not audited. In 2017 modification of the Company name from ENUSA-ENWESA, A.I.E. to ENUSA-ENSA, A.I.E. was unanimously approved by the shareholders meeting.

FINANCIAL YEAR 2016

		Thousands of Euros					
NAME	% SHARE	STATED CAPITAL	RESERVES	AFTER-TAX P&L	VALUE CHANGE ADJUSTMENTS	DIVIDENDS RECEIVED (**)	BOOK VALUE OF INVESTMENT
MULTI-GROUP COMPANIES							
ENUSA-ENWESA, A.I.E. (*)	50.00	421	12	650	384	341	210
ASSOCIATED COMPANIES							
G.E.ENUSA NUCLEAR FUEL, S.A.	49.00	108	22	223	-	208	53
SPANISH NUCLEAR GROUP FOR CHINA, A.I.E. (*)	25.00	24	40	1	-	-	42
TOTALS		**553**	**74**	**874**	**384**	**549**	**305**

(*) Not audited
(**) 202 thousand Euros for ENUSA-ENWESA, A.I.E. correspond to interim dividend of financial year 2016, approved and pending receipt on 31 December.

At 31 December 2017 and 2016, 135 thousand Euros of ENUSA-ENSA, A.I.E. are pending disbursement.

d) Sundry Information

ENUSA has signed credit lines with short-term maturity with different financial institutions for a limit of 95,490 thousand Euros (the same amount as on 31 December 2016), of which at 31 December 2017, 37,046 thousand Euros (88,298 thousand Euros at 31 December 2016) had been drawn down.

The current interest rates on the credit lines are market interest rates.

8.2. INFORMATION ON THE NATURE AND LEVEL OF RISK OF FINANCIAL INSTRUMENTS

a) Credit Risk

The credit risk is produced by the possible loss caused by breach of the contractual obligations of the counterparts of the companies of the Group, that is, by the possibility of not recovering the financial assets at the book value and in the established period. In this regard, the exposure to the credit risk at 31 December is concentrated, basically, in the following items:

	Thousands of Euros	
	2017	**2016**
Clients for sales and services	19,154	17,720
Loans to group and associated companies	42,001	41,002
TOTAL	**61,155**	**58,722**

As regards the relative risk to accounts receivable from customers, it can be highlighted that ENUSA's main activities are based, on one hand, on the supply of enriched uranium to the electric utilities that own nuclear reactors and, on the other, on the manufacture and sale of fuel assemblies for nuclear-based electric power production. In this respect, the list of ENUSA's main customers includes a leading group of large electric utilities of recognized solvency. The fuel supply and loading contracts signed with customers are long-term contracts with exact planning of dates and volumes to enable adequate management of the sales volumes and, accordingly, of the payment periods inherent therein. Both the supply and the manufacturing contracts provide for the reception of amounts by way of advances on future sales, which constitute an element for minimizing possible risk. At 31 December 2017, the balance of advances on account received from customers, to be applied in 2018, is 38,090 thousand Euros (49,888 thousand Euros at 31 December 2016).

In reference to Loans to group and associated companies, these correspond to the so-called "Intersepi deposits". This is an instrument created by SEPI to optimize the management of its cash and that of its group of companies, through the intermediation of the supply and demand of cash surpluses. In this SEPI system, the corresponding intermediation operations are performed, acting as counterpart of both parts (fund-taking entities/fund-depositing entities). The placement of the cash surpluses of the Group companies through this mechanism is a priority option included in the "Regulating Rules of the Authorization and Supervision System of Acts and Operations of the SEPI Group".

b) Liquidity Risk

Prudent management of the liquidity risk means keeping sufficient cash on hand and having funding available through a sufficient amount of credit facilities. In this respect, the ENUSA strategy is to maintain the necessary flexibility in financing through the availability of both long-term loans and short-term credit lines, such that all contingencies that directly affect the Company treasury are fully hedged.

c) Market Risk

- Interest rate risk. All the long-term debt of the Company finances the supply management, which includes the supply stocks whose financial burden is fully transferred to the sales price of the enriched uranium. Nevertheless, the Company has chosen to hedge the interest rate risks for a part of the long-term debt by contracting interest rate swaps (see note 8.1.2). Furthermore, there are four contracts to hedge the interest rate for the long-term credit signed by the UTE RSU.

- Exchange rate risks. The need to purchase fuel assembly supplies and components on the international market, as well as the sales to be made to foreign customers in their own currency, requires ENUSA to implement an exchange rate risk management policy. The fundamental purpose is to mitigate the negative impact of fluctuating exchange rates on its P&L account, so that it can protect itself against adverse movements and take advantage of favorable evolution, as the case may be.

In this respect, the Company uses the purchase/sale of foreign currencies on credit (exchange insurance) for risk management, thereby locking in a known exchange rate on a specific date for future payments; this rate can also be temporarily adjusted for adaptation and application to cash flows. The amount committed at year's end to this type of operations is itemized in note 8.1.2.

8.3. TOTAL EQUITY

The composition and activity of the total equity are shown in the statement of changes in the net worth.

At 31 December 2017 and 2016 the ENUSA share capital is fully paid for and is composed of 200,000 common bearer shares with a nominal value of 300.51 Euros each and with equal political and economic rights. The breakdown of the shareholders is as follows:

	% SHARE
- Sociedad Estatal de Participaciones Industriales (SEPI)	60
- Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT)	40
	100

Provisions for the Legal Reserve have been made by applying 10% of the earnings from the different years. At 31 December 2017 and 2016, this reserve is constituted, reaching 20% of share capital. This reserve is not freely available and can only be used to offset losses, if no other reserves are available for this purpose, and to increase the share capital in the part of its balance that exceeds 10% of the already issued capital.

In 2007, in accordance with the resolution of the General Shareholders' Meeting held on 15 June 2008, the existing balance in the Revaluation Reserve (Royal Decree-Law 7/1996 of June 7), amounting to 6,937 thousand Euros, was transferred to Voluntary Reserves. Of this amount, the amount corresponding to the quantities of the revalued assets still not amortized is not available to the Company (see note 5).

The rest of the Voluntary Reserves is freely available on 31 December 2017 and 2016.

9. INVENTORIES

The distribution of stocks of Raw Materials and other supplies at 31 December 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	**2016**
Supply management stocks	262,977	326,304
Other industrial activity stocks	25,082	25,502
Other supplies	11,545	14,388
TOTAL	**299,604**	**366,194**

The supply management stocks include, at 31 December 2017 and 2016, 8,062 and 7,858 thousand Euros, respectively, in financing costs.

Additional information on Inventories

The Finished products and Products in progress accounts, which are shown under the Inventories heading of the balance sheet assets, amounting to 6,600 and 14,544 thousand Euros, respectively, at 31 December 2017 (6,795 and 11,479 thousand Euros, respectively, at 31 December 2016), fundamentally include the costs of the fuel assemblies pending delivery at year's end, and they are classified into one account or the other depending on whether or not they have been completely finished.

The Advances account shown under the Inventories heading of the Balance Sheet assets for 4,853 and 2,477 thousand Euros at 31 December 2017 and 2016, respectively, correspond to advances to suppliers of the industrial activities.

The Company's most important firm purchase commitments correspond to long-term contracts with foreign suppliers for the supply of Supply Management, and they vary in amount; therefore their economic quantification is also variable.

As for the most important firm sales commitments, these are long-term contracts with electric utility customers for the sale of enriched uranium and refuelings.

Most of the inventories of the Supply Management are located outside the national territory because of the conversion and enrichment processes required before sale, which take place outside Spain.

There is no limitation whatsoever on inventories by way of guarantees, pledges, deposits or other similar items.

ENUSA has taken out insurance policies to cover possible damages that could occur to the uranium inventories in its warehouses, as well as all damages that could occur during transportation and shipping of concentrates and natural and enriched uranium and to the casks required for these transports by land, sea, air or a combination of these.

The breakdown of the depreciation valuation adjustments of products in progress and finished products in 2017 and 2016, recorded in the P&L account, is as follows:

	Thousands of Euros
BALANCE AT 1 JANUARY 2016	**91**
Provisions	2
Reversions	(91)
BALANCE AT 31 DECEMBER 2016	**2**
Provisions	-
Reversions	(2)
BALANCE AT 31 DECEMBER 2017	**-**

10. FOREIGN CURRENCY

The breakdown of the amount of the asset and liability items denominated in foreign currency at 31 December 2017 and 2016 is:

FINANCIAL YEAR 2017

	Thousands of Euros			
	US Dollar Equivalent Value in Euros	Pound Sterling Equiv. Value in Euros	Others Equivalent Value in Euros	Total Equivalent Value in Euros
ASSETS DENOMINATED IN FOREIGN CURRENCY				
Derivatives	240	-	-	240
Trade debtors & other accounts receivable	36	-	55	91
Advances to suppliers	4,133	-	-	4,133
Other cash equivalents	4	6	8	18
TOTAL	**4,413**	**6**	**63**	**4,482**
LIABILITIES DENOMINATED IN FOREIGN CURRENCY				
Derivatives	1,633	163	-	1,796
Trade creditors & other accounts payable	1,916	380	-	2,296
TOTAL	**3,549**	**543**	**-**	**4,092**

FINANCIAL YEAR 2016

	Thousands of Euros			
	US Dollar Equivalent Value in Euros	Pound Sterling Equiv. Value in Euros	Others Equivalent Value in Euros	Total Equivalent Value in Euros
ASSETS DENOMINATED IN FOREIGN CURRENCY				
Derivatives	6,434	-	-	6,434
Trade debtors & other accounts receivable	41	-	5	46
Advances to suppliers	1,758	-	-	1,758
Other cash equivalents	5	7	7	19
TOTAL	**8,238**	**7**	**12**	**8,257**
LIABILITIES DENOMINATED IN FOREIGN CURRENCY				
Derivatives	-	382	-	382
Trade creditors & other accounts payable	15,328	896	-	16,224
TOTAL	**15,328**	**1,278**	**-**	**16,606**

The transactions carried out in foreign currency in 2017 and 2016 were:

FINANCIAL YEAR 2017

	Thousands of Euros				
	US DOLLAR Equivalent value in Euros	POUND STERLING Equivalent value in Euros	YEN Equivalent value in Euros	OTHERS Equivalent value in Euros	TOTAL Equivalent value in Euros
Sales	-	-	-	-	-
Services rendered	-	-	-	115	115
TOTAL	**-**	**-**	**-**	**115**	**115**
Supplies	77,201	2,483	-	1	79,685
Outsourcing	1,656	48	-	-	1,704
TOTAL	**78,857**	**2,531**	**-**	**1**	**81,389**

FINANCIAL YEAR 2016

	Thousands of Euros				
	US DOLLAR Equivalent value in Euros	POUND STERLING Equivalent value in Euros	YEN Equivalent value in Euros	OTHERS Equivalent value in Euros	TOTAL Equivalent value in Euros
Sales	-	-	-	5	5
Services rendered	140	-	-	-	140
Non-core & other current operating income	-	-	-	-	-
TOTAL	**140**	**-**	**-**	**5**	**145**
Supplies	135,109	2,680	-	105	137,894
Outsourcing	1,451	29	-	1	1,481
TOTAL	**136,560**	**2,709**	**-**	**106**	**139,375**

The amount of the exchange differences recorded in the 2017 and 2016 P&L, classified by type of financial instrument, has been:

FINANCIAL YEAR 2017

	Thousands of Euros		
	Exchange differences recorded in the year's P&L (+) Profits (-) Losses		
	TRANSACTIONS LIQUIDATED DURING THE YEAR	TRANSACTIONS PENDING MATURITY	TOTAL
ASSET CLASS			
Derivatives	(714)	-	(714)
Trade debtors & other accounts receivable	(3)	-	(3)
TOTAL	**(717)**	**-**	**(717)**
LIABILITY CLASS			
Derivatives	(98)	-	(98)
Trade creditors & other accounts payable	1,348	(116)	1,232
TOTAL	**1,250**	**(116)**	**1,134**
NET	**533**	**(116)**	**417**

FINANCIAL YEAR 2016

	Thousands of Euros		
	Exchange differences recorded in the year's P&L (+) Profits (-) Losses		
	TRANSACTIONS LIQUIDATED DURING THE YEAR	TRANSACTIONS PENDING MATURITY	TOTAL
ASSET CLASS			
Derivatives	(740)	-	(740)
Trade debtors & other accounts receivable	8	(14)	(6)
Other cash equivalents	1	-	1
TOTAL	**(731)**	**(14)**	**(745)**
LIABILITY CLASS			
Derivatives	251	-	251
Trade creditors & other accounts payable	281	136	417
TOTAL	**532**	**136**	**668**
NET	**(199)**	**122**	**(77)**

The balances for advances to suppliers do not generate exchange differences as they correspond to the amount effectively paid.

11. TAX POSITION

The calculation of the Corporate Income Tax corresponding to the financial year 2017 shows a liquid amount of 159 thousand Euros (899 thousand Euros in 2016) that, once the amount of the corresponding withholding and payments on account were discounted, generated a balance in favour of the Company with the Tax Administration of 2,511 thousand Euros (936 thousand Euros in 2016), included under the heading "Current Tax Assets", of the Balance Sheet. The composition of the balance at 31 December of 2017 and 2016 of this heading is the following:

	Thousands of Euros	
	31.12.2017	**31.12.2016**
Balance pending collection corresponding to the year	2,511	936
Balance pending collection corresponding to the previous year (1)	927	-
TOTAL	**3,438**	**936**

(1) Final amount shown in the presented form 200

In the 2017 P&L account, the Corporate Income Tax amounts to 1,077 thousand Euros (2,100 thousand Euros in 2016), resulting in an after-tax result of 12,450 thousand Euros (9,924 thousand Euros in 2016).

The following tables show the reconciliation of the net amount of the year's Income and Expenses with the taxable base of the 2017 and 2016 Corporate Income Tax:

FINANCIAL YEAR 2017

Thousands of Euros	P&L ACCOUNT		INCOME AND EXPENSES DIRECTLY CHARTED TO NET WORTH		RESERVES		TOTAL
Balance of year's income and expenses	12,450	-	-	(4,383)	-	-	8,067
	INCREASES	DECREASES	INCREASES	DECREASES	INCREASES	DECREASES	
Corporate Income Tax	1,077	-	-	(1,460)	-	-	(383)
Permanent differences	417	(9,163)	-	-	-	-	(8,746)
Temporary differences:	4,289	(7,916)	7,115	(1,272)	-	-	2,216
- Originating in the year	3,577	-	7,115	(1,272)	-	-	9,420
- Originating in previous years	712	(7,916)	-	-	-	-	(7,204)
Offsetting negative tax bases of previous years							-
TAXABLE BASE (TAX RESULT)							**1,154**

FINANCIAL YEAR 2016

Thousands of Euros	P&L ACCOUNT		INCOME AND EXPENSES DIRECTLY CHARTED TO NET WORTH		RESERVES		TOTAL
Balance of year's income and expenses	9,924	-	-	(131)	-	-	9,793
	INCREASES	DECREASES	INCREASES	DECREASES	INCREASES	DECREASES	
Corporate Income Tax	2,100	-	-	(44)	-	-	2,056
Permanent differences	220	(1,152)	-	-	-	-	(932)
Temporary differences:	3,704	(5,186)	3,722	(3,547)	-	-	(1,307)
- Originating in the year	2,862	-	3,722	(3,547)	-	-	3,037
- Originating in previous years	842	(5,186)	-	-	-	-	(4,344)
Offsetting negative tax bases of previous years							(123)
TAXABLE BASE (TAX RESULT)							**9,487**

The most important permanent differences correspond to:

– Increases: these include, among others, the adjustment corresponding to provisions and contributions as per Law 49/2002, in the amount of 112 thousand Euros, sanctions and surcharges in the amount of 150 thousand Euros, and allocation of taxable bases of UTEs and AIEs, in the amount of 156 thousand Euros (in 2016, the adjustment corresponding to donations and contributions of Law 49/2002, in the amount of 64 thousand Euros and allocation of taxable bases of UTEs and AIEs, amounting to 144 thousand Euros).

– Decreases: mainly include the adjustment of 8,500 thousand Euros related to the accounting capital gains corresponding to the sale of the participation indicated in note 8.1.1.c) (since the provision for impairment allocated in previous years was not considered tax deductible), and the exemption to avoid double taxation on dividends of 655 thousand Euros (in 2016, 1,149 thousand Euros for exemption to avoid double taxation).

The most relevant temporary differences correspond to:

– Increases: provisions for installation reclamation and closure in the amount of 2,404 thousand Euros and for impairment of accounts receivable from public entities for 782 thousand Euros (in 2016, provisions for reclamation and closure of installations worth 718 thousand Euros, for tax risks of 703 thousand Euros and for impairment of accounts receivable from public organizations of 784 thousand Euros).

– Decreases: application of provisions that were not a fiscal expense in previous years, of which 1,506 thousand Euros correspond to installation reclamation and decommissioning costs, personnel obligations and restructurings, 2,522 thousand Euros correspond to reversions of different provisions, not deductible at the time of their allocation and 3,154 thousand Euros correspond to the deducible amount for accounts receivable from public entities allocated in previous years, once the judicial proceedings have been initiated (in 2016, application of provisions that were not a fiscal expense in previous years, of which 3,431 thousand Euros corresponded to reclamation and closure of installations, obligations with personnel and restructurings and 1,155 thousand Euros corresponded to different reversions of provisions, non-deductible at the time of their allocation.

The income and expenses charged to net worth correspond to the profits or losses recorded during the year from valuation of the derivatives designated as derivative financial instruments, as well as changes in Subsidies received.

Below is the reconciliation between the income tax that would result from applying the current general taxation rate to pre-tax earnings and the expenditure recorded for this tax in the P&L Account, and the reconciliation of the latter with the net amount of the Corporate Income Tax corresponding to 2017 and 2016:

	Thousands of Euros
	31.12.2017
Pre-tax earnings	13,527
Permanent differences	(8,746)
Adjusted earinings	4,781
25.00% tax rate	1,195
Deductions	(129)
Income tax	**1,066**
Current tax expenditure in P&L account	159
Deferred tax income in P&L account	907
Income tax expenses of the year	1,066
Negative adjustment to the income tax	26
Positive adjustment to the income tax	(15)
Income tax expenses in P&L account	**1,077**

	Thousands of Euros
	31.12.2016
Pre-tax earnings	12,024
Permanent differences	(932)
Individual negative tax bases	(85)
Group's negative tax bases	(38)
Adjusted earinings	10,969
25.00% tax rate	2,742
28% tax rate (for repurchase of group's negative tax bases)	11
Deductions	(1,473)
Income tax	**1,280**
Current tax expenditure in P&L account	910
Deferred tax income in P&L account	370
Income tax expenses of the year	1,280
Negative adjustment to the income tax	924
Positive adjustment to the income tax	(104)
Income tax expenses in P&L account	**2,100**

The tax deductions from the amount applied in 2017 primarily correspond a deductions for research and development expenses, generated in previous years, and not applied by the tax group to which the Company belongs. In 2016 they mainly corresponded to deductions to avoid domestic double taxation and investments in research and development generated in previous years, and not applied by the fiscal group to which the Company belonged until financial year 2015.

The negative adjustments in the income tax recorded in 2017 mainly correspond to the higher amount of the current tax corresponding to the previous year and to removals of deferred tax assets (in 2016 they corresponded to the adjustment of the value of the deferred tax assets and liabilities relating to temporary differences whose fiscal reversion is planned to be carried out in a period exceeding ten years).

The positive adjustments in the income tax recorded in 2017 mainly correspond to lower deferred tax corresponding to the previous year. In 2016 they mainly corresponded to the tax effect of the reversion of temporary differences generated in previous years (a decrease in the tax base in both years) for which the corresponding deferred tax asset was not recorded at that time.

Deferred taxes are recorded in the Balance Sheet at 31 December 2017 and 2016, classified in the following accounts, according to their reversion period:

	Thousands of Euros	
DEFERRED TAX ASSETS	**31.12.2017**	**31.12.2016**
Long-term deductible temporary differences	10,858	11,998
Short-term deductible temporary differences	1,723	1,466
TOTAL	**12,581**	**13,464**

	Thousands of Euros	
DEFERRED TAX LIABILITIES	**31.12.2017**	**31.12.2016**
Long-term taxable temporary differences	782	819
Short-term taxable temporary differences	218	1,615
TOTAL	**1,000**	**2,434**

The origin of the deferred taxes recorded in the year-end balance sheets of 2017 and 2016 is as follows:

	Thousands of Euros	
DEFERRED TAX ASSETS ORIGINATING IN:	**31.12.2017**	**31.12.2016**
Financial hedges	1,488	1,496
Fuel assembly warranty provision	2,307	2,389
Mining site reclamation and decommissioning provision	7,301	6,774
Provision for personnel benefits	-	-
Provision for staff restructuring	56	59
Depreciation provision for fixed assets	90	274
Tax risks	-	428
Amortization deductibility limitation	717	820
Non-deductible provisions of UTE RSU	589	1,173
Other provisions not deductible from income tax	33	51
TOTAL	**12,581**	**13,464**

	Thousands of Euros	
DEFERRED TAX LIABILITIES ORIGINATING IN:	**31.12.2017**	**31.12.2016**
Financial hedges	61	1,609
Unrestricted amortization	821	786
Subsidies	118	39
TOTAL	**1,000**	**2,434**

The transactions of the Deferred Tax headings of the Balance Sheet corresponding to 31 December 2017 and 2016 are as follows:

	Thousands of Euros	
	DEFERRED TAX ASSETS	**DEFERRED TAX LIABILITIES**
BALANCE AT 31/12/15	**15,092**	**2,919**
Generated in 2016	716	-
Recovered in 2016	(1,297)	(211)
Net variation of financial derivatives	(18)	(102)
Net variation of subsidies	-	40
Positive/negative adjustments (Cancel Def. Tax Assets/ Liabilities for reversion at more than ten years and others)	(1,029)	(212)
BALANCE AT 31/12/16	**13,464**	**2,434**
Generated in 2017	893	-
Recovered in 2017	(1,980)	(177)
Net variation of financial derivatives	(8)	(1,547)
Net variation in subsidies	-	78
Positive/negative adjustments (Cancel Def. Tax Assets/ Liability for reversion at more than 10 years and others)	212	212
BALANCE AT 31/12/17	**12,581**	**1,000**

The years subject to inspection by the tax authorities in relation to the most significant taxes the Company must pay include the last four years. The Company's Administrators do not expect that, in the event of an inspection, any further significant liabilities will arise.

12. INCOME AND EXPENSES

The "Consumption of Merchandise and Consumption of Raw Materials and Other Consumables" item in the Profit & Loss Account for 2017 and 2016 is broken down as follows:

	Thousands of Euros	
	2017	**2016**
Purchases	141,603	258,363
Variation in inventories	66,590	(52,926)
TOTAL	**208,193**	**205,437**

The breakdown of purchases on the national market and of imports in 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	**2016**
National purchases	3,193	3,843
Intra-community purchases	47,300	99,395
Imports	91,110	155,125
TOTAL	**141,603**	**258,363**

The net amounts of turnover by markets in 2017 and 2016 are as follows:

	Thousands of Euros	
	2017	**2016**
National Market	255,403	246,537
Foreign Market	35,505	41,159
TOTAL	**290,908**	**287,696**

The breakdown of Social Charges in 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	**2016**
Social Security	7,173	7,008
Other social benefits	1,057	1,022
TOTAL	**8,230**	**8,030**

The breakdown of extraordinary results, included in the item "Other operating results", in 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	**2016**
Sanctions and surcharges	150	2
Legal claim	437	753
Expenses of fire at UTE RSU landfill	22	25
Other extraordinary expenses	22	11
TOTAL EXPENSES	**631**	**791**

	Thousands of Euros	
	2017	**2016**
Refund of AEAT imposed duties	1,064	533
Indemnities and extraordinary refunds received from insurance companies	445	225
Refund of Enusa-Enwesa, A.I.E. guarantee provision	-	83
Restatements	-	70
Extraordinary refund of social security contributions	-	53
Recovery of costs and other expenses	-	48
Insurance payments RSU UTE claim	17	46
Other extraordinary income	-	5
TOTAL INCOME	**1,526**	**1,063**

13. PROVISIONS AND CONTINGENCIES

The movement of the Provisions accounts during 2017 and 2016 has been as follows:

FINANCIAL YEAR 2017

	Thousands of Euros					
	BALANCE AT 31/12/2016	PROVISIONS & FINANCIAL RESTATEMENTS	APPLICATIONS AND REVERSIONS	OTHERS	TRANSFERS	BALANCE AT 31/12/2017
LONG-TERM PROVISIONS						
Environmental activities (Note 14 c)	37,601	3,171	-	(706)	(2,023)	38,043
Restructuring provisions	362	2	-	-	-	364
Fuel assembly warranties and Central Services	9,558	65	(394)	-	-	9,229
Provisions for other obligations	1,714	-	(1,714)	-	-	-
Misc. provisions UTE RSU	5,375	307	(572)	(1,031)	-	4,079
TOTAL LONG-TERM PROVISIONS	**54,610**	**3,545**	**(2,680)**	**(1,737)**	**(2,023)**	**51,715**
SHORT-TERM PROVISIONS						
Environmental activities (Note 14 c)	4,095	-	(1,415)	-	2,023	4,703
Provisions for other obligatons	1,500	1,667	(1,502)	-	-	1,665
TOTAL SHORT-TERM PROVISIONS	**5,595**	**1,667**	**(2,917)**	**-**	**2,023**	**6,368**

FINANCIAL YEAR 2016

	Thousands of Euros					
	BALANCE AT 31/12/2015	PROVISIONS & FINANCIAL RESTATEMENTS	APPLICATIONS AND REVERSIONS	OTHERS	TRANSFERS	BALANCE AT 31/12/2016
LONG-TERM PROVISIONS						
Environmental activities (Note 14 c)	39,928	1,323	(3)	(581)	(3,066)	37,601
Restructuring provisions	686	12	(336)	-	-	362
Fuel assembly warranties	9,398	306	(146)	-	-	9,558
Provisions for other obligations	2,567	703	(1,556)	-	-	1,714
Misc. provisions UTE RSU	5,144	374	(143)			5,375
TOTAL LONG-TERM PROVISIONS	**57,723**	**2,718**	**(2,184)**	**(581)**	**(3,066)**	**54,610**
SHORT-TERM PROVISIONS						
Short-term personnel obligations	155	-	(155)	-	-	-
Environmental activities (Note 14 c)	3,083	-	(2,054)	-	3,066	4,095
Provisions for other obligatons	470	1,030				1,500
TOTAL SHORT-TERM PROVISIONS	**3,708**	**1,030**	**(2,209)**	**-**	**3,066**	**5,595**

The calculation of restructuring provisions is based on the expected annual payments for compositions to personnel. The variations recorded in the year correspond, basically, to its financial restatement. The surplus provision recorded in financial year 2016, amounting to 336 thousand Euros was a consequence of the restatement of the assumptions made by the Company based on the information available at the close of this year.

As in previous years, fuel assembly warranty provisions are calculated on the basis of the useful life of refuelings and statistical data on failure rates in the fuel assemblies, the latter based on historical Company information and information from the technology suppliers. The provision allocation recorded in 2017 amounting to 65 thousand Euros (103 thousand Euros in 2016) is a result of the estimate made at the end of year.

The "Provisions for other Obligations" include, basically, those derived from lawsuits in which the Company is immersed. The most significant movements produced in the year correspond to allocations for new risks, in the amount of 1,646 thousand Euros (1,733 thousand Euros in 2016), surpluses for risks allocated in previous years amounting to 1,767 thousand Euros (600 thousand Euros in 2016) and applications amounting to 1,449 thousand Euros (956 thousand Euros in 2016).

The Provisions of the UTE RSU correspond, basically, to provisions related to the actions foreseen on the infrastructure in exploitation (replacement of fixed assets, expansion of the landfill, its safety and surveillance, etc.).

The amount of the provisions and financial restatements corresponding to these provisions was 307 thousand Euros (an amount integrated at the percentage of the Company's participation in the UTE). The amount of the allocations and financial restatements corresponding to these provisions in 2016 was 374 thousand Euros (an amount integrated at the percentage of participation of the Company in the UTE), of which 15 thousand Euros corresponded to an increase of the intangible fixed asset value. Furthermore, the amount included as "Others" corresponds to the adjustment made to one of the provisions (specifically, that which includes higher costs due to expropriation of the land where the infrastructure is located) since the possible cost to be assumed by the UTE is less than initially estimated. Given that this provision was allocated originally against intangible fixed assets (greater value of the infrastructure) the adjustment is done against that heading (see note 6).

The total of applications of provisions made in the financial year 2017 was the amount of 4,153 thousand Euros (4,018 thousand Euros in 2016), with these payments being reflected in the Cash Flow Statement under the heading "Other Payments", within Other Cash Flows of the Operating Activities.

The total of surplus provisions reaches an amount of 2,148 thousand Euros in the financial year 2017 (956 thousand Euros in 2016), corresponding mainly to reversions referring to fiscal risks amounting to 1,714 thousand Euros (600 thousand Euros for the same items in 2016).

14. ENVIRONMENTAL INFORMATION

a) Assets Subject to Environmental Activities:

In relation to the nuclear fuel manufacturing business conducted in the facilities that the Company owns in Juzbado (Salamanca), it is not possible to determine an itemized description and value of the equipment and installations used for environmental protection and enhancement.

This is explained by the fact that it is a complex, specialized facility where it must be ensured that all processes conform to environmental regulations.

The Company closed its uranium concentrate production business at the end of 2002. Consequently, the value of the assets subject to mining operations is amortized almost in full, and the only activity carried out is the one corresponding to reclamation and decommissioning tasks. The value of the most significant assets and installations assigned to these reclamation and decommissioning tasks, and which focus on environmental protection and enhancement, at 31 December 2017 and 2016 is as follows:

FINANCIAL YEAR 2017	Thousands of Euros		
	COST	ACCRUED AMORTIZATION	NET BOOK VALUE
Constructions	7,395	7,308	87
Technical installations and other tangible fixed assets	5,661	5,184	477
TOTAL	**13,056**	**12,492**	**564**

FINANCIAL YEAR 2016	Thousands of Euros		
	COST	ACCRUED AMORTIZATION	NET BOOK VALUE
Constructions	7,308	7,308	-
Technical installations and other tangible fixed assets	5,547	5,092	455
TOTAL	**12,855**	**12,400**	**455**

b) Environmental Expenses:

The breakdown of expenses accrued in financial years 2017 and 2016 the purpose of which has been environmental protection and enhancement, is as follows:

	Thousands of Euros	
	2017	2016
Waste management expenses	20	105
Dismantling & reclamation of natural spaces	45	50
Environmental certifications	19	16
TOTAL	**84**	**171**

c) Provisions for Environmental Risks:

The breakdown of the main provisions established by the Company for environmental activities and their movement during 2017 and 2016 are as follows (see note 13):

FINANCIAL YEAR 2017

	Thousands of Euros					
	BALANCE AT 31/12/2016	PROVISIONS & FINANCIAL RESTATEMENTS	APPLICATIONS & REVERSIONS	OTHERS	TRANSFERS	BALANCE AT 31/12/2017
Long-term reclamation and decommissioning of mining sites	27,177	2,422	-	-	(2,023)	27,576
Nuclear fuel factory dismantling costs	8,370	352	-	-	-	8,722
Intermediate- & low-level solid waste management costs	7,771	397	(56)	-	-	8,112
Value of Enresa Fund	(5,809)	-	56	(706)	-	(6,459)
Dismantling of other equipment	92	-	-	-	-	92
TOTAL LONG-TERM PROVISIONS	**37,601**	**3,171**	**-**	**(706)**	**(2,023)**	**38,043**
Short-term reclamation & decommissioning of mining sites	4,095	-	(1,415)	-	2,023	4,703
TOTAL LONG-TERM & SHORT-TERM PROVISIONS	**41,696**	**3,171**	**(1,415)**	**(706)**	**-**	**42,746**

FINANCIAL YEAR 2016

	Thousands of Euros					
	BALANCE AT 31/12/2015	PROVISIONS & FINANCIAL RESTATEMENTS	APPLICATIONS & REVERSIONS	OTHERS	TRANSFERS	BALANCE AT 31/12/2016
Long-term reclamation and decommissioning of mining sites	29,520	726	(3)	-	(3,066)	27,177
Nuclear fuel factory dismantling costs	8,033	337	-	-	-	8,370
Intermediate- & low-level solid waste management costs	7,512	259	-	-	-	7,771
Value of Enresa Fund	(5,228)	-	-	(581)	-	(5,809)
Dismantling of other equipment	91	1	-	-	-	92
TOTAL LONG-TERM PROVISIONS	**39,928**	**1,323**	**(3)**	**(581)**	**(3,066)**	**37,601**
Short-term reclamation & decommissioning of mining sites	3,083	-	(2,054)	-	3,066	4,095
TOTAL LONG-TERM & SHORT-TERM PROVISIONS	**43,011**	**1,323**	**(2,057)**	**(581)**	**-**	**41,696**

As in previous years, the provisions for environmental activities have been calculated on the basis of the amounts planned for dismantling and retiring installations, restated at a discount rate of assets not at risk, in a period similar to that of future payments.

The purpose of the provision for reclamation and decommissioning of mining sites is to complete the work of reclaiming natural spaces and to cover mining center decommissioning costs.

In May 2003, the ENUSA Management decided to submit a definitive Reclamation Project for the mining installations of the Saelices el Chico Center (Salamanca) to the Territorial Service for Industry, Trade and Tourism of the Castilla-Leon regional government. It was approved by this territorial agency on 13 September 2004, thus authorizing ENUSA to execute the project. This project replaced the reclamation and decommissioning project for cessation of activities submitted in November 2002, as the Administration considered that project as a strategic shutdown and not as a definitive closure of the mining operations. ENUSA has been working on the tasks of reclaiming the natural spaces and decommissioning the installations located in the mining operations since January 2001.

A part of the mining center reclamation and decommissioning costs will be paid by the Empresa Nacional de Residuos Radiactivos (ENRESA). In 2017 and 2016, provisions worth 1,415 and 2,054 thousand Euros, respectively, have been applied to cover the costs incurred by the Company during these years by way of this item.

At the end of each financial year, the Company reviews the economic study of the reclamation project to re-estimate the expected cost of the necessary outstanding activities and adjust it to different resolutions of official authorities and to the commitments acquired with them, as well as the estimated time of the decommissioning. On the basis of the data of the economic study, which is based on work and date assumptions similar to those estimated at the end of the previous year, in 2017 an allocation of provision amounting to 1,914 thousand Euros (3 thousand Euros of surplus in 2016) has been recorded.

The provision for solid waste management costs in the Juzbado factory includes the estimated cost of managing these kinds of wastes. In this respect, the Company has signed a contract with ENRESA for the treatment of these wastes. The same criterion used in previous years has been maintained, adapting it to the fact that solid wastes are classified as either intermediate level or low level, as provided in the new regulations issued in 2010 by the Nuclear Safety Council. As a result, a 397 thousand Euro provision, corresponding to the wastes generated in 2017, has been recorded (259 thousand Euros in 2016).

The provision for the nuclear fuel factory dismantling costs includes the Company's current obligation, calculated at the current net value at year's end, relative to the costs that in the future the proper dismantling of this facility will represent. The Company has signed a contract with ENRESA to execute the dismantling work.

The aforesaid contracts included the periodic payments that ENUSA had to make to ENRESA until 2027 for setting up a Fund that would cover the costs stemming from both activities: the management of operating wastes generated every year and the cost of dismantling the Juzbado factory. The value of this Fund, financed by the ENUSA contributions and the corresponding financial restatements shown in the contracts, was recorded in the Balance Sheet Assets under the heading "Long-term investments in group and associated companies – Company loans".

Law 11/2009 of 26 October, which regulates Listed Real Estate Investment Corporations, introduced, effective as of 1 January 2010 and via point 1 of its 9th Final Provision, article 38 bis to Nuclear Energy Act 25/1964.

Furthermore, Law 11/2009 of 26 October, which regulates Listed Real Estate Investment Corporations, modified, effective as of 1 January 2010 and via point 2 of its 9th Final Provision, the 6th Additional Provision of Electric Power Sector Act 54/1997.

The "Third" section of point 9 of the 6th Additional Provision of the Electric Power Sector Act reads as follows:

"Three: Tax on the provision of management services for radioactive wastes resulting from fuel assembly manufacture, including the dismantling of the manufacturing facilities.

a) Taxable event: The taxable event of the tax is the provision of management services for radioactive wastes resulting from fuel assembly manufacture, including the dismantling of the manufacturing facilities. The taxable event of this tax also includes the anticipated cessation of operation of a fuel assembly manufacturing facility at the owner's initiative, with respect to the provisions set down in the General Radioactive Waste Plan.

b) Tax base: The tax base of the tax is the amount of nuclear fuel manufactured each calendar year, measured in metric tons (Tm) and stated with two decimals; the remaining decimals are rounded to the second decimal place."

In practice, this rule means that the contributions that ENUSA had been making to ENRESA, pursuant to the contracts signed between the two companies, was replaced with the payment of a tax, with the destination of this tax being the same: to increase the Fund allocated to covering the costs of managing operating wastes and dismantling the Juzbado factory. Therefore, payments of this tax have been made since 2010 and the value of this Fund has continued to rise.

The value of the Fund appears represented in the Balance Sheet of the Company as a lesser amount of the provisions to which it is allocated.

d) Contingencies and Obligations Related to Environmental Protection and Enhancement:

The Company consider there are no significant contingencies or obligations related to environmental protection and enhancement other than those mentioned in paragraph (c) above.

e) Investments Made During the Year for Environmental Reasons

The investments in environment-related assets in 2017 and 2016, primarily made in the Juzbado fuel assembly factory, have amounted to 1,198 and 1,171 thousand Euros, respectively.

f) Compensations To Be Received from Third Parties:

No income has been earned from environmental activities in financial years 2017 and 2016.

No subsidies have been received by way of this item in 2017 and 2016.

15. LONG-TERM PERSONNEL REMUNERATIONS

In 1995, the Company set up, with a Pension Fund agent, an employee Pension Plan based on a defined, taxable contribution, with contributions from the promoter and participants pursuant to the regulatory rules of the Plan. This Plan is currently governed by the provisions of the Revised Text of the Pension Plan and Pension Fund Act approved by Royal Legislative Decree 1/2002 of November 29 and Royal Decree 304/2004 of February 20, whereby the Pension Plan and Pension Fund Regulation is approved, and by any other applicable regulatory provisions. This commitment is still standing in current Collective Bargaining agreements.

Between 1995 and 2011, the Company had been contributing various amounts to this Plan as its promoter.

Law 3/2017 of 27 June, on General State Budget for the year 2017 stipulated in its Article 18 that public trading enterprises (which include the Company) could not make contributions to employment pension plans or collective insurance policies that included coverage of the retirement contingency. Therefore, no contribution has been made by the Company in 2017.

16. SUBSIDIES, DONATIONS AND LEGACIES

The amounts included under the heading of Subsidies, donations and legacies in the Balance sheet dated 31 December 2016 correspond to contributions received by the Company from different entities to finance, mainly, certain research costs.

The movement of this heading during the financial years 2017 and 2016 was the following:

FINANCIAL YEAR 2017

ITEM	BALANCE 31/12/16	CONCESSION	ALLOCATIONS TO RESULTS	TAX EFFECT	BALANCE 31/12/17
	Thousands of Euros				
European Commission	120	-	(30)	7	97
CDTI	-	321	(60)	(65)	196
I D A E	-	93	(9)	(21)	63
TOTAL	**120**	**414**	**(99)**	**(79)**	**356**

FINANCIAL YEAR 2016

ITEM	BALANCE 31/12/15	CONCESSION	ALLOCATIONS TO RESULTS	TAX EFFECT	BALANCE 31/12/16
	Thousands of Euros				
European Commission	-	159	-	(39)	120
TOTAL	**-**	**159**	**-**	**(39)**	**120**

In addition, the amount allocated directly to P&L was 31 thousand Euros (51 thousand Euros 2016) and corresponds to contributions of entities belonging to the State Administration to offset operating costs in the areas of personnel training and research and development projects.

17. JOINT VENTURES

The Company undertakes certain projects jointly with other companies by setting up Temporary Joint Ventures (UTEs). The list of UTEs in which ENUSA has participated throughout 2017 and 2016, as well as the percentage of its share, is as follows:

- Tecnatom-Westinghouse-ENUSA, UTE: Tecnatom, S.A., Westinghouse Technology Services, S.A. and ENUSA Industrias Avanzadas, S.A., with a share of 33.33%.

- In addition, as a result of the merger with Teconma, which took place in financial year 2013, ENUSA has become a partner of the UTE "Enusa Industrias Avanzadas, S.A., S.M.E. Azahar Environment, S.A. and A2A Ambiente S.P.A. Unión Temporal de Empresas", with a percentage of investment of 85.6859%.

The amounts corresponding to each joint venture of the most significant items of the balance sheet and P&L account at 31 December 2017 and 2016 are as follows:

FINANCIAL YEAR 2017	Thousands of Euros	
	UTE RSU	TECNATOM-WESTINGHOUSE-ENUSA, UTE
ASSETS		
Intangible fixed assets	34,303	-
Tangible fixed assets	51	-
Long-term financial investments	2,546	-
Trade debtors & accounts receivable	2,941	1,277
Short-term accruals	12	-
Treasury	2,928	238
LIABILITIES		
Value change adjustments	(3,804)	-
Long-term provisions	4,080	-
Long-term debts	23,990	-
Short-term debts	9,788	-
Trade creditors & other accounts payable	573	1,482
PROFITS AND LOSSES		
Net turnover	7,850	3,149
Supplies	(1,428)	(3,141)
Personnel costs	(406)	-
Other operating expenses	(2,202)	-
Fixed assets amortization	(2,053)	-
Surplus provisions	382	-
Other results	148	-
Capitalization of financing costs	782	-
Financing costs	(1,988)	-
YEAR-END P&L	**1,085**	**8**

FINANCIAL YEAR 2016	Thousands of Euros	
	UTE RSU	TECNATOM-WESTINGHOUSE-ENUSA, UTE
ASSETS		
Intangible fixed assets	36,428	-
Tangible fixed assets	67	-
Long-term financial investments	2,632	-
Trade debtors & accounts receivable	2,010	1,295
Treasury	3,121	30
LIABILITIES		
Value change adjustments	(4,858)	-
Long-term provisions	5,375	-
Long-term debts	26,386	-
Short-term debts	9,200	-
Trade creditors & other accounts payable	526	1,295
PROFITS AND LOSSES		
Net turnover	7,681	3,060
Supplies	(1,171)	(3,056)
Personnel costs	(380)	-
Other operating expenses	(2,236)	(1)
Fixed assets amortization	(2,110)	-
Other results	20	-
Capitalization of financing costs	898	-
Financing costs	(2,142)	-
YEAR-END P&L	**560**	**3**

18. NON-CURRENT ASSETS HELD FOR SALE

The breakdown of the assets and their net book value at 31 December 2017 and 2016 are as follows:

	Thousands of Euros	
	2017	**2016**
SHS constructions P/Industrial Las Viñas	-	303
SHS plot of land N73,74,75	-	168
TOTAL	**-**	**471**

The value of Non-Current Assets Held for Sale corresponded in 2016 to the tangible fixed assets acquired by ENUSA from its former subsidiary SHS Cerámicas, S.A. in 2006, as a step prior to its dissolution-liquidation that was finally recorded in 2007.

Despite continuing the selling process of these assets, in view of the time transpired and the lack of purchase offers that make foreseeable their sale in the short term, they have been transferred to the heading of Tangible Fixed Assets, in the amount of 471 thousand Euros, equivalent to their book value prior to their qualification as non-current assets for sale, adjusting the depreciation that would have been recorded had they not been classified as held for sale (115 thousand Euros, included as a loss in the P&L account), with this amount being less than their recoverable value.

19. EVENTS SUBSEQUENT TO YEAR'S END

On the date of preparing the Annual Accounts, no events subsequent to the end of the financial year 2017 have occurred that required being broken down.

20. RELATED-PARTY TRANSACTIONS

a) Operations with Group, Multi-Group and Associated Companies

The related parties with which the Company have carried out transactions during the financial years 2017 and 2016, as well as the nature of this relationship, are the following:

	NATURALEZA DE LA VINCULACIÓN
SEPI	Direct Parent Company
EMGRISA	Company of ENUSA Group
EXPRESS TRUCK	Company of ENUSA Group
EQUIPOS NUCLEARES	Company of SEPI Group
ENWESA OPERACIONES	Company of SEPI Group
CORREOS	Company of SEPI Group
CORREOS EXPRESS	Company of SEPI Group
TRAGSA	Company of SEPI Group
GENUSA	ENUSA Group/ associated by equity method
ENUSA-ENSA AIE	ENUSA Group/ associated by equity method
SNGC AIE	ENUSA Group/ associated by equity method
CETRANSA	ENUSA Group/ associated by equity method
REMESA	ENUSA Group/ associated by equity method
ENRESA	ENUSA Group/ associated by equity method
DIRECTORS	Board Members
SENIOR MANAGEMENT	Directors

The operations carried out with group, multi-group and associated companies during 2017 and 2016, as well as their effect on the financial statements, have been as follows:

FINANCIAL YEAR 2017	Thousands of Euros			
	ENUSA GROUP	SEPI	REST OF SEPI GROUP COMPANIES	MULTI-GROUP AND ASSOCIATED COMPANIES
ASSET BALANCES				
Short-term loans (*)	-	42,001	-	-
Trade debtors and other accounts receivable	30	-	34	2,158
Supplier advances	-	-	298	-
Short-term accruals	19	-	-	7
LIABILITY BALANCES				
Long-term debts	-	2,021	-	-
Short-term debts	11	1,098	-	-
Trade creditors and other accounts payable	571	-	346	1,128
TRANSACTIONS				
Purchases & own work	124	-	1,384	3,778
Services received	1,691	-	444	195
Capitalization of fixed asset purchase cost	388	-	95	-
Sales & services rendered	3	-	231	16,670
Interest income	-	41	-	285
Non core earnings	35	-	-	2,635
Distributed dividends	447	-	-	208
Extraordinary income (**)	5	-	-	-

(*) Corresponds to Inter-SEPI deposits with maturity of less than three months and classified under Loans with companies of the group in the Balance Sheet Assets.

FINANCIAL YEAR 2016

	Thousands of Euros			
	ENUSA GROUP	SEPI	REST OF SEPI GROUP COMPANIES	MULTI-GROUP AND ASSOCIATED COMPANIES
ASSET BALANCES				
Short-term loans (*)	-	41,002	-	-
Trade debtors and other accounts receivable	11	-	-	2,744
Supplier advances	-	-	154	-
Dividend to receive (asset on account)	-	-	-	202
Other short-term financial assets (**)	-	-	-	83
Short-term accruals	-	-	-	6
LIABILITY BALANCES				
Long-term debts	-	1,970	-	-
Short-term debts	-	541	-	-
Trade creditors and other accounts payable	409	11	664	2,083
TRANSACTIONS				
Purchases & own work	64	-	1,551	5,010
Services received	2,286	-	453	231
Interest expenses	-	19	-	-
Other financial expenses	-	1	-	-
Capitalization of fixed asset purchase cost	-	-	354	-
Sales & services rendered	32	-	287	10,615
Interest income	-	89	-	106
Positive exchange rate differences (annulment)	-	-	-	(13)
Other financial income	-	-	-	56
Distributed dividends	511	-	-	549
Extraordinary income (**)	-	-	-	83

(*) Corresponds to Inter-SEPI deposits with maturity of less than three months and classified under Loans with companies of the group in the Balance Sheet Assets.
(**) Corresponds to refund of warranty provision of ENUSA-Enwesa, A.I.E.

The most significant operations and balances with multi-group and associated companies in 2017 and 2016 correspond to the following companies:

– Trade debtors and other accounts receivable: 1,556 thousand Euros with ENRESA (1,878 thousand Euros with ENRESA in 2016).
– Trade creditors and oth er accounts payable: 1,125 thousand Euros with ENUSA-ENSA, AIE (2,083 thousand Euros in 2016).
– Purchases and work performed: 3,922 thousand Euros with ENUSA-ENSA, AIE (5,009 thousand Euros in 2016).
– Sales and services rendered: 14,921 thousand Euros with GENUSA (6,052 thousand Euros in 2016).

The conditions of the transactions with related parties are equivalent to those undertaken under market conditions.

b) Board of Directors

The Board of Directors was composed, at the end of financial year 2017, of 12 people (6 women and 6 men).

The remuneration of the Board Members, in their capacity as such, consists of per diems received to attend the Board meetings. The Company's Board Member per diems have amounted to a total of 91 thousand Euros in 2017 (87 thousand Euros in 2016).

The Chairman of the Board of Directors is, in turn, a salaried Company employee, sits on the Executive Committee (see point c) and does not receive any per diems to attend the Board meetings.

The Company has no advances or loans granted to any of the Board Members (except for the Chairman, whose personal facts are reported in point c, together with those of the rest of the Executive Committee members).

During financial year 2017, civil liability insurance premiums on the administrators and directors were paid for damages caused in the exercise of the post amounting to 19 thousand Euros (same figure as in 2016).

The members of the Board of Directors, during this financial year, have not received any remuneration, except that indicated in the preceding paragraphs, and they have not carried out transactions with the company, nor have they used its name or invoked their condition of Director to influence unduly the realization of private operations, nor have they made use of the company shares, including confidential information, for private purposes, nor have they taken advantage of the business opportunities of the Company, nor have they carried out activities on their own behalf or for others that involve effective competition, whether current or potential, with the Company or that, in any other way, have placed them in permanent conflict with the interests thereof. Thus, in compliance with the provisions of Article 229.3 of the Legislative Royal Decree 1/2010, of 2 July, of the rewritten text of the Capital Companies Act, the Directors inform that they do not have personally, or through any related person, any situation of conflict of interest, direct or indirect, with the interest of the Company, except the following members of the Board that hold the posts that are detailed below in ENRESA, the company that carries out an activity complementary to that of ENUSA:

NAME	POST
Mr. Ramón Gavela González	Vice Chairman and Member of the Board of Empresa Nacional de Residuos Radiactivos, S.A. (ENRESA)
Mr. José Manuel Redondo García	Member of the Board of Empresa Nacional de Residuos Radiactivos, S.A. (ENRESA)

c) Executive Committee

Effective as of 2012, all the members of the Company's Executive Committee formalized senior management contracts with the Company, and therefore they are considered as senior management personnel beginning that year (2012).

The Company's Executive Committee is formed by 8 people (1 woman and 7 men).

The only remunerations owed to the aforesaid personnel have been short-term payments amounting to 1,145 thousand Euros during 2017 (1,140 thousand Euros during 2016).

The only balances held by members of the Executive Committee with the Company correspond to advances to personnel amounting to 5 thousand Euros (2 thousand Euros at 31 December 2016), all regulated by collective bargaining agreements.

Likewise, there is a balance of guarantees at 31 December 2017 for the aforesaid personnel amounting to 30 thousand Euros (37 thousand Euros at 31 December 2016).

There have been no promoter contributions to pension plans during 2017.

21. INFORMATION ON THE AVERAGE PAYMENT PERIOD TO SUPPLIERS

In compliance with the obligation set forth in the Additional Third Provision of the Law 15/2010, of 5 July, which modified Law 3/2004, of 29 December, which established measures to combat late payments in trade operations, and according to the Resolution of the ICAC of 29 January 2016 (applicable to the annual accounts of the financial years beginning 1 January 2015), it is hereby reported that the payments made in the financial year and the figures pending payment on the date of the closing of the balance sheet, are the following:

	2017	2016
	Days	
Average payment period to suppliers	37.76	31.85
Ratio of paid transactions	39.48	33.76
Ratio of transactions pending payments	22.46	15.98
	Amount (thousands of Euros)	
Total payments made	197,900	271,336
Total payments pending	22,209	32,781

The maximum legal payment period applicable to the Company, according to Law 3/2004, of 29 December, by which measures to fight late payments in trade operations are established, is 30 days, unless there is an agreement between the parties up to a maximum of 60 days.

22. MISCELLANEOUS INFORMATION

The average number of employees during 2017 and 2016, distributed by professional categories, is as follows:

FINANCIAL YEAR 2017	PERMANENT PERSONNEL		TEMPORARY PERSONNEL		TOTAL AVERAGE STAFF		DISABILITY >= 33%
CATEGORY	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
Senior management	1	7	-	-	1	7	-
Other directors, technicians & similar	78	233	23	43	101	276	1
Clerks and assistants	29	20	7	3	36	23	3
Other personnel	4	97	1	51	5	148	2
TOTAL AVERAGE STAFF	**112**	**357**	**31**	**97**	**143**	**454**	**6**

FINANCIAL YEAR 2016	PERMANENT PERSONNEL		TEMPORARY PERSONNEL		TOTAL AVERAGE STAFF		DISABILITY >= 33%
CATEGORY	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
Senior management	1	7	-	-	1	7	-
Other directors, technicians & similar	75	226	24	38	99	264	1
Clerks and assistants	26	11	5	2	31	13	3
Other personnel	10	122	-	44	10	166	2
TOTAL AVERAGE STAFF	**112**	**366**	**29**	**84**	**141**	**450**	**6**

The 2017 and 2016 figures include in both years an average of 13 persons, corresponding to the personnel of the UTE RSU (incorporated at ENUSA's percentage share in the UTE).

The distribution by sex of the Company's personnel at 31 December 2017 and 2016, broken down by categories and levels, is as follows:

FINANCIAL YEAR 2017	NO. OF EMPLOYEES		
	WOMEN	MEN	TOTAL
Board Members	-	1	1
Senior Management	1	6	7
Other directors, technicians and similar	108	305	413
Clerks and assistants	41	23	64
Other personnel	6	155	161
TOTAL	**156**	**490**	**646**

FINANCIAL YEAR 2016	NO. OF EMPLOYEES		
	WOMEN	MEN	TOTAL
Board Members	-	1	1
Senior Management	1	6	7
Other directors, technicians and similar	104	288	392
Clerks and assistants	34	14	48
Other personnel	11	176	187
TOTAL	**150**	**485**	**635**

The figures related to 31 December 2017 and 2016 include 12 and 14 persons, respectively, corresponding to the personnel of the UTE RSU (incorporated at ENUSA's percent share in the UTE).

The fees of Ernst & Young, S.L. for auditing the annual accounts and other services of 2017 amount to 51 thousand Euros (37.5 thousand Euros in 2016).

The above indicated amounts correspond to the expenses accrued in 2017 and 2016, regardless of when they were billed.

EY

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INDEPENDENT AUDITORS' REPORT ON THE ANNUAL ACCOUNTS

To the Shareholders of ENUSA Industrias Avanzadas, S.A., S.M.E.:

Opinion

We have audited the annual accounts of ENUSA Industrias Avanzadas, S.A., S.M.E. (the Company), which include the balance sheet at 31 December 2017, the profit and loss account, the statement of changes in net worth, the statement of cash flows and the annual report for the fiscal year ending on that date.

In our opinion, the attached annual accounts give a true and fair view, in all significant respects, of the state of affairs and financial situation of the Company at 31 December 2017, as well as the results and cash flows for the financial year ending on that date, in accordance with the applicable regulatory framework for financial reporting (which is identified in note 2 of the annual report) and, in particular, with the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit according to the regulatory legislation of the account auditing activity in effect in Spain. Our responsibilities according to these standards are described later in the section *Responsibilities of the auditor in relation to the audit of the financial statements* of our report.

We are independent of the Company according to ethical requirements, including those of independence, which are applicable to our audit of the financial statements in Spain as required by the regulatory legislation of the account auditing activity. In this regard, we have not provided services other than those of account auditing and no situations or circumstances have occurred that, according to the provisions of the cited regulatory legislation, have affected necessary independence in such a way that it has been compromised.

We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

The key audit matters are those that, according to our professional judgment, were considered as the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been dealt with as a whole in the context of our audit of the financial statements, and in the formation of our opinion of them, and we do not express a separate opinion on those risks.

Provisions for environmental actions and other responsibilities

At the close of financial year 2017, the Company has recorded provisions for environmental actions and other responsibilities amounting to 51,715 thousand Euros in the long term and 6,368 thousand Euros in the short term.

The evaluation of these provisions require the Company's Management to make complex estimates as well as to apply certain judgments and hypotheses.

We have considered this matter to be a relevant aspect of our audit due to the complexity related to the assignment of value to the key hypotheses considered and that the variation in such assumptions could have a significant impact on the balance sheet and the profit and loss account of the Company.

The breakdowns related to the criteria of recording and valuation of these provisions, as well as the breakdown of these provisions according to their nature that are recorded in the long and short term, are included, respectively, in notes 4, 13, and 14 of the attached annual report.

Our audit procedures in relation to this issue have included, among others, the following:

- Understanding the criteria and procedures applied by the Company for estimating the provisions and verification of the application of the criteria determined by the regulatory framework of financial reporting applicable for the recording of provisions and contingencies.
- Verification of the mathematical calculations and review of the reasonableness of the methodology used.
- Verification of the technical reports and economic studies that support some of the hypotheses and/or obtaining of confirmations by part of the technical departments that prepare them.
- Conducting of analytical procedures consistent with a review of the reasonableness of the evolution of the different provisions and their coherence with the variations in the criteria and hypotheses applied by the Company with respect to previous years.
- Review of the breakdowns included in the annual report of the year in relation to the criteria and hypotheses used for the recording of different provisions.

Valuation and recording of derivative financial instruments

The Company uses derivative financial instruments with the aim of eliminating or reducing the risk that variations may produce in the interest rates as well as in the exchange rates. The derivatives are assessed at their fair value on the closing date and the changes in fair value are recorded according to whether or not they have been designated as an accounting hedging instrument.

The estimate of fair value and categorization of the derivative instrument require a high level of judgment by the Management and can have a significant impact on the attached balance sheet and profit and loss account.

The description of the rules for the accounting treatment of the derivative instruments and the economic information on the derivatives contracted by the Company are in notes 4 and 8 of the attached annual report.

Our audit procedures regarding this issue included, among others, the following:

- Understanding the processes established by the Company to ensure the appropriate valuation and accounting treatment of the derivative instrument and verification of the application of the criteria determined by the applicable regulatory framework of financial reporting.

- With the support of our specialists in financial instruments we conduct comparison procedures of the fair value, on a representative sample, and we analyze the correct accounting treatment on the basis of the appropriate classification of the derivative instrument.

- Review of the breakdowns included in the annual report of the year in relation to the criteria and hypotheses used for the recording of derivative financial instruments.

Other information: management report

The other information comprises exclusively the management report of financial year 2017, whose preparation is the responsibility of the Directors of the Company and does not form an integral part of the financial statements.

Our audit opinion on the financial accounts do not cover the management report. Our responsibility on the management report, as required by the regulatory standards of the account auditing activity, consists of evaluation and reporting on the concordance of the management report with the financial statements, from the Company's knowledge obtained in conducting the audit of the cited financial statements and without including financial information other than that obtained as evidence during it. Furthermore, our responsibility consists of evaluating and reporting on whether the content and presentation of the management report are in line with the applicable regulations. If, based on the work we have carried out, we conclude that there are material misstatements, we are obliged to report it.

Based on the work carried out, as described in the previous paragraph, the information contained in the management report agrees with that of the financial statements of financial year 2017 and their content and presentation are according to the applicable regulations.

Responsibility of the Administrators of the Company for the annual accounts

The Administrators of the Company are responsible for the preparation of the financial statements such that they give a true and fair view of the state of affairs, the financial position and the results of the Company, in accordance with the regulatory framework for financial reporting applicable to the Company in Spain, which is identified in Note 2 of the attached annual report, and for such internal control as they deem necessary to enable the preparation of financial statements that are free from material misstatements due to fraud or error.

In the preparation of the financial statements, the administrators of the Company are responsible for the valuation of the Company's capacity to continue as an on-going company, revealing, as may correspond, the issues related to an on-going concern and using the accounting principle of a company in operation unless the Administrators have the intention to liquidate the Company or to cease operations, or else no realistic alternative exists.

Responsibility of the Auditor in relation to the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement due to fraud or error and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but does not guarantee that an audit conducted according to the regulatory legislation of the account auditing activity in effect in Spain will always detect a material misstatement when it exists. The misstatements may be due to fraud or error and are considered material if, individually or in aggregate form, they can be reasonably foreseen that they influence the economic decisions made by the users based on the annual statements.

As part of an audit according to the regulatory legislation of the account auditing activity in effect in Spain, we apply our professional judgment and maintain an attitude of profession skepticism throughout the audit. Moreover:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, we design and apply audit procedures to respond to these risks and we obtain sufficient and appropriate auditing evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the case of material misstatement due to error, since the fraud can imply collusion, falsification, deliberate omissions, intentionally erroneous statements, or the avoidance of internal control.

- We obtain knowledge of the relevant internal control with the aim of designing audit procedures that are adequate according to the circumstances, and not for the purpose of expressing an opinion on the efficiency of the internal control of the Company.

- We evaluate whether the accounting policies applied are adequate and that the accounting estimates and the corresponding information revealed by the administrators of the Company are reasonable.

- We conclude on whether the use, by the Administrators of the Company, of the accounting principle of a company in operation is appropriate and, based on the audit evidence obtained, we conclude on whether or not there exists material uncertainty related to facts or conditions that could generate significant doubts on the Company's capacity to continue as a company in operation. If we conclude that there is material uncertainty, it is required for us to highlight this in our audit report on the corresponding information revealed in the financial statements, or, if these revelations are not adequate, that we express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, the future facts or conditions may be the cause for the Company to stop being a company in operation.

- We evaluate the global presentation, structure, and content of the financial statements, included in the revealed information, and whether the financial statements represent the transactions and underlying facts in such a way that they express the true and accurate image.

We communicate with the Administrators of the Company in relation to, among other issues, the scope and the moment of conducting the planned audit and the significant findings of the audit, as well as any significant deficiency of the internal control that we identify in the course of the audit.

Among the significant risks that were communicated to the Administrators of the Company we determine those that have been of major significance in the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe these risks in our audit report unless the legal or regulatory provisions prohibit publicly revealing the issue.

ERNST & YOUNG, S.L.
(Registered in the Official Registry of Account Auditors with No. S0530)

Rafael Páez Martínez
(Registered in the Official Registry of Account Auditors with No. 08132)

5 March 2018






CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR 2017

ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

(THOUSANDS OF EUROS)

ASSETS	ANNUAL REPORT NOTES	31/12/2017	31/12/2016
A) NON-CURRENT ASSETS		**105,064**	**106,497**
I – Intangible Fixed Assets	10	**34,753**	**36,891**
3. Patents, licenses, brands & similar		1	1
5. Computer applications		414	346
6. Other intangible fixed assets		34,338	36,544
II – Tangible Fixed Assets	9	**44,275**	**41,512**
1. Properties and constructions		19,069	18,174
2. Technical installations and other tangible fixed assets		19,603	18,255
3. Fixed assets under construction and advances		5,603	5,083
IV – Long-Term Investments in Group and Associated Companies		**10,094**	**10,753**
1.Investments in equated companies	7	10,094	10,753
V – Long-Term Financial Investments	12	**2,782**	**3,548**
1. Financial investments		264	264
2. Financial derivatives		3	684
3. Third-party loans		-	-
5. Other financial assets		2,515	2,600
VI – Deferred Tax Assets	15	**13,160**	**13,793**

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B) CURRENT ASSETS		**416,579**	**479,025**
I – Non-Current Assets Held for Sale	21	**-**	**417**
II – Inventories	13	**325,615**	**386,958**
2. Raw materials and other supplies		299,604	366,194
3. Products in progress		14,544	11,479
4. Finished products		6,600	6,795
6. Advances to suppliers		4,867	2,490
III – Trade Debtors and Other Accounts Receivable		**32,846**	**28,133**
1. Customers, sales and services rendered	12	24,411	22,966
2. Customers, group and associated companies	12, 23	776	1,192
3. Current tax assets		3,611	1,108
4. Sundry debtors	12	2,151	2,285
5. Personnel	12	210	227
6. Other Public Administration credits		1,687	355
IV – Short-Term Investments in Group and Associated Companies	12, 23	**52,773**	**51,710**
2. Loans to group and associated companies		52,173	51,215
5. Other financial assets		600	495
V – Short-Term Financial Investments	12	**755**	**7,379**
2. Loans		457	1,551
4. Derivatives		240	5,750
5. Other financial assets		58	78
VI – Short-Term Prepayments & Accruals		**634**	**204**
VII – Cash & Cash Equivalents	12	**3,956**	**4,224**
1. Treasury		3,956	4,224
TOTAL ASSETS (A + B)		**521,643**	**585,522**

NET WORTH & LIABILITIES	ANNUAL REPORT NOTES	31/12/2017	31/12/2016
A) NET WORTH		**121,142**	**123,320**
A.1) SHAREHOLDERS' EQUITY	12.3	**119,823**	**117,467**
I – Capital		**60,102**	**60,102**
III – Previous Years Reserves & P&L		**31,562**	**31,562**
1. Legal and statutory		12,020	12,020
2. Other reserves		19,542	19,542
IV – Reserves in Consolidated Companies		**15,863**	**15,638**
V – Reserves in Equated Companies		**(9)**	**(9)**
VIII – Year-End P&L Attributed to the Parent Company		**12,305**	**10,174**
1. Consolidated P&L		12,305	10,174
2. Minority interest P&L		(2)	-
A.2) REVALUATION ADJUSTMENTS		**(4,237)**	**528**
III – Other Consolidated Company Revaluation Adjustments		**(4,237)**	**528**
1. Hedging operations	12	(4,219)	528
2. Others		(18)	-
A.3) SUBSIDIES, DONATIONS & BEQUESTS RECEIVED	20	**5,482**	**5,249**
I – In Consolidated Companies		**5,482**	**5,249**
A.4) MINORITY INTERESTS	6	**74**	**76**
1. Previous years minority interests		76	76
2. P&L attributed to minority interests		(2)	-
B) NON-CURRENT LIABILITIES		**191,462**	**238,412**
I – Long-Term Provisions	17	**51,729**	**54,624**
1. Long-term personnel obligations		14	14
2. Environmental activities	18	38,043	37,601
3. Restructuring provisions		364	362
4. Other provisions		13,308	16,647

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II – Long-Term Debts with Group and Associated Companies	23	**2,021**	**1,970**
III – Long-Term Debts		**135,043**	**177,673**
2. Bank loans	12	130,419	171,711
3. Financial leasing creditors	12	41	57
4. Other financial liabilities		719	686
5. Derivatives		3,864	5,219
IV – Deferred Tax Liabilities	15	**2,669**	**4,145**
C) CURRENT LIABILITIES		**209,039**	**223,790**
II – Short-Term Provisions	17, 18	**6,368**	**5,615**
III – Short-Term Debts	12	**103,718**	**94,286**
2. Bank loans		99,117	90,838
3. Financial leasing creditors	11	16	26
4. Other financial liabilities		2,184	2,332
5. Derivatives		2,401	1,090
IV – Short-Term Debts with Group and Associated Companies	12, 23	**1,098**	**541**
V – Trade Creditors & Other Accounts Payable		**97,576**	**122,851**
1. Suppliers	12	32,892	39,617
2. Suppliers, group and associated companies	12, 23	1,475	2,747
3. Current tax liabilities		109	207
4. Sundry creditors	12	20,568	24,870
5. Personnel (outstanding remunerations)	12	2,117	1,954
6. Other Public Administration debts		2,307	3,555
7. Customer and debtor advances	12	38,108	49,901
VI – Short-Term Prepayments & Accruals		**279**	**497**
TOTAL NET WORTH & LIABILITIES (A + B + C)		**521,643**	**585,522**

CONSOLIDATED PROFIT & LOSS ACCOUNT
(THOUSANDS OF EUROS)

	ANNUAL REPORT NOTES	31/12/2017	31/12/2016
A) GOING CONCERNS			
1 – Net Turnover	16, 23	**303,530**	**304,954**
a) Sales		259,536	257,005
b) Services rendered		43,994	47,949
2 – Variation in inventories of finished products & products in progress		**2,870**	**3,520**
3 – Own Expenses Capitalized		**387**	**-**
4 – Supplies	16, 23	**(236,889)**	**(232,647)**
a) Consumption of commodities		(49)	(74)
b) Consumption of raw materials and other consumables		(208,464)	(205,667)
c) Contracted services		(28,376)	(27,114)
d) Depreciation of commodities, raw materials and other supplies		-	208
5 – Other Operating Income		**3,216**	**2,545**
a) Non-core and other current operating income		3,086	2,494
b) Operating subsidies included in the year's P&L	20	130	51
6 – Personnel Costs		**(38,985)**	**(36,994)**
a) Wages, salaries and similar costs		(29,650)	(27,957)
b) Social charges	16	(9,339)	(9,064)
c) Provisions		4	27
7 – Other Operating Expenses		**(21,742)**	**(18,972)**
a) Outsourcing		(19,058)	(16,666)
b) Taxes		(1,809)	(1,366)
c) Losses, depreciation and variation in trading provisions		(784)	(852)
d) Other current operating expenses		(91)	(88)
8 – Fixed Asset Amortization	9, 10	**(7,305)**	**(7,818)**
9 – Allocation of Non-Financial Fixed Asset Subsidies & Others	20	**3**	**3**
10 – Excess Provisions		**2,148**	**996**

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11 – Fixed Asset Impairment and Disposal Results		**81**	**(953)**
a) Impairment and losses		-	(936)
b) Disposal and other results		81	(17)
12 – Other Operating Results	16	**857**	**280**
a) Extraordinary expenses		(674)	(801)
b) Extraordinary income		1,531	1,081
A.1) OPERATING RESULT (1+2+3+4+5+6+7+8+9+10+11+12)		**8,171**	**14,914**
13. Interest Income		**455**	**2,487**
a) From shares in equity investments		-	89
a.2. Third parties		-	89
b) From marketable securities and other financial instruments		455	2,398
b.1. Group and associated companies	23	337	218
b.2. Third parties		118	2,180
14. Financing Costs		**(5,731)**	**(6,618)**
a) Group and associated company accounts	23	-	(19)
b) Third party debts		(4,703)	(5,367)
c) Revaluation of provisions		(1,028)	(1,232)
16. Exchange Rate Differences	14	**414**	**(73)**
17. Impairment and results from sales of financial instruments		**8,500**	**-**
b) Results from sales and others	12	8,500	-
18. Capitalization of financing costs		**782**	**898**
A.2) FINANCIAL RESULT (13+14+15+16+18)		**4,420**	**(3,306)**
19. Share in Profits (Losses) of Equated Companies	7	**803**	**850**
A.3) PRE-TAX P&L (A.1. + A.2. + 19.)		**13,394**	**12,458**
22. Income Tax	15	**(1,091)**	**(2,284)**
A.4) YEAR-END P&L FROM GOING CONCERNS (A.3. + 22.)		**12,303**	**10,174**
B) DISCONTINUED OPERATIONS		**-**	**-**
A.5) CONSOLIDATED YEAR-END P&L (A.4. + B.)		**12,303**	**10,174**
P&L attributed to the parent company		**12,305**	**10,174**
P&L attributed to minority interests	6	**2**	**-**

STATEMENT OF CHANGES IN CONSOLIDATED NET WORTH

A) STATEMENT OF RECORDED CONSOLIDATED INCOME AND EXPENDITURE

(THOUSANDS OF EUROS)

	ANNUAL REPORT NOTES	31/12/2017	31/12/2016
A) YEAR-END CONSOLIDATED P&L		**12,303**	**10,174**
INCOME & EXPENDITURE CHARGED DIRECTLY TO CONSOLIDATED NET WORTH			
II. For cash flow hedges	12	(5,313)	2,550
III. Subsidies, donations & bequests received		414	159
IV. Translations differences		(18)	-
V. Tax effect	12	1,208	(669)
B) TOTAL INCOME & EXPENDITURE CHARGED DIRECTLY TO CONSOLIDATED NET WORTH (II+III+IV+V)		**(3,709)**	**2,040**
TRANSFERS TO THE CONSOLIDATED P&L ACCOUNT			
VII. For cash flow hedges	12	(973)	(2,878)
VIII. Subsidies, donations & bequests received	20	(102)	(2)
IX. Tax effect	12	252	713
C) TOTAL TRANSFERS TO THE CONSOLIDATED P&L ACCOUNT (VII+VIII+IX)		**(823)**	**(2,167)**
TOTAL RECORDED CONSOLIDATED INCOME AND EXPENDITURE (A+B+C)		**7,771**	**10,047**
– Attributed to the parent company		7,771	10,047
– Attributed to minority interests		-	-

STATEMENT OF CHANGES IN CONSOLIDATED NET WORTH

B) TOTAL STATEMENT OF CHANGES IN CONSOLIDATED NET WORTH

(THOUSANDS OF EUROS)

	CAPITAL	PREVIOUS YEARS' RESERVES AND P&L	YEAR-END P&L ATTRIBUTED TO PARENT CO.	REVALUATION ADJUSTMENTS	SUBSIDIES, DONATIONS & BEQUESTS RECEIVED	MINORITY INTERESTS	TOTAL
A) BALANCES AT 31 DECEMBER 2015	**60,102**	**46,556**	**11,019**	**772**	**5,136**	**76**	**123,661**
I – Total recorded consolidated income and expenditure	**-**	**-**	**10,174**	**(244)**	**117**	**-**	**10,047**
II – Operations with partners or owners	**-**	**635**	**(11,019)**	**-**	**(4)**	**-**	**(10,388)**
4. Distribution of 2015 profits	-	-	(10,437)	-	-	-	(10,437)
- Reserves	-	-	-	-	-	-	-
- Dividends	-	-	(10,437)	-	-	-	(10,437)
7. Other transactions	-	635	(582)	-	(4)	-	49
B) BALANCES AT 31 DECEMBER 2016	**60,102**	**47,191**	**10,174**	**528**	**5,249**	**76**	**123,320**
I – Total recorded consolidated income and expenditure	**-**	**-**	**12,305**	**(4,765)**	**233**	**(2)**	**7,771**
II – Operations with partners or owners	**-**	**225**	**(10,174)**	**-**		**-**	**(9,949)**
4. Distribution of 2016 profits	-	-	(9,924)	-	-	-	(9,924)
- Reserves	-	-	-	-	-	-	-
- Dividends	-	-	(9,924)	-	-	-	(9,924)
7. Other transactions	-	225	(250)	-	-	-	(25)
C) BALANCES AT 31 DECEMBER 2017	**60,102**	**47,416**	**12,305**	**(4,237)**	**5,482**	**74**	**121,142**

STATEMENT OF CONSOLIDATED CASH FLOWS
(THOUSANDS OF EUROS)

	ANNUAL REPORT NOTES	2017	2016
A) CONSOLIDATED CASH FLOWS FROM OPERATING ACTIVITIES			
1. Pre-Tax Year-End Consolidated P&L		**13,394**	**12,458**
2. Consolidated P&L Adjustments		**4,407**	**12,904**
Fixed asset amortization (+)	9, 10	7,305	7,818
Valuation adjustments for depreciation (+/-)	9, 10	761	1,162
Variation in provisions (+/-)		3,060	2,712
Allocation of subsidies (-)	20	(102)	(3)
Fixed asset write-off & disposal results (+/-)		(92)	17
Results for removals and sales of financial instruments (+/-)		(8,500)	-
Interest income (-)		(455)	(2,487)
Financing costs (+)		3,637	4,121
Exchange rate differences (+/-)	14	(414)	73
Share in profits (losses) of equated companies, net of dividends	7	(803)	(850)
Other income and expenditure (-/+)		10	341
3. Changes in Consolidated Working Capital		**30,391**	**5,291**
Inventories (+/-)		61,345	(55,236)
Debtors and other accounts receivable (+/-)		(3,383)	(985)
Other current assets (+/-)		(433)	(166)
Creditors and other accounts payable (+/-)		(26,919)	62,329
Other current liabilities (+/-)		(219)	(651)
4. Other Consolidated Cash Flows from Operating Activities		**(8,046)**	**(12,759)**
Interest payments (-)		(4,484)	(5,134)
Dividend income (+)		1,119	995
Interest income (+)		2,347	1,562
Income tax payments (charges) (-/+)		(2,875)	(6,135)
Other payments (charges) (-/+)	17	(4,153)	(4,047)
5. Consolidated Cash Flows from Operating Activities (1+2+3+4)		**40,146**	**17,894**

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B) CONSOLIDATED CASH FLOWS FROM INVESTMENT ACTIVITIES		
6. Investment Payments (-)	**(59,462)**	**(59,810)**
Group companies, net of consolidated company cash	(52,171)	(51,212)
Intangible fixed assets	(484)	(473)
Tangible fixed assets	(6,682)	(7,554)
Other financial assets	(125)	(571)
7. Disinvestment Charges (+)	**61,198**	**53,274**
Group companies, net of consolidated company cash	51,212	52,469
Tangible fixed assets	258	4
Other financial assets	8,691	227
Non-current assets held for sale	1,037	574
8. Consolidated Cash Flows from Investment Activities (7-6)	**1,736**	**(6,536)**
C) CONSOLIDATED CASH FLOWS FROM FINANCING ACTIVITIES		
9. Collections and payments for equity instruments	**108**	**-**
g) Subsidies, donations and bequests received	108	-
10. Financial Liability Instrument Charges and Payments	**(32,316)**	**(1,276)**
a) Issue	**57,837**	**90,460**
Bank loans (+)	57,046	88,846
Group and associated company accounts (+)	608	1,528
Sundry debts (+)	183	86
b) Repayment and amortization	**(90,153)**	**(91,736)**
Bank loans (-)	(90,055)	(91,577)
Sundry debts (-)	(98)	(159)
11. Dividend Payments and Remuneration of Other Financial Investments	**(9,924)**	**(10,437)**
Dividends (-)	(9,924)	(10,437)
12. Consolidated Cash Flows from Financing Activities (10+11)	**(42,132)**	**(11,713)**
D) EFFECT OF CHANGES IN EXCHANGE RATES	**(18)**	**-**
E) NET INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS (5+8+12)	**(268)**	**(355)**
CASH OR CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,224**	**4,579**
CASH OR CASH EQUIVALENTS AT YEAR'S END	**3,956**	**4,224**

CONSOLIDATED ANNUAL REPORT 2017

1. COMPANIES OF THE GROUP

1.1. PARENT COMPANY

ENUSA Industrias Avanzadas, S.A., S.M.E. (hereinafter ENUSA or the parent Company) was incorporated in Spain in 1972 for an indefinite period of time. Its registered office is located on Calle Santiago Rusiñol, nº 12 in Madrid.

The shareholders at 31 December 2017 are the Sociedad Estatal de Participaciones Industriales (SEPI), holding 60% of the capital, and the Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT), holding the remaining 40%.

The parent Company's aim is as follows:

1. Mineral research and exploitation, production of uranium concentrates and other byproducts, uranium enrichment, engineering and manufacture of nuclear fuel assemblies and other components, products, equipment and processes for electric power generation, and the use, distribution and marketing of the products resulting from each of the aforesaid industrial phases and provision of services related to these products or to radioactive materials.

2. Provision of chemical, physicochemical and radiological analysis services, and issue of reports and advice on environment-, energy- and technology-related matters.

3. Execution and maintenance, by itself or by others, of all manner of civil works, buildings and installations, including electrical and mechanical ones and including operations inside and outside quarries, as well as land reclamation, including land affected by radioactive materials.

4. Preparation of all kinds of technical studies and reports, including those regarding radioactive materials; execution of all kinds of projects, and technical oversight and management of works of any sort, including nuclear or radioactive installations.

5. Collection and treatment of urban and industrial wastes, and water treatment.

The main activities of ENUSA are as follows:

1. Industrial Activities

– Engineering and manufacture of nuclear fuel assemblies and other components. To conduct its manufacturing business, ENUSA has signed licensing contracts since 1974 with the technology owners, to which it pays the appropriate royalties. The license contract with the companies Global Nuclear Fuel - Americas, General Electric Hitachi and GE Infrastructure Technology International was extended in 2017 with validity up to December 2018. As for the license contract with Westinghouse, it was renewed in November 2017, effective on 1 January 2017, being valid up to 31 December 2024.

– Product distribution and marketing in each of the above mentioned industrial phases, and provision of services related to these products or to radioactive materials.

2. Uranium Supply Activities

- Uranium procurement, as well as isotopic enrichment and conversion services, for the supply of enriched uranium to the Spanish nuclear reactors.

- Natural and enriched uranium stock management.

3. Other Activities

- Provision of chemical, physicochemical and radiological analysis services, as well as reporting on environmental, energy and technological issues.

- Land, slag heap and old mine reclamation, water treatment, and execution and maintenance, by itself or by others, of all manner of civil works, buildings and installations.

- Studies, technical reports and projects related to its areas of operation.

- Provision, through its subsidiaries, of fuel assembly inspection and repair services, radioactive material and explosives transportation, radioactive isotope manufacture and marketing, land reclamation, execution and maintenance of all manner of civil works, buildings and installations, including electrical and mechanical ones and including operations inside and outside quarries, as well as management, recycling, reutilization and treatment of industrial and hazardous wastes and recovery and decontamination of contaminated areas and soils.

- The execution of works and service management corresponding to the “Project for urban solid waste (USW) management of the Zonal Waste Plan of Zone 1, Castellón”, through its investment as partner in the joint venture “Enusa Industrias Avanzadas, S.A., S.M.E., Azahar Environment, S.A. and A2A Ambiente, S.P.A. Unión Temporal de Empresas” (hereinafter, UTE RSU).

The industrial activities have been carried out in the fuel assembly factory located in the town of Juzbado, in the province of Salamanca, since 1985.

The manufacturing process of the PWR fuel assemblies (for pressurized water nuclear power plants) and BWR fuel assemblies (for boiling water nuclear power plants) takes place in this industrial center.

ENUSA also leads pioneering environmental reclamation projects in the areas where it operates or in which it has conducted its mining and industrial business in the past (uranium concentrate mines of La Haba in Badajoz and Saelices el Chico in Salamanca), for the ultimate purpose of returning these areas to the geological and environmental conditions they had before their exploitation began.

ENUSA belongs to the consolidated group of the *Sociedad Estatal de Participaciones Industriales* (SEPI). In accordance with the provisions of article 136.3 of General Budget Act 47/2003 of November 26, SEPI is not required to deposit its consolidated accounts in the Business Registry because it is not a commercial enterprise.

1.2. SUBSIDIARY COMPANIES

Following is the list of the multi-group and associated companies of the ENUSA Group at 31 December 2017 and 2016:

Multi-group and Associated Companies that make up the ENUSA Group at 31 December 2017 and 2016:

COMPANY	HEAD OFFICE	HOLDER	% INVESTMENT	NOMINAL SHARE (THOU. €)	ACTIVITY
EMPRESA PARA LA GESTION DE RESIDUOS INDUSTRIALES, S.A., S.M.E.M.P. (EMGRISA)	Santiago Rusiñol, 12 – Madrid	ENUSA	99.62	7,783	Performance of any activities necessary for the proper management of the programs and actions of the National Industrial Waste Plan to which the Law 20/1986 of 14 May refers, aimed at the rationalization and coordination of the management of these resources.
EXPRESS TRUCK, S.A.U., S.M.E. (ETSA)	Ctra. Salamanca-Vitigudino, km. 0,7 (Cetramesa) Salamanca	ENUSA	100.00	301	All types of transports, both national and foreign, in all its extension and with any modality and merchandise, including hydrocarbons, chemical products, radioactive material and others.

2. ASSOCIATED AND MULTI-GROUP COMPANIES

Following is the list of the ENUSA Group multi-group and associated companies at 31 December 2017 and 2016:

Multi-Group and Associated Companies at 31 December 2017 and 2016:

SUBSIDIARY	HEAD OFFICE	HOLDER	%	NOMINAL SHARE (THOU. €)	ACTIVITY
MULTI-GROUP COMPANIES					
ENUSA-ENSA, A.I.E.	Santiago Rusiñol, 12 – Madrid	ENUSA	50.00	210	Repair of fuel assemblies for PWR-type light water reactors as well as other services related to the reactor core and its components.
ASSOCIATED COMPANIES					
G.E. ENUSA Nuclear Fuel, S.A.	Juan Bravo, 3-C (Madrid)	ENUSA	49.00	53	Marketing of nuclear fuel and provision of engineering services on this fuel.
CETRANSA, S.A.	Pol. Industrial Los Barriales. 47.011- Santovenia de Pisuerga (Valladolid)	EMGRISA	30.00	360	Management and treatment of industrial waste.
REMESA, S.A.	Plaza de España, s/n. 52.001 (Melilla)	EMGRISA	50.00	6,275	Integrated operation and management of treatment plant of urban waste.
SPANISH NUCLEAR GROUP FOR COOPERATION, A.I.E.	Santiago Rusiñol, 12 – Madrid	ENUSA	25.00	6	Commercial promotion of products and services for nuclear plants in the People's Republic of China and other countries of common interest for the partners.

Appendix I includes additional information on the Group's member companies, their net worth and the direct and indirect investment at 31 December 2017 and 2016.

3. BASES OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

3.1. TRUE AND FAIR REFLECTION

The consolidated annual accounts have been prepared on the basis of the accounting records of ENUSA and of the integrated consolidated companies and Temporary Joint Ventures (UTEs). The 2017 consolidated annual accounts have been prepared in accordance with current commercial legislation and with the rules provided in the General Accounting Plan, in Order EHA/3362/2010 of December 23 which approves the rules of adaptation of the General Accounting Plan to concessionaires of public infrastructures and in Royal Decree 1159/2010 which approves the rules for preparation of consolidated annual accounts, which was modified in 2016 by the Royal Decree 602/2016, of 2 December, in order to show a true and fair reflection of the consolidated state of affairs and the consolidated financial position at 31 December 2017 and the consolidated results of operations and changes in the consolidated net worth and consolidated cash flows corresponding to the financial year ending on that date.

It is deemed that the 2017 consolidated annual accounts, which have been prepared on 2 March 2018, will be approved by the General Shareholders' Meeting without any modifications.

3.2. INFORMATION COMPARISON

The consolidated annual accounts present, for purposes of comparison with each of the items in the balance sheet, profit and loss account, statement of changes in net worth, statement of cash flows and annual report, in addition to the figures for 2017, the figures from the previous year which formed part of the 2016 annual accounts approved by the General Shareholders' Meeting of 26 June 2017.

3.3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated annual accounts are presented in thousands of Euros, rounded off to the nearest thousand, which is the functional and presentation currency of the parent Company.

3.4. CRITICAL ISSUES OF VALUATION AND ESTIMATION OF UNCERTAINTY

In the preparation of the consolidated annual accounts estimates have been made to determine the book value of some of the assets, liabilities, income and expenses and on the breakdowns of the contingent liabilities. These estimates made have been made on the basis of the best information available at the closing of the financial year. However, given their inherent uncertainty, future events may arise that require modifying them in upcoming years, which will be done, where applicable, on a prospective basis.

The key suppositions about the future, as well as other relevant data on the estimate of the uncertainty on the closing date of the financial year, which are associated to an important risk of causing significant changes in the value of the assets or liabilities in the upcoming financial year are the following:

Impairment of the value of non-current assets

The valuation of non-current assets, other than financial assets, requires making estimates with the aim of determining their recoverable value, for the purpose of evaluating possible impairment, especially for the goodwill. In order to determine this recoverable value, the future cash flows expected from the assets or from the cash generating units of which they form part are estimated and an appropriate discount rate is used to calculate the current value of these cash flows. The future cash flows depend on working within the budgets of the next five years, while the discount rates depend on the interest rate and the risk premium associated with each cash generating unit.

Deferred tax assets

Deferred tax assets are recorded for all the temporary deductible differences and generated negative tax bases, for which it is probable that the Group will have future tax earnings that permit the application of these assets. For this reason, significant estimates have to be made to determine the amount of the deferred tax assets that can be recorded, taking into account the amounts and the dates on which the future tax earnings will be obtained and the reversion period of the temporary tax differences and the application of the negative tax bases.

Provisions and contingencies

The Group allocates provisions to cover future liabilities, for which it is required to make different hypotheses and estimates. In general, for all the allocated provisions, the principal estimates refer to the greater or lesser certainty that future disbursements directly related to the provision are going to take place, to the amounts provided for them, as well as to the dates in which it is forecast that they will be realized. In the specific case of the provisions derived from litigations in progress, the Group also counts on outside advisers regarding the probability of the occurrence of disbursements, in order to classify the events as a provision or a future contingency.

Lastly, there is no awareness of any major uncertainties relative to events or conditions that could cast significant doubts on the possibility that the different companies of the Group will continue functioning as usual.

4. DISTRIBUTION OF EARNINGS

The Board of Directors of the parent Company will propose to the General Shareholders' Meeting that it approve the following distribution of 2017 earnings:

	EUROS
BASIS FOR DISTRIBUTION	**2017**
P & L ACCOUNT BALANCE	12,450,169.43
TOTAL	**12,450,169.43**
DISTRIBUTION	
TO DIVIDENDS	12,450,169.43
TOTAL	**12,450,169.43**

The distribution of the 2016 earnings amounting to 9,924,065.59 Euros, approved by the General Shareholders' Meeting of 26 June 2017, consisted of their complete distribution to dividends.

5. RECORDING AND VALUATION RULES

The main principles applied are as follows:

5.1. SUBSIDIARIES

Subsidiaries, including special purpose entities, are considered to be those over which the parent Company directly, or indirectly through subsidiaries, exercises control, as provided in article 42 of Commercial Law.

For the sole purpose of presentation and itemization, group companies are considered to be those that are controlled through any means by one or more natural persons or legal entities that act jointly or report to a sole management based on statutory clauses or agreements. All the references to Group Companies and amounts shown in the consolidated Balance Sheet and Profit & Loss Account correspond to the SEPI Group.

The subsidiaries have been consolidated by applying the full integration method.

The income, expenditure and cash flows of the subsidiaries are included in the consolidated annual accounts as of the date of acquisition, which is the date on which the Group effectively obtains control thereof. The subsidiaries are excluded from the consolidation exercise as of the date on which control is lost.

The transactions and balances maintained with subsidiaries and the unrealized profits or losses have been eliminated from the consolidation process. However, unrealized losses have been considered as an indicator of the value impairment of the transferred assets.

The accounting policies of the subsidiaries are adapted, if they are different, to the Group's accounting policies for transactions and other events that are similar and have occurred under similar circumstances.

The annual accounts or financial statements of the subsidiaries used in the consolidation process refer to the same date of presentation and same period as those of the Company.

5.2. JOINT VENTURES AND ASSOCIATED COMPANIES

Multi-group companies are considered to be those that are jointly managed by the Company or one or more of the Group companies, including the dominant companies or natural persons, and one or more third parties outside the Group.

Jointly controlled operations and assets are considered to be those for which there is a statutory or contractual agreement to share control over an economic activity, such that both financial and operating strategic decisions concerning the activity require the unanimous consent of the Group and the rest of the partners.

The Group undertakes certain projects jointly with other companies by setting up Temporary Joint Ventures (UTEs). The information on these UTEs is provided in Note 8.

Investments in multi-group companies are recorded by the equating method as of the date on which joint control is exercised and up to the date on which this joint control ends. However, if, on the date joint control is obtained, the investments meet the conditions for classification as non-current assets or disposable groups of items held for sale, they are recorded at fair value minus the sales costs.

For jointly controlled operations and assets, the Group records in the consolidated annual accounts the assets that are under its control, the liabilities it has incurred and the proportional part based on its percent share in the jointly controlled assets and jointly incurred liabilities, as well as the portion of income earned from the sale of goods or provision of services and the costs incurred by the joint venture. Likewise, the consolidated statement of changes in equity and the consolidated statement of cash flows also include the part that corresponds to the Group by virtue of the agreements reached.

The reciprocal transactions, balances, income, expenses and cash flows have been eliminated in proportion to the share held by the Group in the joint ventures. Dividends have been eliminated in full.

Associated companies are considered to be those on which the Group directly, or indirectly through subsidiaries, exerts significant influence. Significant influence is the power to intervene in the decisions concerning a company's financial and operating policies, without entailing the existence of control or joint control over that company. The assessment of the existence of significant influence considers the potential voting rights exercisable or convertible at the end of each financial year, and also considers the potential voting rights held by the Group or by third parties.

The Group considers that it exercises significant influence when its share in the capital of the company in question is greater than 20% but less than 50%.

Investments in associated companies are recorded by the equating method as of the date on which significant influence is exerted and up to the date on which the Group can no longer justify the existence thereof. However, if, on the date of acquisition, they meet the conditions for classification as non-current assets or disposable groups of items held for sale, they are recorded at the consolidated value or their fair value, whichever is lower, minus the sale costs.

The Group's share in the profits or losses of associated companies obtained as of the acquisition date is recorded as an increase or decrease of the value of the investments credited or charged to the item "Investments in equated company P&L" of the consolidated P&L account. Likewise, the Group's investment in the total recognized income and expenses of the associated companies obtained as of the acquisition date is recorded as an increase or decrease of the value of the investments in the associated companies, recording the balancing entry in consolidated net worth accounts. The distributions of dividends are recorded as reductions of the investment value. To determine the Group's share in profits or losses, including the value impairment losses recorded by the associated companies, the income or expenses stemming from application of the acquisition method are considered.

The accounting policies of the associated companies have been subject to valuation harmonization on the same terms as those referred to for the subsidiaries.

All the multi-group and associated companies close their financial year on 31 December.

5.3. CONSOLIDATION GOODWILL AND NEGATIVE CONSOLIDATION DIFFERENCE

In accordance with the accounting principles and rules previously in effect, the difference between the book value of investments in consolidated companies and the amount of total equity corresponding to the percent share therein was recorded, if positive, as Goodwill and, if negative, as a Negative Consolidation Difference on the date of their first consolidation.

At 31 December 2017 and 2016, the net book value of all Goodwill is zero.

The Negative Consolidation Differences were considered as reserves in 2008, in accordance with the criteria set forth in point 2 of the ICAC note (BOICAC no. 75) regarding the rules of first application to preparation of the initial consolidated balance sheet.

5.4. MINORITY INTERESTS

As of the date of transition to the current accounting legislation (1 January 2008), minority interests in the subsidiary companies are recorded in Net Worth on the date of acquisition by the percent investment in the fair value of the identifiable net assets. Minority interests in subsidiary companies acquired prior to this transition date were recorded by the percent investment in their net worth on the date of first consolidation. Minority interests are presented in the consolidated net worth of the consolidated balance sheet separately from the equity attributed to the parent Company. The share of minority interests in the year's profits or losses is also presented separately in the consolidated P&L account.

The share of the Group and of the minority interests in the profits and losses and in the changes in net worth of the subsidiaries, once the adjustments and eliminations stemming from the consolidation are considered, is determined on the basis of the investment percentages existing at year's end, without considering the possible exercise or conversion of potential voting rights, and after deducting the effect of dividends, whether or not agreed, of preferred shares with cumulative rights that have been classified in net worth accounts.

Excess losses attributable to minority interests and not charged to them because they exceed the amount of the investment in the subsidiary equity, are recorded as a decrease of the Group consolidated net worth, whenever the obligation of the minority interests is limited to the contributed amounts and there are no pacts or agreements on additional contributions. The profits earned by the Group on subsequent dates are allocated to it until the amount of the minority interest share in the losses absorbed in previous accounting periods is recovered.

5.5. INTANGIBLE FIXED ASSETS

Intangible fixed assets are appraised at the acquisition price or production cost, and they are presented in the consolidated balance sheet at cost price, minus the accrued amortization and the accrued amount of value corrections due to known impairment.

Research-related costs are recorded as expenditure in the consolidated profit and loss account as they are incurred.

Intangible fixed assets in computer applications are those acquired from third parties, and they are amortized with the straight-line method over a period of no more than five years. The maintenance costs of computer applications are carried over to expenses at the time they are incurred.

The Intangible Fixed Assets include the assets subject to concession comprised by the parent Company's investment in the UTE RSU, applying the provisions of Order EHA/3362/2010 of 23 December, which approved the Rules for adapting the General Accounting Plan to the concessionaires of public infrastructures.

The most significant aspects of this application are the following:

- Consideration received for the construction or improvement services.

The consideration received by the concessionaire is recorded at the fair value of the service provided, in principle equivalent to the cost plus the construction margin, with this concession agreement having been classified as an Intangible Fixed Asset. This Intangible Fixed Asset is amortized over the entire concession period (20 years).

- Deferred financing costs for financing concession elements.

By having classified concession agreements as Intangible Fixed Assets, from the time at which the infrastructure covered by the agreements is in operating conditions, the financing costs incurred are capitalized and charged to results in proportion to the expected income indicated in the Financial Economic Plan of the concession. This proportion is applied to the total financing costs envisaged during the concession period.

- Actions on the infrastructure during the term of the agreement.

Certain future actions on the infrastructure covered by the agreements generate the allocation of certain provisions, some of which are made with the matching entry being the higher value of the Intangible Fixed Asset subject to the concession, as they are similar to the provisions for dismantling or retirement costs.

5.6. TANGIBLE FIXED ASSETS

Tangible fixed assets are shown at acquisition price or production cost and include the value of the legal revaluation carried out in accordance with the provisions of Royal Decree-Law 7/1996 of June 7 (see Note 9), and they are presented in the balance sheet at cost price, minus the accrued amortization and the accrued amount of value corrections, in any, due to known impairment.

The cost of tangible fixed assets includes the estimated costs of dismantling or retiring the Juzbado factory, as well as rehabilitation of the site on which it is located, which is planned as of the year 2027, as obligations are incurred as a result of their use and for purposes other than production of inventories.

Advances and fixed assets under construction correspond to monetary payments prior to the total commissioning for the Group of the fixed asset to which they refer. They are appraised by the amount of the monetary payment made up to the time of reception and total commissioning of the fixed asset in question, at which time they are reclassified to the appropriate tangible fixed asset account.

The cost of those assets acquired or produced after 1 January 2008 and that need more than one year to be in a condition for use includes the financing costs accrued before the fixed asset is fit for operation which meet the requirements for capitalization thereof.

The amortization of fixed assets is calculated on the basis of book values in order to amortize these values in full with the straight-line method over annual periods within the estimated useful life of the assets.

The Group amortizes the tangible fixed assets, following the straight-line method according to the following estimated years of useful life, as shown below:

CONSTRUCTIONS	8 TO 50 YEARS
TECHNICAL INSTALLATIONS, MACHINERY & TOOLS	8 TO 15 YEARS
OTHER INSTALLATIONS	8 TO 10 YEARS
DATA PROCESSING EQUIPMENT AND FURNITURE	2 TO 10 YEARS
OTHER TANGIBLE FIXED ASSETS	3 TO 10 YEARS

The costs of upgrading, expanding or enhancing tangible fixed assets, when this does not involve increased capacity or productivity or an extension of their useful life, are charged to results of the year in which they are incurred.

Likewise, the enhancements of tangible fixed asset items that represent increased capacity or efficiency, or an extension of their useful life, are included in the acquisition cost.

The fixed asset revaluation carried out in 1996 by the parent Company was calculated by applying certain rates, depending on the year of purchase and amortization of the items, to the acquisition values or production cost and to the corresponding annual amortization provisions that were considered as a deductible expense for tax purposes, in accordance with the rule that regulates these revaluation operations. The resulting net revaluation was reduced by 40% for purposes of considering the financing circumstances of the items, as established by this rule.

Value corrections due to impairment correspond to the estimated amounts of reversible losses of the tangible fixed assets at year's end.

5.7. LEASES

The Group has been granted the right to use certain assets under leasing contracts.

Leasing contracts that, at the beginning thereof, substantially transfer to the Group all the risks and benefits inherent in ownership of the assets are classified as financial leases, and they are otherwise classified as operating leases.

Financial Leases

At the beginning of the financial lease, the Group records an asset and a liability by the lower of the fair value of the leased asset or the current value of the minimum lease payments. The initial direct costs are included as the greater asset value. The minimum payments are divided between the financing charge and the reduction of the outstanding debt. The financing costs are charged to the consolidated P&L account by applying the effective interest rate method.

Contingent leasing fees are recorded as an expense when it is likely that they will be incurred.

The accounting principles applied to the assets used by the Group by virtue of signing leasing contracts classified as financial are the same as those indicated in section 5.6. However, if, at the beginning of the lease, there is no reasonable certainty that the Group is going to obtain ownership of the assets at the end of the leasing term, these are amortized during the useful life or the term thereof, whichever is shorter.

Operating Leases

Fees stemming from operating leases, net of the incentives received, are linearly recorded as an expense during the term of the lease, except when another systematic basis for distribution is more representative because it more adequately reflects the timeframe of the lease profits.

5.8. FINANCIAL INSTRUMENTS

5.8.1. Criteria of Classification and Valuation of the Different Financial Instruments

Financial instruments are classified at the time of their initial recording as a financial asset, a financial liability or a financial investment, in accordance with the economic essence of the contractual agreement and with the definitions of financial asset, financial liability and financial investment.

The Group classifies the financial instruments in the different categories in keeping with the characteristics and the intentions of the Management at the time of their initial recognition.

A financial asset and a financial liability are subject to compensation only when the Group has the right to demand compensation for the recorded amounts and intends to liquidate the net amount or simultaneously realize the asset and cancel the liability.

Based on their valuation criteria, financial instruments are classified in the following categories:

Financial Assets

Loans and Accounts Receivable

These correspond to loans for trade and non-trade operations, provided the latter are not considered as financial derivatives and cannot be traded on an active market. This group includes the balance sheet items relative to trade debtors and other accounts receivable (including balances in favor of the company with personnel), group company accounts and other long-term (deposits and guarantees) and short-term financial assets.

These assets are initially recorded at their fair value, including the transaction costs incurred, and they are subsequently appraised at the amortized cost by using the effective interest rate method.

At year's end, the Group makes the appropriate value adjustment in its financial assets when a decrease in the fair value of realization of these assets becomes evident. Specifically, the Group records a value impairment in the trade debtor accounts and other accounts receivable when there is objective evidence that it will not be able to collect all the amounts it is owed, in accordance with the original terms of those accounts.

The loss due to impairment is recorded and charged to results and is reversible in subsequent years if the decrease can be objectively related to an event following its recognition.

Available-for-Sale Financial Assets

These correspond to financial investments in companies that are not considered as group, multi-group or associated companies and which the Group does not plan to dispose of in the short term.

The available-for-sale financial assets are initially recorded at the fair value plus the transaction costs directly attributable to the purchase.

After the initial recognition, if the fair value of the financial assets classified in this category cannot be reliably determined, they are appraised at cost minus, if any, the accrued amount of the value corrections for impairment of the item in question. The dividends are recorded in results according to the criteria provided in section 5.8.3.

The losses due to value impairment that correspond to financial investments are not reversible. Subsequent increases in the fair value, once the loss due to impairment has been recognized, are recorded in consolidated net worth.

Financial Liabilities

Debts and Accounts Payable

These correspond to debts from trade and non-trade operations, provided the latter are not considered as financial derivatives. Specifically, this section includes all the balance sheet items relative to trade creditors and other accounts payable (including outstanding remunerations to personnel and advances received from customers, the latter with short-term maturity), long- and short-term bank loans, and other unpaid long-term and short-term debts.

They are initially recorded by their fair value, minus transaction costs, if any, that are directly attributable to their issue. After the initial recognition, the liabilities classified under this category are appraised at amortized cost by using the effective interest rate method.

5.8.2. Criteria Used to Record the Write-Off of Financial Instruments

Financial assets are written off the books when the rights to receive cash flows related to them have expired or have been transferred and the Group has substantially transferred the risks and benefits derived from their ownership.

The Group writes off a financial liability or part of it when it has fulfilled the obligation contained in the liability or else it is legally exempted from the fundamental responsibility contained in the liability, whether by virtue of legal proceedings or by the creditor.

5.8.3. Interest and Dividends

Interest income and expenditure are recorded by applying the effective interest rate method. On the other hand, the dividends from financial investments are recorded when the Group obtains the rights to receive them. If the distributed dividends come unequivocally from results generated prior to the date of acquisition because amounts greater than the profits yielded by the invested company since the acquisition have been distributed, they decrease the book value of the investment.

5.9. HEDGE ACCOUNTING

The Group uses financial derivatives as part of its strategy to reduce its exposure to exchange rate and interest rate risks.

The hedging operations carried out by the Group are classified as cash flow hedges and they cover the exposure to the variation in future cash flows attributed to:

- Risks in relation to exchange rates, in purchases or supplies and in sales made in foreign currencies, by foreign currency purchase/sales operations on credit, thereby fixing a known exchange rate on a specific date (which furthermore may be restated later for exact adaptation and application to the cash flows of the hedged item).
- Interest rate risks, by contracting financial swaps that allow the parent Company to convert part of the financing costs referenced at a variable rate into a fixed rate.

The derivative financial instruments that meet the hedge accounting criteria are initially recorded at their fair value, plus the transaction costs, if any, that are directly attributable to the contracting thereof, or minus the transaction costs, if any, that are directly attributable to the issue thereof. However, the transaction costs are subsequently recorded in results if they do not form part of the effective variation of the hedge.

At the beginning of the hedge, the Group formally designates and documents the hedge ratios, as well as the goal and strategy it plans with respect thereto.

Entering the hedge operations in the books is only useful when it is expected that the hedge will be highly effective at the beginning of the hedge and in the following years to succeed in offsetting the changes in the fair value or in the cash flows attributable to the hedged risk, during the period for which it has been designated (prospective analysis), and the actual effectiveness, which can be reliably determined, is in the range of 80-125% (retrospective analysis).

The part of the gain or loss of the derivative financial instrument that has been determined as effective hedging is temporarily recorded in consolidated net worth, using as balancing entry the corresponding asset account (financial investments) or liability account (financial debt) and charging it to the consolidated profit and loss account in the financial year or years in which the planned hedge operation affects the results.

The parent Company prospectively discontinues the accounting of fair value hedges in the cases in which the derivative financial instrument expires or is sold, resolved or exercised, the hedge no longer meets the conditions for hedge accounting, or the designation is revoked. The successive renewal or replacement of a derivative financial instrument with another is not an expiration or resolution, whenever it forms part of the documented hedging strategy. In these cases, the amount accrued in consolidated net worth is not recorded in results until the planned transaction takes place. Notwithstanding the above, the amounts accrued in consolidated net worth are reclassified to the item for fair value variation in financial instruments of the consolidated profit and loss account at the time when the Group no longer expects that the planned transaction will take place.

5.10. INVENTORIES

Inventories are initially appraised by the acquisition or production cost.

The acquisition cost includes the amount billed by the vendor after deducting any discount or other similar items, and also the interest charged at the nominal debt rate, and adding the additional costs incurred until the goods are placed for sale and any others directly attributable to the acquisition, as well as the financing costs according to the following provisions and the indirect, non-recoverable Public Treasury taxes.

The Group includes in the cost of the supply management inventories, which require more than one year to be in a condition to sell, the financing costs related to the specific or generic financing directly attributable to their acquisition.

If the financing has been specifically obtained, the amount of the interest to be capitalized is determined on the basis of the accrued financing costs. The amount of the interest to be capitalized for generic, non-commercial financing is determined by applying an average weighted interest rate to the current investment, deducting the specifically financed part and the part financed with total equity, with the limit of the accrued financing costs in the profit and loss account.

The production cost of inventories includes the acquisition price of the raw materials and other consumables, and the costs directly related to the produced units and a systematically calculated part of the variable or fixed indirect costs incurred during the transformation process. The fixed indirect costs are distributed on the basis of the normal production capacity or actual production, whichever is lower.

Specifically, the costs of the main headings are determined as follows:

- Raw and auxiliary materials corresponding to the supply management stock: include the material acquisition price and the financial burden associated with financing them, as determined in the uranium supply contract.

- Finished products and products in progress: include the cost of materials and assemblies that are incorporable into their acquisition cost, plus direct and indirect personnel costs based on the number of hours charged, plus the amortization of productive items and other manufacturing process costs.

Advances to suppliers, delivered on account of purchase orders, are appraised by the nominal amount or by the equivalent value in Euros, as appropriate, given the scant financial effect.

The cost of raw materials and other supplies, the cost of commodities and the cost of transformation are allocated to the different units in inventories by the parent Company applying the average weighted price method (for raw materials stock) or FIFO (for the rest of the stocks).

Part of the inventories, and fundamentally some of the supply management inventories, have a turnover of more than 12 months. However, the Group has been keeping all of its inventories in Current Assets, in keeping with their productive cycle.

The cost price of inventories is subject to valuation adjustments in those cases in which their cost exceeds their net realizable value. For these purposes, net realizable value is understood to be:

- For raw materials and other supplies, their replenishment price. The Group does not recognize the valuation adjustment in those cases in which it expects that the finished products into which the raw materials and other supplies are incorporated are going to be disposed of for a value greater than or equal to their production cost;

- For commodities and finished products, their estimated sales price, minus the necessary sales costs;

- For products in progress, the estimated sales price of the corresponding finished products, minus the estimated costs required to complete their production and the sales-related costs.

The previously recorded valuation adjustment reverts against results, if the circumstances that caused the diminished value no longer exist or when there is clear evidence of an increase in the net realizable value as a result of a change in the economic circumstances. The limit of the reversion of the valuation adjustment is the lower of the cost and the new net realizable value of the inventories.

5.11. CASH AND CASH EQUIVALENTS

This heading includes cash in hand, current bank accounts and temporary deposits and acquisitions of assets that meet all the following requirements:

- They are convertible into cash.
- Their maturity was not more than three months at the time of acquisition.
- They are not subject to a significant change of value risk.
- They form part of the normal treasury management policy of the Company.

For purposes of the cash flow statement, the occasional overdrafts resulting from the Company's cash management are included as less cash and other cash equivalents.

This heading does not include the so-called "Inter-SEPI" investments (see Note 23).

5.12. TRANSACTIONS IN FOREIGN CURRENCY

The foreign currency transactions undertaken by the Group mostly correspond to capital resources defined as monetary items. These are initially appraised at the exchange rate on the date on which the transactions are made. The balance sheet totals corresponding to these items are adjusted at year's end on the basis of the current exchange on that date.

Both the foreign currency exchange profits and losses originating in this process, as well as those resulting from liquidation of these capital resources, will be recorded in the consolidated profit and loss account of the year in which they occur.

5.13. INCOME TAX

The year's income tax expense is calculated with the sum of the current tax, which results from applying the corresponding taxation rate to the year's taxable income minus the existing deductions and allowances, and the variations occurring during that year in the recorded deferred tax assets and liabilities. It is recorded in the profit and loss account, except when it corresponds to transactions that are directly recorded in the net worth, in which case the corresponding tax is also recorded in net worth.

Deferred taxes are recorded for the temporary differences existing on the balance sheet date between the tax base of the assets and liabilities and their book values. The tax base of a capital resource is considered to be the amount attributed to it for tax purposes.

The tax effect of the temporary differences is included in the corresponding balance sheet headings "Deferred Tax Assets" and Deferred Tax Liabilities".

A deferred tax liability is recognized for all the taxable temporary differences, subject to the exceptions, if any, provided in current legislation.

Deferred tax assets are recognized for all the deductible temporary differences, unused tax credits and negative taxable bases still to be compensated, if it is likely that the Group is going to obtain future tax gains that enable the application of these assets, subject to the exceptions, if any, provided in current legislation.

On each year's closure date, the recorded deferred tax assets and those that have not been previously recognized are reviewed. Based on this review, a previously recorded asset is written off the books if its recovery is no longer likely, or this is foreseen in a period over ten years, or if any previously unrecognized deferred tax asset is recorded, provided it is likely that future tax gains will be obtained that enable its application.

Deferred tax assets and liabilities are appraised at the tax rates expected at the time of their reversion, according to current legislation and in accordance with the way in which it is rationally expected that the deferred tax asset or liability will be recovered or paid.

Deferred tax assets and liabilities are not deducted and they are classified as non-current assets and liabilities, regardless of the expected date of realization or liquidation.

5.14. INCOME FROM SALES OF GOODS AND SERVICES RENDERED

Income from the sale of goods or services is recorded at the fair value of the compensation received or to be received from them. Discounts for upfront payment, volume or others are recorded as a reduction thereof.

Sales Income

Income from the sale of goods is recorded when the Group:

- Has transferred to the buyer the significant risks and benefits inherent in ownership of the goods.
- Is no longer involved in the current management of the sold goods to the degree usually associated with ownership, nor does it retain effective control over them.
- The amount of the income and the costs incurred or to be incurred can be reliably appraised;
- It is probable that the financial profits associated with the sale will be received.

Provision of Services

Income earned from services rendered is recorded at the time the service is provided. If the service has still not been provided on the closure date, the amount of the costs incurred up to the date of book closure is recorded as current inventories (work in progress), as is the provision for value impairment, if any, if the costs incurred up to the date of book closure are greater than the expected amount of income.

In the case of service provisions whose end result cannot be reliably estimated, the income is only recognized up to the limit of the recorded expenses that are recoverable.

5.15. PROVISIONS AND CONTINGENCIES

Provisions are recognized when the Group has a current obligation, whether legal, contractual, implicit or tacit, as a result of a past event, it is likely that resources incorporating future financial profits will be used to cancel such obligation, and a reliable estimate of the amount of the obligation can be made.

The amounts recorded in the consolidated balance sheet correspond to the best estimate on the closure date of the disbursements required to cancel the current obligation, once the risks and uncertainties related to the provision and, when significant, the financial effect caused by the discount have been considered, provided that the disbursements to be made in each period can be reliably determined. The discount rate is determined before taxes, considering the temporary monetary value, as well as the specific risks that have not been considered in the future flows related to the provision.

The financial effect of the provisions is recorded as financing costs in the consolidated profit and loss account.

Provisions revert against results when it is not likely that resources will be used to cancel such obligation.

Restructuring provisions

The provisions related to restructuring processes are recorded at the time that a formal detailed plan exists and there are valid expectations among the affected personnel that a rescission of the labor relation will occur, either because execution of the plan has begun or else because its main features have been announced.

The restructuring provisions only include the disbursements directly related to the restructuring that are not associated with the Group's going concerns.

Dismantling, reclamation and similar provisions

The provisions referred to in this section are recorded in keeping with the general criteria for recognizing provisions, and they are recorded as the greater cost price of the tangible fixed asset items to which they are related when they arise from the acquisition or construction thereof, provided the asset on which they are recorded has not reached the end of its useful life (see section 5.6).

Variations in the provision stemming from changes in the amount or in the time structure of disbursements increase or decrease the cost price of the fixed assets, with the limit of their book value, and the excess is recorded in the consolidated profit and loss account.

Changes in the amount of the provision that become apparent at the end of the useful life of the fixed asset are recorded in the consolidated profit and loss account as they occur.

The parent Company has been making the necessary provisions to cover the costs of reclaiming the natural space around mining operations, in accordance with the provisions of Royal Decree 2994/1982 of October 15, as well as to cover the costs of cessation of business and closure of the industrial installations in Juzbado and mining installations in Saelices el Chico.

The provisions for mining installation reclamation include the estimate of the income from ENRESA for its contribution to these reclamation projects, according to the agreements reached between the parties.

Also included are other provisions to meet probable or certain liabilities originating in risks and expenses stemming from execution of the activity, and which are certain or likely to occur but are indeterminate in terms of their exact amount or the date on which they will occur.

5.16. CAPITAL RESOURCES OF AN ENVIRONMENTAL NATURE

The Group companies undertake operations whose main purpose is to prevent, reduce or repair any damages to the environment that may result from their activities. These activities currently focus on the reclamation and closure of the Saelices mining installations and the future costs of dismantling the Juzbado fuel assembly factory, both belonging to the parent Company.

The costs resulting from environmental activities are recorded as "Other operating expenses" under the item "environmental expenses" in the year they are incurred.

Those items that are likely to be incorporated into the Group's equity for use in its business on a long-lasting basis and whose primary purpose is to minimize the environmental impact and protect and improve the environment, including the reduction or elimination of future contamination by Group operations, are entered as tangible fixed assets, in keeping with the valuation rules indicated in Note 5.6 of this consolidated annual report.

The Group also sets up provisions to pay for environmental activities. These provisions are established on the basis of the best estimate of the expenditure required to fulfill the obligation, restating the flow of future payments at year's end. Those compensations to be collected by the Group, if any, in relation to the origin of the environmental obligation are recorded as rights to payment in the consolidated balance sheet Assets, provided there are no doubts that this reimbursement will be received, without exceeding the amount of the recorded obligation.

5.17. PERSONNEL COSTS

In accordance with the labor laws in effect, the companies making up the Group are required to pay compensations to those employees with whom, under certain conditions, it rescinds their employment relations. The compensations for dismissal susceptible of fair quantification are recorded as an expense of the year in which there is a valid expectation created against the affected third parties.

The Group records the expected cost of short-term remunerations in the form of paid leaves, the rights to which are accrued by the employees as they provide the services that entitle them to such leaves. In addition, the Group records the expected cost of variable remunerations for workers when there is a current, legal or implicit obligation resulting from past events and the value of the obligation can be reliably estimated.

5.18. SUBSIDIES

Subsidies, donations and legacies are entered as income and expenditure in consolidated net worth when the official grant, if necessary, is obtained and the conditions for granting them have been met, and there are no reasonable doubts about the reception thereof.

Subsidies received to finance specific expenses are charged to results in the year in which they are granted, as these correspond to costs incurred in the same year.

5.19. BUSINESS MERGERS

In business mergers originating in the acquisition of shares or investments in a company's capital, the affected group company records the investment at cost, which will be equal to the fair value of the compensation made plus the transaction costs directly attributable to it.

5.20. OPERATIONS WITH GROUP COMPANIES EXCLUDED FROM THE CONSOLIDATION EXERCISE

The transactions between group companies excluded from the consolidation exercise are recorded by the fair value of the compensation made or received. The difference between this value and the agreed amount is recorded in accordance with the underlying financial asset.

5.21. NON-CURRENT ASSETS AND DISPOSABLE GROUPS OF ITEMS HELD FOR SALE

The heading "Non-Current Assets Held for Sale" of the consolidated balance sheet includes the assets whose book value is going to be essentially recovered through a sales transaction instead of by continued use. To classify non-current assets or disposable groups of items as held for sale, they must be available, in their current condition, for immediate disposal, subject exclusively to the usual and regular terms of a sales transaction, and write-off of the asset must also be considered as highly probable.

Non-current assets or disposable groups of items classified as held for sale are not amortized, and they are appraised by the lower of their book value and fair value, minus the sales costs.

There is no liability linked to the "Non-Current Assets Held for Sale".

5.22. CLASSIFICATION OF ASSETS AND LIABILITIES IN CURRENT AND NON-CURRENT

The Group presents the consolidated balance sheet with assets and liabilities classified as current and non-current. To this end, current assets and liabilities are those that meet the following criteria:

– Assets are classified as current when they are expected to be realized or they are intended to be sold or consumed in the course of the Group's normal operating cycle, they are held primarily for trading purposes, they are expected to be realized within a period of twelve months following the closure date, or the assets are cash or cash equivalents, except in those cases in which they cannot be exchanged or used to cancel a liability, at least during the twelve months following the closure date.

– Liabilities are classified as current when they are expected to be liquidated in the course of the Group's normal operating cycle, they are held primarily for trading purposes, they must be liquidated within a period of twelve months following the closure date, or the Group does not have the unconditional right to defer cancellation of the liabilities during the twelve months following the closure date.

– Financial liabilities are classified as current when they should be liquidated within the twelve months following the closure date, even though the original term is a period greater than twelve months and there is a long-term payment refinancing or restructuring agreement that has concluded after the closure date and before the annual accounts are prepared.

6. MINORITY INTERESTS

The movement of minority interests during 2017 and 2016 is as follows:

FINANCIAL YEAR 2017

	Thousands of Euros					
	BALANCE AT 31/12/16	P & L	SUBSIDIES	DIVIDENDS (COMPLEMENTARY)	VARIATION IN INVESTMENT	BALANCE AT 31/12/17
EMGRISA Subgroup	76	(2)	-	-	-	74
TOTAL	**76**	**(2)**	**-**	**-**	**-**	**74**

FINANCIAL YEAR 2016

	Thousands of Euros					
	BALANCE AT 31/12/15	P & L	SUBSIDIES	DIVIDENDS (COMPLEMENTARY)	VARIATION IN INVESTMENT	BALANCE AT 31/12/16
EMGRISA Subgroup	76	-	-	-	-	76
TOTAL	**76**	**-**	**-**	**-**	**-**	**76**

The composition of the minority interests' balance at 31 December 2017 and 2016 is as follows:

FINANCIAL YEAR 2017

	Thousands of Euros				
	CAPITAL	RESERVES	P & L	SUBSIDIES	BAL. AT 31/12/17
EMGRISA Subgroup	30	26	(2)	20	74
TOTAL	**30**	**26**	**(2)**	**20**	**74**

FINANCIAL YEAR 2016

	Thousands of Euros				
	CAPITAL	RESERVES	P & L	SUBSIDIES	BAL. AT 31/12/16
EMGRISA Subgroup	30	26	-	20	76
TOTAL	**30**	**26**	**-**	**20**	**76**

7. INVESTMENTS IN EQUATED COMPANIES

The breakdown of the movement recorded during financial years 2017 and 2016 of the investments in companies consolidated by the equating method is as follows:

FINANCIAL YEAR 2017	Thousands of Euros					
	BALANCE AT 31/12/2016	ADJUSTMENTS TO 2016 P&L	VALUE CHANGE ADJUSTMENT & SUBSIDIES	YEAR-END P&L	DISTRIBUTED DIVIDENDS	BALANCE AT 31/12/2017
G.E. ENUSA Nuclear Fuel, S.A. (*)	289	(23)	-	132	(85)	313
ENUSA-ENSA, A.I.E. (*)	280	-	(129)	165	(123)	193
SPANISH NUCLEAR GROUP FOR COOPERATION A.I.E. (*)	14	-	-	3	-	17
CETRANSA, S.A. (**)	2,971	-	-	162	(989)	2,144
REMESA, S.A. (**)	7,199	(2)	(1)	341	(110)	7,427
TOTAL	**10,753**	**(25)**	**(130)**	**803**	**(1,307)**	**10,094**

(*) Companies invested directly by ENUSA. In 2017 the company name of ENUSA-ENWESA, A.I.E was changed to ENUSA-ENSA, A.I.E. was unanimously approved by the shareholders' meeting.
(**)Companies invested indirectly through Emgrisa.

FINANCIAL YEAR 2016	Thousands of Euros					
	BALANCE AT 31/12/2015	ADJUSTMENTS TO 2015 P&L	VALUE CHANGE ADJUSTMENT & SUBSIDIES	YEAR-END P&L	DISTRIBUTED DIVIDENDS (***)	BALANCE AT 31/12/2016
G.E. ENUSA Nuclear Fuel, S.A. (*)	395	(7)	-	109	(208)	289
ENUSA-ENWESA, A.I.E. (*)	289	-	6	326	(341)	280
SPANISH NUCLEAR GROUP FOR COOPERATION A.I.E. (*)	14	-	-	-	-	14
CETRANSA, S.A. (**)	3,476	-	-	169	(674)	2,971
REMESA, S.A. (**)	6,993	58	(4)	246	(94)	7,199
TOTAL	**11,167**	**51**	**2**	**850**	**(1,317)**	**10,753**

(*) Companies invested directly by ENUSA.
(**)Companies invested indirectly through Emgrisa.
(***) 202 thousand Euros from ENUSA-ENWESA, A.I.E. correspond to the accounting of financial year 2016, approved and pending collection on 31 December.

The above tables show the movements of the multi-group and associated companies (see Note 2).

8. JOINT VENTURES

The parent Company undertakes certain projects jointly with other companies by setting up Temporary Joint Ventures (UTEs). The list of UTEs in which ENUSA has participated throughout 2017 and 2016, as well as the percentage of its share, is as follows:

- Tecnatom-Westinghouse-ENUSA, UTE: Tecnatom, S.A., Westinghouse Technology Services, S.A. and ENUSA Industrias Avanzadas, S.A., with a share of 33.33%.

- In addition, as a result of the merger with Teconma which took place in 2013, ENUSA has become a partner of the UTE “Enusa Industrias Avanzadas, S.A., S.M.E. Azahar Environment, S.A. and A2A Ambiente S.P.a. Unión Temporal de Empresas”, with a percentage of ownership of 85.6859%.

The amounts corresponding to each joint venture of the most significant items of the consolidated balance sheet and P&L account at 31 December 2017 and 2016 are as follows:

FINANCIAL YEAR 2017	Thousands of Euros	
	UTE RSU	TECNATOM-WESTINGHOUSE-ENUSA, UTE
ASSETS		
Intangible fixed assets	34,303	-
Tangible fixed assets	51	-
Long-term financial investments	2,546	-
Trade debtors & other accounts receivable	2,941	1,277
Short-term accruals	12	-
Treasury	2,928	238
LIABILITIES		
Value change adjustments	(3,804)	-
Long-term provisions	4,080	-
Long-term debts	23,990	-
Short-term debts	9,788	-
Trade creditors & other accounts payable	573	1,482
PROFITS & LOSSES		
Net turnover	7,850	3,149
Supplies	(1,428)	(3,141)
Personnel costs	(406)	-
Other operating expenses	(2,202)	-
Fixed asset amortization	(2,053)	-
Other results	382	-
Capitalization of financing costs	148	-
Financing costs	782	-
Year-end P & L	(1,988)	-
YEAR-END P & L	**1,085**	**8**

FINANCIAL YEAR 2016	Thousands of Euros	
	UTE RSU	TECNATOM-WESTINGHOUSE-ENUSA, UTE
ASSETS		
Intangible fixed assets	36,428	-
Tangible fixed assets	67	-
Long-term financial investments	2,632	-
Trade debtors & other accounts receivable	2,010	1,295
Treasury	3,121	30
LIABILITIES		
Value change adjustments	(4,858)	-
Long-term provisions	5,375	-
Long-term debts	26,386	-
Short-term debts	9,200	-
Trade creditors & other accounts payable	526	1,295
PROFITS & LOSSES		
Net turnover	7,681	3,060
Supplies	(1,171)	(3,056)
Personnel costs	(380)	-
Other operating expenses	(2,236)	(1)
Fixed asset amortization	(2,110)	-
Other results	20	-
Capitalization of financing costs	898	-
Financing costs	(2,142)	-
YEAR-END P & L	**560**	**3**

9. TANGIBLE FIXED ASSETS

The analysis and breakdown of the balance sheet items included in this heading in 2017 and 2016 are as follows:

FINANCIAL YEAR 2017

ITEM	BALANCE AT 31/12/2016	INFLOWS	OUTFLOWS	OTHERS	TRANSFERS	BALANCE AT 31/12/2017
	Thousands of Euros					
COST						
Properties and natural assets	3,370	-	-	(10)	168	3,528
Constructions	65,156	42	(149)	(60)	2,246	67,235
Technical installations, machinery & tools	70,838	1,331	(6)	-	165	72,328
Other installations	23,962	655	(175)	-	1,852	26,294
Data processing equipment & furniture	8,852	248	(130)	-	563	9,533
Other tangible fixed assets	15,352	401	(890)	-	34	14,897
Advances & fixed assets under construction	5,083	5,071	-	-	(4,551)	5,603
TOTAL	**192,613**	**7,748**	**(1,350)**	**(70)**	**477**	**199,418**
AMORTIZATIONS						
Constructions	(49,338)	(1,393)	2	17	-	(50,712)
Technical installations, machinery & tools	(61,702)	(1,442)	7	-	-	(63,137)
Other installations	(17,935)	(1,216)	129	-	-	(19,022)
Data processing equipment & furniture	(8,275)	(286)	109	-	-	(8,452)
Other tangible fixed assets	(11,675)	(746)	726	-	-	(11,695)
TOTAL	**(148,925)**	**(5,083)**	**973**	**17**	**-**	**(153,018)**
VALUATION ADJUSTMENTS FOR DEPRECIATION						
Properties and natural assets	(1,014)	-	32	-	-	(982)
Technical installations, machinery & tools	(1,076)	-	-	-	-	(1,076)
Other installations	(84)	-	5	-	-	(79)
Data processing equipment & furniture	(2)	-	11	-	-	9
Other tangible fixed assets	-	-	3	-	-	3
TOTAL	**(2,176)**	**-**	**51**	**-**	**-**	**(2,125)**
TANGIBLE FIXED ASSETS	**41,512**	**2,665**	**(326)**	**(53)**	**477**	**44,275**

FINANCIAL YEAR 2016

ITEM	BALANCE AT 31/12/2015	INFLOWS	OUTFLOWS	TRANSFERS	BALANCE AT 31/12/2016
	Thousands of Euros				
COST					
Properties and natural assets	3,370	-	-	-	3,370
Constructions	64,200	309	-	647	65,156
Technical installations, machinery & tools	69,636	418	(26)	810	70,838
Other installations	21,588	497	-	1,877	23,962
Data processing equipment & furniture	8,695	170	(23)	10	8,852
Other tangible fixed assets	15,170	376	(231)	37	15,352
Advances & fixed assets under construction	5,130	3,338	-	(3,385)	5,083
TOTAL	**187,789**	**5,108**	**(280)**	**(4)**	**192,613**
AMORTIZATIONS					
Constructions	(47,947)	(1,391)	-	-	(49,338)
Technical installations, machinery & tools	(59,877)	(1,850)	25	-	(61,702)
Other installations	(16,865)	(1,070)	-	-	(17,935)
Data processing equipment & furniture	(8,000)	(298)	23	-	(8,275)
Other tangible fixed assets	(11,066)	(839)	230	-	(11,675)
TOTAL	**(143,755)**	**(5,448)**	**278**	**-**	**(148,925)**
VALUATION ADJUSTMENTS FOR DEPRECIATION					
Properties and natural assets	(982)	(32)	-	-	(1,014)
Technical installations, machinery & tools	(214)	(862)	-	-	(1,076)
Other installations	(44)	(40)	-	-	(84)
Data processing equipment & furniture	(1)	(1)	-	-	(2)
Other tangible fixed assets	-	-	-	-	-
TOTAL	**(1,241)**	**(935)**	**-**	**-**	**(2,176)**
TANGIBLE FIXED ASSETS	**42,793**	**(1,275)**	**(2)**	**(4)**	**41,512**

There have been no changes in the year in the estimate of loss of value of the treatment plant of polluted soil due to thermal desorption that the affiliate company EMGRISA has, or of the biogas electrical energy generation plant of the Parent Company.

The most relevant investments made by the Group in financial year 2017 corresponding to the parent Company, amounting to 7,406 thousand Euros, were for the remodeling of the new offices in Madrid; in the Juzbado factory, for the acquisition of a ventilation and air conditioning/heating system and to the cost of construction of the new passive scanner, the acquisition of a source of californium for the active scanner, and the adaptation of the physical protection network; and in Saelices for the construction of a plant for the manufacturing of tecnosoles.

The most relevant investments made by the Group in financial year 2016, amounting to 3,612 thousand Euros, were the acquisition of a ventilation and air conditioning/heating system and to the change of the boilers in the Juzbado factory, the purchase of traveler containers for refuelings at PWR plants, construction costs of a new passive scanner and remodeling work in the central headquarters in Madrid, in the parent Company.

The net transfers received in the year amounting to 477 thousand Euros come from the Intangible Fixed Assets, in the amount of 6 thousand Euros (see note 10) and from Non-Current Assets held for sale, in the amount of 471 thousand Euros (see note 21).

The book transactions for asset item revaluation, carried out by virtue of RDL 7/1996 in financial years 2017 and 2016, were as follows:

	Thousands of Euros						
ITEM	BALANCE AT 31/12/2015	INFLOW	OUTFLOW	BALANCE AT 31/12/2016	INFLOW	OUTFLOW	BAL. AT 31/12/2017
COST							
Properties & constructions	6,120	-	-	6,120	-	-	6,120
Technical installations & other tangible fixed assets	892	-	-	892	-	-	892
TOTAL	**7,012**	**-**	**-**	**7,012**	**-**	**-**	**7,012**
AMORTIZATIONS							
Properties & constructions	(4,911)	(245)	-	(5,156)	(245)	-	(5,401)
Technical installations & other tangible fixed assets	(892)	-	-	(892)	-	-	(892)
TOTAL	**(5,803)**	**(245)**	**-**	**(6,048)**	**(245)**	**-**	**(6,293)**
TANGIBLE FIXED ASSETS	**1,209**	**(245)**	**-**	**964**	**(245)**	**-**	**719**

The amortizations planned for financial year 2018 from the 1996 revaluation of the different asset items will amount to approximately 245 thousand Euros.

The non-operating tangible fixed assets at 31 December 2017 and 2016 correspond to the land at the Saelices Work Center adjacent to the mining operations, whose net book value at 31 December 2017 and 2016, once the 848 thousand Euro value correction due to impairment is considered, amounts to 1,932 thousand Euros.

The amount of the assets in use of the tangible fixed assets amortized in full at 31 December 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	**2016**
Constructions	21,590	20,566
Machinery, installations & tools	56,598	56,073
Other installations	14,339	13,355
Data processing equipment & furniture	7,536	7,285
Other tangible fixed assets	7,832	6,751
	107,895	**104,030**

The firm investment commitments that have materialized in purchase orders in the parent Company, amount to approximately 1,960 thousand Euros at 31 December 2017 (2,580 thousand Euros at 31 December 2016).

The Group has taken out insurance policies on equity risks with coverage that insures all capital assets and goods in full, as well as any possible claims that may be filed due to the conduct of its business, and the Group Administrators consider that these policies sufficiently cover the risks to which they are exposed.

10. INTANGIBLE FIXED ASSETS

The breakdown and activity of this heading in 2017 and 2016 are shown below:

FINANCIAL YEAR 2017	Thousands of Euros					
ITEM	BALANCE AT 31/12/2016	INFLOW	OUTFLOW	OTHERS	TRANSFERS	BALANCE AT 31/12/2017
COST						
Research	334	-	-	-	-	334
Patents, licenses, brands & similar	2,245	-	-	-	-	2,245
Computer applications	5,761	145	-	-	110	6,016
Other intangible fixed assets (Concession agreements)	46,661	784	-	(1,057)	-	46,388
Other intangible fixed assets	204	36	-	-	(116)	124
TOTAL	**55,205**	**965**	**-**	**(1,057)**	**(6)**	**55,107**
AMORTIZATIONS						
Research	(334)	-	-	-	-	(334)
Patents, licenses, brands & similar	(2,242)	-	-	-	-	(2,242)
Computer applications	(5,416)	(185)	-	(1)	-	(5,602)
Other intangible fixed assets (Concession agreements)	(10,233)	(2,037)	159	25	-	(12,086)
Other intangible fixed assets	(88)	-	-	-	-	(88)
TOTAL	**(18,313)**	**(2,222)**	**159**	**24**	**-**	**(20,352)**
VALUE CORRECTIONS DUE TO IMPAIRMENT						
Patents, licenses, trademarks and similar	-	-	-	(2)	-	(2)
Computer applications	(1)	-	-	1	-	-
TOTAL	**(1)**	**-**	**-**	**(1)**	**-**	**(2)**
INTANGIBLE FIXED ASSETS	**36,891**	**(1,257)**	**159**	**(1,034)**	**(6)**	**34,753**

FINANCIAL YEAR 2016	Thousands of Euros				
ITEM	BALANCE AT 31/12/2015	INFLOW	OUTFLOW	TRANSFERS	BALANCE AT 31/12/2016
COST					
Research	334	-	-	-	334
Patents, licenses, brands & similar	2,245	-	-	-	2,245
Computer applications	5,467	146	-	148	5,761
Other intangible fixed assets (Concession agreements)	45,700	984	(23)	-	46,661
Other intangible fixed assets	265	83	-	(144)	204
TOTAL	**54,011**	**1,213**	**(23)**	**4**	**55,205**
AMORTIZATIONS					
Research	(334)	-	-	-	(334)
Patents, licenses, brands & similar	(2,242)	-	-	-	(2,242)
Computer applications	(5,139)	(277)	-	-	(5,416)
Other intangible fixed assets (Concession agreements)	(8,143)	(2,093)	3	-	(10,233)
Other intangible fixed assets	(88)	-	-	-	(88)
TOTAL	**(15,946)**	**(2,370)**	**3**	**-**	**(18,313)**
DEPRECIATION VALUATION ADJUSTMENTS					
Computer applications	1	(2)	-	-	(1)
TOTAL	**1**	**(2)**	**-**	**-**	**(1)**
INTANGIBLE FIXED ASSETS	**38,066**	**(1,159)**	**(20)**	**4**	**36,891**

The most significant transactions recorded in 2017 were produced under the heading “Other intangible fixed assets” (Concession agreements) with additions amounting to 784 thousand Euros, corresponding practically in its totality to the capitalization of financing costs (in 2016, 898 thousand Euros corresponding to the capitalization of financial costs) and with variations reflected in “Others” (removals amounting to 1,057 thousand Euros) corresponding to the adjustment of different provisions coming from the UTE RSU (See note 17).

The amount of the assets in use of the intangible fixed assets amortized in full at 31 December 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	**2016**
Development	334	334
Patents, licenses, brands & similar	2,260	2,259
Computer applications	5,213	5,080
Other intangible fixed assets	88	88
	7,895	**7,761**

11. LEASING AND OTHER SIMILAR OPERATIONS

11.1. FINANCIAL LEASES

The assets that the Group has had subject to financial leasing arrangements during 2017 correspond in their totality to the invested company ETSA.

The book value of the assets subject to financial lease contracts is as follows:

FINANCIAL YEAR 2017	Thousands of Euros			
	COST	**ACCRUED AMORTIZATION**	**VALUE CORRECTION DUE TO IMPAIRMENT**	**NET BOOK VALUE**
Constructions	259	(45)	-	214
	259	**(45)**	**-**	**214**

FINANCIAL YEAR 2016	Thousands of Euros			
	COST	**ACCRUED AMORTIZATION**	**VALUE CORRECTION DUE TO IMPAIRMENT**	**NET BOOK VALUE**
Constructions	259	40	-	219
Technical installations & other tangible FA	172	150	-	22
	431	**190**	**-**	**241**

The amount of minimum future payments for leasing, as well as their current value at the end of 2017 and 2016, is as follows:

FINANCIAL YEAR 2017	Thousands of Euros		
	UP TO 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Total minimum future payments for leasing	17	41	-
Minus: implicit interest	(1)	(1)	
CURRENT VALUE AT YEAR'S END	**16**	**40**	**-**

FINANCIAL YEAR 2016	Thousands of Euros		
	UP TO 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Total minimum future payments for leasing	27	59	-
Minus: implicit interest	(1)	(2)	-
CURRENT VALUE AT YEAR'S END	**26**	**57**	**-**

11.2. OPERATING LEASES

During 2017, the Group has had assets subject to operating lease arrangements, accruing an expense during the year of 710 thousand Euros for this item (834 thousand Euros in 2016).

The breakdown by items of the Group's main operating lease contracts is as follows:

	Thousands of Euros	
	2017	**2016**
Office, garage & industrial plant leasing	300	349
Vehicles	168	168
Machinery, office equipment & others	242	317
TOTAL	**710**	**834**

The operating lease contracts correspond mainly to the offices and a transportation vehicle of the invested company EMGRISA and are subject to some minimum non-cancelable payments amounting to 280 thousand Euros, although the planned duration of the contract is greater. The breakdown of the future minimum payments of these non-cancelable operating leases is as follows:

	Thousands of Euros
Up to 1 year	72
Between 1 and 5 years	208
TOTAL	**280**

For the rest of the operating leases, there are no minimum future payments expected as all the leases are annually cancelable.

12. FINANCIAL INSTRUMENTS

12.1. INFORMATION ON THE RELEVANCE OF FINANCIAL INSTRUMENTS TO THE GROUP'S FINANCIAL POSITION AND RESULTS

12.1.1. Balance sheet-related information

a) Categories of financial assets and liabilities.

The book value of the Group's various financial assets and liabilities at 31 December 2017 and 2016, based on their qualification, is as follows:

a.1) Financial assets:

Thousands of Euros

	CLASSES OF FINANCIAL ASSETS										TOTAL	
	LONG-TERM FINANCIAL ASSETS						SHORT-TERM FINANCIAL ASSETS					
	FINANCIAL INVESTMENTS		CREDITS, DERIVATIVES & OTHERS		TOTAL LONG-TERM		CREDITS, DERIVATIVES & OTHERS		TOTAL SHORT-TERM			
CATEGORIES OF FINANCIAL ASSETS	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Cash & cash equivalents	-	-	-	-	**-**	**-**	3,956	4,224	**3,956**	**4,224**	**3,956**	**4,224**
Loans and accounts receivable	**-**	**-**	2,515	2,600	**2,515**	**2,600**	80,836	80,009	**80,836**	**80,009**	**83,351**	**82,609**
Available-for-sale assets												
- Appraised at cost	264	264	-	-	**264**	**264**	-	-	-	-	**264**	**264**
Hedge derivatives	-	-	3	684	**3**	**684**	240	5,750	**240**	**5,750**	**243**	**6,434**
TOTAL	**264**	**264**	**2,518**	**3,284**	**2,782**	**3,548**	**85,032**	**89,983**	**85,032**	**89,983**	**87,814**	**93,531**

a.2) Financial liabilities:

CATEGORIES OF FINANCIAL LIABILITIES	CLASSES OF FINANCIAL LIABILITIES (Thousands of Euros) – LONG-TERM FINANCIAL LIABILITIES – BANK LOANS		TRADE CREDITORS, DERIVATIVES & OTHERS		TOTAL LONG-TERM		SHORT-TERM FINANCIAL LIABILITIES – BANK LOANS		TRADE CREDITORS, DERIVATIVES & OTHERS		TOTAL SHORT-TERM		TOTAL	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Debts & accounts payable	130,460	171,768	2,740	2,656	**133,200**	**174,424**	99,133	90,864	98,442	121,962	**197,575**	**212,826**	**330,775**	**387,250**
Hedge derivatives	-	-	3,864	5,219	**3,864**	**5,219**	-	-	2,401	1,090	**2,401**	**1,090**	**6,265**	**6,309**
TOTAL	**130,460**	**171,768**	**6,604**	**7,875**	**137,064**	**179,643**	**99,133**	**90,864**	**100,843**	**123,052**	**199,976**	**213,916**	**337,040**	**393,559**

b) Classification by maturities

The breakdown by maturity date of the financial assets and liabilities with a determined or determinable maturity, at 31 December 2017 and 2016 is as follows (it does not include financial investments in companies of the group, multi-group and associated companies):

FINANCIAL YEAR 2017

Thousands of Euros

	SHORT-TERM	LONG-TERM					
FINANCIAL ASSETS	**2018**	**2019**	**2020**	**2021**	**2022**	**REST**	**TOTAL LONG-TERM**
Financial investments (*)	-	-	-	-	-	264	**264**
Group Company accounts	52,173	-	-	-	-	-	-
Other financial assets (Co. of Group)	600	-	-	-	-	-	-
Loans to third parties	457	-	-	-	-	-	-
Derivatives	240	3	-	-	-	-	**3**
Other financial assets	58	-	2	-	-	2,513	**2,515**
Trade debtors & other accounts receivable	27,548	-	-	-	-	-	-
Cash & cash equivalents	3,956	-	-	-	-	-	-
TOTAL	**85,032**	**3**	**2**	**-**	**-**	**2,777**	**2,782**

(*) Without specific maturity

Thousands of Euros

	SHORT-TERM	LONG-TERM					
FINANCIAL LIABILITIES WITH DETERMINED MATURITY	**2018**	**2019**	**2020**	**2021**	**2022**	**REST**	**TOTAL LONG-TERM**
Group & Associated Company accounts	1,098	561	561	561	-	338	**2,021**
Bank loans	99,117	111,443	1,633	1,700	1,711	13,932	**130,419**
Financial lease creditors	16	16	17	8	-	-	**41**
Derivatives	2,401	568	-	-	-	3,296	**3,864**
Other financial liabilities	2,184	112	122	131	45	309	**719**
Trade creditors & other accounts payable	95,160	-	-	-	-	-	-
TOTAL	**199,976**	**112,700**	**2,333**	**2,400**	**1,756**	**17,875**	**137,064**

FINANCIAL YEAR 2016

	SHORT-TERM	LONG-TERM (Thousands of Euros)					
FINANCIAL ASSETS	**2017**	**2018**	**2019**	**2020**	**2021**	**REST**	**TOTAL LONG-TERM**
Financial investments (*)	-	-	-	-	-	264	**264**
Group Company accounts	51,215	-	-	-	-	-	**-**
Other financial assets (Co. of Group)	495	-	-	-	-	-	**-**
Loans to third parties	1,551	-	-	-	-	-	**-**
Derivatives	5,750	584	100	-	-	-	**684**
Other financial assets	78	-	2	-	-	2,598	**2,600**
Trade debtors & other accounts receivable	26,670	-	-	-	-	-	**-**
Cash & cash equivalents	4,224	-	-	-	-	-	**-**
TOTAL	**89,983**	**584**	**102**	**-**	**-**	**2,862**	**3,548**

(*) Without specific maturity.

	SHORT-TERM	LONG-TERM (Thousands of Euros)					
FINANCIAL LIABILITIES WITH DETERMINED MATURITY	**2017**	**2018**	**2019**	**2020**	**2021**	**REST**	**TOTAL LONG-TERM**
Group & Associated Company accounts	541	657	657	656	-	-	**1,970**
Bank loans	90,838	41,260	111,474	1,633	1,700	15,644	**171,711**
Financial lease creditors	26	16	16	17	8	-	**57**
Derivatives	1,090	511	379	-	-	4,329	**5,219**
Other financial liabilities	2,332	103	112	122	131	218	**686**
Trade creditors & other accounts payable	119,089	-	-	-	-	-	**-**
TOTAL	**213,916**	**42,547**	**112,638**	**2,428**	**1,839**	**20,191**	**179,643**

The amount of bank loans, both long-term and short-term, mostly corresponds to loans made to the parent Company by various credit institutions for the purpose of financing the supply management, which includes the supply stocks.

Also included under this heading are the amounts corresponding to long-term bank financing for the investment in the urban solid waste treatment plant, managed through the UTE RSU (see Note 8). This financing materialized via the project-finance model. Its maximum limit is 33,000 thousand Euros and the balance available at 31 December 2017 (incorporated into ENUSA accounts at its percent share in the UTE RSU) is 21,766 thousand Euros (22,898 thousand Euros at 31 December 2016). Its clauses include the requirement that the borrower comply with certain financial ratios as of the beginning of the project exploitation period (2012). These ratios were being met at the end of this year and the previous year and no failure to comply with them is expected in the new twelve months.

The current interest rates are market interest rates.

c) Financial assets available for sale

These correspond to Equity Instruments in companies that are not considered companies of the group, multi-group or associated companies and with regard to which the Group does not have plans to dispose of them in the short term. Given that these Equity Instruments are not listed on an active market, they are assessed in the books at their cost decreased by the possible value impairment. The book value, at the close of financial years 2017 and 2016, of these financial assets is 264 thousand Euros.

During financial year 2017, the Group did not receive dividends from these companies (89 thousand Euros in 2016).

During financial year 2017 unlisted shares were sold, whose book value was nil (their impairment was recorded at 100% in previous financial years), therefore, a profit of 8,500 thousand Euros was recorded in the financial year.

d) Corrections for value impairment

The analysis of the movements of the adjusting accounts representative of the losses due to value impairment originated by the credit risk (basically of clients and other debtors), for the financial year 2017 and 2016, is the following:

	Thousands of Euros
BALANCE AT 1 JANUARY 2016	**4,863**
Provisions	872
Reversions	(360)
BALANCE AT 31 DECEMBER 2016	**5,375**
Provisions	839
Reversions and applications	(94)
BALANCE AT 31 DECEMBER 2017	**6,120**

The provision made in the financial year in the amount of 839 thousand Euros (872 thousand Euros in 2016) comes practically in its entirety from the amount provisioned in the UTE RSU (integrated in ENUSA at its investment percentage therein), with it corresponding to the estimate of the possible non-payment of part of the invoices issued (related to adjustments in the payment to receive for the management of the service, according to the financial conditions borne by the UTE RSU).

The reversion registered in the financial year, amounting to 94 thousand Euros is a result, basically, of excess provisions recorded in the UTE RSU. In 2016, the reversion, amounting to 360 thousand Euros was due to, mainly, write-offs of failed credits initially provisioned in the parent Company.

12.1.2. Miscellaneous Information

a) Hedge Accounting

At 31 December 2017 and 2016, the Group had declared the following hedge derivative transactions:

- Interest rate swap operations in the parent Company and in another Group company, designated as derivative financial instrument for the interest rate risk existing on financial liabilities at amortized cost (long-term bank loans).

- Foreign currency purchase/sale operations with various entities, designated as hedging the exchange rate risk existing on highly probable planned transactions (payments to trade creditors).

All the operations meet the requirements contained in the reporting and valuation rule relative to hedge accounting, as each operation is individually documented for its designation as such and they are shown to be highly effective at both the prospective level, verifying that the expected changes in the cash flows of the hedged item that are attributable to the hedged risk will be almost completely offset by the expected changes in the cash flows of the derivative financial instrument, and at the retrospective level, on verifying that the hedge results have fluctuated within a range of variation of eighty to one hundred twenty-five percent with respect to the result of the hedged item.

The fair and notional values of the derivatives designated as derivative financial instruments, separated by class of hedge and in the years in which the cash flows are expected to occur, are as follows:

FINANCIAL YEAR 2017	Thousands of Euros	Thousands in Foreign Currency Notional Amount				
	Fair Value at 31.12.2017	2018	2019	2020	REST	TOTAL
ASSETS						
Financial swaps on interest rates (1)	3	-	10,000	-		**10,000**
Exchange insurance (2)	240	4,000	-	-	-	**4,000**
Exchange insurance (3)	-	-	-	-	-	**-**
LIABILITIES						
Financial swaps on interest rates (1)	4,469	20,000	10,000	-	17,899	**47,899**
Exchange insurance (2)	1,633	38,163	6,000	-	-	**44,163**
Exchange insurance (3)	163	1,315	-	-	-	**1,315**

(1) Notional amount stated in thousands of Euros
(2) Notional amount stated in thousands of US Dollars
(3) Notional amount stated in thousands of Pounds Sterling

FINANCIAL YEAR 2016	Thousands of Euros	Thousands in Foreign Currency Notional Amount				
	Fair Value at 31.12.2016	2017	2018	2019	REST	TOTAL
ASSETS						
Exchange insurance (2)	6,434	66,407	-	5,200	2,000	**73,607**
Exchange insurance (3)	-	-	-	-	-	**-**
LIABILITIES						
Financial swaps on interest rates (1)	5,928	1,021	20,000	20,000	17,899	**58,920**
Exchange insurance (2)	-	-	-	-	-	**-**
Exchange insurance (3)	381	1,900	1,500	-	-	**3,400**

(1) Notional amount stated in thousands of Euros
(2) Notional amount stated in thousands of US Dollars
(3) Notional amount stated in thousands of Pounds Sterling

The notional amount of the declared contracts does not represent the actual risk assumed by the Group companies in relation to these instruments. The fair value of the derivatives designated as derivative financial instruments is assimilated into the sum of the future cash flows originating in the instrument, deducted on the valuation date. In this respect, the Group uses commonly accepted methodology and the necessary market data to calculate the fair value, also verifying that the fair value calculated on each operation does not differ significantly from the market valuation provided by the entity with which the operation is contracted.

The fair value of these operations, net of taxes, has as balancing entry the heading “Net worth-Valuation adjustments-Cash flow hedges”, incorporated into the Group’s equity.

The activity recorded under the heading “Net worth-Valuation adjustments-Cash flow hedges” in 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	2016
BALANCE AT 31 DECEMBER OF PREVIOUS YEAR (PROFITS) / LOSSES	**(528)**	**(772)**
Amounts recorded in Net Worth for change in fair value of hedging operations	5,313	(2,550)
Amount charged to the P&L account from net worth	973	2,878
- Supplies	1,830	3,742
- Other operating expenses	(10)	(5)
- Exchange differences	(846)	(871)
- Fixed assets	(1)	12
Tax effect	(1,539)	(84)
BALANCE AT 31 DECEMBER CURRENT YEAR (PROFITS) / LOSSES CHARGED TO NET WORTH	**4,219**	**(528)**

b) Fair Value

The book value of the loans and accounts receivable assets, as well as debts and accounts payable, for both trade and non-trade operations is an acceptable approximation of their fair value.

c) Sundry Information

The Group has signed credit lines with short-term maturity with different financial institutions for a limit of 95,490 thousand Euros (the same amount on 31 December 2016), of which 37,046 thousand Euros had been drawn down at 31 December 2017 (88,298 thousand Euros at 31 December 2016).

The current interest rates on the credit lines are market interest rates.

12.2. INFORMATION ON THE NATURE AND LEVEL OF RISK OF FINANCIAL INSTRUMENTS

a) Credit Risk

The credit risk is produced by the possible loss caused by breach of the contractual obligations of the counterparts of the companies of the Group, that is, by the possibility of not recovering the financial assets at the book value and in the established period. In this regard, the exposure to the credit risk at 31 December is concentrated, basically, in the following items:

	Thousands of Euros	
	2017	**2016**
Customers for sales and services	24,411	22,966
Loans to group and associated companies	52,173	51,215
TOTAL	**76,584**	**74,181**

With respect to the relative risk of accounts receivable from customers, it should be highlighted that the parent Company's main activities are based, on one hand, on the supply of enriched uranium to the electric utilities that own nuclear reactors and, on the other, on the manufacture and sale of fuel assemblies for nuclear-based electric power production. In this respect, the list of the parent Company's main customers includes a leading group of large electric utilities of recognized solvency. The fuel supply and loading contracts signed with customers are long-term contracts with exact planning of dates and volumes to enable adequate management of the sales volumes and, accordingly, of the payment periods inherent therein. Both the supply and the manufacturing contracts provide for the reception of amounts by way of advances on future sales, which constitute an element of minimizing the possible risk.

At 31 December 2017, the balance of advances on account received from customers by the parent Company, to be applied in 2017, is 38,090 thousand Euros (49,888 thousand Euros at 31 December 2016).

In reference to Loans to group and associated companies, these correspond to the so-called "Intersepi deposits". This is an instrument created by SEPI to optimize the management of its cash and that of its group of companies, through the intermediation of the supply and demand of cash surpluses. In this SEPI system, the corresponding intermediation operations are performed, acting as counterpart of both parts (fund taking entities/depositing entities). The placement of the cash surpluses of the Group companies through this mechanism is a priority option included in the "Regulating Rules of the Authorization and Supervision System of Acts and Operations of the SEPI Group".

b) Liquidity Risk

Prudent management of the liquidity risk means keeping sufficient cash on hand and having funding available through a sufficient amount of credit facilities. In this respect, the Group strategy is to maintain the necessary flexibility in financing through the availability of both long-term loans and short-term credit lines, such that all contingencies that directly affect the Group treasury are fully hedged.

c) Market Risk

- Interest rate risk. All the long-term debt of the parent Company finances the supply management, which includes the supply stocks whose financial burden is fully transferred to the sales price of the enriched uranium. Nevertheless, the parent Company has chosen to hedge the interest rate risks for a part of the long-term debt by contracting interest rate swaps. It has also chosen to hedge the interest rate risks for a part of the debt corresponding to financing the credit associated with the investment in the urban solid waste treatment plant undertaken by the UTE RSU (see Note 12.1.2.a).

- Exchange rate risks. The need to purchase fuel assembly supplies and components on the international market, as well as the sales to be made to foreign customers in their own currency, requires the parent Company to implement an exchange rate risk management policy. The fundamental purpose is to mitigate the negative impact of fluctuating exchange rates on its P&L account, so that it can protect itself against adverse movements and take advantage of favorable evolution, as the case may be. In this respect, the parent Company uses the purchase/sale of foreign currencies on credit (exchange insurance) for risk management, thereby locking in a known exchange rate on a specific date for future payments; this rate can also be temporarily adjusted for adaptation and application to cash flows. The amount committed at year's end to this type of operations is itemized in note 12.1.2.a.

12.3. TOTAL EQUITY

The breakdown and activity of the consolidated total equity are shown in the statement of changes in the consolidated net worth corresponding to the years 2017 and 2016.

At 31 December 2017 and 2016, the parent Company share capital is fully paid for and is composed of 200,000 common bearer shares with a nominal value of 300.51 Euros each and with equal political and economic rights. The breakdown of the shareholders is as follows:

	% SHARE
- Sociedad Estatal de Participaciones Industriales (SEPI)	60
- Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT)	40
	100

Provisions for the Legal Reserve of the parent Company have been made by applying 10% of the year's earnings. At 31 December 2017 and 2016, this reserve is constituted, reaching 20% of the share capital. This reserve is not freely available and can only be used to offset losses, if no other reserves are available for this purpose, and to increase the share capital in the part of its balance that exceeds 10% of the already issued capital.

In 2007, in accordance with the resolution of the General Shareholders' Meeting of the parent Company held on 15 June, the existing balance in the Revaluation Reserve (Royal Decree-Law 7/1996 of June 7), amounting to 6,937 thousand Euros, was transferred to Voluntary Reserves (previous year Reserves and Results). Of this figure, the amount corresponding to the quantities pending amortization of the revalued assets (see Note 9) are not available.

The rest of the Voluntary Reserves (under the heading "previous year Reserves and Results") is freely available at 31 December 2017 and 2016.

13. INVENTORIES

The distribution of stocks of Raw Materials and other supplies at 31 December 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	**2016**
Supply management stocks (Parent Company)	262,977	326,304
Other industrial activity stocks	25,082	25,502
Other supplies	11,545	14,388
TOTAL	**299,604**	**366,194**

The supply management stocks include, at 31 December 2017 and 2016, in the amount of 8,062 and 7,858 thousand Euros, respectively, in financing costs.

Additional Information on Inventories

The Finished products and Products in progress accounts, which are shown under the Inventories heading of the balance sheet assets, amounting to 6,600 and 14,544 thousand Euros at 31 December 2017 (6,795 and 11,479 thousand Euros at 31 December 2016) mostly correspond to the costs of the fuel assemblies pending delivery at year's end by the parent Company, and they are classified into one account or the other depending on whether or not they have been completely finished.

The Advances account shown under the Inventories heading of the balance sheet assets for 4,867 and 2,490 thousand Euros at 31 December 2017 and 2016, respectively, corresponds to advances to suppliers of the parent Company industrial activities.

The most important firm purchase commitments correspond to long-term contracts with foreign suppliers for the supply of the Parent Company's Supply Management, and they vary in amount; therefore their economic quantification is also variable.

As for the most important firm sales commitments, these are long-term contracts of the parent Company with electric utility customers for the sale of enriched uranium and refuelings.

Most of the inventories of the Supply Management are located outside the national territory because of the conversion and enrichment processes required before sale, which take place outside Spain.

There is no limitation whatsoever on inventories by way of guarantees, pledges, deposits or other similar items.

The Group has taken out insurance policies to cover possible damages that could occur to the uranium inventories in its warehouses, as well as all damages that could occur during transportation and shipping of concentrates and natural and enriched uranium and to the casks required for these transports by land, sea, air or a combination of these.

The breakdown of the value corrections due to impairment of products in progress and finished products in 2017 and 2016, recorded in the consolidated P&L account, is as follows:

	Thousands of Euros
BALANCE AT 1 JANUARY 2016	**91**
Provisions	2
Reversions	(91)
BALANCE AT 31 DECEMBER 2016	**2**
Provisions	-
Reversions	(2)
BALANCE AT 31 DECEMBER 2017	**-**

14. FOREIGN CURRENCY

The breakdown of the amount of the asset and liability items denominated in foreign currency at 31 December 2017 and 2016 is:

FINANCIAL YEAR 2017

	Thousands of Euros			
	US DOLLAR Equivalent value in Euros	POUND STERLING Equiv. value in Euros	OTHER Equivalent values in Euros	TOTAL Equivalent value in Euros
ASSETS DENOMINATED IN FOREIGN CURRENCY				
Derivatives	240	-	-	240
Trade debtors & other accounts receivable	36	-	125	161
Advances to suppliers	4,133	-	-	4,133
Other cash equivalents	4	6	96	106
TOTAL	**4,413**	**6**	**221**	**4,640**
LIABILITIES DENOMINATED IN FOREIGN CURRENCY				
Derivatives	1,633	163	-	1,796
Trade creditors & other accounts payable	1,920	400	77	2,397
TOTAL	**3,553**	**563**	**77**	**4,193**

FINANCIAL YEAR 2016

	Thousands of Euros			
	US DOLLAR Equivalent value in Euros	POUND STERLING Equiv. value in Euros	OTHER Equivalent values in Euros	TOTAL Equivalent value in Euros
ASSETS DENOMINATED IN FOREIGN CURRENCY				
Derivatives	6,434	-	-	6,434
Trade debtors & other accounts receivable	41	-	43	84
Advances to suppliers	1,758	-	-	1,758
Other cash equivalents	5	7	20	32
TOTAL	**8,238**	**7**	**63**	**8,308**
LIABILITIES DENOMINATED IN FOREIGN CURRENCY				
Derivatives	-	382	-	382
Trade creditors & other accounts payable	15,334	910	17	16,261
TOTAL	**15,334**	**1,292**	**17**	**16,643**

The transactions carried out in foreign currency in 2017 and 2016 were:

FINANCIAL YEAR 2017	Thousands of Euros			
	US DOLLAR Equivalent value in Euros	POUND STERLING Equivalent value in Euros	OTHERS Equivalent value in Euros	TOTAL Equivalent value in Euros
Services rendered	-	-	244	244
	-	**-**	**244**	**244**
Supplies	77,201	2,483	1	79,685
Outsourcing	1,710	132	76	1,918
	78,911	**2,615**	**77**	**81,603**

FINANCIAL YEAR 2016	Thousands of Euros			
	US DOLLAR Equivalent value in Euros	POUND STERLING Equivalent value in Euros	OTHERS Equivalent value in Euros	TOTAL Equivalent value in Euros
Sales			5	5
Services rendered	140	-	-	140
	140	**-**	**5**	**145**
Supplies	135,109	2,680	105	137,894
Outsourcing	1,517	123	61	1,701
	136,626	**2,803**	**166**	**139,595**

The amount of the exchange differences recorded in the 2017 and 2016 P&L, classified by type of financial instrument, has been:

FINANCIAL YEAR 2017

	Thousands of Euros		
	Exchange differences recorded in the year's P&L (+) Profits (-) Losses		
	TRANSACTIONS LIQUIDATED DURING THE YEAR	TRANSACTIONS PENDING MATURITY	TOTAL
ASSET CLASS			
Derivatives	(714)		(714)
Trade debtors & other accounts receivable	(6)	-	(6)
TOTAL	**(720)**	**-**	**(720)**
LIABILITY CLASS			
Derivatives	(98)	-	(98)
Trade creditors & other accounts payable	1,348	(116)	1,232
TOTAL	**1,250**	**(116)**	**1,134**
NET	**530**	**(116)**	**414**

FINANCIAL YEAR 2016

	Thousands of Euros		
	Exchange differences recorded in the year's P&L (+) Profits (-) Losses		
	TRANSACTIONS LIQUIDATED DURING THE YEAR	TRANSACTIONS PENDING MATURITY	TOTAL
ASSET CLASS			
Derivatives	(740)	-	(740)
Trade debtors & other accounts receivable	8	(14)	(6)
Other cash equivalents	5	-	5
TOTAL	**(727)**	**(14)**	**(741)**
LIABILITY CLASS			
Derivatives	251	-	251
Trade creditors & other accounts payable	281	136	417
TOTAL	**532**	**136**	**668**
NET	**(195)**	**122**	**(73)**

15. TAX POSITION

Up to the financial year 2015, for purposes of payment of the Corporate Income Tax, ENUSA and its subsidiaries was part of consolidated group no. 9/86, formed by the *Sociedad Estatal de Participaciones Industriales* and the companies based in Spanish territory that formed part of its consolidated financial group, pursuant to the provisions of Articles 42 and following of the Code of Commerce and in accordance with the provisions of Public Corporations Act 5/1996 of 10 January.

ENUSA and its subsidiaries were excluded from the aforementioned fiscal group since financial year 2016, due to the fact that, from that year, it was no longer possible to apply the special delimitation rule of the SEPI Fiscal Group provided in Article 14.2 of its law of creation (Law 5/1996, of 10 January, on the creation of certain entities of public law), under which the fiscal group would be formed by SEPI itself and its companies residing in Spain which form part, in turn, of its financial Group under the provisions of Article 42 of the Code of Commerce.

Therefore, from the cited tax period the rules of general delimitation were applicable, established in Chapter VI of Title VII of the Law 27/2014, of 27 November, the Corporate Income Tax Law (LIS), among which it is included that the parent Company shall have a direct or indirect investment of at least 75 percent of the share capital and shall own the majority of the voting rights on the first day of the tax period in which this system may be applicable.

Consequently, and since the direct investment of SEPI in the capital of ENUSA is 60%, it and its subsidiaries were excluded from the SEPI Fiscal Group, and are obliged to be taxed individually since financial year 2016.

As a result of the exclusion, and in accordance with Article 74 of the LIS, the excluded companies assumed the right to offset the negative tax bases and apply the tax deductions generated while they formed part of the Fiscal group that had not been applied by it, in the proportion in which they had contributed to its formation.

Within the consolidated profit and loss account of financial year 2017, the amount related to the Corporate Income Tax was an expense of 1,091 thousand Euros (2,284 thousand Euros in 2016), with an after-tax result of 12,303 thousand Euros (10,174 miles de Euros in 2016).

Up to financial year 2015, the application of the consolidated taxation system meant that the individual credits and debits by way of the Corporate Income Tax were incorporated into the controlling enterprise (Sociedad Estatal de Participaciones Industriales), as well as the right to obtain compensation for the tax credits incorporated upon consolidation. As for the individual debit, each company had to pay the Sociedad Estatal de Participaciones Industriales for this tax.

Since financial year 2016 the balances corresponding to the current tax were generated directly by each company against the Tax Administration. However, the possibility of offsetting negative tax bases generated in previous years within the fiscal group entailed the obligation of repurchasing this tax credit from SEPI, generating the corresponding debt with it.

The following tables show the reconciliation of the net amount of the year's Income and Expenses with the taxable base of the 2017 and 2016 Corporate Income Tax:

FINANCIAL YEAR 2017

	Thousands of Euros						
	P & L ACCOUNT		INCOME AND EXPENESE DIRECTLY ALLOCATED TO EQUITY		RESERVES		TOTAL
Balance of year's income and expenses	12,303	-	-	(4,532)	-	-	7,771
	INCREASES	DECREASES	INCREASES	DECREASES	INCREASES	DECREASES	
Corporate Income Tax	1,091	-	-	(1,460)	-	-	(369)
Permanent differences	2,173	(11,064)	-	20	-	-	(8,871)
- Of the individual companies	419	(10,262)		20	-	-	(9,823)
- Of adjustments for consolidation	1,754	(802)	-	-	-	-	952
Temporary differences	4,536	(8,376)	7,244	(1,272)	-	-	2,132
- With origin in the year	3,664	-	7,244	(1,272)	-	-	9,636
- With origin in previous years	872	(8,376)	-	-	-	-	(7,504)
Offsetting of negative tax bases of previous years							
TAX BASE (FISCAL RESULT)							**663**

FINANCIAL YEAR 2016

	Thousands of Euros						
	P & L ACCOUNT		INCOME AND EXPENESE DIRECTLY ALLOCATED TO EQUITY		RESERVES		TOTAL
Balance of year's income and expenses	10,174	-	-	(127)	-	-	10.047
	INCREASES	DECREASES	INCREASES	DECREASES	INCREASES	DECREASES	
Corporate Income Tax	2,284	-	-	(44)	-	-	2,240
Permanent differences	2,572	(2,772)	2	-	-	-	(198)
- Of the individual companies	743	(1,921)	2	-	-	-	(1,176)
- Of adjustments for consolidation	1,829	(851)	-	-	-	-	978
Temporary differences	4,819	(5,251)	3,749	(3,580)	-	-	(263)
- With origin in the year	3,871	(53)	3,749	(3,580)	-	-	3,987
- With origin in previous years	948	(5,198)	-	-	-	-	(4,250)
Offsetting of negative tax bases of previous years							(1,123)
TAX BASE (FISCAL RESULT)							**10,703**

The net amount calculated for 2017, amounting to -2,400 thousand Euros, is shown under the consolidated balance sheet headings "Current Tax Assets" amounting to 2,510 thousand Euros, and "Current Tax Liabilities" amounting to 110 thousand Euros.

The net amount calculated for 2016, amounting to -901 thousand Euros, is shown under the consolidated balance sheet headings "Current Tax Assets" amounting to 1,108 thousand Euros, and "Current Tax Liabilities" amounting to 207 thousand Euros, with this last amount corresponding to that relating to the repurchase from SEPI of the tax credit, for 28 percent of the amount of the negative tax bases subject to being offset.

The most important permanent differences correspond to:

– Increases: These include, among others, the adjustment corresponding to donations and contributions as per Law 49/2002 amounting to 112 thousand Euros and allocations of tax bases of UTEs and AIEs amounting to 150 thousand Euros, both in the parent Company, and to value corrections for loss due to impairment of the subsidiary Emgrisa, in the amount of 470 thousand Euros (in 2016, the adjustment corresponding to donations and contributions as per Law 49/2002, in the amount of 64 thousand Euros and allocations of tax bases of UTEs and AIEs in the amount of 144 thousand Euros all in the parent Company, and to value corrections for loss due to impairment of the subsidiary Emgrisa, in the amount of 470 thousand Euros).

– Decreases: These mainly include the adjustment amounting to 8,500 thousand Euros related to the capital gain in the books corresponding to the sale of the investment indicated in note 12.1.1.c) (since the provision for impairment allocated in previous years was considered fiscally non-deductible), and the exemption to avoid double taxation on dividends amounting to 655 thousand Euros, all in the parent Company (in 2016, 1,149 thousand Euros for exemption to avoid double taxation of the parent Company).

The most significant temporary differences correspond to:

– Increases: These correspond, on one hand, to non-deductible provisions and expenses of the parent Company amounting to 4,289 thousand Euros (3,704 thousand Euros in 2016), the most significant amounts of which correspond to provisions for installation reclamation and closure worth 2,404 thousand Euros and for impairment of accounts receivable from public organizations amounting to 782 thousand Euros (in 2016, provisions for reclamation and closure of installations, amounting to 718 thousand Euros, for tax risks of 703 thousand Euros and for impairment of accounts receivable from public organizations of 784 thousand Euros. On the other hand, the same items of the rest of the companies of the Group amounted to 247 thousand Euros (1,115 thousand Euros in 2016).

– Decreases: Application of provisions that were not a fiscal expense in previous years, of which 1,506 thousand Euros correspond to installation reclamation and closure costs, personnel obligations and restructurings, 2,522 thousand Euros correspond to reversions of diverse provisions, not deductible at the time of their allocation, and 3,154 thousand Euros correspond to the deductibility of the impairment of accounts receivable from public organizations allocated in previous years, once the corresponding judicial proceedings have been initiated, all in the parent Company (in 2016, application of provisions that were not a fiscal expense in previous years, of which 3,431 thousand Euros corresponded to installation reclamation and closure costs, personnel obligations and restructurings and tax risks and 1,155 thousand Euros corresponded to reversions of diverse provisions not deductible at the time of their allocation, all in the parent Company).

Below is the reconciliation between the income tax that would result from applying the general tax rate in effect to the Result before Consolidated Taxes and the expense recorded for the cited tax in the Consolidated Income Statement and its reconciliation with the payable tax of the Corporate Income Tax corresponding to financial years 2017 and 2016:

	Thousands of Euros
	31.12.2017
Pre-tax result	13,394
Permanent differences	(8,891)
Individual negative tax bases	-
Group negative tax bases	-
Adjusted result	4,503
Tax rate at 25,00%	1,126
Tax rate at 28% (for repurchase of group negative tax bases)	-
Deductions	(129)
Corporate income tax	**997**
Negative adjustment in the corproate income tax	(16)
Positive adjustment in the corporate income tax	110
Expense for corporate income tax in P & L account	**1,091**

	Thousands of Euros
	31.12.2016
Pre-tax result	12,458
Permanent differences	(200)
Individual negative tax bases	(383)
Group negative tax bases	(740)
Adjusted result	11,135
Tax rate at 25,00%	2,784
Tax rate at 28% (for repurchase of group negative tax bases)	207
Deductions	(1,526)
Corporate income tax	**1,465**
Negative adjustment in the corproate income tax	924
Positive adjustment in the corporate income tax	(105)
Expense for corporate income tax in P & L account	**2,284**

The tax deductions applied in 2017 correspond, basically, to deductions for research and development expenses, generated in previous years and not applied by the fiscal group to which the companies of the Group belonged. In financial year 2016 they corresponded basically to avoid domestic double taxation and investments in research and development.

The negative adjustments in the income tax recorded in 2017 correspond, basically, to the higher amount of the current tax corresponding to the previous year and to removals of deferred tax assets.

The negative adjustments in the income tax recorded in 2016 corresponded, basically, to the adjustment of the value of the deferred tax asset and liability corresponding to temporary differences whose tax reversion is planned to be carried out in a period over 10 years.

The positive adjustments in the income tax recorded in 2017 and in 2016 correspond, basically, to the tax effect of the reversion of temporary differences generated in previous years (a decrease of tax base in base in both years) of which at that time the corresponding deferred tax asset was not recorded.

Deferred taxes are recorded in the Consolidated Balance Sheet at 31 December 2017 and 2016, classified in the following accounts, according to their reversion period:

	Thousands of Euros	
DEFERRED TAX ASSETS:	**31.12.2017**	**31.12.2016**
Long-term deductible temporary differences	11,325	12,316
Short-term deductible temporary differences	1,835	1,477
TOTAL	**13,160**	**13,793**

	Thousands of Euros	
DEFERRED TAX LIABILITIES:	**31.12.2017**	**31.12.2016**
Long-term taxable temporary differences	2,440	2,505
Short-term taxable temporary differences	229	1,640
TOTAL	**2,669**	**4,145**

The origin of the deferred taxes recorded in the year-end balance sheets of 2017 and 2016 is as follows:

	Thousands of Euros	
DEFERRED TAX ASSETS ORIGINATING IN:	**31.12.2017**	**31.12.2016**
Financial hedges of the parent Company	1,488	1,496
Parent Company provisions	10,376	11,148
Parent Company amortization limitation	717	820
Other provisions & expenses of affiliated companies	177	259
Affiliated company amortization limitation	58	70
Negative tax bases	344	-
TOTAL	**13,160**	**13,793**

	Thousands of Euros	
DEFERRED TAX LIABILITIES ORIGINATING IN:	**31.12.2017**	**31.12.2016**
Financial hedges of the Parent Company	61	1,609
Unrestricted amortization of the Parent Company	821	786
Subsidies of the parent Company	118	39
Unrestricted amortization of affiliated companies	52	80
Financial leases of affiliated companies	4	17
Subsidies of affiliated companies	1,613	1,614
TOTAL	**2,669**	**4,145**

The transactions of the deferred tax headings of the consolidated Balance Sheet corresponding to 31 December 2017 and 2016 are as follows:

	Thousands of Euros	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
BALANCE AT 31/12/15	**15,180**	**4,651**
Generated in 2016	968	-
Recovered in 2016	(1,308)	(232)
Net variation in financial derivatives	(18)	(102)
Net variation in subsidies	-	40
Pos./neg. adjustments (Cancel. Def. Tax Asset/Liability for reversal at more than 10 year and others)	(1,029)	(212)
BALANCE AT 31/12/16	**13,793**	**4,145**
Generated in 2017	1,258	-
Recovered in 2017	(2,095)	(219)
Net variation in financial derivatives	(8)	(1,547)
Net variation in subsidies	-	78
Pos./neg. adjustments (Cancel Def. Tax Asset/Liability for reversion at more than 10 years and others)	212	212
BALANCE AT 31/12/17	**13,160**	**2,669**

The years subject to inspection by the tax authorities in relation to the most significant taxes the parent Company and the subsidiaries must pay include the last four years. It is not expected that, in the event of an inspection, any further significant liabilities will arise.

16. INCOME AND EXPENSES

The "Consumption of Merchandise and Consumption of Raw Materials and Other Consumables" item in the consolidated Profit & Loss Account is broken down as follows:

	Thousands of Euros	
	2017	2016
Purchases	141,923	258,593
Variation in inventories	66,590	(52,926)
TOTAL	**208,513**	**205,667**

The breakdown of Group purchases on the national market and of imports in 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	2016
National purchases	3,511	4,058
Intra-community purchases	47,302	99,410
Imports	91,110	155,125
TOTAL	**141,923**	**258,593**

The net amounts of Group turnover by markets in 2017 and 2016 are as follows:

	Thousands of Euros	
	2017	2016
National Market	267,149	263,146
Foreign Market	36,381	41,808
TOTAL	**303,530**	**304,954**

The breakdown of Social Charges in 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	2016
Social Security	8,180	7,980
Other social benefits	1,159	1,084
TOTAL	**9,339**	**9,064**

The breakdown of extraordinary results, included in the item "Other operating results", in 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	2016
Fiscal sanctions	150	-
Judicial claims	437	753
Claim expenses	58	25
Other extraordinary expenses	29	23
TOTAL EXPENSES	**674**	**801**

	Thousands of Euros	
	2017	2016
Favorable sentences, refund of santions	1,064	751
Claim and refund income from insurance policies	462	237
Other extraordinary expenses	5	93
TOTAL INCOME	**1,531**	**1,081**

17. PROVISIONS AND CONTINGENCIES

The movement of the Provisions accounts during 2017 and 2016 has been as follows:

FINANCIAL YEAR 2017

	Thousands of Euros					
	BALANCE AT 31/12/2016	PROVISIONS & FINANCIAL RESTATEMENTS	APPLICATIONS & REVERSIONS	TRANSFERS	OTHERS (*)	BALANCE AT 31/12/2017
LONG-TERM PROVISIONS						
Long-term personnel obligations	14	-	-	-	-	14
Environmental activities (Note 18 c)	37,601	3,171	-	(2,023)	(706)	38,043
Restructuring provisions	362	2	-	-	-	364
Fuel assembly warranties and Plant services	9,558	65	(394)	-	-	9,229
Provisions for other obligations	7,089	307	(2,286)	-	(1,031)	4,079
TOTAL LONG-TERM PROVISIONS	**54,624**	**3,545**	**(2,680)**	**(2,023)**	**(1,737)**	**51,729**
SHORT-TERM PROVISIONS						
Short-term personnel obligations	19		(19)	-	-	-
Environmental activities (Note 18 c)	4,095	-	(1,415)	2,023	-	4,703
Provisions for other obligations	1,501	1,666	(1,502)	-	-	1,665
TOTAL SHORT-TERM PROVISIONS	**5,615**	**1,666**	**(2,936)**	**2,023**	**-**	**6,368**

FINANCIAL YEAR 2016

	Thousands of Euros					
	BALANCE AT 31/12/2015	PROVISIONS & FINANCIAL RESTATEMENTS	APPLICATIONS & REVERSIONS	TRANSFERS	OTHERS	BALANCE AT 31/12/2016
LONG-TERM PROVISIONS						
Long-term personnel obligations	-	14	-	-	-	14
Environmental activities (Note 18 c)	39,928	1,323	(3)	(3,066)	(581)	37,601
Restructuring provisions	686	12	(336)	-	-	362
Fuel assembly warranties and services in Plant	9,398	306	(146)	-	-	9,558
Provisions for other obligations	7,768	1,077	(1,756)	-	-	7,089
TOTAL LONG-TERM PROVISIONS	**57,780**	**2,732**	**(2,241)**	**(3,066)**	**(581)**	**54,624**
SHORT-TERM PROVISIONS						
Short-term personnel obligations	204	-	(185)	-	-	19
Environmental activities (Note 18 c)	3,083	-	(2,054)	3,066	-	4,095
Provisions for other obligations	470	1,031	-	-	-	1,501
TOTAL SHORT-TERM PROVISIONS	**3,757**	**1,031**	**(2,239)**	**3,066**	**-**	**5,615**

The calculation of restructuring provisions in the parent Company is based on the expected annual payments for indemnities to personnel. The activity recorded in the financial year corresponds, basically, to its financial restatement. The surplus provision recorded in financial year 2016, amounting to 336 thousand Euros was a consequence of the restatement of the assumptions made by the parent Company based on the information available at the close of that financial year.

As in previous years, fuel assembly warranty provisions are calculated on the basis of the useful life of refuelings and statistical data on failure rates in the fuel assemblies, the latter based on historical Company information and information from the technology suppliers. The provision allocation recorded in 2017 amounting to 65 thousand Euros (103 thousand Euros in 2016) is a result of the estimate made at the end of year.

Under the heading "Provisions for other Responsibilities" are included, on the one hand, those derived from lawsuits in which the parent Company is immersed and, on the other, those coming from the UTE RSU correspond, basically, to provisions related to the actions foreseen on the infrastructure in exploitation (replacement of fixed assets, expansion of the landfill, safety and surveillance of it, etc.).

With respect to those coming from lawsuits, the most significant movements produced in the financial year correspond to allocations for new risks, in the amount of 1,646 thousand Euros (1,733 thousand Euros in 2016), excesses for risks allocated in previous years amounting to 1,767 thousand Euros (600 thousand Euros in 2016) and applications that amount to 1,449 thousand Euros (956 thousand Euros in 2016).

In reference to those with origin in the UTE RSU, the amount of the allocations and financial revaluation was 307 thousand Euros (amount integrated at the percentage of participation of the Company in the UTE). The amount of the allocations and financial restatements corresponding to these provisions in 2016 was 374 thousand Euros (an amount integrated at the percentage of participation of the Company in the UTE), of which 15 thousand Euros corresponded to an increase in the value of intangible fixed assets. Furthermore, the amount included as "Others" corresponds to the adjustment made in one of the provisions (specifically, that which includes higher costs due to expropriation of the land where the infrastructure is located) since the possible cost to be assumed by the UTE is less than initially estimated. Given that this provision was allocated, originally, against intangible fixed assets (higher value of the infrastructure) the adjustment is made against the same heading (see note 10).

The total of applications of provisions made in the financial year 2017 for the parent Company was the amount of 4,172 thousand Euros (4,018 thousand Euros in 2016), with these payments being reflected in the Consolidated Cash Flow Statement under the heading "Other Payments", within Other Cash Flows of the Consolidated Operating Activities.

The provision excesses recorded in the year 2017 also corresponded to the parent Company, amounting to 2,148 thousand Euros in 2017 (956 thousand Euros in 2016), corresponding, mainly, to reversions referring to fiscal risks in the amount of 1,714 thousand Euros (600 thousand Euros for the same items in 2016).

18. ENVIRONMENTAL INFORMATION

a) Assets Subject to Environmental Activities:

In relation to the nuclear fuel manufacturing business conducted in the facilities that the parent Company owns in Juzbado (Salamanca), it is not possible to determine an itemized description and value of the equipment and installations used for environmental protection and enhancement.

This is explained by the fact that it is a complex, specialized facility where it must be ensured that all processes conform to environmental regulations.

The parent Company closed its uranium concentrate production business at the end of 2002. Consequently, the value of the assets subject to mining operations is amortized almost in full, and the only activity carried out is the one corresponding to reclamation and decommissioning tasks. The value of the most significant assets and installations assigned to these reclamation and decommissioning tasks, and which focus on environmental protection and enhancement, at 31 December 2017 and 2016 is as follows:

FINANCIAL YEAR 2017	Thousands of Euros		
	COST	ACCRUED AMORTIZATION	NET BOOK VALUE
Constructions	7,395	7,308	87
Technical installations & other tangible fixed assets	5,779	5,302	477
TOTAL	**13,174**	**12,610**	**564**

FINANCIAL YEAR 2016	Thousands of Euros		
	COST	ACCRUED AMORTIZATION	NET BOOK VALUE
Constructions	7,308	7,308	-
Technical installations & other tangible fixed assets	5,470	5,092	455
TOTAL	**12,855**	**12,400**	**455**

b) Environmental Expenses:

The breakdown of expenses accrued by the Group in financial years 2017 and 2016, the purpose of which has been environmental protection and enhancement, is as follows:

	Thousands of Euros	
	2017	2016
Waste management expenses	20	105
Dismantling & reclamation of natural spaces	45	50
Environmental certifications	19	16
Environmental audit	2	2
TOTAL EXPENSES	**86**	**173**

c) Provisions for Environmental Risks:

The breakdown of the main provisions established by the Group for environmental activities and their movement during 2017 and 2016 are as follows (see note 17):

FINANCIAL YEAR 2017	Thousands of Euros					
	BALANCE AT 31/12/2016	PROVISIONS AND FINANCIAL RESTATEMENTS	APPLICATIONS AND REVERSIONS	TRANSFERS	OTHERS	BALANCE AT 31/12/2017
Long-term reclamation & decommissioning of mining sites	27,177	2,422	-	(2,023)	-	27,576
Intermediate- & low-level solid waste management costs	7,771	397	(56)	-	-	8,112
Costs of dismantling the nuclear fuel factory	8,370	352	-	-	-	8,722
Value of Enresa Fund	(5,809)	-	56	-	(706)	(6,459)
Dismantling of other equipment	92	-	-	-	-	92
TOTAL LONG-TERM PROVISIONS	**37,601**	**3,171**	**-**	**(2,023)**	**(706)**	**38,043**
Short-term reclamation & decommissioning of mining sites	4,095	-	(1,415)	2,023	-	4,703
TOTAL LONG- & SHORT-TERM ENVIRONMENTAL PROVISIONS	**41,696**	**3,171**	**(1,415)**	**-**	**(706)**	**42,746**

FINANCIAL YEAR 2016	Thousands of Euros					
	BALANCE AT 31/12/2015	PROVISIONS AND FINANCIAL RESTATEMENTS	APPLICATIONS AND REVERSIONS	TRANSFERS	OTHERS	BALANCE AT 31/12/2016
Long-term reclamation & decommissioning of mining sites	29,520	726	(3)	(3,066)	-	27,177
Intermediate- & low-level solid waste management costs	7,512	259	-	-	-	7,771
Costs of dismantling the nuclear fuel factory	8,033	337	-	-	-	8,370
Value of Enresa Fund	(5,228)	-	-	-	(581)	(5,809)
Dismantling of other equipment	91	1	-	-	-	92
TOTAL LONG-TERM PROVISIONS	**39,928**	**1,323**	**(3)**	**(3,066)**	**(581)**	**37,601**
Short-term reclamation & decommissioning of mining sites	3,083	-	(2,054)	3,066	-	4,095
TOTAL LONG- & SHORT-TERM ENVIRONMENTAL PROVISIONS	**43,011**	**1,323**	**(2,057)**	**-**	**(581)**	**41,696**

As in previous years, the provisions for environmental activities have been calculated on the basis of the amounts planned for dismantling and retiring installations, restated at a discount rate of assets not at risk, in a period similar to that of future payments.

The purpose of the provision for reclamation and decommissioning of mining sites is to complete the work of reclaiming natural spaces and to cover mining center decommissioning costs.

In May 2003, the ENUSA Management decided to submit a definitive Reclamation Project for the mining installations of the Saelices el Chico Center (Salamanca) to the Territorial Service for Industry, Trade and Tourism of the Castilla-Leon regional government. It was approved by this territorial agency on 13 September 2004, thus authorizing ENUSA to execute the project. This project replaced the reclamation and decommissioning project for cessation of activities submitted in November 2002, as the Administration considered that project as a strategic shutdown and not as a definitive closure of the mining operations. ENUSA has been working on the tasks of reclaiming the natural spaces and decommissioning the installations located in the mining operations since January 2001.

A part of the mining center reclamation and decommissioning costs will be paid by the *Empresa Nacional de Residuos Radiactivos* (ENRESA). In 2017 and 2016, provisions worth 1,415 and 2,054 thousand Euros, respectively, have been applied to cover the costs incurred by the parent Company during these years by way of this item.

At the end of each financial year, the parent Company reviews the economic study of the reclamation project to re-estimate the expected cost of the necessary outstanding activities and adjust it to different resolutions of official authorities and to the commitments acquired with them, as well as the estimated time of the decommissioning. On the basis of the data of the economic study, which is based on work and date assumptions similar to those estimated at the end of the previous year, in 2017 an allocation of provision of 1,914 thousand Euros was recorded (3 thousand Euros of excess provision in 2016).

The provision for solid waste management costs in the Juzbado factory includes the estimated cost of managing these kinds of wastes. In this respect, the parent Company has signed a contract with ENRESA for the treatment of these wastes. The same criterion used in previous years has been maintained, adapting it to the fact that solid wastes are classified as either intermediate level or low level, as provided in the new regulations issued in 2010 by the Nuclear Safety Council. As a result, a 397 thousand Euro provision, corresponding to the wastes generated in 2017 has been recorded (259 thousand Euros in 2016).

The provision for the nuclear fuel factory dismantling costs includes the parent Company's current obligation, calculated at the current net value at year's end, relative to the costs that in the future the proper dismantling of this facility will represent. The parent Company has signed a contract with ENRESA to execute the dismantling work.

The aforesaid contracts included the periodic payments that ENUSA had to make to ENRESA until 2027 for setting up a Fund that would cover the costs stemming from both activities: the management of operating wastes generated every year and the cost of dismantling the Juzbado factory. The value of this Fund, financed by the ENUSA contributions and the corresponding financial restatements shown in the contracts, was recorded in the Consolidated Balance Sheet Assets under the heading

"Long-term investments in group and associated companies – Company loans".

Law 11/2009 of 26 October, which regulates Listed Real Estate Investment Corporations, introduced, effective as of 1 January 2010 and via point 1 of its 9th Final Provision, article 38 bis to Nuclear Energy Act 25/1964.

Furthermore, Law 11/2009 of 26 October, which regulates Listed Real Estate Investment Corporations, modified, effective as of 1 January 2010 and via point 2 of its 9th Final Provision, the 6th Additional Provision of Electric Power Sector Act 54/1997.

The "Third" section of point 9 of the 6th Additional Provision of the Electric Power Sector Act reads as follows:

"Three: Tax on the provision of management services for radioactive wastes resulting from fuel assembly manufacture, including the dismantling of the manufacturing facilities.

a) Taxable event: The taxable event of the tax is the provision of management services for radioactive wastes resulting from fuel assembly manufacture, including the dismantling of the manufacturing facilities. The taxable event of this tax also includes the anticipated cessation of operation of a fuel assembly manufacturing facility at the owner's initiative, with respect to the provisions set down in the General Radioactive Waste Plan.

b) Tax base: The tax base of the tax is the amount of nuclear fuel manufactured each calendar year, measured in metric tons (MT) and stated with two decimals; the remaining decimals are rounded to the second decimal place."

In practice, this rule means that the contributions that ENUSA had been making to ENRESA, pursuant to the contracts signed between the two companies, was replaced with the payment of a tax, with the destination of this tax being the same: to increase the Fund allocated to covering the costs of managing operating wastes and dismantling the Juzbado factory. Therefore, payments of this tax have been made since 2010 and the value of this Fund has continued to rise.

The value of the Fund is shown in the Consolidated Balance Sheet as a reduction in the amount of provisions to which it was allocated.

d) Contingencies and Obligations Related to Environmental Protection and Enhancement:

The Group considers there are no significant contingencies or obligations related to environmental protection and enhancement other than those mentioned in paragraph (c) above.

e) Investments Made During the Year for Environmental Reasons

The investments in environment-related assets made by the parent Company in 2017 and 2016, primarily in the Juzbado fuel assembly factory, have amounted to 198 and 1,171 thousand Euros, respectively.

f) Compensations to be received from Third Parties:

No income has been earned from environmental activities in financial years 2017 and 2016.

No subsidies have been received by way of this item in 2017 and 2016.

19. LONG-TERM PERSONNEL REMUNERATIONS

In 1995, the parent Company set up, with a Pension Fund agent, an employee Pension Plan based on a defined, taxable contribution, with contributions from the promoter and participants pursuant to the regulatory rules of the Plan. This Plan is currently governed by the provisions of the Revised Text of the Pension Plan and Pension Fund Act approved by Royal Legislative Decree 1/2002 of 29 November and Royal Decree 304/2004 of 20 February, whereby the Pension Plan and Pension Fund Regulation is approved, and by any other applicable regulatory provisions. This commitment is still standing in current Collective Bargaining agreements.

Between 1995 and 2011, the parent Company had been contributing various amounts to this Plan as its promoter.

Law 3/2017, of 27 June, on the General State Budgets for the year 2017, established in its Article 18 that public trading enterprises (which include the parent Company) could not make contributions to employment pension plans or collective insurance policies that included coverage of the retirement contingency. Therefore, no contribution has been made by the parent Company in 2017.

20. SUBSIDIES, DONATIONS AND BEQUESTS

The amounts recorded under the heading Subsidies, Donations and Bequests in the consolidated balance sheet at 31 December 2017 and 2016 correspond, mostly, to subsidies received by the affiliate EMGRISA from various public agencies to finance the acquisition of different fixed asset items, which were applied to the acquisition of REMESA and CETRANSA. These subsidies are included in those corresponding to the Ministry of the Environment, in the information shown below.

The movement of this heading during 2017 and 2016 is as follows:

FINANCIAL YEAR 2017

	Thousands of Euros					
ITEM	BALANCE 31/12/16	OTHERS (*)	CONCESSION	ALLOCATIONS TO RESULTS	TAX EFFECT	BALANCE 31/12/17
Junta de Extremadura subsidies	15	-	-	(2)	-	13
Junta de Castilla-La Mancha subsidies	18	-	-	(1)	-	17
Ministry of Environment subsidies	4,808	-	-	-	1	4,809
European Commission subsidy	120	-	-	(30)	7	97
CDTI subsidy	-	-	321	(60)	(65)	196
I D A E subsidy	-	-	93	(9)	(21)	63
Other subsidies and donations	288	(1)	-	-	-	287
TOTAL	**5,249**	**(1)**	**414**	**(102)**	**(78)**	**5,482**

FINANCIAL YEAR 2016

	Thousands of Euros					
ITEM	BALANCE 31/12/15	OTHERS (*)	CHARGES TO P&L	ALLOCATIONS TO RESULTS	TAX EFFECT	BALANCE 31/12/16
Junta de Extremadura subsidies	17	-	-	(2)	-	15
Junta de Castilla-La Mancha subsidies	19	-	-	(1)	-	18
Ministry of Environment subsidies	4,807	-	-	-	1	4,808
European Commission subsidies	-	-	159	-	(39)	120
Other subsidies and donations	293	(5)	-	-	-	288
TOTAL	**5,136**	**(5)**	**159**	**(3)**	**(38)**	**5,249**

(*) Incorporation of subsidies of companies integrated by equating method and allocation to minority interests

In addition, an amount of 31 thousand euros (51 thousand Euros in 2016) corresponding to contributions of entities belonging to the State Administration has been allocated directly to P&L to offset operating costs in the areas of personnel training.

21. NON-CURRENT ASSETS HELD FOR SALE

The breakdown of the assets and their net book value at 31 December 2017 and 2016 is as follows:

	Thousands of Euros	
	2017	2016
Construcciones SHS P/Industrial Las Viñas	-	261
SHS plot of land N73,74,75	-	156
TOTAL	**-**	**417**

The value of the "Non-Current Assets Held for Sale" corresponded in 2016 to the tangible fixed assets acquired by ENUSA from its former subsidiary SHS Cerámicas, S.A. in 2006, as a step prior to its dissolution-liquidation that was finally recorded in 2007.

Despite continuing the selling process of these assets, in view of the time transpired and the lack of purchase offers that make foreseeable their sale in the short term, they have been transferred to the heading of Tangible Fixed Assets, in the amount of 471 thousand Euros, equivalent to their book value prior to their qualification as non-current assets for sale, adjusting the depreciation that would have been recorded had they not been classified as held for sale (115 thousand Euros, included as a loss in the P&L account), with this amount being less than their recoverable value.

22. EVENTS SUBSEQUENT TO YEAR'S END

On the date of preparing the Consolidated Annual Accounts, no events subsequent to the end of the financial year 2017 have occurred that required being broken down.

23. RELATED-PARTY TRANSACTIONS

a) Operations with the parent enterprise (SEPI) and group and associated companies of the SEPI Group.

The related parties with which the companies of the Group have carried out transactions during the financial years 2017 and 2016, as well as the nature of this relationship, are the following:

	NATURE OF THE RELATIONSHIP
SEPI	Direct Parent Company
EQUIPOS NUCLEARES	SEPI Group Company
ENWESA OPERACIONES	SEPI Group Company
CORREOS	SEPI Group Company
CORREOS EXPRESS	SEPI Group Company
TRAGSA	SEPI Group Company
GENUSA	ENUSA Group/ associated by equity method
ENUSA-ENSA AIE	ENUSA Group/ associated by equity method
SNGC AIE	ENUSA Group/ associated by equity method
CETRANSA	ENUSA Group/ associated by equity method
REMESA	ENUSA Group/ associated by equity method
ENRESA	SEPI Group/ associated by equity method
DIRECTORS	Board Members
SENIOR MANAGEMENT	Directors

The operations carried out with the parent enterprise (SEPI) and group and associated companies of the SEPI Group during 2017 and 2016, as well as their effect on the financial statements, have been as follows:

FINANCIAL YEAR 2017	Thousands of Euros		
	PARENT ENTERPRISE (SEPI)	COMPANIES OF THE GROUP	ASSOCIATED COMPANIES
ASSET BALANCES			
Short-term loans (*)	52,173	-	-
Trade debtors & other accounts receivable	-	45	2,451
Supplier advances	-	298	-
Short-term accruals	-	-	7
TOTAL ASSET BALANCES	**52,173**	**343**	**2,458**
LIABILITY BALANCES			
Long-term debts	2,021	-	-
Short-term debts	1,098	-	-
Trade creditors & other accounts payable	-	346	1,128
TOTAL LIABILITY BALANCES	**3,119**	**346**	**1,128**
TRANSACTIONS			
Purchases and own work	-	1,384	3,778
Services received	-	449	201
Capitalization of fixed asset purchase cost	-	95	-
Sales and services rendered	-	289	18,065
Interest income	52	-	285
Non-core income	-	-	2,659
Other financing income	-	-	6

(*) Corresponds to Inter-SEPI deposits with maturity of less than three months and classified in Loans with companies of the group in the Consolidated Balance Sheet Assets.

FINANCIAL YEAR 2016	Thousands of Euros		
	PARENT ENTERPRISE (SEPI)	COMPANIES OF THE GROUP	ASSOCIATED COMPANIES
ASSET BALANCES			
Short-term loans (*)	51,215	-	-
Trade debtors & other accounts payable	-	95	2,995
Supplier advances	-	154	-
Dividend to receive (asset on account)	-	-	202
Other short-term financial assets	-	-	83
short-term accruals	-	-	6
TOTAL ASSET BALANCES	**51,215**	**249**	**3,286**
LIABILITY BALANCES			
Long-term debts	1,970	-	-
Short-term debts	541	-	-
Trade creditors & other accounts payable (**)	207	664	2,083
TOTAL LIABILITY BALANCES	**2,718**	**664**	**2,083**
TRANSACTIONS			
Purchases and own work	-	1,551	5,010
Services received	-	458	1,192
Interest costs	19	-	-
Other financing costs	1	-	-
Capitalization of fixed asset purchase cost	-	354	-
Sales and services rendered	-	453	11,496
Interest income	112	-	106
Non-core income	-	-	8
Exchange differences	-	-	(13)
Other financing income	-	-	56
Extraordinary income	-	-	83

(*) Corresponds to Inter-SEPI deposits with maturity of less than three months and classified in Loans with companies of the group in the Consolidated Balance Sheet Assets.
(**) Includes current tax liabilities with SEPI.

The most significant operations and balances with multi-group and associated companies correspond to the parent Company with the following companies:

- Trade debtors and other accounts receivable: 1,556 thousand Euros with ENRESA (1,878 thousand Euros with ENRESA in 2016).
- Trade creditors and other accounts payable: 1,125 thousand Euros with ENUSA-ENSA, AIE (2,083 thousand Euros in 2016).
- Purchases and own work: 3,922 thousand Euros with ENUSA-ENSA, AIE (5,009 thousand Euros in 2016).
- Sales and services rendered: 14,921 thousand Euros with GENUSA (6,052 thousand Euros in 2016).

The conditions of the transactions with related parties are equivalent to those undertaken under market conditions.

b) Board of Directors

The Board of Directors of the parent Company is composed of 12 people (6 women and 6 men) at the end of 2017.

The remuneration of the parent Company Board Members, in their capacity as such, consists of per diems received to attend the Board meetings. The parent Company's Board Member per diems have amounted to a total of 91 thousand Euros in 2017 (87 thousand Euros in 2016).

The Chairman of the parent Company Board of Directors is, in turn, a salaried employee of the parent Company, sits on the Executive Committee of the parent Company (see point c) and does not receive any per diems to attend the Board meetings.

The parent Company has no advances or loans granted to any of the Board Members (except for the Chairman, whose personal facts are reported in point c, together with those of the rest of the parent Company Executive Committee members).

The members of the governing bodies of the different affiliated companies do not receive any remuneration in their capacity as such.

During financial year 2017 civil liability insurance premiums on the administrators and directors of the parent Company have been paid to cover damages caused in the exercise of the post in the amount of 19 thousand Euros (same figure in 2016).

The members of the ENUSA Board of Directors, during this year, have not received any remuneration, except that indicated in preceding paragraphs, and they have not carried out any transactions with the company. Moreover, they have not used the company's name or invoked their condition as Director in order to influence unduly the realization of private transactions, and they have not made use of the company assets, including the confidential information of the Company, for private purposes. In addition they have not obtain advantages or remunerations from third parties other than the Company and its group associated with the performance of their posts, and they have not carried out activities on their own behalf or for others that involve effective competition, whether current or potential, with the Company, or that, in any way have situated them in a permanent conflict with the Company's interests. Therefore, in compliance with the provisions of Article 229.3 of the Legislative-Royal Decree 1/2010, of 2 July, of the rewritten text of the Capital Companies' Act, the Directors report that they are not in personally or through a related person, any situation of conflict of interest, direct or indirect, with the Company's interest, except the following members who hold the posts that are detailed below in ENRESA, a company that carries out an activity complementary to that of ENUSA:

NAME	POST
D. Ramón Gavela González	Vice Chairman and Member of the Board of Empresa Nacional de Residuos Radiactivos, S.A. (ENRESA)
D. Jose Manuel Redondo García	Member of the Board of Empresa Nacional de Residuos Radiactivos, S.A. (ENRESA)

c) Executive Committee

Effective as of 2012, all the members of the parent Company's Executive Committee formalized senior management contracts with the parent Company, and therefore they are considered as senior management personnel beginning that year (2012).

The parent Company's Executive Committee is formed by 8 people (1 woman and 7 men).

The only remunerations accrued in favor of the aforesaid personnel were short-term payments amounting to 1,145 thousand Euros during the 2017 financial year (1,140 thousand Euros during 2016).

The only balances held by the members of the parent Company's Executive Committee with the parent Company correspond to advances of a personal nature amounting to 5 thousand Euros (2 thousand Euros at 31 December 2016), regulated by collective bargaining agreements.

Likewise, there is a balance of guarantees at 31 December 2017 for the aforesaid personnel amounting to 30 thousand Euros (37 thousand Euros at 31 December 2016).

There have been no promoter contributions to pension plans during 2017.

24. INFORMATION ON AVERAGE PAYMENT PERIOD TO SUPPLIERS

In compliance with the obligation set forth in the Additional Third Provision of the Law 15/2010, of 5 July, which modified Law 3/2004, of 29 December, which established measures to combat late payments in trade operations, and according to the Resolution of the ICAC (Spanish Accounting and Auditing Institution) of 29 January 2016 (applicable to the annual accounts of the financial years beginning 1 January 2015), it is hereby reported that the payments made in the financial year and the figures pending payment on the date of the closing of the balance sheet, are the following:

	2017	2016
	Days	
Average payment period to suppliers	38	33
Ratio of paid transactions	40	35
Ratio of transactions pending payments	24	17
	Amount (Thousands of Euros)	
Total payments made	209,439	287,209
Total payments pending	23,923	33,997

In the maximum legal payment period applicable to the companies of the group, according to the Law 3/2004, of 29 December, by which measures are established to fight against late payments in trade operations, is 30 days, unless there is an agreement between the parties up to a maximum of 60 days.

25. MISCELLANEOUS INFORMATION

The average number of Group employees during 2017 and 2016, distributed by professional categories, is as follows:

FINANCIAL YEAR 2017	PERMANENT PERSONNEL		TEMPORARY PERSONNEL		TOTAL AVERAGE STAFF		DISABILITY
CATEGORY	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	>= 33%
Senior management	1	7	-	-	1	7	-
Other directors, technicians & similar	94	258	26	47	120	305	2
Clerks and assistants	36	24	10	4	46	28	3
Other personnel	4	114	1	71	5	185	2
TOTAL AVERAGE STAFF	**135**	**403**	**37**	**122**	**172**	**525**	**7**

FINANCIAL YEAR 2016	PERMANENT PERSONNEL		TEMPORARY PERSONNEL		TOTAL AVERAGE STAFF		DISABILITY
CATEGORY	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	>= 33%
Senior management	1	7	-	-	1	7	-
Other directors, technicians & similar	90	251	26	42	116	293	2
Clerks and assistants	33	13	8	5	41	18	3
Other personnel	10	137	-	65	10	202	2
TOTAL AVERAGE STAFF	**134**	**408**	**34**	**112**	**168**	**520**	**7**

The distribution by sex of the Group's personnel at 31 December 2017 and 2016, broken down by categories and levels, is as follows:

	Nº. OF EMPLOYEES		
FINANCIAL YEAR 2017	WOMEN	MEN	TOTAL
Board members	-	1	1
Senior management	1	6	7
Other directors, technicians and similar	127	333	460
Clerks and assistants	51	30	81
Other personnel	6	193	199
TOTAL	**185**	**563**	**748**

	Nº. OF EMPLOYEES		
FINANCIAL YEAR 2016	WOMEN	MEN	TOTAL
Board members	-	1	1
Senior management	1	6	7
Other directors, technicians and similar	122	315	437
Clerks and assistants	44	22	66
Other personnel	11	213	224
TOTAL	**178**	**557**	**735**

The fees of Ernst & Young, S.L. for auditing the 2017 annual accounts and for other services for the various Group member companies amount to 71 thousand Euros. The fees for auditing the 2016 annual accounts and for other services for the various Group member companies amounted to 58 thousand Euros.

The above indicated amounts correspond to the expenses accrued in 2017 and 2016, regardless of when they were billed.

26. SEGMENTATION INFORMATION

The Group divides its activities into the following business segments:

- Nuclear Business. Traditional core business conducted through the parent Company and its two affiliates, ENUSA-ENSA, A.I.E and Spanish Nuclear Group for Cooperation, A.I.E.

- Environmental activities. Business conducted entirely by the affiliate Empresa para la Gestión de Residuos Industriales, S.A, S.M.E., M.P. as well as certain services related to these activities carried out by the parent Company through its Technical Environmental Office, the Saelices-Ciudad Rodrigo Environmental Center and the UTE RSU.

- Transport of radioactive products. Business conducted entirely by the affiliate Express Truck, S.A.U., S.M.E.

- Financial investments. Parent Company investments in non-consolidated companies.

As each business segment coincides in practice with independent companies, the assignment and allocation criteria used to determine the information of each segment are based on the individual Financial Statements of each company. In the particular case of ENUSA, in which there are activities applicable to various segments, the income and expenses corresponding to each one of them are identified separately.

The criterion used to fix the inter-segment transfer prices is the market price criterion.

Following is the information on turnover by geographical areas in 2017 and 2016:

	Thousands of Euros			
FINANCIAL YEAR 2017	SPAIN	EUROPEAN UNION	REST OF THE WORLD	TOTAL SEGMENTS
Net turnover	268,983	33,947	2,434	305,364
External customers	267,149	33,947	2,434	303,530
Inter-segment	1,834	-	-	1,834

	Thousands of Euros			
FINANCIAL YEAR 2016	SPAIN	EUROPEAN UNION	REST OF THE WORLD	TOTAL SEGMENTS
Net turnover	265,496	40,949	859	307,304
External customers	263,146	40,949	859	304,954
Inter-segment	2,349	-	-	2,349

The breakdown of the turnover by segment in 2017 and 2016 is as follows:

	Thousands of Euros				
FINANCIAL YEAR 2017	FRONT END OF THE NUCLEAR FUEL CYCLE	ENVIRONMENTAL ACTIVITIES	TRANSPORTS OF RADIOACTIVE PRODUCTS	PARENT CO. STRUCTURE & FINANCIAL SURPLUSES	TOTAL SEGMENTS
Net turnover	282,513	13,199	9,652	-	305,364
External customers	282,513	13,053	7,964	-	303,530
Inter-segment	-	146	1,688	-	1,834

	Thousands of Euros				
FINANCIAL YEAR 2016	FRONT END OF THE NUCLEAR FUEL CYCLE	ENVIRONMENTAL ACTIVITIES	TRANSPORTS OF RADIOACTIVE PRODUCTS	PARENT CO. STRUCTURE & FINANCIAL SURPLUSES	TOTAL SEGMENTS
Net turnover	279,528	18,325	9,451	-	307,304
External customers	279,527	18,222	7,205	-	304,954
Inter-segment	-	103	2,246	-	2,349

The most significant items of the Consolidated P&L Accounts of financial years 2017 and 2016, broken down by business segments, are as follows:

FINANCIAL YEAR 2017

	Thousands of Euros							
ITEM	FRONT END OF NUCLEAR FUEL CYCLE	ENVIRONM. ACTIVITIES	TRANSPORT OF RADIOACTIVE PRODUCTS	FINANCIAL INVESTMENTS	PARENT CO. STRUCTURE & FINANCIAL SURPLUSES	TOTAL SEGMENTS	INTRA-GROUP TRANSACTION ADJUSTMENTS	TOTAL CONSOLIDATED
Net turnover	282,513	13,199	9,652	-	-	305,364	(1,834)	303,530
Supplies	(228,465)	(2,782)	(5,775)	-	(9)	(237,031)	142	(236,889)
Personnel costs	(23,980)	(4,294)	(1,656)	(1,175)	(7,880)	(38,985)	-	(38,985)
Fixed asset amortization	(4,011)	(2,527)	(240)	-	(527)	(7,305)	-	(7,305)
Losses, impairment & variation in provisions	1,713	485	94	-	(63)	2,229	-	2,229
OPERATING RESULTS	**11,107**	**(1,973)**	**1,092**	**(1,057)**	**(998)**	**8,171**	**-**	**8,171**
Interest income	831	9	3	-	(388)	455	-	455
Financing costs	(3,025)	(2,456)	(1)	-	(249)	(5,731)	-	(5,731)
PRE-TAX P&L	**9,629**	**(3,139)**	**1,095**	**7,443**	**(1,634)**	**13,394**	**-**	**13,394**

FINANCIAL YEAR 2016

	Thousands of Euros							
ITEM	FRONT END OF NUCLEAR FUEL CYCLE	ENVIRONM. ACTIVITIES	TRANSPORT OF RADIOACTIVE PRODUCTS	FINANCIAL INVESTMENTS	PARENT CO. STRUCTURE & FINANCIAL SURPLUSES	TOTAL SEGMENTS	INTRA-GROUP TRANSACTION ADJUSTMENTS	TOTAL CONSOLIDATED
Net turnover	279,527	18,325	9,451	-	-	307,303	(2,349)	304,954
Supplies	(222,320)	(4,875)	(5,510)	-	(6)	(232,711)	64	(232,647)
Personnel costs	(23,459)	(3,803)	(1,605)	(335)	(7,792)	(36,994)	-	(36,994)
Fixed asset amortization	(4,161)	(2,970)	(242)	-	(445)	(7,818)	-	(7,818)
Losses, impairment & variation in provisions	594	(565)	60	-	(46)	43	-	43
OPERATING RESULTS	**14,612**	**611**	**1,130**	**18**	**(1,457)**	**14,914**	**-**	**14,914**
Interest income	838	17	6	89	1,537	2,487	-	2,487
Financing costs	(3,507)	(2,829)	(2)	-	(280)	(6,618)	-	(6,618)
PRE-TAX P&L	**12,297**	**(884)**	**1,133**	**107**	**(195)**	**12,458**	**-**	**12,458**

APPENDIX (1 OF 2)

ENUSA INDUSTRIAS AVANZADAS, S.A. GROUP AND SUBSIDIARY COMPANIES. ADDITION INFORMATION ON THE GROUP MEMBER COMPANIES AT 31 DECEMBER 2017

(THOUSANDS OF EUROS)

	% investment		Net Worth						
ITEM	DIRECT	INDIRECT	STATED CAPITAL	RESERVES	PARTNER CONTRIBUTIONS	SUBSIDIES	VALUE CHANGE ADJUSTMENTS	P&L	AUDITOR
SUBSIDIARY COMPANIES									
• EXPRESS TRUCK, S.A.U., S.M.E.	100.00	–	301	5,265	0	0	0	821	E&Y
• EMGRISA, S.A., S.M.E., M.P.	99.62	–	7,813	3,591	0	4,839	(18)	(17)	E&Y
MULTI-GROUP COMPANIES									
• ENUSA-ENSA, A.I.E.	50.00	–	421	12	0	0	126	330	–
ASSOCIATED COMPANIES									
• G.E. ENUSA Nuclear Fuel, S.A.	49.00	–	108	22	0	0	0	269	KPMG
• SPANISH NUCLEAR GROUP FOR COOPERATION A.I.E.	25.00	–	24	10	32	0	0	10	–
• CETRANSA	–	29.89 (1)	1,202	3,418	0	0	0	538	Deloitte
• REMESA	–	49.81 (1)	12,549	1,497	0	614	0	910	KPMG

(1) Companies invested indirectly through Emgrisa. Cetransa incorporates results from Gestión y Protección Ambiental, S.A. which it owns at 100%. The data from Cetransa as well as those from Remesa are provisional.

This Appendix is an integral part of Notes 1.2 and 2 of the 2017 Consolidated Annual Report and should be read with them.

APPENDIX I (2 OF 2)

ENUSA INDUSTRIAS AVANZADAS, S.A. GROUP AND SUBSIDIARY COMPANIES. ADDITIONAL INFORMATION ON THE GROUP MEMBER COMPANIES AT 31 DECEMBER 2016

(THOUSANDS OF EUROS)

	% investment		Net Worth						
ITEM	DIRECT	INDIRECT	STATED CAPITAL	RESERVES	PARTNER CONTRIBUTIONS	SUBSIDIES	VALUE CHANGE ADJUSTMENTS	P&L	AUDITOR
SUBSIDIARY COMPANIES									
• EXPRESS TRUCK, S.A.U., S.M.E.	100.00	–	301	4,818	0	0	0	894	E&Y
• EMGRISA, S.A., S.M.E., M.P.	99.62	–	7,813	3,259	0	4,841	0	332	E&Y
MULTI-GROUP COMPANIES									
• ENUSA-ENSA, A.I.E.	50.00	–	421	12	0	0	384	650	–
ASSOCIATED COMPANIES									
• G.E. ENUSA Nuclear Fuel, S.A.	49.00	–	108	22	0	0	0	223	KPMG
• SPANISH NUCLEAR GROUP FOR COOPERATION A.I.E.	25.00	–	24	8	32	0	0	1	–
• CETRANSA	–	29.89 (1)	1,202	8,136	0	0	0	788	Deloitte
• REMESA	–	49.81 (1)	12,549	737	0	616	0	491	KPMG

(1) Companies invested indirectly through Emgrisa. Cetransa incorporates results from Gestión y Protección Ambiental, S.A. which it owns at 100%. The data from Cetransa as well as those from Remesa are provisional.

This Appendix is an integral part of Notes 1.2 and 2 of the 2016 Consolidated Annual Account Report and should be read with them.

EY

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INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the Shareholders of ENUSA Industrias Avanzadas, S.A., S.M.E.:

Opinion

We have audited the accompanying consolidated annual accounts of ENUSA Industrias Avanzadas, S.A., S.M.E. (the parent company) and subsidiary companies (the Group), which include the balance sheet at 31 December 2017, the profit and loss account, the statement of changes in net worth, the statement of cash flows and the annual report, all consolidated, for the fiscal year ending on that date.

In our opinion the attached consolidated annual accounts give a true and fair view, in all significant respects, of the state of affairs and financial situation of the Group at 31 December 2017, as well as the results and cash flows, all consolidated, for the financial year ending on that date, in accordance with the applicable regulatory framework for financial reporting (which is identified in note 2 of the consolidated annual report) and, in particular, with the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit according to the regulatory legislation of the account auditing activity in effect in Spain. Our responsibilities according to these standards are described later in the section *Responsibilities of the auditor in relation to the audit of the consolidated financial statements* of our report.

We are independent of the Group according to ethical requirements, including those of independence, which are applicable to our audit of the consolidated financial statements in Spain as required by the regulatory legislation of the account auditing activity. In this regard, we have not provided services other than those of account auditing and no situations or circumstances have occurred that, according to the provisions of the cited regulatory legislation, have affected necessary independence in such a way that it has been compromised.

We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

The key audit matters are those that according to our professional judgment were considered as the most significant risks of material misstatement in our audit of the consolidated financial statements of the current period. These risks have been dealt with as a whole in the context of our audit of the consolidated financial statements, and in the formation of our opinion of them, and we do not express a separate opinion on those risks.

Provisions for environmental actions and other responsibilities

At the close of financial year 2017 the Group has recorded provisions for environmental actions and other responsibilities amounting to 51,729 thousand Euros in the long term and 6,368 thousand Euros in the short term.

The evaluation of these provisions require the Group's Management to make complex estimates as well as to apply certain judgments and hypotheses.

We have considered this matter to be a relevant aspect of our audit due to the complexity related to the assignment of value to the key hypotheses considered and that the variation in such assumptions could have a significant impact on the balance sheet and the profit and loss account of the Group.

The breakdowns related to the criteria of recording and valuation of these provisions, as well as the breakdown of these provisions according to their nature that are recorded in the long and short term, are included, respectively, in notes 4, 17, and 18 of the attached consolidated annual report.

Our audit procedures in relation to this issue have included, among others, the following:

- Understanding the criteria and procedures applied by the Group for estimating the provisions and verification of the application of the criteria determined by the regulatory framework of financial reporting applicable for the recording of provisions and contingencies.
- Verification of the mathematical calculations and review of the reasonableness of the methodology used.
- Verification of the technical reports and economic studies that support some of the hypotheses and/or obtaining of confirmations by part of the technical departments that prepare them.
- Conducting of analytical procedures consistent with a review of the reasonableness of the evolution of the different provisions and their coherence with the variations in the criteria and hypotheses applied by the Group with respect to previous years.
- Review of the breakdowns included in the annual report of the year in relation to the criteria and hypotheses used for the recording of different provisions.

Valuation and recording of derivative financial instruments

The Group uses derivative financial instruments with the aim of eliminating or reducing the risk that variations may produce in the interest rates as well as in the exchange rates. The derivatives are assessed at their fair value on the closing date and the changes in fair value are recorded according to whether or not they have been designated as an accounting hedging instrument.

The estimate of fair value and categorization of the derivative instrument require a high level of judgment by the Management and can have a significant impact on the attached balance sheet and profit and loss account.

The description of the rules for the accounting treatment of the derivative instruments and the economic information on the derivatives contracted by the Group are in notes 4 and 8 of the attached consolidated annual report.

Our audit procedures regarding this issue included, among others, the following:

- Understanding the processes established by the Group to ensure the appropriate valuation and accounting treatment of the derivative instrument and verification of the application of the criteria determined by the applicable regulatory framework of financial reporting.

- With the support of our specialists in financial instruments we conduct comparison procedures of the fair value, on a representative sample, and we analyze the correct accounting treatment on the basis of the appropriate classification of the derivative instrument.

- Review of the breakdowns included in the annual report of the year in relation to the criteria and hypotheses used for the recording of derivative financial instruments.

Other information: consolidated management report

The other information comprises exclusively the consolidated management report of financial year 2017, whose preparation is the responsibility of the Directors of the Parent Company and does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial accounts do not cover the consolidated management report. Our responsibility on the consolidated management report, as required by the regulatory standards of the account auditing activity, consists of evaluation and reporting on the concordance of the consolidated management report with the consolidated financial statements, from the Group's knowledge obtained in conducting the audit of the cited consolidated financial statements and without including financial information other than that obtained as evidence during it. Furthermore, our responsibility consists of evaluating and reporting on whether the content and presentation of the consolidated management report are in line with the applicable regulations. If, based on the work we have carried out, we conclude that there are material misstatements, we are obliged to report it.

Based on the work carried out, as described in the previous paragraph, the information contained in the consolidated management report agrees with that of the consolidated financial statements of financial year 2017 and their content and presentation are according to the applicable regulations.

Responsibility of the Administrators of the Parent Company for the consolidated annual accounts

The Administrators of the Parent Company are responsible for the preparation of the consolidated financial statements such that they give a true and fair view of the state of affairs, the financial position and the results of the Group, in accordance with the regulatory framework for financial reporting applicable to the Group in Spain, which is identified in Note 2 of the attached consolidated annual report, and for such internal control as they deem necessary to enable the preparation of consolidated financial statements that are free from material misstatements due to fraud or error.

In the preparation of the consolidated financial statements, the administrators of the Parent Company are responsible for the valuation of the Group's capacity to continue as an on-going company, revealing, as may correspond, the issues related to an on-going concern and using the accounting principle of a company in operation unless the Administrators have the intention to liquidate the Group or to cease operations, or else no realistic alternative exists.

Responsibility of the Auditor in relation to the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement due to fraud or error and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but does not guarantee that an audit conducted according to the regulatory legislation of the account auditing activity in effect in Spain will always detect a material misstatement when it exists. The misstatements may be due to fraud or error and are considered material if, individually or in aggregate form, they can be reasonably foreseen that they influence the economic decisions made by the users based on the consolidated annual statements.

As part of an audit according to the regulatory legislation of the account auditing activity in effect in Spain, we apply our professional judgment and maintain an attitude of profession skepticism throughout the audit. Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, due to fraud or error, we design and apply audit procedures to respond to these risks and we obtain sufficient and appropriate auditing evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the case of material misstatement due to error, since the fraud can imply collusion, falsification, deliberate omissions, intentionally erroneous statements, or the avoidance of internal control.

- We obtain knowledge of the relevant internal control with the aim of designing audit procedures that are adequate according to the circumstances, and not for the purpose of expressing an opinion on the efficiency of the internal control of the Group.

- We evaluate whether the accounting policies applied are adequate and that the accounting estimates and the corresponding information revealed by the administrators of the Parent Company are reasonable.

- We conclude on whether the use, by the Administrators of the Parent Company, of the accounting principle of a company in operation is appropriate and, based on the audit evidence obtained, we conclude on whether or not there exists material uncertainty related to facts or conditions that could generate significant doubts on the Group's capacity to continue as a company in operation. If we conclude that there is material uncertainty, it is required for us to highlight this in our audit report on the corresponding information revealed in the consolidated financial statements, or, if these revelations are not adequate, that we express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, the future facts or conditions may be the cause for the Group to stop being a company in operation.

- We evaluate the global presentation, structure, and content of the consolidated financial statements, included in the revealed information, and whether the consolidated financial statements represent the transactions and underlying facts in such a way that they express the true and accurate image.

- We obtain sufficient and adequate evidence in relation the financial information of the entities or company activities within the Group in order to express and opinion on the consolidated financial statements. We are responsible of the management, supervision and realization of the audit of the Group. We are the only ones responsible for our audit opinion.

We communicate with the Administrators of the Parent Company in relation to, among other issues, the scope and the moment of conducting the planned audit and the significant findings of the audit, as well as any significant deficiency of the internal control that we identify in the course of the audit.

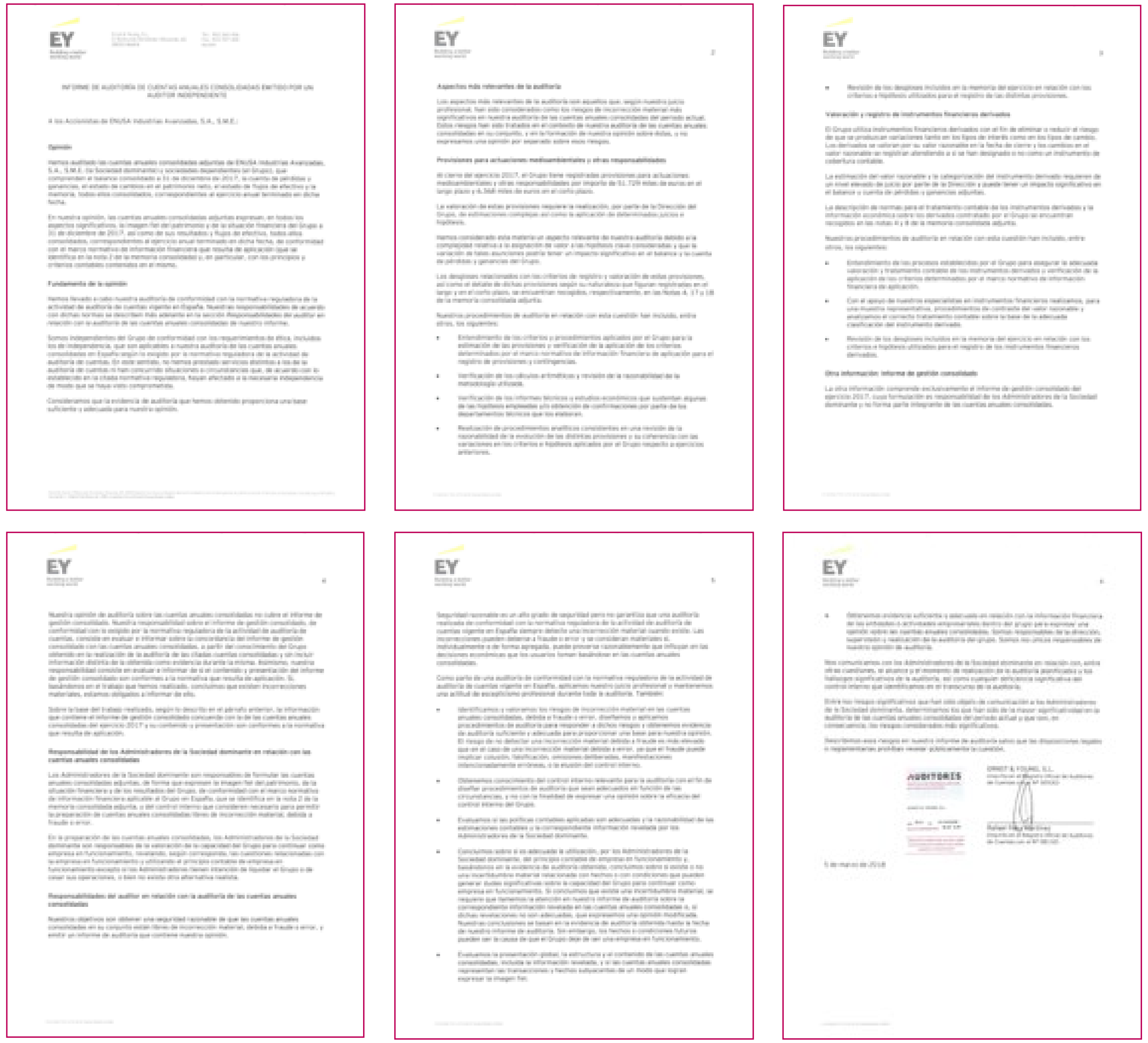
Among the significant risks that were communicated to the Administrators of the Parent Company we determine those that have been of major significance in the audit of the consolidated financial statements of the current period and that are, consequently, the risks considered most significant.

We describe these risks in our audit report unless the legal or regulatory provisions prohibit publicly revealing the issue.

ERNST & YOUNG, S.L.
(Registered in the Official Registry of Account Auditors with No. S0530)

Rafael Páez Martínez
(Registered in the Official Registry of Account Auditors with No. 08132)

5 March 2018



MAIN SUCCESSES, DEFICIENCIES, RISKS AND OPPORTUNITIES

SUCCESSES

- Economic sustainability and experience in the nuclear business
- First plant in Spain with Biodrying technology (UTE-RSU Castellón)
- Strong implementation and competitive technology in the radioactive material transport business

DEFICIENCIES

- Small size
- Strong competition and limited opportunities in the BWR technology market

RISKS

- Strong offer of fuel manufacturing in Europe
- Lifetime reduction of the nuclear power plants

OPPORTUNITIES

- Increase in the market of engineering and fuel services to Spanish and European nuclear power plants.
- Internationalization and supply of equipment for fuel manufacturing and inspection-repair

SOCIAL PERFORMANCE

1. HUMAN CAPITAL

EMPLOYMENT

Since 2012, the employment policies are included in the framework of actions provided every year in the State's National Budget Act. Hiring is essentially in the modalities of temporary contracts, mainly for internships, and indefinite contracts based on application of the replacement rate legally stipulated for a company with profits in the last two years.

In 2017, 105 people have been hired, with the following breakdown by work center, sex and age:

RECRUITMENT BY AGE AND SEX

	Madrid		Juzbado		Saelices		UTE RSU Castellón		TOTAL	
Age group	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
16 to 19										
20 to 24	1		11	2	2		3		17	2
25 to 30	10	6	30	3	4		1		45	9
31 to 39	4	3	10	5	2				16	8
40 to 44		1	2	1					2	2
45 to 49	1				1				2	
50 to 59							1		1	
60 to 64	1								1	
>65										
TOTAL	**17**	**10**	**53**	**11**	**9**		**5**		**84**	**21**
SUM	**27**		**64**		**9**		**5**		**105**	

The personnel rotation rate for 2017, distributed by work center, sex and age:

EMPLOYEE TURNOVER

Age group	Madrid		Juzbado		Saelices		UTE RSU Castellón		TOTAL	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
16 to 19			0.25%						0.15%	
20 to 24			1%						0.62%	
25 to 30	1.97%	0.49%	5.74%	1.75%	10%				4.64%	1.24%
31 to 39	3.45%	0.49%	3.24%	1.50%		3.33%	25%		3.56%	1.24%
40 to 44		0.49%	0.75%	0.50%			16.67%		0.77%	0.46%
45 to 49				0.25%			8.33%	8.33%	0.15%	0.31%
50 to 59	0.99%		0.25%		3.33%		8.33%		0.77%	
60 to 64		1.48%	2%		3.33%				1.39%	0.46%
>65	0.99%	0.49%	1.25%	0.25%					1.08%	0.31%
TOTAL	**7.39%**	**3.45%**	**14.46%**	**4.24%**	**16.67%**	**3.33%**	**58.33%**	**8.33%**	**13.16%**	**4.02%**
SUM	**10.84%**		**18.70%**		**20%**		**66.67%**		**17.18%**	

In the last four years, there have been 22 voluntary resignations.

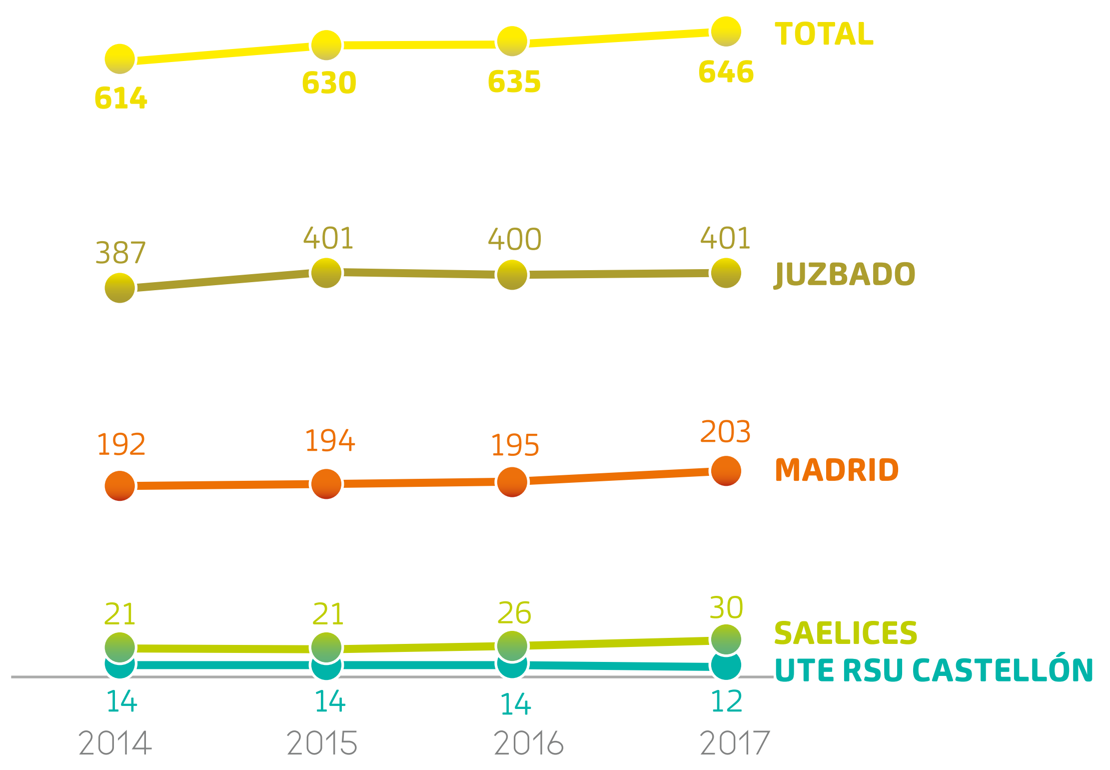
STAFF COMPOSITION

At the end of 2017, the staff of ENUSA Industrias Avanzadas, S.A., S.M.E. (hereinafter, ENUSA), was composed of 578 active workers in the company's three work centers, distributed as follows: 190 employees in Madrid where the head offices are located, 363 employees in the Juzbado fuel assembly factory and 25 in Saelices El Chico. The latter two centers are located in the province of Salamanca, which means that almost 70% of the ENUSA staff works in this territory and explains the close relationship that the company has had with the region from its origin (further information in the section "Adding Value to our Communities" pág. 273).

To these 578 active workers are added the 56 in a situation of partial retirement (13 in Madrid, 38 in Juzbado and 5 in Saelices). Therefore, the total staff of ENUSA amounts to 634 workers. This is the reference figure for all the tables and graphics shown below.

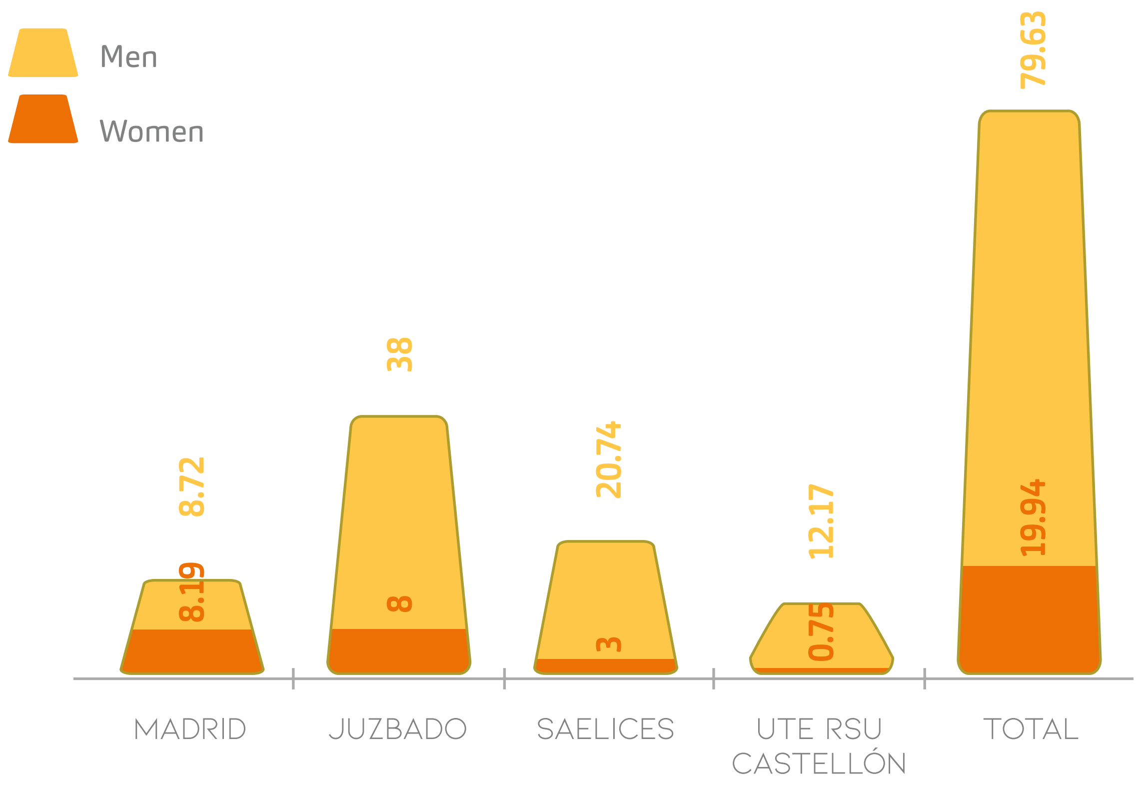
The information referring to the UTE RSU Castellón is reflected only for accounting consolidation, since its personnel is contracted directly by the UTE and not by ENUSA. For the correct interpretation of the graphics that are shown below, ENUSA has an 85.69% share in the Castellón UTE-RSU [Castellón Municipal Solid Waste Joint Venture] (which would represent 12 workers).

ENUSA'S STAFF BY WORK CENTERS



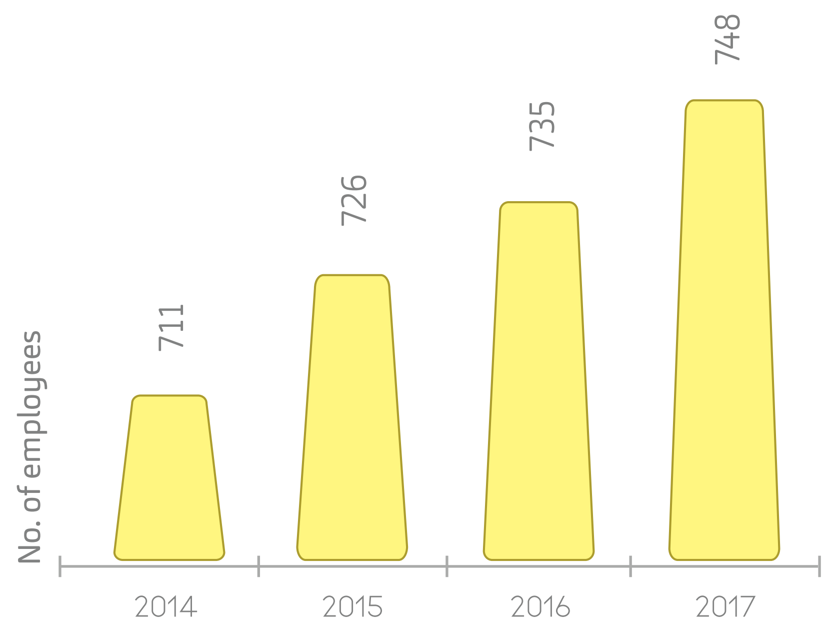
In addition to ENUSA personnel, in our work centers there are also external workers from contractor companies, that provide maintenance, cleaning and security (all centers), gardening (Juzbado and Saelices), laundry (Juzbado), driving services and removals (Madrid). The average staff of contractor employees who have worked in our facilities in 2017 has amounted to:

EXTERNAL WORKERS (CONTRACTORS) BY REGION AND SEX



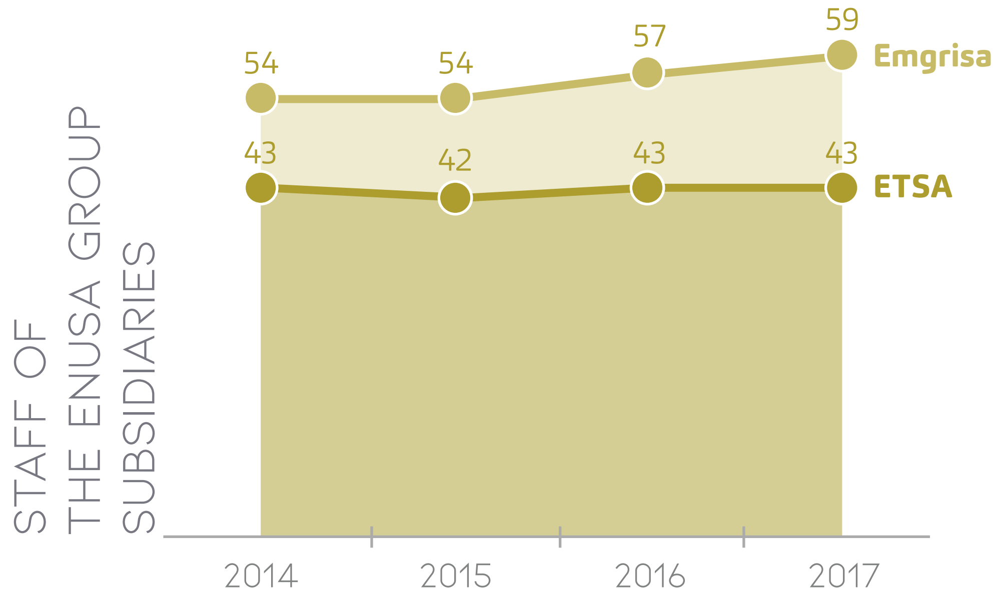
THE ENUSA GROUP HAD 748 EMPLOYEES AT 31 DECEMBER 2017

EVOLUTION OF THE ENUSA GROUP STAFF



The following graphic shows the staff evolution of each subsidiary.

STAFF OF THE ENUSA GROUP SUBSIDIARIES

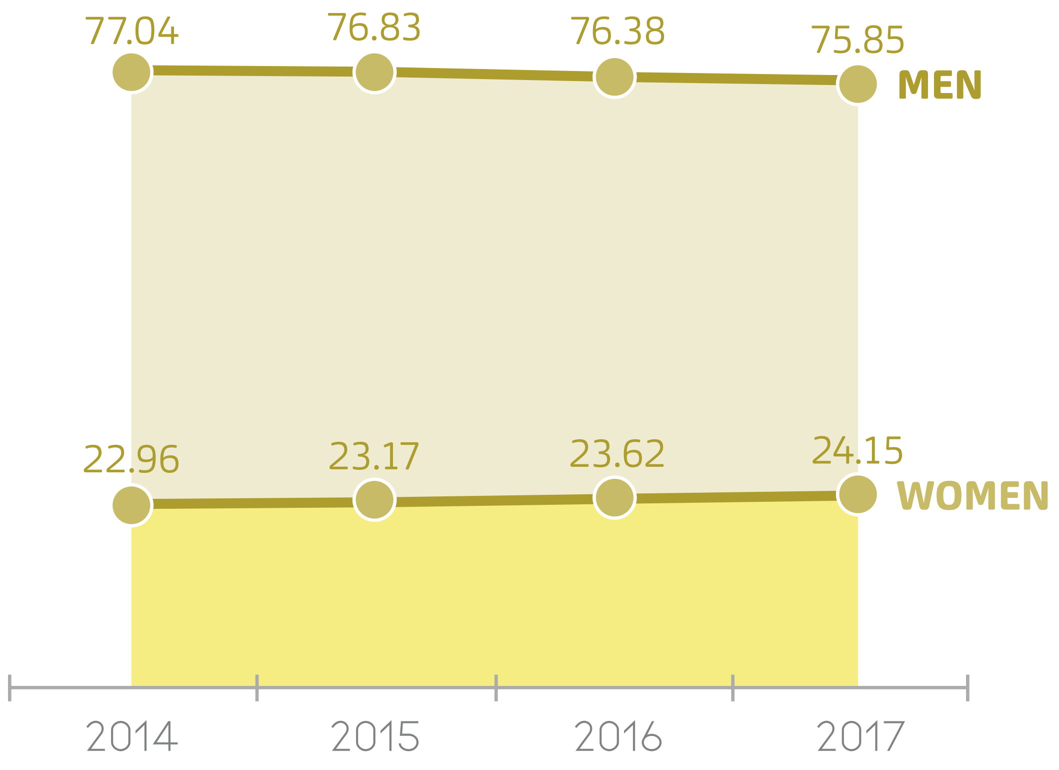


The following pages contain a series of tables and graphics with different breakdowns of the ENUSA staff during the last four years to observe the evolution that has been experienced. All the data are presented at 31 December 2017.

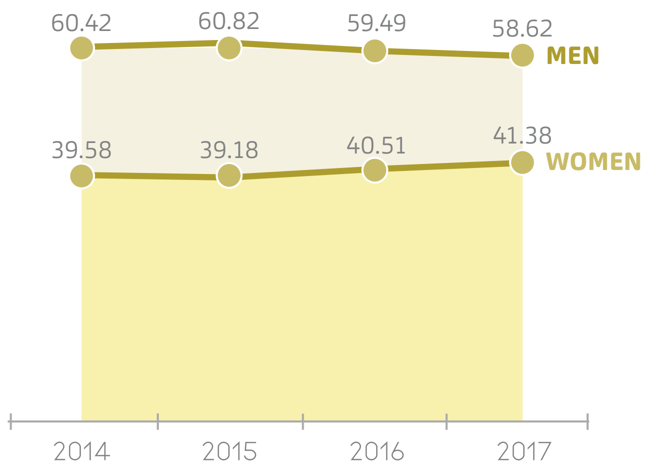
ENUSA STAFF BROKEN DOWN BY SEX AND WORK CENTER

	2014			2015			2016			2017		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
MADRID	116	76	**192**	118	76	**194**	116	79	**195**	119	84	**203**
JUZBADO	330	57	**387**	339	62	**401**	338	62	**400**	337	64	**401**
SAELICES	16	5	**21**	16	5	**21**	21	5	**26**	26	4	**30**
UTE RSU CASTELLÓN	11	3	**14**	11	3	**14**	10	4	**14**	8	4	**12**
	473	**141**	**614**	**484**	**146**	**630**	**485**	**150**	**635**	**490**	**156**	**646**

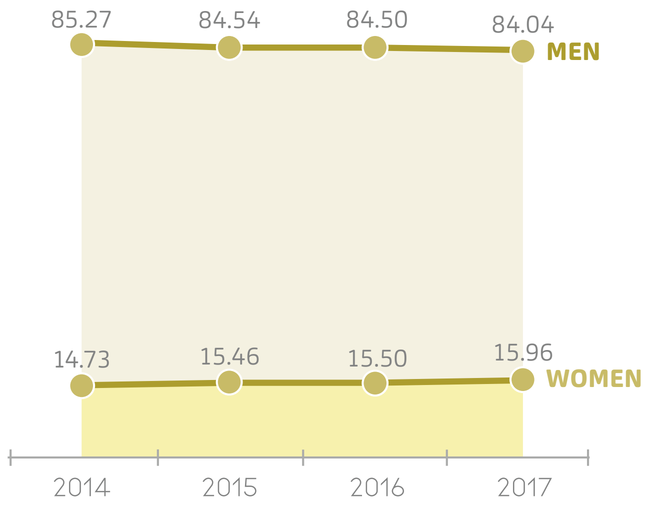
ENUSA STAFF PERCENTAGES BY SEX



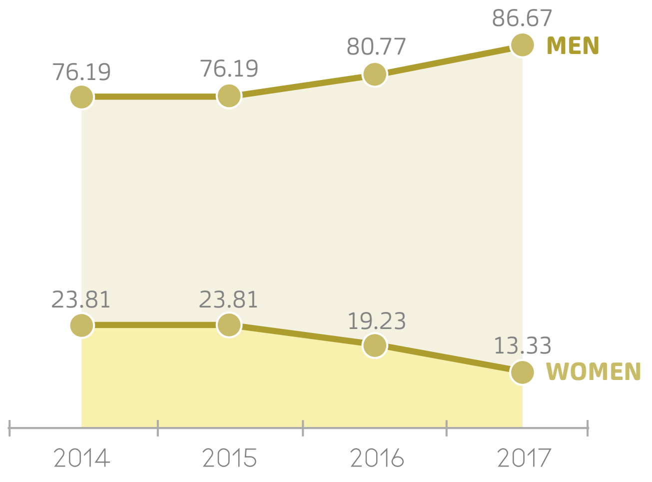
MADRID STAFF PERCENTAGES BY SEX



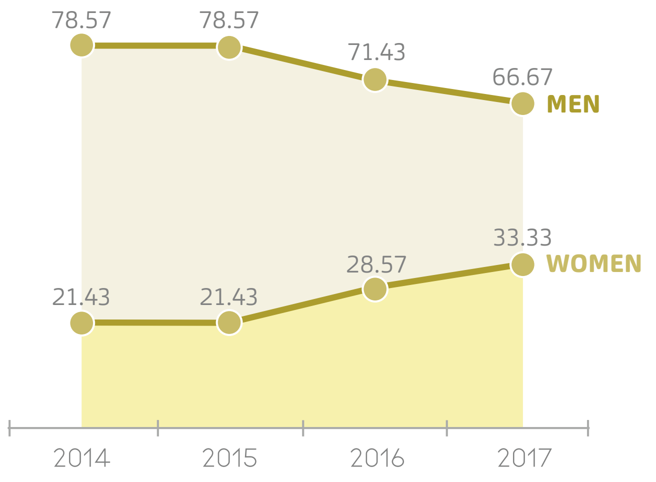
JUZBADO STAFF PERCENTAGES BY SEX



SAELICES STAFF PERCENTAGES BY SEX



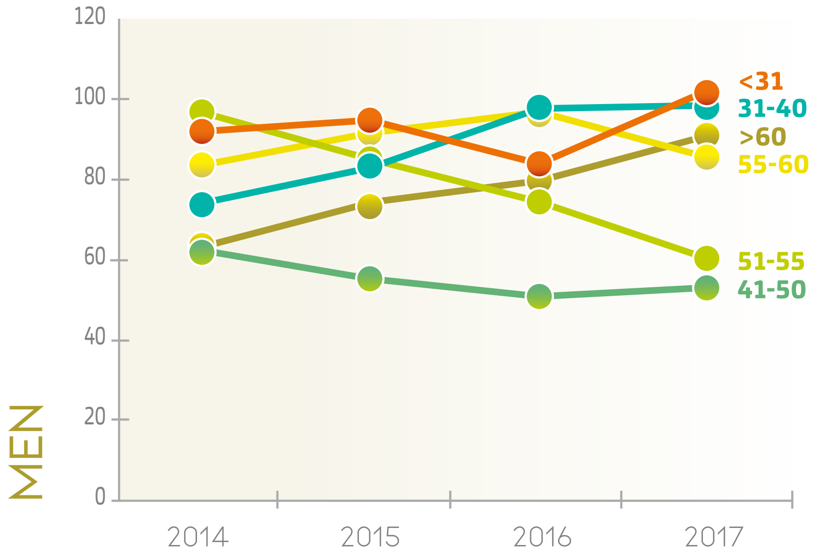
UTE-RSU CASTELLÓN STAFF PERCENTAGES BY SEX

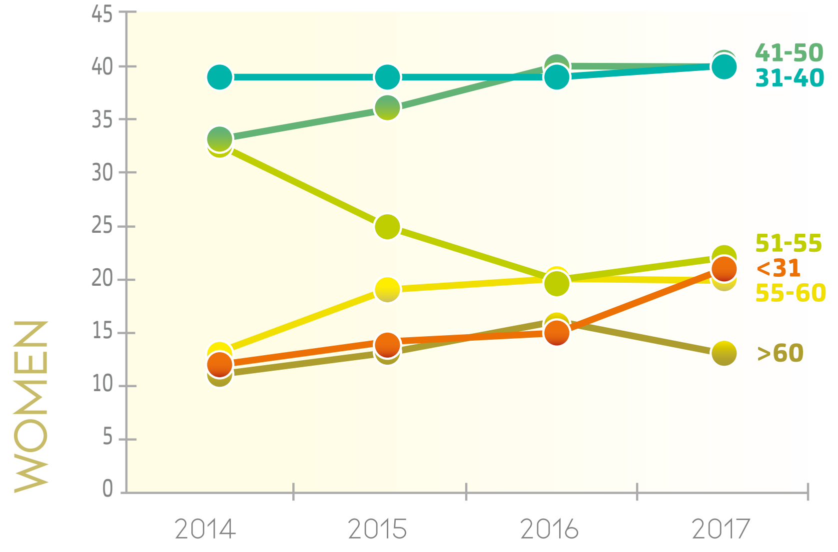


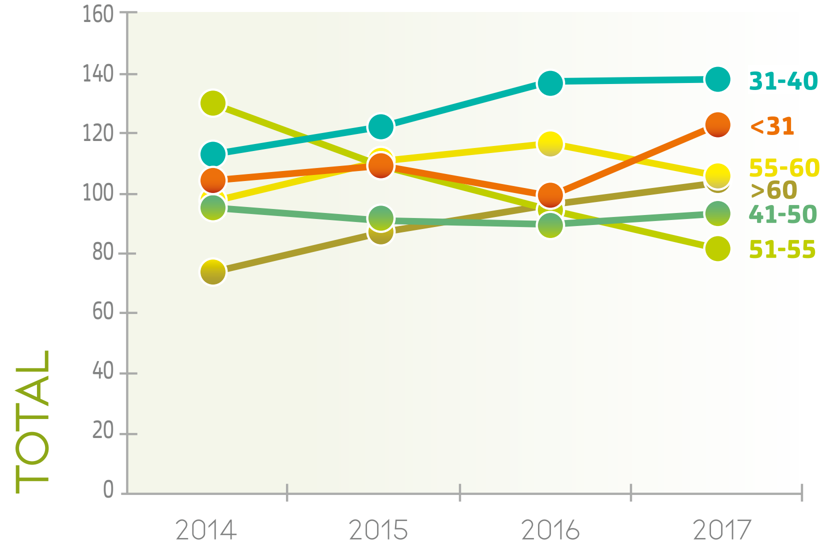
ENUSA STAFF BROKEN DOWN BY SEX, AGE GROUP AND AUTONOMOUS REGION

	Community of Madrid		Castilla y León						Community of Valencia		TOTAL	
			Juzbado		Saelices		Sum Castilla y León		UTE RSU Castellón			
AGE GROUP	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
> 60	25	11	58	2	8		66	2			**91**	**13**
56 – 60	25	10	61	8		2	61	10			**86**	**20**
51 – 55	16	13	40	9	3		43	9	1		**60**	**22**
41 – 50	18	23	31	13	3		34	13	1	4	**53**	**40**
31 – 40	22	16	71	23	4	1	75	24	1		**98**	**40**
< 31	13	11	76	9	8	1	84	10	5		**102**	**21**
TOTAL	**119**	**84**	**337**	**64**	**26**	**4**	**363**	**68**	**8**	**4**	**490**	**156**

EVOLUTION OF ENUSA STAFF ACCORDING TO AGE GROUPS







PERCENTAGE OF EMPLOYEES ACCORDING TO PROFESSIONAL CATEGORY, BROKEN DOWN BY WORK CENTER AND SEX

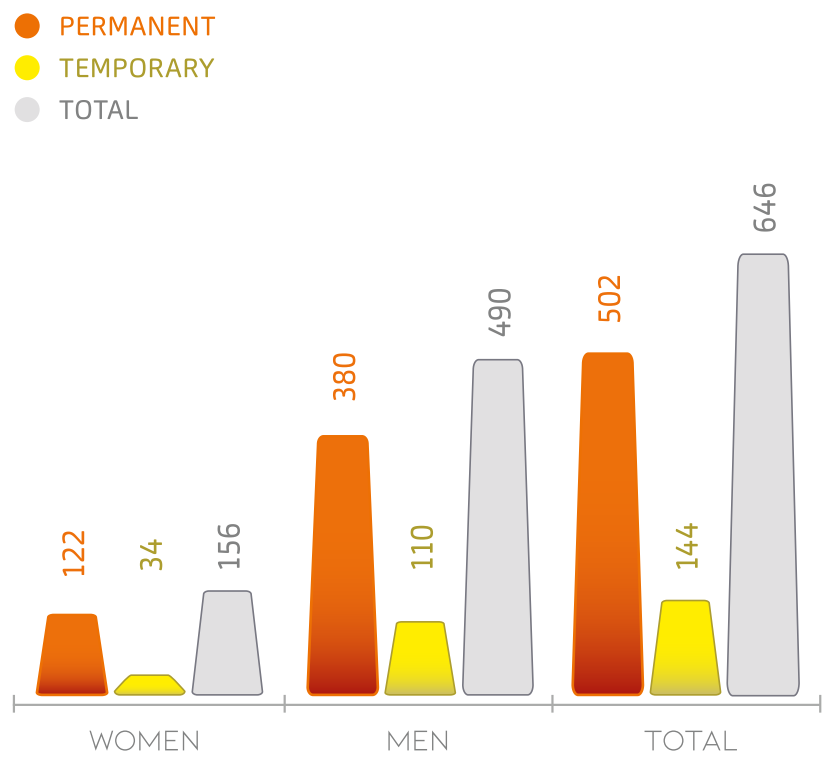
	Madrid		Juzbado		Saelices		UTE RSU Castellón	
Professional category	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Senior degree holders	38.4%	61.6%	31.5%	68.5%	40%	60%	50%	50%
Intermediate degree holders	25%	75%	20%	80%	0%	100%	0%	0%
Administrative personnel	62.2%	37.8%	71.4%	28.6%	40%	60%	100%	0%
Rest of personnel	14.3%	85.7%	5.1%	94.9%	0%	100%	22.2%	77.8%
TOTAL	**41.4%**	**58.6%**	**16%**	**84%**	**13.3%**	**86.7%**	**33.3%**	**66.7%**

PRESENCE OF WOMEN IN ENUSA

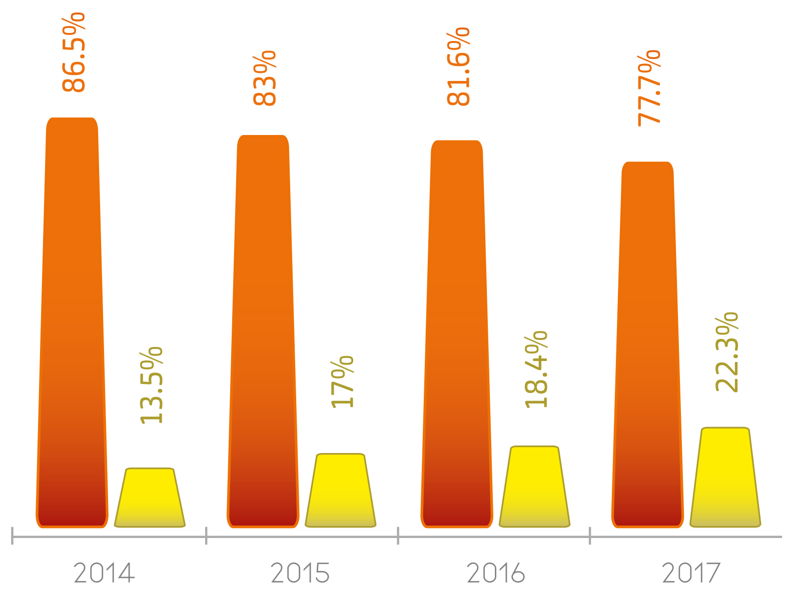
	2014	2015	2016	2017	Δ%
% WOMEN ON STAFF	**23%**	**22.6%**	**23.6%**	**24.2%**	**0.5%**
MADRID	39.6%	39.2%	40.5%	41.4%	0.9%
JUZBADO	14.7%	15.5%	15.5%	16%	0.5%
SAELICES EL CHICO	23.8%	23.8%	19.2%	13.3%	-5.9%
UTE RSU CASTELLÓN	21.4%	21.4%	28.6%	33.3%	4.8%
% WOMEN IN MANAGEMENT POSTS (*)					
MADRID	23.7%	25%	24.1%	21.4%	-2.6%
JUZBADO	17.5%	17.7%	16.1%	17.2%	1.1%
SAELICES EL CHICO	40%	40%	40%	50%	10%
UTE RSU CASTELLÓN	25%	25%	25%	25%	0%
% WOMEN ON EXECUTIVE COMMITTEE	**22.2%**	**12.5%**	**12.5%**	**12.5%**	**0%**
% WOMEN ON BOARD OF DIRECTORS	**33.3%**	**45.5%**	**41.7%**	**50%**	**8.3%**

(*) % over total number of senior and middle management posts

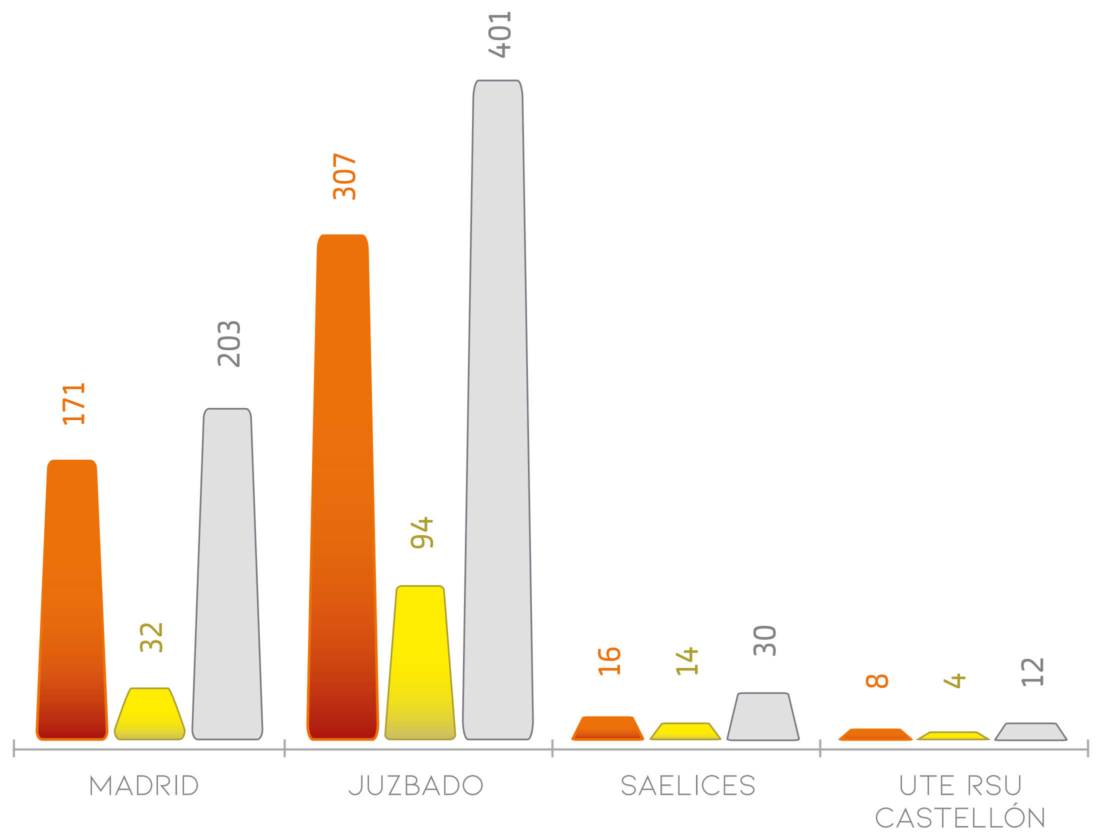
STAFF BY LABOR CONTRACT AND SEX 2017



PERCENTAGE OF STAFF ACCORDING TO LABOR CONTRACT

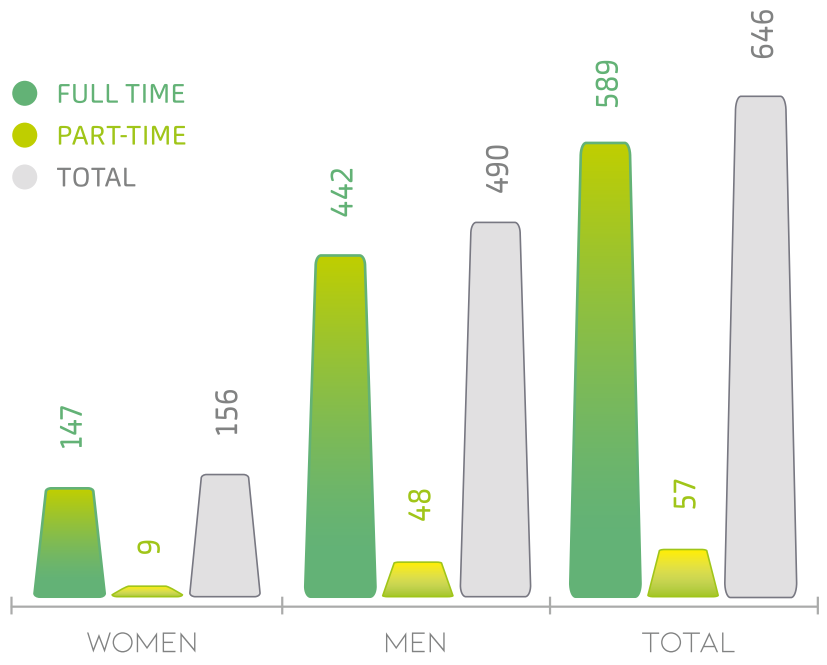


STAFF BY LABOR CONTRACT AND REGION



Part time hiring includes those workers that are incorporated in the partial retirement plan through handover contract. According to the above, 91.18% of the staff works full time.

STAFF BY EMPLOYMENT TYPE AND SEX 2017



JOB PLACEMENT FOR PEOPLE WITH DISABILITIES

Article 42 of Royal Legislative Decree 1/2013 of November 29, which approves the Restated Text of the General Law on the rights of people with disabilities and their social inclusion, states that public and private enterprises that employ 50 or more workers will be required to have at least 2 people with disabilities for every 100 workers. However, on an exceptional basis, they may be exempted from this obligation provided they apply the alternative measures laid down in Royal Decree 364/2005 of April 8, which regulates the exceptional alternative to the quota of jobs reserved for people with disabilities.

In accordance with this legal obligation, in 2017 ENUSA, in addition to having seven workers with disabilities on the staff, made donations amounting to €47,922 to the following associations/foundations:

ASSOCIATIONS/FOUNDATIONS	ACTIVITY	AMOUNT 2017
MADRID		**€20,538**
AFANIAS	ASSOCIATION FOR PEOPLE WITH DISABILITIES	€6,846
ANGEL RIVIERE FOUNDATION	ASPERGER'S SYNDROME	€6,846
JUAN XXIII FOUNDATION	INTEGRATION OF PEOPLE WITH INTELLECTUAL DISABILITIES	€6,846
SALAMANCA		**€20,538**
ASDEM	SALAMANCA MULTIPLE SCLEROSIS ASSOCIATION	€6,846
ASPACE	ASSOCIATION OF PARENTS OF PERSONS WITH CEREBRAL PALSY AND SIMILAR ENCEPHALOPATHIES	€6,846
ASSOC. ASPRODES	PROVINCIAL ASSOCIATION OF MENTALLY HANDICAPPED PERSONS OF SALAMANCA (Viveros El Arca)	€6,846
TOLEDO		**€6,846**
TOLEDO DOWN ASSOC.	TOLEDO DOWN SYNDROME ASSOCIATION	€6,846
TOTAL		**€47,922**

COLLECTIVE BARGAINING AND TRADE UNION REPRESENTATION

The working conditions and productivity of 85.8% of the ENUSA workers are regulated by the specific Collective Bargaining Agreements of each work center, negotiated between the management and the different company workers' committees. The remaining 14.2% is personnel with individual contracts (PRI) who have a particular labor relationship with the company.

The three company work centers also have trade union representation, as seen in the following table.

TRADE UNION REPRESENTATION 2017

TRADE UNION	Community of Madrid		Castilla y León: Juzbado		Castilla y León: Saelices		Castilla y León: Suma Castilla y León		Community of Valencia: UTE RSU Castellón		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
USO	0	0%	3	23.1%	0	0%	3	21.4%	0	0%	**3**	**13%**
CC.OO.	0	0%	5	38.5%	1	100%	6	42.9%	0	0%	**6**	**26.1%**
UGT.	9	100%	5	38.5%	0	0%	5	35.7%	0	0%	**14**	**60.9%**
OTHERS (1)	0	0%	0	0%	0	0%	0	0%	0	0%	**0**	**0%**
TOTAL	**9**	**100%**	**13**	**100%**	**1**	**100%**	**14**	**100%**	**0**	**0%**	**23**	**100%**

(1) CSI-CSIF, CITE, Independents, etc.

To facilitate communication between the employees and their representatives, the trade unions and workers' committees in each center have specific forums on the Intranet, as well as physical bulletin boards in the work centers and their own email accounts.

WAGE POLICY AND PRODUCTIVITY

ENUSA uses a job assessment system to ensure equal opportunities in employee hiring, remuneration and promotion. This system consists of a points-per-factor evaluation on the basis of which a qualitative hierarchy of values is established for each job post, allowing for impartiality when evaluating the requirements for performing the job and the wage compensation, regardless of the person who holds the job. The elements of this procedure are:

– Task Analysis and Assessment.
– Job Post Task Assessment System.
– Mixed Assessment Committee.
– Job Assessment Manual.

COMPARISON OF THE INTERPROFESSIONAL MINIMUM WAGE (SMI) WITH THE WAGE LEVELS OF ENUSA

ENUSA wage levels	ENUSA wage levels compared to SMI 2016 (*)	ENUSA wage levels compared to SMI 2017 (*)
XIV	15.36%	16.43%
XIII	16.81%	17.98%
XII	18.41%	19.69%
XI	20.12%	21.52%
X	21.87%	23.39%
IX	23.66%	25.30%
VIII	26.56%	28.40%
VII	29.71%	31.78%
VI	33.14%	35.44%
V	36.99%	39.55%
IV	41.04%	43.89%
III	45.41%	48.57%
II	49.95%	53.42%
I	54.45%	58.23%

(*) The SMI corresponding to 2016 is 9,172.80€.
(*) The SMI corresponding to 2017 is 9,907.80€.

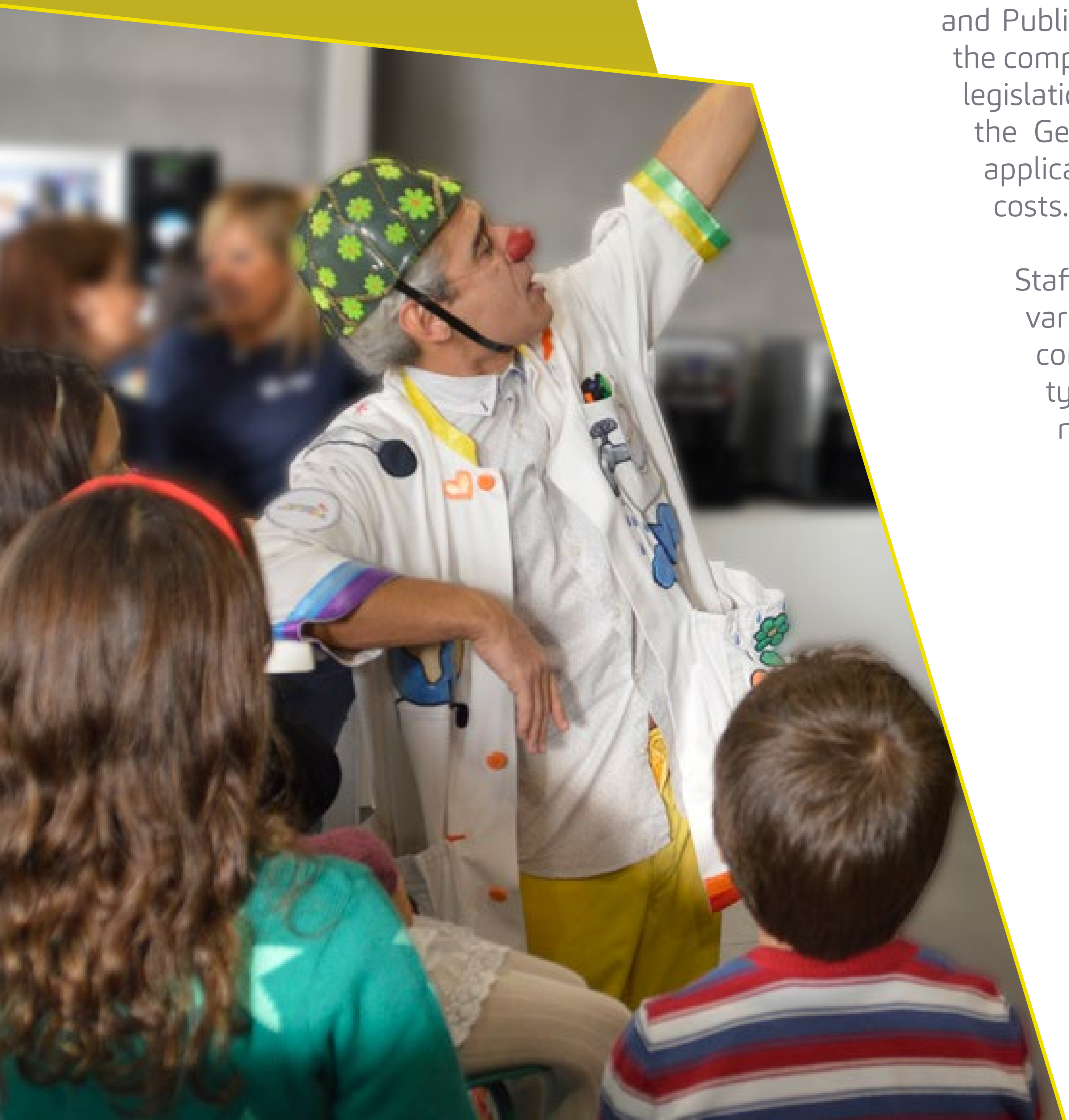
The wage levels of UTE-RSU Castellón are not included because they are governed by the collective agreement of the sector of public sanitation, road cleaning, irrigation, waste collection, treatment and disposal, sewer system cleaning and maintenance (code of agreement no. 99010035011996), being totally different from the collective agreements of the centers of ENUSA (Madrid, Juzbado and Saelices).

Direct supervisors conduct quarterly performance assessments of the personnel who report to them to accurately track the staff activities and performance. These assessments take the following points into consideration:

- Strengths: positive behaviors, exceptional actions, achievement of targets, etc.
- Areas for improvement: deficiencies found in the subordinate's performance, proposed solutions, etc.
- Future prospects.
- Proposals for improvement: training recommendations.

Annual personnel assessment interviews are also held in order to boost productivity and check that the company strategy has been communicated and understood. There is also a Variable Collective Productivity Incentive to motivate the workers to directly participate in the company results. This incentive consists of an annual economic remuneration contingent on achievement of the targets set between the management and the workers' committees of the different work centers.

The Executive Committee members are subject to annual evaluations, in this case by SEPI, the main shareholder of ENUSA. The remuneration of committee members is composed of a fixed and a variable amount subject to achievement of the targets set for the year, as set forth in RD 451/2012 of 5 March, which regulates the salary regime of senior managers and directors in the public business sector and other entities.



ENUSA SOCIAL BENEFITS

The social benefits described in this section are limited annually to the expense authorized by the Ministry of the Treasury and Public Function for each wage bill of the company, according to the applicable legislation, due to being included in the General State Budget Act of the applicable year, as relates to personnel costs.

Staff access to the social benefits varies depending on seniority in the company and in some cases, the type of employee contract, with no general rule existing.

STUDY AID FOR CHILDREN

ENUSA offers study aid to the children of employees with more than six months of seniority in the company.

ASSISTANCE FUND FOR EMPLOYEES' CHILDREN 2017

	MADRID	JUZBADO	SAELICES	Total
Amount (€)	64,149.37	95,820.02	3,282.06	163,251.45
No. of children benefited	133	172	6	311

PROMOTION OF BIRTH RATE

ENUSA provides economic compensation as a bonus for each birth or legal adoption.

ORPHAN ALLOWANCES

In the event of death of a company worker, the company provides economic aid for the education of the children under 18 years of age.

RECONCILIATION OF FAMILY LIFE AND WORK

At ENUSA there is a flexible work-hour policy and the possibility of requesting reduced working hours, which is individually agreed between the worker and the company, to order to support the reconciliation of personal and family life and work.

WORKERS WITH REDUCED WORKING HOURS

	2014		2015		2016		2017	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
MADRID	3	7	3	7	2	5	2	5
JUZBADO	1	3	2	5	4	5	2	6
SAELICES	0	0	0	0	0	0	0	0
UTE RSU CASTELLÓN	0	0	0	0	0	0	0	0
TOTAL ENUSA	**4**	**10**	**5**	**12**	**6**	**10**	**4**	**11**
ETSA	0	2	0	2	0	2	0	2
Emgrisa	1	5	1	5	1	6	1	5
TOTAL	**1**	**7**	**1**	**7**	**1**	**8**	**1**	**7**
TOTAL ENUSA GROUP	**5**	**17**	**6**	**19**	**7**	**18**	**5**	**18**

MATERNITY AND PATERNITY

During 2017, 20 workers (3 women and 17 men) took maternity or paternity leave. During the same year, 19 workers (3 women and 16 men) returned to work after maternity or paternity leave.

The 2017 return-to-work and retention rates are as follows:

	Women	Men	Total
Return-to-work rate	100%	94.12%	95%
Retention rate	100%	100%	100%

OTHER SOCIAL BENEFITS

- Extra-wage aids for meals and transportation.
- Accident insurance and/or death and permanent or total disability insurance.
- Pension plan that can be voluntarily joined by all company workers with a recognized seniority of one year in the case of permanent employees and two years in the case of temporary employees. Since 2012 the company's contributions to the pension plan have been discontinued due to application of the cost containment measures for personnel in the State's public sector provided in the State's successive National Budget Acts.
- 50% of the amount of any voluntary family medical insurance taken out by employees.
- Sick or accident leaves are not penalized, provided they are recognized by the Medical Service of the work center, and 100% of the actual salary is received.
- Permanent workers on the staff are entitled to receive a loan worth four monthly payments of their net salary.
- The company provides guarantees for its permanent workers to financial and loan institutions for buying or remodeling their homes.

SENIORITY PRIZES

The company awards the loyalty of its workers after 20 and 25 years of seniority in the company with a social and monetary recognition.

2. TRAINING

ANNUAL TRAINING ACTION PLAN

The Training Action Plan encompasses actions on the subject of personnel qualification to cover the strategic needs derived from the requirements of the sector and the critical needs on the subject of Safety (conventional, nuclear, labor and environmental) and Quality, in addition to covering the needs related to the adaptation, specialization and improvement in technical and multidisciplinary skills. All this is to guarantee that the company's human resources respond to the requirements of the market in which it competes so that it is capable of maintaining the current customers and of incorporating new projects, products and technologies that allow fulfilling ENUSA's goals.

Objectives:

- To comply with the current legislation enforced by different official agencies, in order to acquire and maintain worker proficiency in the safety and prevention measures for performing their functions.
- To maintain and improve worker qualification, in accordance with our values and in line with the continuous improvement of our position and competitiveness in the sector.
- To increase flexibility and adaptation to new technological changes and scenarios.
- To optimize training by weighing actions in accordance with the needs and priorities of the job posts.

Training action blocks that comprise the Plan:

1. Compulsory training actions: required by the legislation and regulations applicable to the sector: Safety, Occupational Risk Prevention, Crime Prevention, Quality and Environment.
2. Management training actions: recommended for strategic development for performance of cross-disciplinary functions.
3. Technical training actions: required for adapting and updating the know-how and skills needed to perform the job functions.
4. Multidisciplinary training actions: advisable for proper performance of different positions in the Organization.
5. Competency-based training actions: suitable for addressing future strategies and cultural and organizational changes.

The actions integrated in the blocks and their recipients are identified and selected by the hierarchical heads of the organizational areas to which the employees belong, except for, generally, the mandatory training actions drawn up by the managers of the competent functional areas.

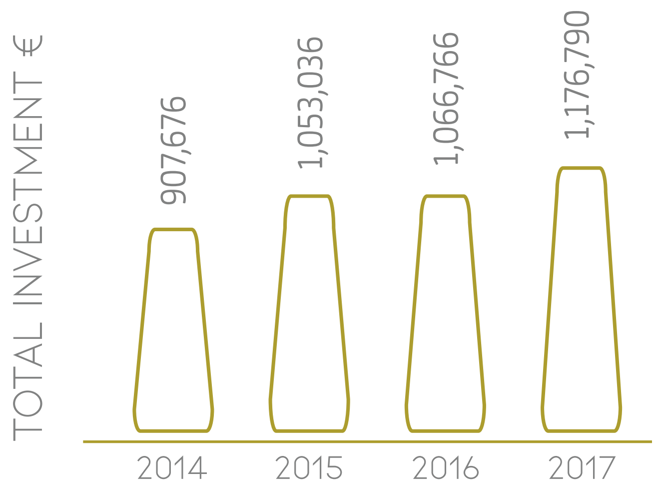
The level of compliance with the 2017 Training Action plan is shown in the following tables, which contain the most important indicators related to the ENUSA Group.

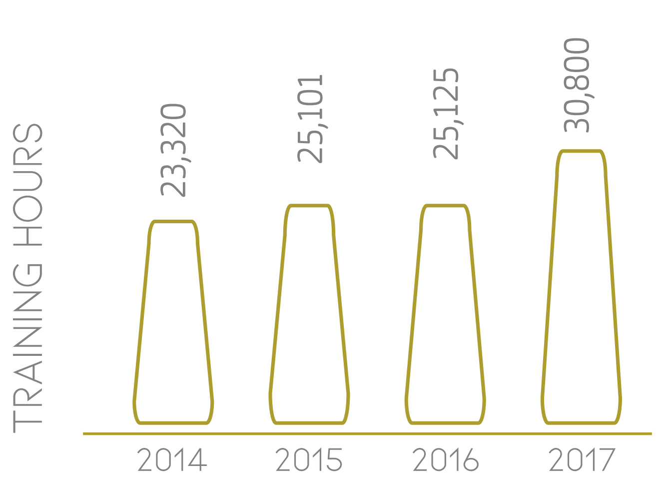
ENUSA GROUP TRAINING INDICATORS

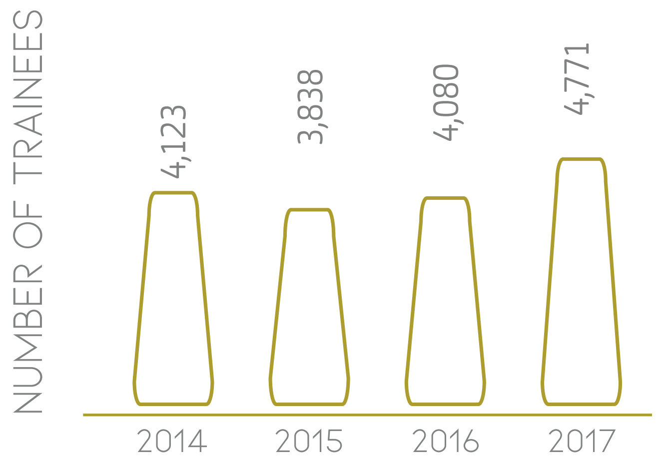
	2014	2015	2016	2017
Total investment € (courses, transportation, accommodation, financial value of working hours spent on training)	907,676	1,053,036	1,066,766	1,176,790
Training cost (€) (Cash)	229,082	283,970	255,742	306,925
Contributions from the European Social Fund and the Tripartite Foundation for On-the-Job Training (FORCEM)	58,014	63,499	53,783	38,811
Training hours	23,320	25,101	25,125	30,800
Number of trainees	4,123	3,838	4,080	4,771
Number of courses	556	590	626	671

TRAINING ITEMIZED BY COURSES, TRAINEES, HOURS AND COST (ENUSA GROUP)

	No. courses	No. trainees	No. hours	Cost (Cash)
ENUSA	632	4,568	24,681	240,060
Emgrisa	26	161	4,304	50,608
ETSA	13	42	1,815	16,257
TOTAL ENUSA GROUP	**671**	**4,771**	**30,800**	**306,925**







NUMBER OF COURSES GIVEN IN THE ENUSA GROUP (BROKEN DOWN BY TRAINING PLANS)

	ENUSA	Emgrisa	ETSA	Total ENUSA Group
Compulsory	476	6	3	485
Others (management, technical, multi-disciplinary & competency-based)	156	20	10	186
TOTAL	**632**	**26**	**13**	**671**

NUMBER OF ENUSA GROUP TRAINEES BY PROFESSIONAL CATEGORY

	ENUSA	Emgrisa	ETSA	Total ENUSA Group
Managers, Senior Engineers & Degree Holders	1,807	128	8	1,943
Technical Engineers, Intermediate Degree Holders & Qualified Assistants	343	6	0	349
Technical & Administrative Personnel	1,037	15	9	1,061
Workers	1,381	12	25	1,418
TOTAL	**4,568**	**161**	**42**	**4,771**

DISTRIBUTION BY SEX OF TRAINED EMPLOYEES OF THE ENUSA GROUP

	ENUSA	Emgrisa	ETSA	Total ENUSA Group
Women	140	18	8	166
Men	467	32	30	529
TOTAL	**607**	**50**	**38**	**695**

TRAINING HOURS VERSUS WORKING HOURS OF THE ENUSA GROUP

	ENUSA	Emgrisa	ETSA	Total ENUSA Group
During working hours	20,577	2,148	801	23,526
Outside working hours	4,104	2,156	1,014	7,274
TOTAL	**24,681**	**4,304**	**1,815**	**30,800**

ANNUAL TRAINING HOURS, BROKEN DOWN BY SEX AND PROFESSIONAL CATEGORY OF THE ENUSA GROUP

	No. people 695		Total hours 30.800		% hours over total		Average hours per professional category	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Managers, Senior Engineers & Degree Holders	104	170	7,431	9,596	24%	31%	71	56
Technical Engineers, Intermediate Degree Holders & Assistants	10	42	504	1,400	2%	5%	50	33
Technical & Administrative Personnel	48	133	916	3,088	3%	10%	19	23
Workers	4	184	282	7,583	1%	25%	71	41
TOTAL	**166**	**529**	**9,133**	**21,667**	**30%**	**70%**		

DEVELOPMENT PLANS

INDIVIDUAL DEVELOPMENT PROGRAMS OF YOUNG TALENT POTENTIAL

During 2017, actions were carried out corresponding to the first call for personnel with potential identified by the different organizations as a result of the individual evaluations conducted the previous year. All of them start with online training in a gamified platform composed of videos, reading material and evaluations, which subsequently apply to activities in the work stations for the achievement of learning and work objectives.

MANAGER LEADERSHIP PROGRAM

A leadership plan based on the training and updating of differentiated skills with respect to the collective has been development, directed to the managers of organizational, functional and operative units with employees in their charge, with impact on the work with high performance teams, supervision, delegation and team coaching.

TRAINING PROGRAM IN DIGITAL ENVIRONMENTS

Program of strategic management to identify the main lines of action and, in this way take on the digital evolution of the company directed towards its growth and improvement in competitiveness through a more intense and efficient use of the ICTs. The objectives have been: a) the allocation of a sufficiently broad common knowledge base on what is digitalization, facilitating homogeneous understanding; and b) reflection on how digitalization can support the evolution of the business and the improvement of the activity in relation to the Administrations, customers and suppliers, processes, organization and profiles, and professional skills.

INTERNSHIP PROGRAM

The ENUSA Group, through its internship program, has continued its contribution to the incorporation of young people to the working market. The signing of collaboration agreements with educational institutions for the establishment of curricular and extracurricular practical programs in the company has meant for the participants an advance in their qualification with a view to their initiation in the professional activity in the industry.

The consolidation of these programs in the ENUSA Group is part of its commitment to the society in which it is present by business sector and geographic area. The maintenance throughout the years of relationships with the vocational schools of Salamanca is good evidence of the close and continuous collaboration. The schools and their study programs require the students to complete their learning with a three-month practical internship in the company, activities that fall especially in the industrial environment of our fuel assembly factory of Juzbado (Salamanca).

ENUSA also has frequent contacts with different universities, receiving students from different degrees so they may know in the employment context through tutored programs, the professional activity related to their academic training.

ENUSA GROUP INTERNS 2017

	UNIVERSITY	OTHERS	TOTAL
TOTAL ENUSA	**16**	**11**	**27**
MADRID	6	0	**6**
JUZBADO	7	11	**18**
SAELICES	2	0	**2**
UTE RSU CASTELLÓN	1	0	**1**
TOTAL SUBSIDIARIES	**2**	**5**	**7**
Emgrisa	2	4	**6**
ETSA	0	1	**1**
TOTAL	**18**	**16**	**34**

ENUSA GROUP INTERNS ACCORDING TO ORIGIN

	2014	2015	2016	2017
University	17	21	17	18
Others	29	31	13	16
TOTAL	**46**	**52**	**30**	**34**

3. OCCUPATIONAL HEALTH AND SAFETY

The health and safety of its workers is a top priority for ENUSA. Training, information, prevention and development of new processes will always result in less exposure of workers to the risks inherent in their job posts.

Consequently, actions targeting the human factor are carried out with safety training techniques for operating equipment and installations and for responding to emergency situations, along with actions targeting the technical factor, which involve verifications of projects and modifications and inspections of the installations, as well as the working conditions.

After the Industrial Risk Prevention Act (LPRL) was enacted, ENUSA created the ENUSA Group Joint Industrial Risk Prevention Service. This service encompasses the four legally recognized preventive specialties (Industrial Safety, Industrial Hygiene, Occupational Medicine, and Ergonomics and Psycho-sociology), and it provides coverage to all its work centers and to some of its subsidiaries.

One hundred percent of ENUSA workers are represented on the Safety and Health Committee, whose mission is to control and provide advice on the company's safety and health program.

In addition, with the aim of complying with Article 24 of the Occupational Risk Prevention Law, enacted by Royal Decree 171/2004, the ENUSA Group prepares and issues the P-PREV-RL-130 Procedure to guarantee the coordination of business activities between ENUSA and those companies and self-employed workers who provide their services in its work centers, as well as those objectives of Coordination of Company Activities set forth in Article 3 of this Royal Decree.

For this, an information exchange is carried out, in which ENUSA reports the existing risks in its work centers and the actions in case of emergency, receiving accreditation of compliance with the Occupational Risk Prevention Law as well as the risks associated with the activities to be carried out by the contracted company or self-employed worker, in such a way that the taking of necessary measures for a safe performance of the activities can be guaranteed, along with effective supervision of the work. The final objective, therefore, is the elimination or minimization of occupational risks that may exist in the services that the contracted companies and self-employed workers render in the work centers belonging to ENUSA, so that its own personnel as well as those from outside may receive effective safety and health protection.

TRAINING IN HEALTH AND OCCUPATIONAL RISK PREVENTION

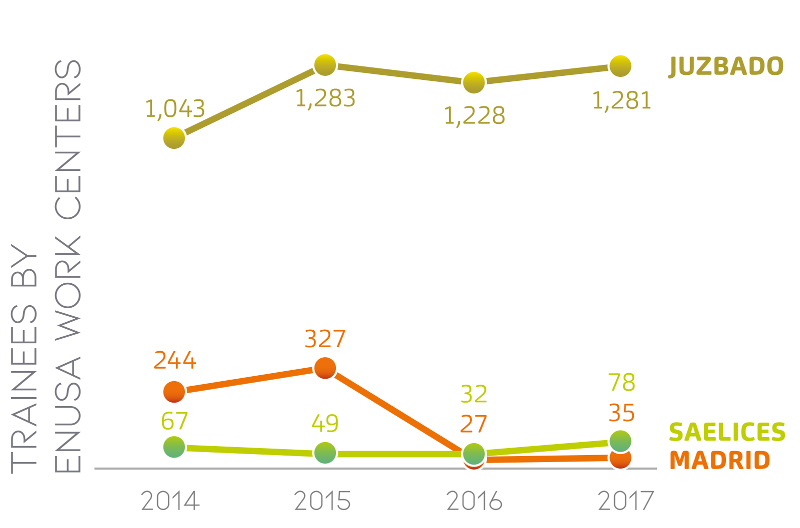
In order to comply with the provisions of Article 19 of the Industrial Risk Prevention Act, the Prevention Service provides training on job post risk prevention based on the risk assessment that is performed. This legislation stipulates the obligation of ensuring that workers receive specific preventive training for the jobs they hold, both at the time they are hired and when the job specifications or equipment are modified, or when the Prevention Service deems it advisable as a result of the detection of malpractice or the investigation of any accidents or incidents that may have occurred.

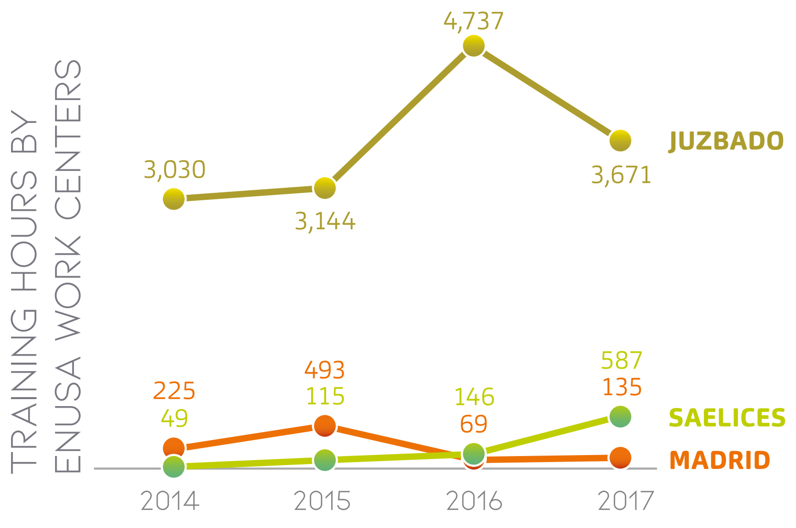
During 2017, ENUSA has provided to its employees a total of 4,393 training hours related to occupational health, safety, hygiene and ergonomics with a total of 1,394 participants.

ENUSA GROUP HEALTH AND IRP TRAINING

	2014		2015		2016		2017	
	TRAINEES	HOURS	TRAINEES	HOURS	TRAINEES	HOURS	TRAINEES	HOURS
JUZBADO	1,043	3,030	1,283	3,144	1,228	4,737	1,281	3,671
MADRID	244	225	327	493	27	69	35	135
SAELICES	67	49	49	115	32	146	78	587
UTE RSU CASTELLÓN (*)	10	82	11	53	18	75	13	43
TOTAL ENUSA	**1,364**	**3,386**	**1,670**	**3,805**	**1,305**	**5,027**	**1,407**	**4,436**
Emgrisa	4	8	9	82	61	320	41	1,187
ETSA	26	39	17	17	28	32	60	97
TOTAL SUBSIDIARIES	**30**	**47**	**26**	**99**	**89**	**352**	**101**	**1,284**
TOTAL ENUSA GROUP	**1,394**	**3,433**	**1,696**	**3,904**	**1,394**	**5,379**	**1,508**	**5,720**

(*) Data referred to the 85,69% share of ENUSA in the UTE





Currently there is no high incidence or risk of contracting an occupational disease at ENUSA. According to the provisions of Royal Decree 1299/2006 of November 10 and its table of occupational diseases, the company carries out activities included in Group 2A (exposure to ionizing radiation) and 2I (exposure to noise). To prevent exposure-related diseases and as primary prevention, the following measures are taken:

- Specific risk-oriented training
  - Ionizing radiation: 1,948 hours in 2017 in 78 sessions attended by 711 people..
- Specific risk-oriented health monitoring, using the Health Monitoring Protocols of the Ministry of Health Social Services and Equality with the periodicity and contents stipulated therein.
  - Ionizing radiation: 381 medical checkups in 2017
  - Noise: 30 medical checkups.

PREVENTION

Preventive inspections are periodically carried out to detect the potential risks of accidents and incidents that might occur in the installations, equipment or tools as a result of unsafe design conditions or inappropriate worker practices, in order to correct them before they can cause any damage.

These actions, included in the Prevention Plan together with the Risk Assessments, Preventive Activity Planning, etc., confirm the major commitment made to effectively integrate prevention into the natural conduct of the different company activities.

SAFETY AND RADIATION PROTECTION

Safety is another of the company's, the Management's and all the workers' commitments, and it is considered as one of the factors always present in their activities. Thus special attention is paid to training, development of new processes, equipment and installation innovation, information to society and to stakeholders, and participation in technical congresses and societies.

The factory and its operation are subject to ongoing control by the competent authorities: the Nuclear Safety Council (CSN), EURATOM and the IAEA. Control by the CSN has focused on plant operation, establishing in 2017 a Reinforcement Inspection Plan with a half-weekly frequency. The control of the international organizations are centered on the uranium entering and exiting the plant and on operations during the process, to ensure that it is not diverted to illegal uses. In this respect, since the Provisional Operating License was obtained in 1985, it has been renewed on six occasions, the last time on 27 June 2016 for a period of ten years.

RADIATION PROTECTION

The basic purpose of radiation protection is to protect the environment and the people who may be exposed to ionizing radiations due, in this case, to the factory activities, considering the current impact and the long-term effects.

Radiation protection is a complex science not only because of the difficult conceptual and technical aspects, but also because of how it is subjectively perceived by individuals and society. Applying the fundamental principles of radiation protection (justification, limitation and optimization) has led to the quality standards that have been achieved being considered as an international reference.

The support that the Management has given at all times to the principles of radiation protection has resulted in the involvement of all the organizations and all the personnel to achieve levels of improvement that would be hard to attain with the mere application of technical innovations.

The new criteria implemented by international and national regulations have been surpassed thanks to the following:

- The use of the new technologies
- Continuous upgrading of metering and control equipment and instruments
- Incorporation of latest generation monitoring systems
- Development of new Software applications and application of new mathematical models
- The adaptation of the operating procedures, considering the factory's own experience and that of other facilities.

The radiation protection program covers the following aspects:

- Control of doses received by personnel.
- Classification of the workers and the different zones.
- Control of radiation rates and surface and ambient contamination in the areas.
- Control of radioactive sources.
- Monitoring and control of liquid and gaseous effluents.
- Control of solid wastes.
- Verification and calibration of metering equipment.
- Development of the dose optimization program (ALARA).
- Development of adequate protection standards and instructions.
- Continuous assessment of the risks associated with the equipment, systems and processes.
- Ongoing and periodic training of all exposed workers.
- Training of licensed personnel (operators and supervisors), members of emergency groups, and technical personnel of the Radiation Protection Organization.
- Development of the Environmental Radiation Monitoring Program.
- Evaluation of national and international legislation and regulations.

The program results are objectively measured based on the values of the external and internal doses received by the personnel, and by the activities being discharged via liquid and gaseous effluents and the doses that the public could potentially receive as a result of these emissions.

Surface contamination is controlled by portable gas equipment optimized for the detection of alpha contamination, or else by stationary equipment with large gas flow probes installed in the throughway zones of the areas at risk of contamination. To ensure that the established limits are met, there is a program of weekly inspections of the areas with portable surface contamination metering equipment.

EXTERNAL DOSIMETRY

External irradiation occurs in the work stations where radioactive material accumulates, and it depends on the geometric arrangement of the source term with respect to the employee work positions. All factory employees who do work with a radiological risk are classified as exposed workers and, therefore, this control is required. For this purpose, an individual thermoluminescence dosimeter (TLD) is assigned to each worker.

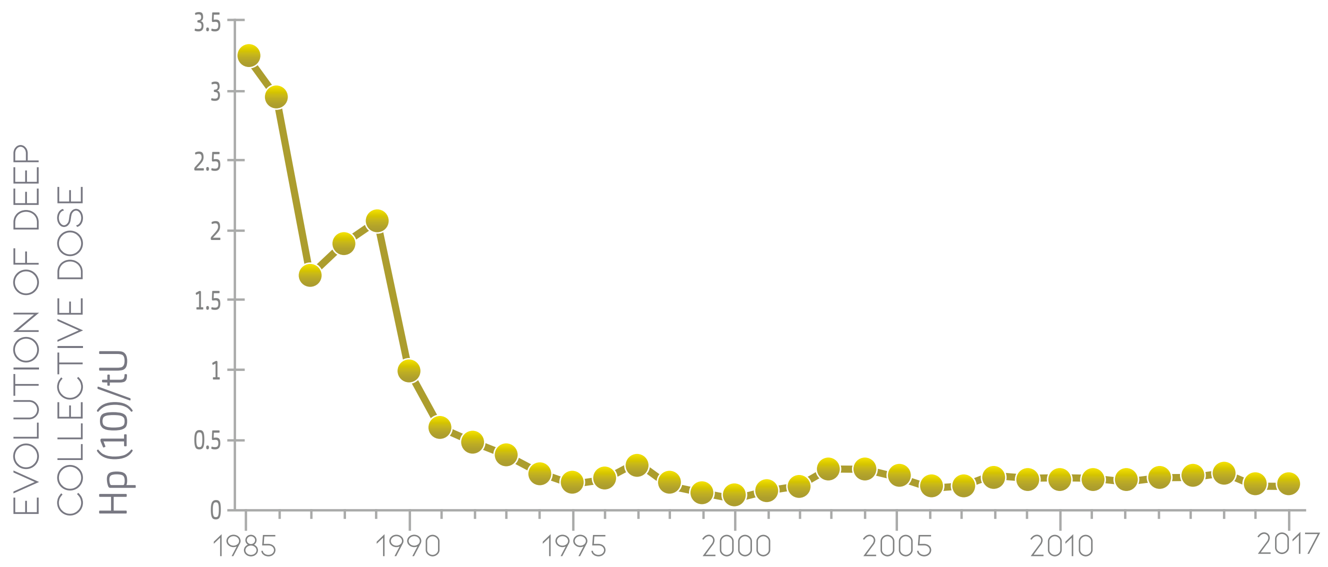
The evolution of external staff doses has experienced a downward trend over the years. Although production has gradually increased (from average values of 150 tons of uranium in the early years to the 286 tons produced last year), the collective doses per ton have been maintained with regard to the previous year, and the average doses to workers have remained below 1 mSv, the limit dose to the public. The maximum annual doses have thus been successfully kept below 5% of the limit for exposed workers.

INTERNAL DOSIMETRY

The areas in the Juzbado factory where people work with potentially dispersible uranium oxide powder are classified as zones at risk of contamination and radiation, thus posing a risk of radioactive isotopes entering the organism which could result in an internal personnel dose.

The ambient contamination in these areas is monitored with the so-called Radiation Protection System, formed by particle sampling equipment with a centralized vacuum system and silicon barrier detectors. The system is also provided with a network composed of more than 150 continuous sampling points that are representative of the areas and work stations, from which the filters are removed every 8 or every 24 hours, measuring the retained activity with equipment, with which the estimate is made of the internal personnel dose. Internal dosimetry is controlled by two internal dosimetry services authorized by the CSN and is based on the measurement of the alpha isotopes in 24-hour urine samples that are periodically taken.

In addition, portable continuous metering equipment is used as a complementary monitoring system in high risk operations, or for equipment and process evaluation and optimization analyses.



OCCUPATIONAL HEALTH

MEDICAL EXAMINATIONS

Section 1 of Article 22 of the Occupational Risk Prevention Act (LPRL) establishes the obligation to guarantee the periodic monitoring of the condition of workers' health based on the risks inherent in the job and applying the appropriate protocols.

The results of health monitoring are always communicated to the workers (Article 22, section 3, LPRL) in a report. In accordance with the provisions of sections 2 and 4 of Article 22 of the LPRL, the privacy and dignity of the person are guaranteed in these checkups, which are not carried out without the worker's consent. The Management is always informed of a worker's aptness for his/her job post after a health monitoring procedure, whether periodic or done after a period of absence due to common illness or industrial accident.

In 2017, 1,343 medical checkups were conducted. These checkups include the ordinary ones (499) and also checkups of newly hired staff members (42), workers who return to or change job posts (17), those requested by workers (1), those requested by interns or personnel in practical training (11) and review of the examinations of subcontracted personnel who collaborate with the company (773).

The Occupational Health area comprises:

- Basic Healthcare Unit of the Salamanca Work Center, formed by one occupational healthcare physician and three occupational healthcare nurses (DUE) in the Juzbado Factory.
- A Medical Service in the Madrid Work Center, which reports to the Salamanca Basic Healthcare Unit and is formed by one part-time occupational healthcare physician (4-hour working day).

HEALTHCARE

The Industrial Risk Prevention Act (LPRL), the Prevention Service Regulation and Royal Decree 843/2011, which regulates the healthcare activities of the Prevention Services, specify that the medical personnel of the Prevention Service should be familiar with the illnesses that may occur among the workers and be aware of absences from work for reasons of health. This is to identify whether there is any relation between the cause of the illness or absence and the risks to health that may occur in the workplaces.

The LPRL, the Regulation and Royal Decree 843/2011, which regulates the healthcare activities of the Prevention Services, also refers to the fact that the medical personnel of the Prevention Service must provide first aid and emergency care to workers who are victims of accidents or alterations in the workplace.

OTHER OCCUPATIONAL HEALTH ACTIVITIES

During 2017 the following actions were also included:

- Within the Promotion of Health at Work (PST), the early detection of blood hidden in feces has been carried out in the context of health monitoring.
- Recycling of 54 people in training and use of cardiopulmonary resuscitation techniques and automatic external defibrillators.
- The entire staff of Juzbado and Saelices has been trained in cardiopulmonary resuscitation techniques.
- Flu vaccination campaigns in the three Work Centers.
- A total of 7,909 medical consultations have been tended.
- A total of 19 medical emergencies have been tended.
- A total of 132 alcohol and toxic substance control were conducted.
- The specific health monitoring protocols applicable to the ENUSA Group were reviewed.

- The "Prevention of Cardiovascular Disease" program continues among the workers of the ENUSA Group that began in the year 1995.
- An epidemiological study of the entire ENUSA staff was conducted, where the most relevant and prevalent health problems in the working population of the ENUSA Group were identified.
- The regulatory Audit process of the Prevention Management System of the ENUSA Group was conducted with a favorable result.
- Two blood donation campaigns were carried out in the Juzbado factory, in collaboration with the blood bank of the Government of Castilla y León.
- A poster and communication process was begun in relation to the promotion of Health at Work campaigns.
- The evaluation of psycho-social risk and workplace stress was reviewed in the Madrid, Juzbado and Saelices Work Centers.

INDUSTRIAL ACCIDENT RATE

The low accident rates obtained by ENUSA make it eligible to avail itself of the provisions of Royal Decree 404/2010 of March 31, which regulates the establishment of a system that reduces professional contingency contributions for companies that have made a special contribution to the reduction and prevention of industrial accidents.

ENUSA ABSENTEEISM RATES DUE TO ILLNESS 2017

	Juzbado	Madrid	Saelices
No. of employees (*)	401	203	30
Worked hours	590,890	309,559	38,490
Total no. sick leaves	78	28	2
Lost working days	2,510	846	287.39
Frequency rate	19.45	13.79	6.66
Seriousness rate	32.18	30.21	143.70
Disability rate	6.26	4.16	9.58

(*) No. of employees at 31/12/2017

$$\text{FREQUENCY RATE} = \frac{\text{Total no. sick leaves}}{\text{No. of employees}} \times 100$$

$$\text{SERIOUSNESS RATE} = \frac{\text{Lost working days}}{\text{Total no. sick leaves}}$$

$$\text{DISABILITY RATE} = \frac{\text{Lost working days}}{\text{No. of employees}}$$

TOTAL NUMBER OF SICK LEAVES BY SEX AND WORK CENTER

	Juzbado			Madrid			Saelices		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total no. sick leaves	67	11	**78**	16	12	**28**	2	0	**2**

ACCIDENT RATES ENUSA 2017

	Juzbado	Madrid	Saelices
No. of employees	401	203	30
Worked hours	590,890	309,559	38,490
Accidents with sick leave (*)	0	1	0
Accidents without sick leave (*)	6	2	1
Lost working days due to accident	0	4.77	0
Incidence rate	14.96	14.77	33.30
General frequency rate	10.15	9.69	25.98
Frequency rate with sick leave	0	3.23	0
Seriousness rate	0	0.02	0
Average disability duration	0	4.77	0
Absenteeism rate due to accident	0	0.02	0

(*) Accidents "in itinere" are not included

$$\text{INCIDENCE RATE} = \frac{\text{No. accidents}}{\text{No. of employees}} \times 10^3$$

$$\text{AVERAGE DISABILITY DURATION} = \frac{\text{Lost working days due to accident}}{\text{No. of accidents with sick leave}}$$

$$\text{GENERAL FREQUENCY RATE} = \frac{\text{No. of accidents with sick leave + no. of accidents without sick leave}}{\text{Total number of worked hours}} \times 10^6$$

$$\text{SERIOUSNESS RATE} = \frac{\text{Lost working days due to accident}}{\text{Total number of worked hours}} \times 10^3$$

$$\text{ABSENTEEISM RATE DUE TO ACCIDENT} = \frac{\text{Lost working days due to accident}}{\text{No. of employees}}$$

NO. OF ACCIDENTS BROKEN DOWN BY SEX AND WORK CENTER

	Juzbado			Madrid			Saelices		
	Men	Women	**Total**	Men	Women	**Total**	Men	Women	**Total**
Accidents with sick leave	0	0	**0**	0	1	**1**	0	0	**0**
Accidents without sick leave	5	1	**6**	2	0	**2**	1	0	**1**

ABSENTEEISM RATES DUE TO ILLNESS UTE AND SUBSIDIARIES

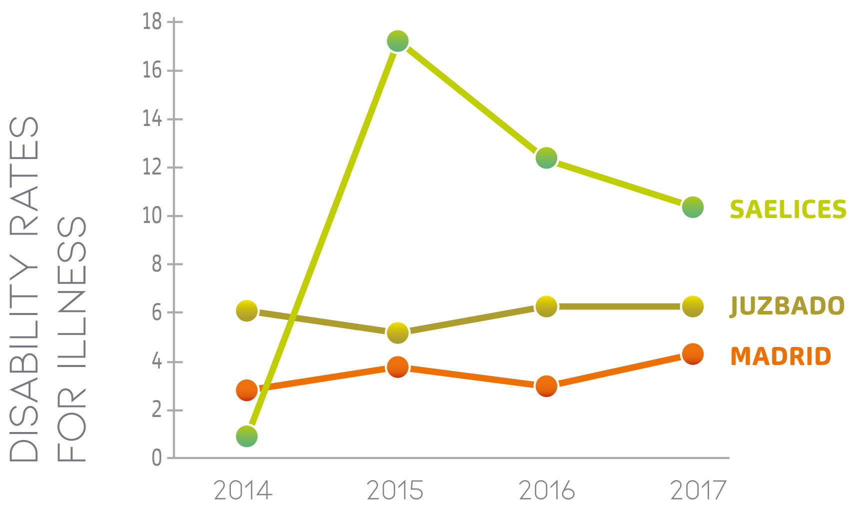
	UTE (*)	Emgrisa	ETSA
No. of employees	13	56	43
Worked hours	23,263	92,357	81,943
Total no. sick leaves	3	9	2
Lost working days	47.985	118	13
Frequency rate	25.50	16.15	4.65
Seriousness rate	14	13.11	6.50
Disability rate	3.57	2.12	0.30

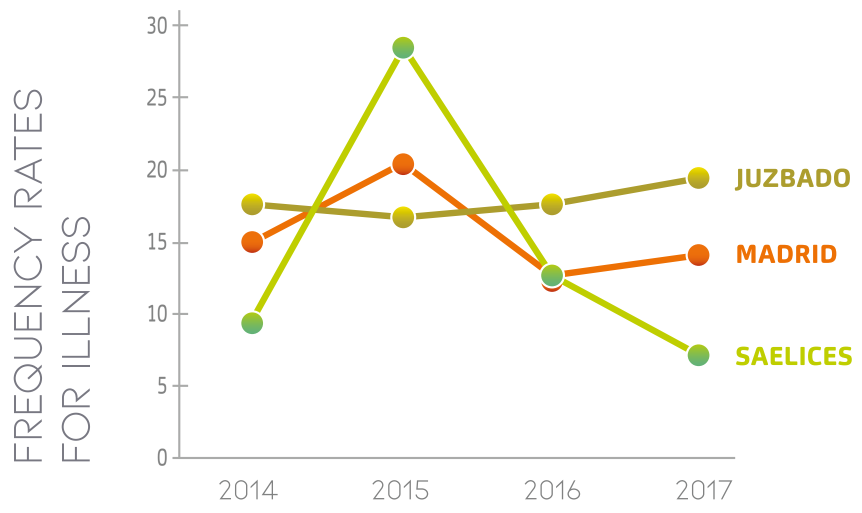
(*) Data referred to the 85.69% share of ENUSA in the UTE

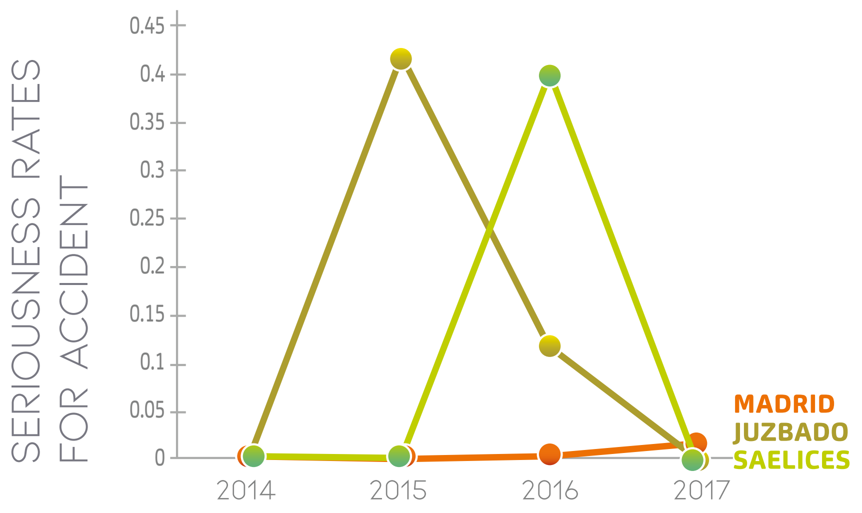
ACCIDENT RATES UTE AND SUBSIDIARIES

	UTE (*)	Emgrisa	ETSA
No. of employees	13.44	55.73	43
Worked hours	23,263	92,357	81,943
Accidents with sick leave (*)	0.86	0	0
Accidents without sick leave (*)	0.86	4	1
Lost working days due to accident	167.95	0	0
Incidence rate	127.98	71.77	23.26
General frequency rate	73.94	43.31	12.20
Frequency rate with sick leave	36.97	0	0
Seriousness rate	7.22	0	0
Average disability duration	195.29	0	0
Absenteeism rate due to accident	12.50	0	0

(*) Data referred to the 85.69% share of ENUSA in the UTE







4. CUSTOMERS

ENUSA focuses its efforts on supplying products and services to the Nuclear Plants so that their safe operation is guaranteed. The basic pillars that govern any action are, therefore, safety and respect for the environment, always under the premise of quality in all the products and services that are delivered. All the ENUSA organizations focus their action achieving these conditions. The needs of the customers are identified and the best response, product or service that best satisfies this need is sought. All this without forgetting the current regulatory and energy framework, where it is necessary to be flexible to meet any new demand. In the present context, one must respond to the needs related to the operation of the Nuclear Plants and also tend those aspects related to the management of irradiated fuel assemblies that are in the storage pools.

FUEL AREA CUSTOMERS

The activity of ENUSA in the nuclear fuel business focuses on the following areas:

- Uranium supply.
- Fuel design and manufacturing.
- Operating support engineering services
- Engineering services related to irradiated fuel management.
- Engineering services related to the future ATC [centralized temporary storage facility].
- Engineering services to support the design and licensing of irradiated fuel storage and transport casks.
- In-plant fuel services related to the delivery of fresh fuel during refueling outages and to irradiated fuel management support.
- Supply of both fresh and irradiated fuel inspection equipment.
- R&D&I projects.

One of the relevant aspects of the year 2017, after the award made by the Belgian company ENGIE Electrabel/Tractebel of the fuel supply contracts of the nuclear plants of Doel 3 and Tihange 2, has been the realization of scheduled activities of leading engineering as well as the LOCA Astrum TCD analyses necessary for mandatory licensing under the Belgian regulatory authorities for the introduction of fuel in the Doel 3 and Tihange 2 in the year 2018. This is a Project framed in the European Fuel Group (EFG), which is done in collaboration with Westinghouse and has a scope greater than the 28thousand hours of engineering in 2017. ENUSA, in accordance with the agreed distribution of responsibilities has dedicated more than 15,000 hours in this exercise.

In 2017, intense activity has continued in engineering services provided in connection with spent fuel, its characterization and subsequent clearance for purposes of storage in the Individual Temporary Storage Facility (ATI) and eventual subsequent transport to the Centralized Temporary Storage Facility (ATC). Because of their special importance, it is worth mentioning all the works related to the development of clearance methodologies, as well as the performance of calculations and the development of conditioning devices to minimize the number of fuel assemblies that have to be classified as damaged.

In this same line, support has continued to be given to the management of the ATC project of ENRESA, providing services of reviewing the technical documentation of the different engineering firms who work on the project and perform the shielding calculations of the Cask Awaiting Warehouse as the main business.

Lastly, it is important to highlight that in this year conversations have begun with the electric companies, owners of the five PWR reactors of Westinghouse design, to evaluate the extension of the current contract for fuel supply, engineering services and of fuel, (which ends in the year 2019) for an additional number of refuelings. It is expected that the negotiations may produce results in the spring of 2018.

ENUSA conducts all its businesses under a Quality Management System in accordance with standard ISO 9001:2008, which is regularly audited by the official certification organizations and also by all our customers (more information on pág. 268, Quality Section).

FUEL SALES

In order to fulfill the contractual commitments undertaken in previous years, during 2017 fuel deliveries were made amounting to more than 263 tons of equivalent uranium (tU). Of this amount, almost 70% was exported. In all, around 659 fuel assemblies manufactured in Juzbado have been delivered.

As the result of the loss of market share in the BWR area, the volume of enriched tU deliveries of the year for reactors with this design have represented approximately 14% of the total. On the other hand, it is necessary to highlight the consolidation of the market of the European PWR reactors (outside the national territory), with a supply around 50% of the total of enriched tU of the year.

In order to market abroad the products and services related to nuclear fuel of pressurized water reactors (PWR), ENUSA maintains with Westinghouse the European Fuel Group (EFG) alliance, renewed in 2017 up to 31 December 2024. All this is under the technology cooperation agreement with Westinghouse that has been in effect since 1974 and also renewed up to 31 December 2024.

The signing of both agreements, after an extensive negotiation with Westinghouse, took place in October 2017, after it was authorized by the SEPI Management as well as by the court of New York that supervises the payment suspension process. In this way, the assumption of the commitments that are derived from them and ENUSA's interests are safeguarded in view of the subsequent sale of Westinghouse and, therefore, the arrival of the new owner. This judicial authorization took place in September, completing at that time the signing of both agreements.

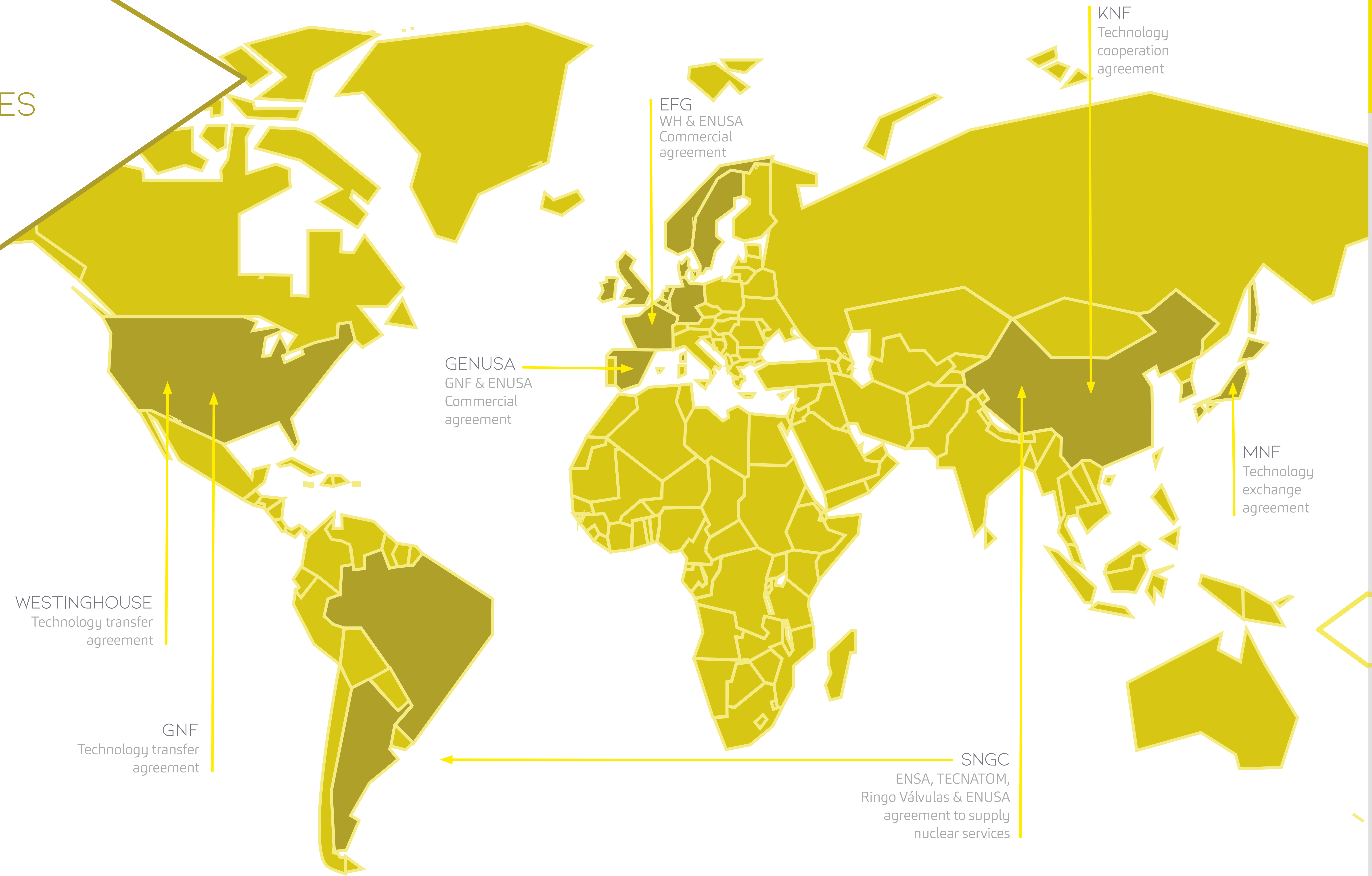
This extension will continue to provide the necessary stable framework so that ENUSA can conduct its business in the PWR market, both in Spain and the rest of the European countries.

On the other hand, for marketing in the boiling water reactor (BWR) fuel market, ENUSA has a share in GENUSA with General Electric through Global Nuclear Fuel- America.

It also has the corresponding technology cooperation agreement with General Electric (GEH), which is the basis for all activities in the European BWR fuel market.

Both agreements have been extended until 31 December, 2018. During this year, the model related to GEH/GNF will continue being analyzed in the near future, in view of the smaller BWR market available in Europe, motivated by the closing of different reactors of this design in recent years.

ALLIANCES


KNF
Technology
cooperation
agreement
EFG
WH & ENUSA
Commercial
agreement
GENUSA
GNF & ENUSA
Commercial
agreement
MNF
Technology
exchange
agreement
WESTINGHOUSE
Technology transfer
agreement
GNF
Technology transfer
agreement
SNGC
ENSA, TECNATOM,
Ringo Válvulas & ENUSA
agreement to supply
nuclear services

PWR MARKET

In 2017, around 227 tons of enriched uranium (tU) were delivered for the PWR reactors of Spain, France and Belgium.

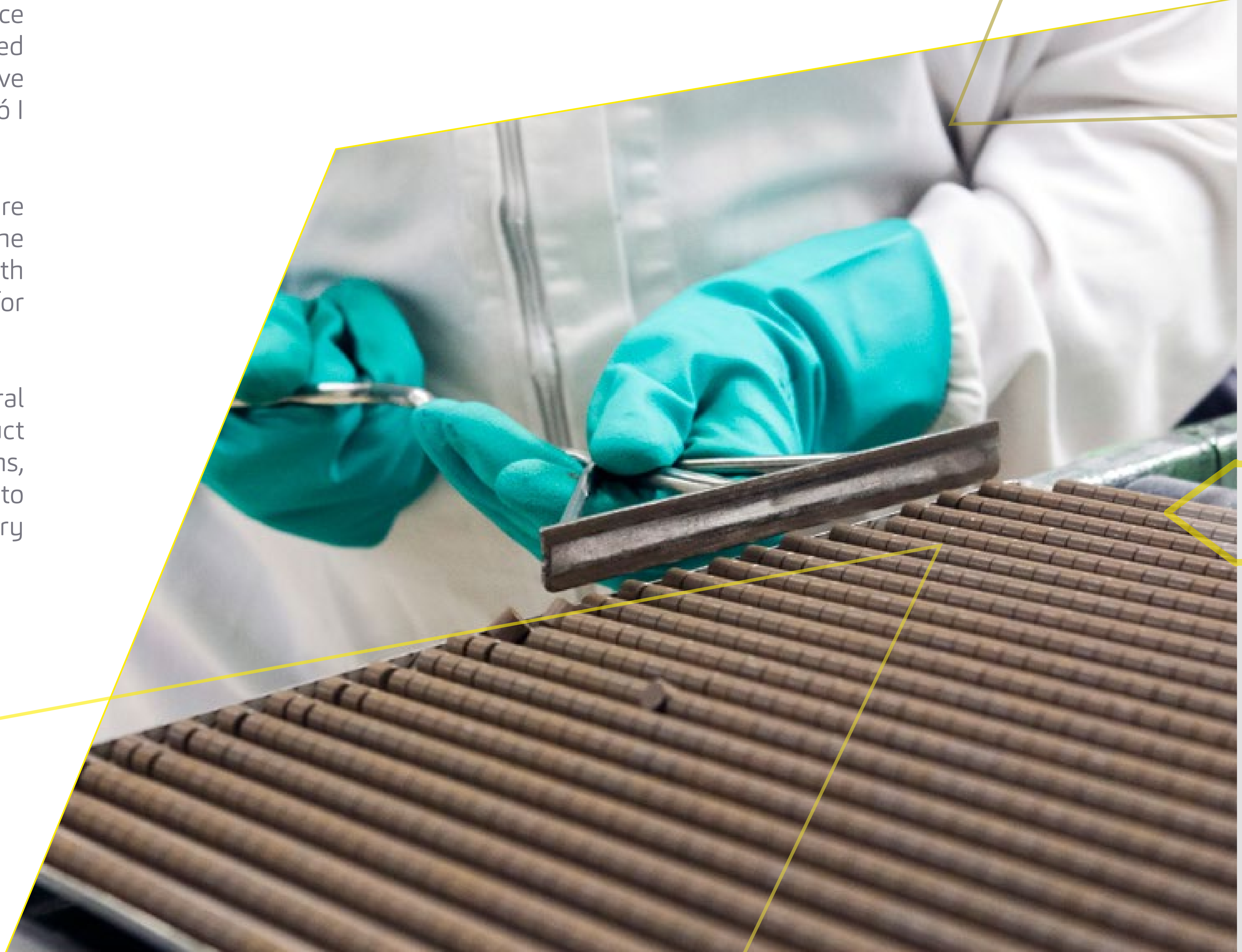
In Spain, the company continues to regularly supply fuel to the Spanish PWR nuclear power plants. In 2017, nearly 87 tons of enriched uranium (tU), corresponding to 188 fuel assemblies, were delivered to the Almaraz, Ascó I and Ascó II plants, in accordance with the contract signed in 2012. Consequently, the fuel supplied from the ENUSA factory in Juzbado is operating in the five Westinghouse-design PWR plants in Spain, Almaraz I and II, Ascó I and II and Vandellós II.

In addition, 125 RFA 1300 and 86 RFA 900 fuel assemblies were delivered, equivalent to 107 tons of enriched uranium (tU), to the French EDF plants. Also, under the contract that ENUSA has with ENGIE Electrabel and Tractebel Engineering, 60 fuel assemblies for the Tihange 3 plant, equivalent to 32 enriched tU, were supplied.

Furthermore, the company has continued to execute several engineering programs and services for analysis of the product performance under the most demanding operating conditions, as well as the fine tuning of the most advanced design tools to respond to changes that could be implemented in regulatory requirements.

BWR MARKET

As for the boiling water reactor (BWR) market, in 2017, a total of 37 enriched tU was delivered, whereby GENUSA delivered 120 fuel assemblies to the Cofrentes Nuclear Plant, and 80 fuel assemblies to Gundremmingen, located in Germany.



FUEL CUSTOMERS

ENUSA
GENUSA
EFG

TVO
FORTUM
FINLAND
Olkiluoto 1
Loviisa

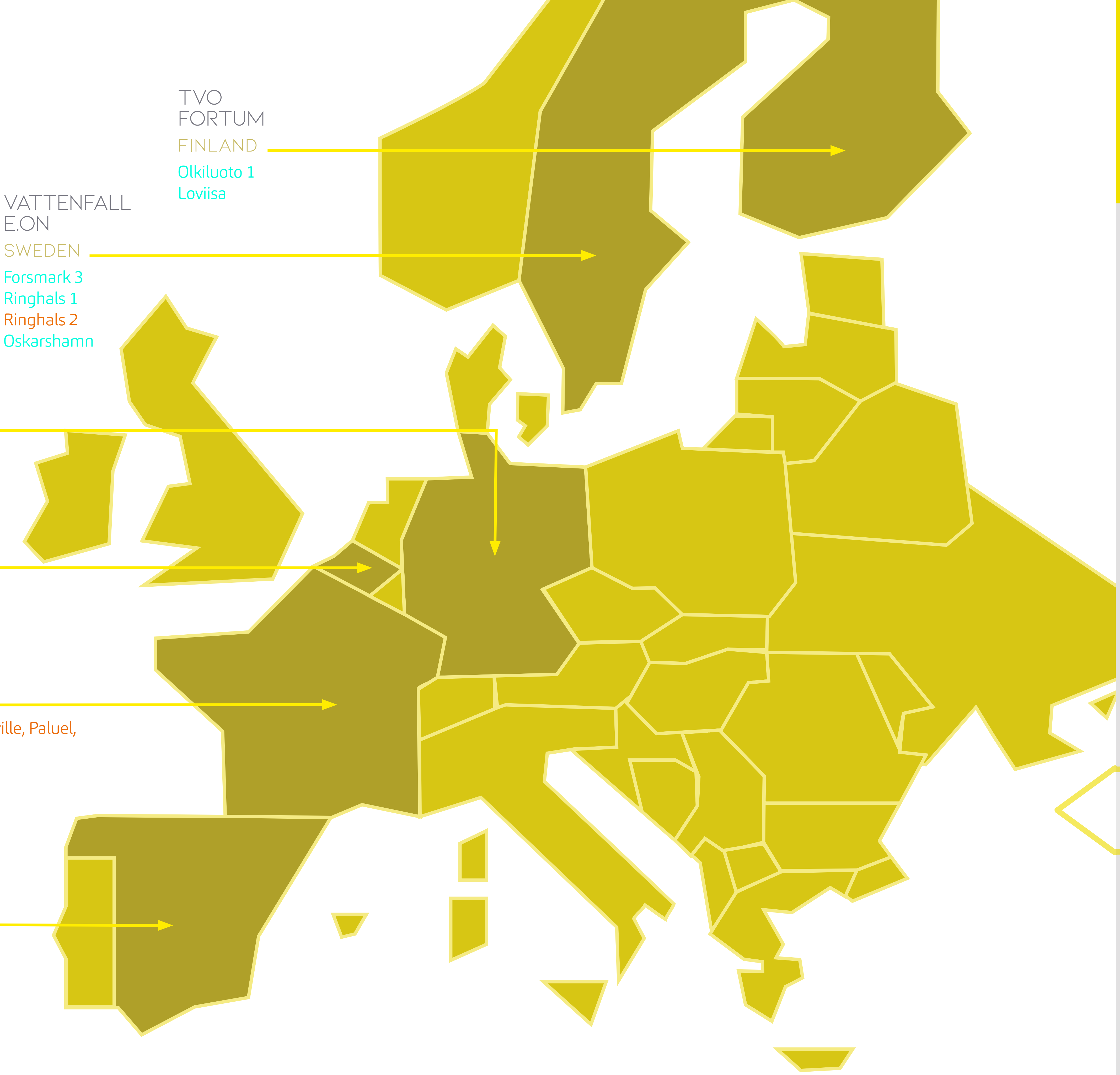
VATTENFALL
E.ON
SWEDEN
Forsmark 3
Ringhals 1
Ringhals 2
Oskarshamn

RWE
GERMANY
Gundremmingen

ELECTRABEL
BELGIUM
Doel & Tihange

EDF
FRANCE
Blayais, Chinon, Gravelines, Saint Laurent, Cruas, Belleville, Paluel, Cattenom, Nogent, Golfech, Penly, Flamanville

ENDESA
IBERDROLA
GAS NATURAL-FENOSA
SPAIN
Almaraz I & II, Ascó I & II, Vandellós II
Cofrentes
Trillo*



*Only fuel and uranium procurement services are supplied to Trillo nuclear power plant central and in 2016, eight demonstration elements (LTAs) by EFG.

ENGINEERING AND FUEL SERVICES

Complementary to the manufacturing activities, ENUSA carries out the corresponding Engineering Services. In this respect, during 2017, more than 80 thousand hours have been devoted to engineering services, including in this concept the design activities for the refuelings of the Spanish PWR nuclear reactors and operating support, as well as support to manufacturing activities.

The Fuel Services activities undertaken in the nuclear power plants continue to increase. This increase is primarily due to the consolidation of the agreements with the national PWR customers, which is resulting in a progressive increase in the scope of the services provided by ENUSA related to refueling services, inspection of the spent fuel stored in the fuel pools and its characterization and clearance.

ENUSA has a series of partners and alliances to undertake the fuel services. On one hand is the ENUSA-ENSA Economic Interest Grouping (EIG, AIR in Spanish), the organization that develops the fuel services contracted by ENUSA in relation to plant operation with the support of its partners ENSA and ENWESA.

The AIE ENUSA-ENSA is the result of the transformation, formalized in November 2017, of the former AIE ENUSA-ENWESA, which was produced by the voluntary exit of Westinghouse Technology Services (WTS) from the shareholding, with the State company ENSA having taken its place.

The AIE ENUSA-ENSA will be, from its incorporation, the company which will manage all the plant services that ENUSA may contract, whether they are refueling services or services for the management of spent fuel, both in Spain and in any other plant where ENUSA may contract fuel services. In addition, with the entry of ENSA, the cited AIE will also manage the work related to the management of irradiated fuel that ENSA may contract, as well as the cask loading services, the optimization of the frames of the fuel pools, etc.

The necessary collaboration with WTS for many fuel services in the nuclear plants is guaranteed by the Collaboration Agreement between ENUSA and WTS, which was also signed in the autumn of 2017.

ENUSA continues having the collaboration of TECNATOM, the technology partner with which ENUSA has undertaken the development of the SICOM equipment, the family of equipment for providing fuel characterization services and whose ownership is shared by the two companies. Some SICOM equipment has already been sold in China.

Another agreement that ENUSA has in the area of In-Plant Services is with the North American firm Dominion Engineering for the development of equipment for cleaning the fuel with ultrasound techniques and equipment designed to detect leaking assemblies.

The company has an ongoing commitment to support the nuclear power plants with its in-plant services and, as a result, it is consolidating its presence in several European reactors and beginning to provide services to the Trillo nuclear power plant.

For this reason, ENUSA has significantly increased the number of customers and the workload in fuel services. This is an expanding line of business and therefore the company will continue to pursue it in 2018, together with the development of new services related to irradiated fuel management.

IRRADIATED FUEL MANAGEMENT

The broad technological knowledge of nuclear fuel has made ENUSA a leader for the nuclear plants in many activities related to the management of spent fuel, relying on significant experience in activities related to the second part of the fuel cycle.

The support for the management of spent fuel that ENUSA offers to its customers has two components. One is related to the fuel services to be carried out in the plant for the characterization, conditioning of damaged assemblies and loading of casks. The other is related to the engineering work to identify needs for inspection, analyzing the results of these inspections, classifying fuel and minimizing the number of assemblies that must be classified as damaged. During the year 2017, noteworthy dedication has been provided to give support in both components to the managers of the Spanish PWR nuclear plants.

In 2017 as well as in previous years, different methodologies and a conditioning device have been developed with the aim of minimizing the number of assemblies that must be classified as damaged. This year we have worked intensely with the regulatory authority for the licensing of the different developments. Some of them were licensed in 2017, and it is expected that the rest will be licensed in 2018.

In relation to the minimization of the number of fuel assemblies that must be classified as damaged, the development in recent years and successfully putting into production in 2017 of the Espiga device can be highlighted. This device allows the conditioning of the fuel assemblies affected by corrosion of the couplings of the fuel assembly nozzles, permitting safe handling without restrictions.

In the years to come, these activities will continue until the operators of the Spanish plants have achieved the objective of having all the fuel in the pools cleared and ready for loading in the storage and transport casks before final delivery to the ATC. ENUSA, as the fuel technologist, has allotted all the necessary resources both to Engineering and to Fuel Services to meet the demands of its customers. Once the leadership in activities of the second part of the fuel cycle has been consolidated in Spain, it is expected that in upcoming years it can provide support in this area to foreign customers.

ACTIVITIES RELATED TO THE CENTRALIZED TEMPORARY STORAGE FACILITY (ATC) AND IRRADIATED FUEL STORAGE CASKS

The project for the Centralized Temporary Storage Facility (ATC) that ENRESA plans to build in Villar de Cañas (Cuenca) is still moving forward, although subject to the decisions that may be made by the different administrations involved, and therefore the technical and commercial activities are being adapted to ENRESA's actual needs.

As direct aid to ENRESA support has been provided to the ATC project management, with the review of numerous technical licensing reports in the field of nuclear engineering, and of special relevance are the shielding analyses, basis of the license of the Cask Standby Warehouse, (the first ATC facility envisaged to enter into operation) and the source term calculations compared to all the fuel to store in the ATC.

Under the Framework Collaboration Agreement signed between ENSA and ENUSA in October 2015, several nuclear engineering activities have been carried out for ENSA, focused mainly on the optimization of the ENUN casks for the storage and transport of nuclear fuel that is damaged or has a high degree of burnout from the Almaraz and Trillo plants. Work has also been carried out very actively during 2017 in the predesigning of a metallic cask for BWR fuel from the Cofrentes nuclear plant for which ENSA finally was not the awardee of the supply.

In parallel, ENUSA has continued to follow the evolution of the ATC project in order to be positioned in the best way possible with respect to irradiated fuel logistics, manufacturing of specific equipment and support to ENRESA in everything related to the irradiated fuel.

R&D&I

ENUSA will continue investing resources, both monetary and human, in R&D&I projects. The objective is to have the most innovative technology for the equipment and processes, in order to improve both the end product offered to customers and the environmental safety and quality standards. R&D enables it to maintain the company dynamics and offer a product that is tailored to the requirements of each customer.

In 2017, around 5% of the fuel sales has been allocated to R&D, and ENUSA has participated in a large number of national and international nuclear development projects and programs in collaboration with licensing partners, other companies with which it has technology agreements, regulatory bodies and customers.

ENUSA continues to have a presence in all the national and international forums, in order to incorporate the latest technologies that serve to enhance the products and services, and it also takes part in different R&D&I projects in order to analyze the performance of irradiated fuel and the new fuel designs.

INTERNATIONALIZATION

The process of internalization of the company has received a new boost in 2017, focused on the marketing of equipment for fuel inspection, both during the manufacturing process and after its irradiation.

In the area of irradiated fuel inspection equipment, SICOM-COR equipment was delivered to Chinese customer, Suzhou Nuclear Power Research Institute (SNPI), a subsidiary of the China General Nuclear (CGN) Group, with this being the second of such equipment supplied by ENUSA to SNPI in collaboration with our partner TECNATOM. In addition, on this occasion the supply was accompanied by the provision of inspection services that were carried out in the months of February and April 2017 and by the supply of spare parts.

Furthermore, in the month of October, the supply contract for automatic visual inspection equipment of pellets was signed with our customers CNNC Jianzhong Nuclear Fuel (CJNF) and China Nuclear Energy Industry Corporation (CNEIC) destined for the fuel factory of Yibin. Previously, two other sets of fuel rod inspection equipment were supplied to this facility, for which reason the relationship between the companies is considered consolidated. It deals with a singular contract since it is the first occasion in which ENUSA markets this technology developed in the Juzbado Factory and constitutes, furthermore, the largest contract signed by ENUSA in China up to this time.

In the South American market, technical assistance service has been carried out for the fuel factory of CONUAR (Argentina) and a cooperation agreement with Tecnatom do Brasil has been signed.

At present we are working to obtain new supply contracts on equipment in Sweden, South Africa and Kazakhstan, which, if achieved, would suppose a turning point in the evolution of this business line.

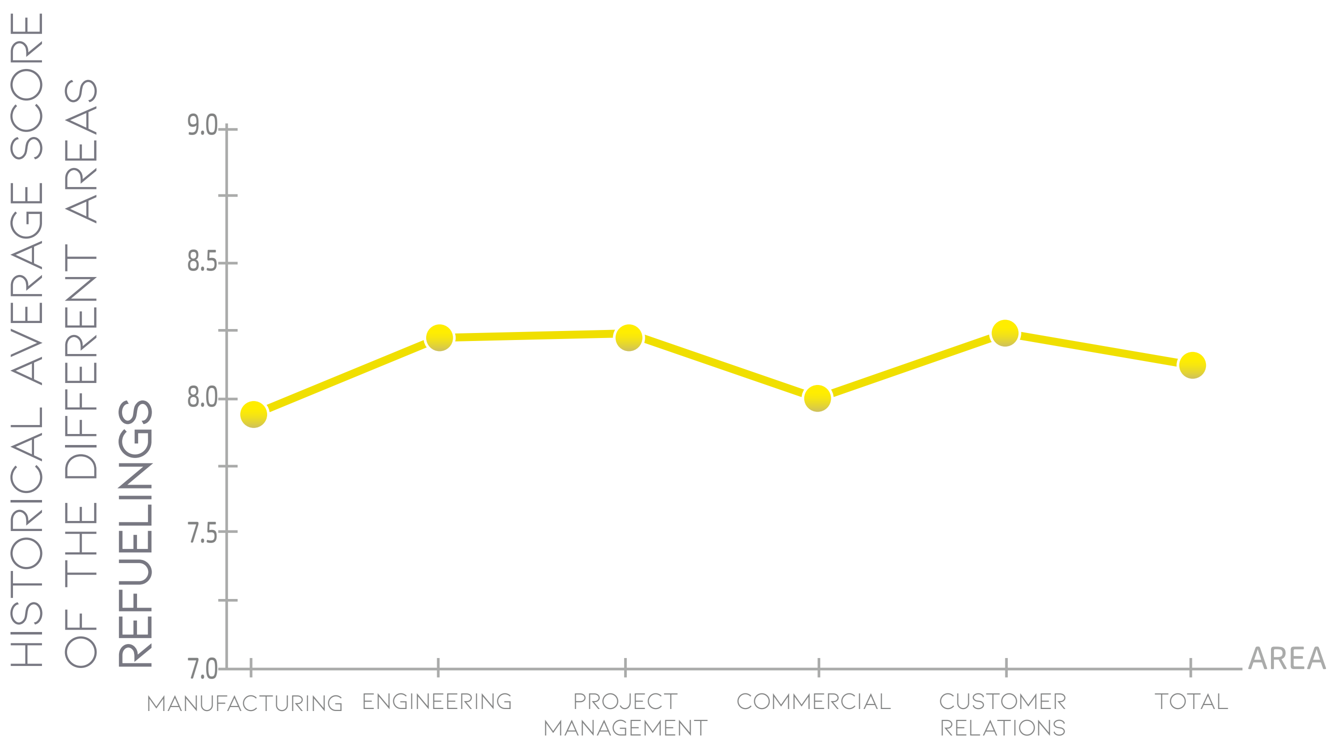
CUSTOMER SATISFACTION SURVEYS

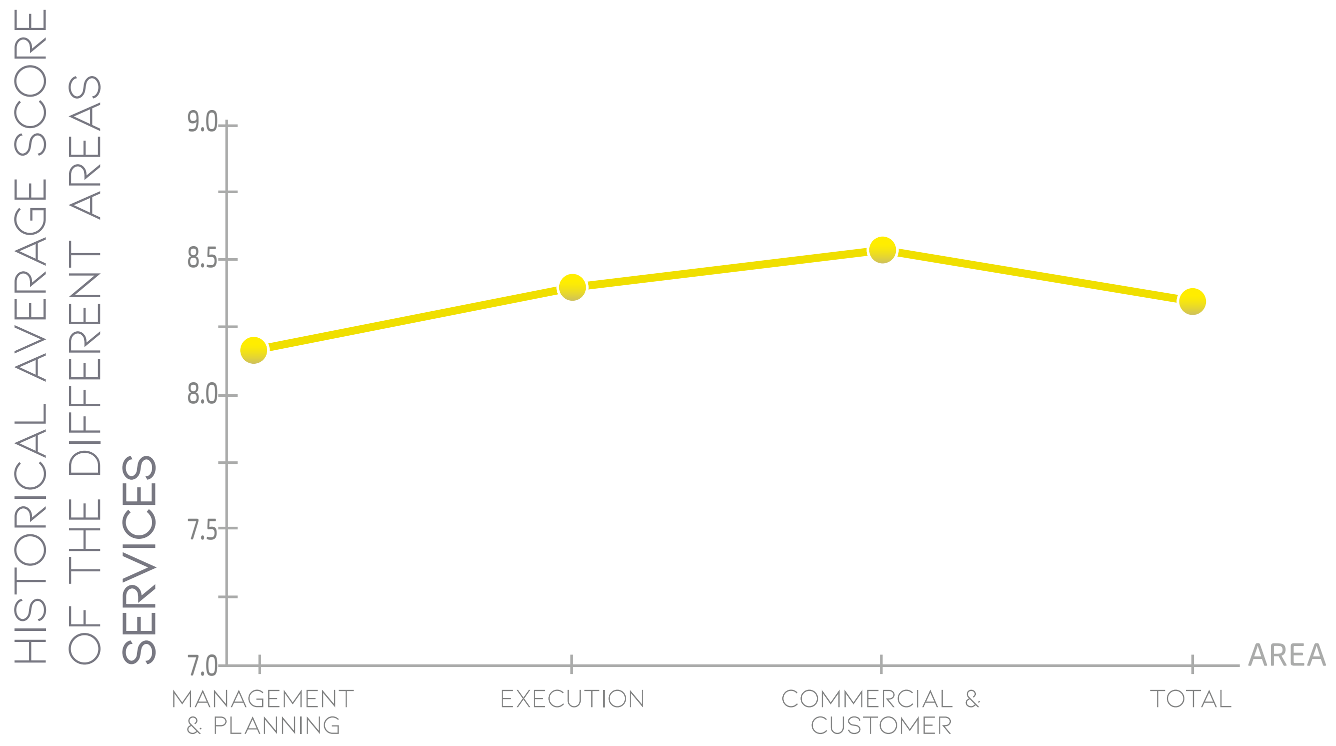
The quality of the services that ENUSA provides to the customers is measured by two different indicators.

- In the first place, their degree of satisfaction is measured through the analysis of certain indicators, whose evaluation and results can be obtained either through conducting presential satisfaction surveys with the customers or through self-evaluation of different projects, an indirect method that was developed several years ago and with which the most important aspects for the clients were evaluated objectively.
- On the other hand, possible dissatisfaction is analyzed, accepting the complaints and/or claims that might arrive in relation to specific events regarding the services that ENUSA provides to them.

The analysis carried out in the year 2017 for the Ascó I and II, Almaraz I and Vandellós II refuelings and for different EDF projects, all come from the self-evaluations conducted with the indirect method, since there was no opportunity to conduct any of the presential surveys as the necessary conditions were not met. It should be recalled that the self-evaluations record the satisfaction with each Project in a precise form, based on the Critical to Quality (CTQ) parameters that the customers have referred to on previous occasions and on the resulting experience of the many meetings that are held with them regularly.

The result obtained reflects an average of 8.01 corresponding to refuelings for the year 2017. In case any aspect is detected that may require it, these self-evaluations can lead to the corresponding Action Plan to establish the corrective measures that may be necessary to remedy these specific points.





With the certainty that the indirect method and the analysis of the different parameters carried out produce a true measurement of the degree of satisfaction, the need for conducting presential surveys should be insisted upon which validate the obtained results. We will continue insisting on their realization when the opportunity is presented, always with the acceptance of the customers who are ultimately those who receive these surveys.

In relation to complaints and claims, during 2017 the actions derived from the ANAV complaint of the year 2016 have been managed.

ENUSA continues being very attentive to any aspect or comment that comes from a customer in order to fulfill all the contractual commitments and obligations with utmost rigor and reliability.

ENVIRONMENTAL AREA CUSTOMERS

During 2017, although the Technical Environmental Office (GTMA) has been reducing its number of employees and the activities have continued being carried out along two main business lines: the provision of environmental services, and the area of new developments.

Furthermore, and in accordance with Strategic Plan of the ENUSA Group's environmental business, the external activities that the Office has been carrying out have been incorporated to the Emgrisa's set of services.

The most relevant activities carried out in each of the aforesaid areas are as follows:

ENVIRONMENTAL SERVICES

As in previous years, the provision of services has continued in two main fields of action: support engineering services to other activities of the company and the environmental radiation monitoring programs:

Engineering support services for other activities of ENUSA

In the framework of the close cooperation maintained with the Saelices el Chico plant, two lines of actions should be highlighted: one, collaborating with the technical personnel of the Plant in the review of the documentation required by the Nuclear Safety Council for the dismantling and closing of the Quercus Plant facilities; the other, the coordination and monitoring of the TEKURA Project of using technosols for the treatment of acidic water from the mine, which it has been carrying out throughout the year 2017.

In this subject of technosols, this year a loan and the qualification of R&D of the TEKURA Project have been obtained by the Industrial Technological Development Center (CDTI), in which it relies on the participation of three collaborators: Emgrisa, CIEMAT and the University of Santiago de Compostela for its development. In addition, in the last quarter of the year, we have collaborated with the personnel of Saelices and Emgrisa in the construction of a technosol plant necessary for the production of soil that avoids the generation of acidic water from the mine.

Similarly, close contact has been maintained with Emgrisa for surveillance programs, especially those with radiological content, as well as for the presentation of qualifications in environmental services of the ENUSA Group. This year, two milestones can be highlighted in the cooperation with the environmental subsidiary: on the one hand, collaboration on the TEKURA Project and the construction of the Technosol Plant already cited and on the other, the signing of a Management Delegation for the operation and supervision of the Biogas Plant during the next two years.

In collaboration with the Fuel Assembly Factory of Juzbado, and in relation to the fuel oil Boiler Substitution Project used in the air conditioning and sanitary hot water (ACS) for the facilities, the dismantling of the former boilers and the inerting of the fuel oil deposits that were used as fuel were performed, finalizing in this way the work to be carried out by the Office in the project. The objective of this substitution, in addition to saving energy and increasing energy efficiency, is to improve safety by eliminating the storage of fuel within the Factory facilities and, at the same time, reduce the greenhouse gas emissions. It should be mentioned that this year a subsidy was obtained from the Institute for the Diversification and Saving of Energy (IDAE) for this project that permits improving the economic profitability of the installation.

Environmental Radiation Monitoring Programs

- Water control program in the vicinity of the former and jar uranium factory (FULA) in Jaen. Sampling activities carried out by Emgrisa.
- Long-term Institutional Monitoring Program of the reclaimed site of the LOBO-G Plant in La Haba (Badajoz). Sampling activities carried out by Emgrisa.
- Monitoring and Maintenance Programs of the reclamation works at the former uranium mines of Valdemascaño and Casillas de Flores, both in the province of Salamanca.
- Delivery at the start of the period of the study to evaluate Radon exposure in the workplaces inside the Graena (Granada) spa facilities. Follow-up of the sampling program has been shared with Emgrisa.
- Economic and administrative coordination in the environmental dosimetry service for Berkeley in Villavieja de Yeltes and Retortillo (Salamanca).

NEW DEVELOPMENTS

In the area of New Developments, ENUSA has continued to operate the Biomethanation Plant of agro-animal and agro-industrial waste in Juzbado (Salamanca), which has been operating uninterruptedly since early 2012. In this plant, anaerobic digestion of the wastes is used to produce biogas which supplies a cogeneration motor and/or boilers producing electric and thermal power, while the pollution load of the wastes is reduced.

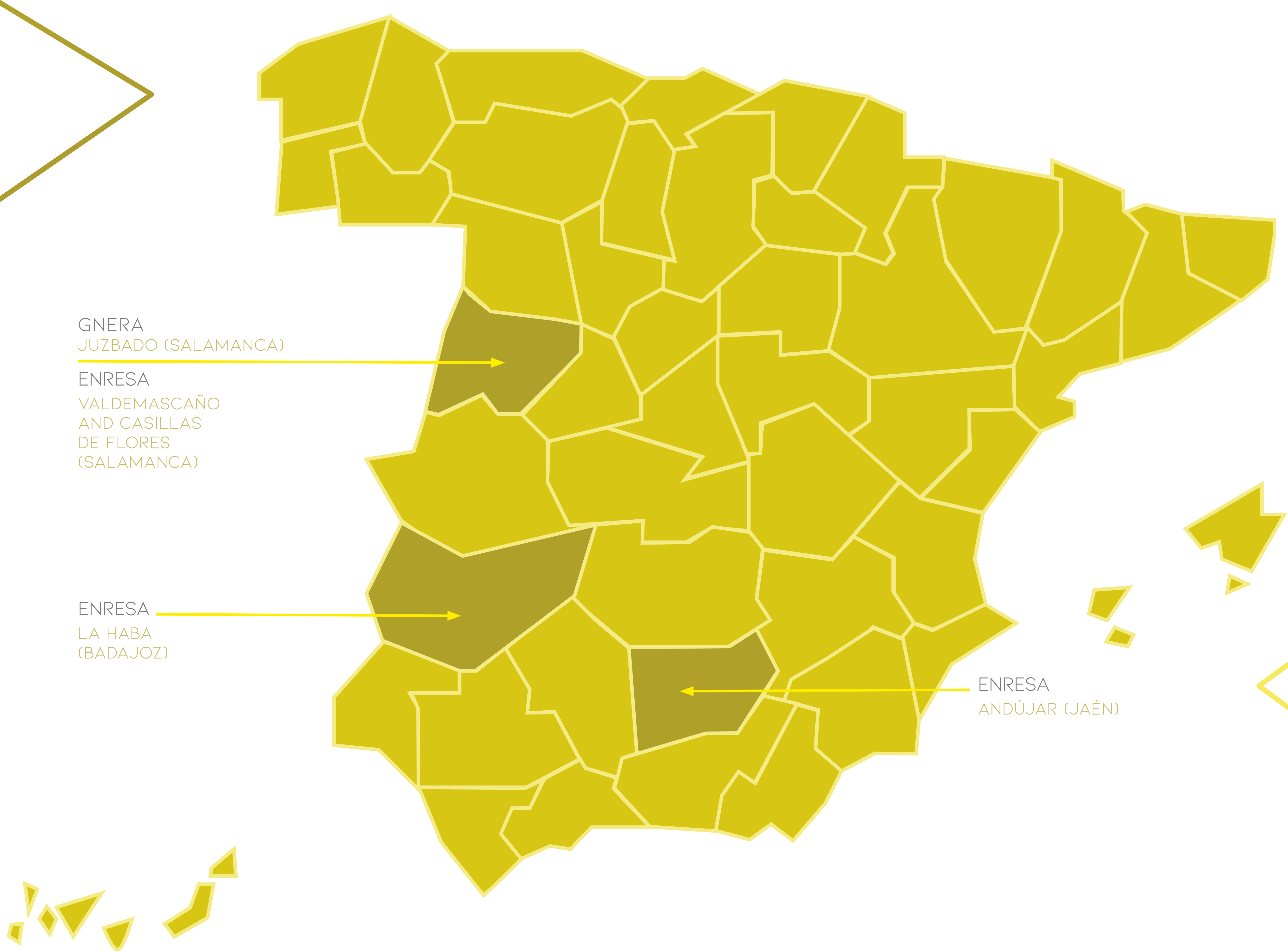
In 2017, the Plant has treated a total of 10,219 tons of agro-animal and agro-industrial wastes, supplying a total of 1,344,741 kWhe to the electric power distribution grid, whereby at the end of 2017 an accumulated value of 12,865,341 kWhe has been dispatched to the grid.

On the other hand, since the new boiler system entered into operation in 2016 which works on the basis of biogas and natural gas, the biogas plant has supplied a total of 2,561,162 kWht to the Juzbado Factory to meet this facility's HVAC and sanitary hot water needs, with 1,713,629 kWht being provided in 2017.

In reference to the Plant, as in the previous year, tests have been continued on biodigestion treatment with vegetable residues from the beetroot industry, receiving substrates at the beetroot sugar factory in Toro (Zamora), La Bañeza (León) and Miranda de Ebro (Burgos). These experiences widen the range of wastes and byproducts that can be treated in the plant and that represent one of the critical points of the installation. The effluents generated in the biogas plant have been used as agronomic products in the fields near the Plant.

Within this area, and in relation to the LIFE Ammonia Trapping Project for the recovery of ammonia from liquid (purines and digestates) and gaseous effluents, in which the Office directly participates, throughout this year the necessary prototypes have been designed and constructed to carry out the experiences in the designated installations, among which is found the Biogas Plant of Juzbado. This three-year project is undertaken with the participation of the Agrarian Technology Institute of Castilla-Leon (ITACYL), the University of Valladolid and three companies from the agro-animal sector.

GTMA CUSTOMERS



5. SUPPLIERS

VALUE CHAIN

The Nuclear Fuel Cycle is the series of operations required to manufacture the fuel for nuclear power plants, as well as to treat the spent fuel produced by plant operation. The so-called open cycle includes the mining, uranium concentrate production, conversion to UF6 and its enrichment (if necessary), manufacture of the fuel assemblies, their use in the reactor and storage of the irradiated fuel assemblies.

ENUSA actively takes part in all the phases of this value chain, purchasing all the components of the enriched uranium (uranium concentrates and conversion and enrichment services) for the Spanish Nuclear Power Plants on behalf of the owner electric utilities, manufacturing the fuel assemblies not only for the majority of the Spanish plants but also for many other European plants, and collaborating with its customers and ENRESA in the safe storage of the spent fuel.

MAIN SUPPLIERS

PROCUREMENT

The procurement of uranium in ENUSA mainly consists of the management of the purchases of the uranium concentrates and of the conversion and enrichment services for making the enriched uranium required for the functioning of the Spanish nuclear reactors available to our customers. This management is done under the safety parameters of the supply and according to the rules and applicable regulations that are under the authority of EURATOM and IAEA.

The suppliers with which it is contracted are leading companies in the uranium market and they comply with the standards of the international organizations on Human Rights. The number of companies with which we have had contracts in this year were eight, some of which not only supply the uranium product, but also conversion and enrichment services.

The majority of the suppliers are located geographically in the western world, Europe and America, and another part in Africa given that this continent is an important producer of uranium.

The procurement of uranium functions in a carefully regulated sector controlled by international organizations in which all the steps of the supply are made under the strictest standards of quality and safety.

MANUFACTURING

In 2017, the purchases and investments of the Juzbado Factory have amounted to 58.9 million EUR, itemized as follows:

- National: 9.87 million EUR
  - o Castilla-León: 1.03 million EUR
  - o Salamanca: 0.62 million EUR
- Abroad: 49.03 million EUR

Indicators referring to the Juzbado fuel assembly factory are included since it is in there where significant impact is generated in the communities.

QUALITY IN SUPPLIERS

Only the suppliers included on ENUSA's Approved Suppliers List (LSA) are authorized to supply goods and services that affect the product quality and/or the safety of the facility.

These suppliers have been evaluated and approved in accordance with a documented procedure that requires periodic reevaluation (at least every three years) to ensure that the conditions that initially justified their approval are being maintained.

The type of evaluation will be defined according to the requisites of the quality guarantee required by the applicable regulation that ENUSA and/or its clients establish through their contracts, and will consider the importance, complexity and degree of control on the element or service to acquire that ENUSA exercises through its own implemented quality management system.

The suppliers are classified in four large groups according to the characteristics of the supplies:

- Those related to manufacturing processes of nuclear fuel
- Those related to the operation processes of the Juzbado Factory
- Those related to engineering services
- Those related to the supply of equipment and services in the plant

Their selection, evaluation and subsequent approval is based on one of the following criteria:

- Evaluation of the supplier's capacity to provide the goods or services to be acquired and of the supplier's quality system by means of an audit according to requirements of nuclear standard UNE 73 401, 10CFR50 Appendix B or ASME NQA-1.
- The supplier's Quality System assessment according to requirements of nuclear standard UNE 73 401, 10CFR50 Appendix B or ASME NQA-1, to identify compliance with the technical and quality requirements of the supply, as well as the control exercised over it – product inspection or service supervision.
- Supplier Quality System assessment by a third party being valid, in accordance with the supply or service, la certification pursuant to the ISO 9001 standard by an accredited entity, ENAC accreditation or equivalent (ILAC) according to the ISO/IEC 17205 standard, homologation or authorization by a competent official authority or any other applicable related entity.

EXTENSION OF CORPORATE SOCIAL RESPONSIBILITY TO THE VALUE CHAIN

One of the company's long-term goals is to transmit its responsible practices to its suppliers. Therefore, the supplier evaluation and qualification also takes into consideration the environmental management systems related to the supplied products and services, as well as their commitment to Social Responsibility in the conduct of their businesses in an ethical, principled and transparent manner.

This aspect is evaluated regarding the suppliers taking into account their level of adherence to the Ten Principles of the United Nations Global Compact in the areas of human, labor, environmental rights and the fight against corruption.

There is a Code for Suppliers and Subcontractors, the purpose of which is to ensure that the suppliers adhere and commit to basic principles of ethics and professional conduct. The implementation of this document has begun with Juzbado, and it is provided as an Appendix in the new contracts signed with suppliers. In 2017, 144 suppliers have signed it without any incident having occurred.

6. QUALITY

For ENUSA, quality is a strategic factor and basic mainstay in all its activities that results from a series of factors and elements in the company that, all together, lead to the best products and services to satisfy its customers and that are produced safely for its workers and the environment and profitably for its shareholders.

The following audits were carried out in 2017:

INTERNAL AUDITS PERFORMED	9 Management 9 Quality Management 1 Environmental Management
EXTERNAL AUDITS RECEIVED	8 Quality Management 1 Environmental Management
SUPPLIER AUDITS	11

CONTINUOUS IMPROVEMENT

On the road to excellence, ENUSA continues to work on Continuous Improvement, a basic tool that includes a series of techniques focusing on the analysis, rationalization and optimization of productive processes. This continuous improvement policy is essential in order to maintain the strategic lines in the fuel business and to assure growth and competitiveness.

At the organizational level, the Continuous Improvement Program is comprehensively managed and coordinated by the Quality Committee, which is formed by the heads of the ENUSA operating organizations. Reporting directly to this Committee are the Quality Improvement Groups (GMCs of Manufacturing, Design and Supply), which develop the quality objectives by creating Operating Groups (GOCs) and follow up their work and approve the improvement proposals.

With this structure and associated work method, the various organizations involved in Continuous Improvement can work in unison and pursue common goals.

At the end of 2017, ENUSA had 1 Master Black Belt dedicated full time to improvement activities, and 5 certified Black Belts and 43 certified Green Belts.

Throughout 2017, a total of 10 GOCs have been launched and another 6 completed in the Juzbado and Madrid Centers together.

The various improvement projects that have been under way throughout 2017 include the following GOCs: "Trustworthiness/survival analysis of the components of the furnaces", and "Prepare a work guide for managing the development projects", as well as several work groups focused on obtaining an in-depth knowledge of the ceramics process.

Furthermore, and in relation to the Improvement Plans, a total of 28 improvement actions (some of them GOCs) were initiated, distributed as follows:

- Manufacturing ▸ 9 actions
- Central Services ▸ 3 actions
- Design ▸ 4 actions
- Supplies ▸ 2 actions
- Information Systems ▸ 10 actions

On the institutional level, ENUSA holds the chairmanship of the AENOR Subcommittee SC3 for Statistical Methods, as well as a seat on the Six Sigma Lean Committee of the Spanish Quality Association.

PERFORMANCE MANAGEMENT

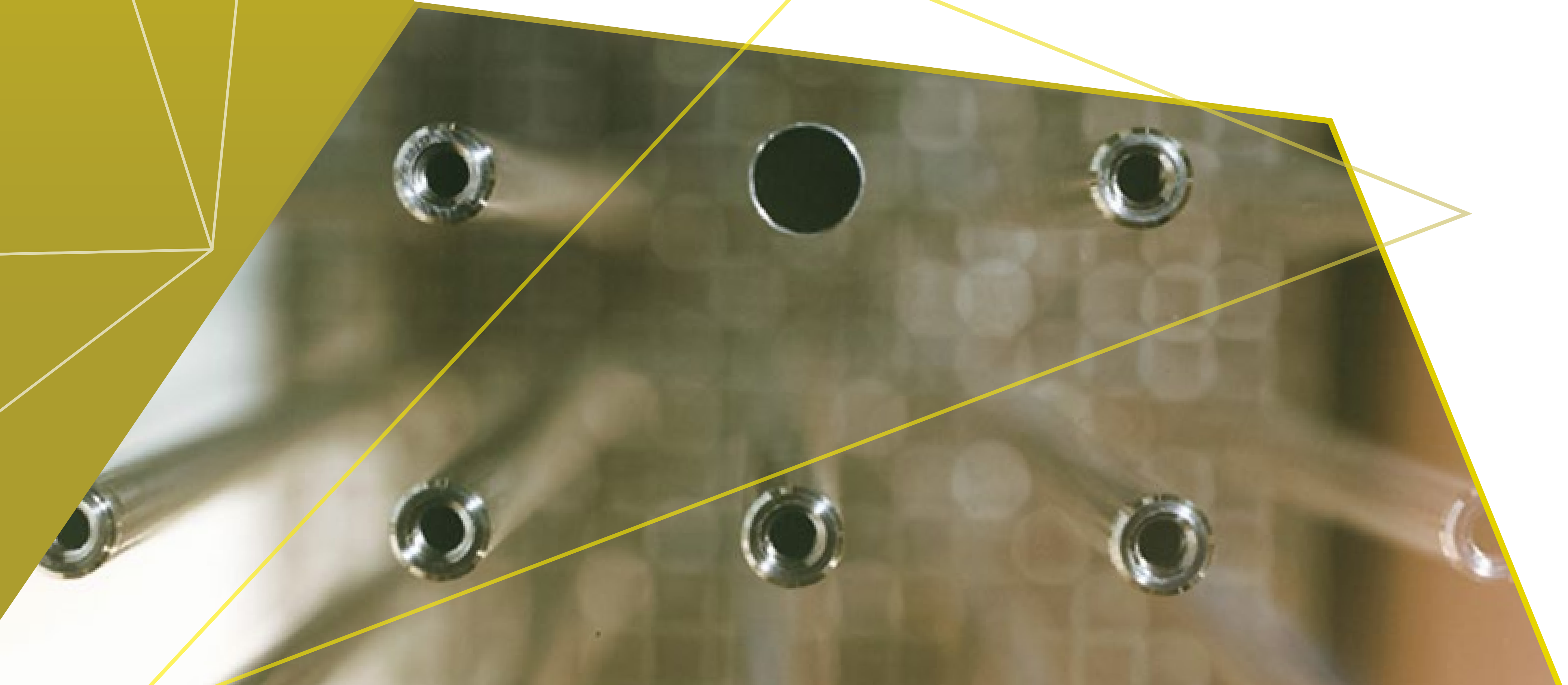
The mission of the Performance Management Organization is to promote the improvement of Safety-oriented Leadership capabilities and human performance through the systematization of work practices that focused on the prevention of human errors through leadership, improved human reliability, learning from experience and operative communication.

The two-year Organization and Human Factors Program (POyFH) supports the series of critical actions required to achieve continuous improvement of the human performance of all the workers and at all organizational levels, and preferentially in those whose activities have an impact on the facility's Safety and on the Quality of the manufactured product.

Also developed are other kinds of actions of a more operational nature which, although not included in said program, are carried out by Performance Management with the same aforesaid objective. Of note here are the Safety Culture Assessment, training in Safety Culture and Human Factors, and Root Cause Analyses of non-desirable events in order to identify corrective and improvement actions to reduce the probability of occurrence.

Highlighted among the benchmarks achieved in 2017 and as part of the actions defined in the Organization and Human Factors program, is the boost to the area of improving the Safety Culture, implementing the associated activities for this year with the reinforcement plan of Safety Culture, such as the program of observations of plant activities, which is managed through the working group of "Field Presence", led by the factory manager.

Other activities associated with the Plan were the reinforcement by the managers of the Factory organizations in the annual training sessions on Safety in the use and adherence to procedures, the preparatory meetings and those of work evaluation, as well as the use of the INCIFAB, as a tool for attracting the aspects related to Safety, Quality and Manufacturing that the personnel identify which must be evaluated by the organization.



QUALITY IN OUR PRODUCTS AND SERVICES

FUEL AREA

The quality of products and services is vital for ENUSA and therefore the responsibility does not end with delivery of the product to the customer, but rather, for each stage of the fuel assembly cycle, there is an evaluation to ensure there is no risk to the health and safety of workers, customers and the general population.

Lifecycle of the fuel assembly:

1. Fresh fuel storage in the plant
2. Loading and unloading from the reactor core (normally 3 or 4 times over the lifetime of the fuel)
3. Operation in the core to generate energy (normally 3 or 4 cycles of 12 to 24 months each)
4. Spent fuel storage
5. Reprocessing (optional).

In view of the characteristics of the product we manufacture in ENUSA, 100% is subject to current regulations and procedures that require exhaustive information:

- The Nuclear Safety Council (CSN) in Spain and other regulatory bodies establish the requirements related to the safe operation of nuclear and radioactive facilities, which must not pose undue risks to people or the environment. The fuel assemblies should also meet these requirements in the different stages of their lifecycle.

- Instruction IS-02 and Safety Guideline 1.5 specify the documentation required by the CSN to assess the safety and proper execution of the nuclear fuel renovation processes, identifying the activities on which information must be sent to the CSN, the contents of that information and the recommended deadlines for submission.
- The ENUSA quality system is basically structured according to the criteria of standard UNE-EN-ISO-9001 "Quality Management Systems. Requirements", and also includes the requirements of standards UNE-73 401:1995 "Quality Assurance in Nuclear Facilities" and UNE-EN-ISO/IEC 17025 "General requirements for the competence of testing and calibration laboratories". The ENUSA quality system also meets the requirements of standards 10CFR50 App. B, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants" (Standard of the U.S. Nuclear Regulatory Commission – NRC, USA), ASME NQA-1:2008 "Quality Assurance Requirements for Nuclear Facility Applications" and KTA 1401 (Nuclear Safety Standards Commission) "General Requirements Regarding Quality Assurance".

ENVIRONMENTAL SERVICES

In order to assure the environmental services provided by ENUSA and as part of the activities involved in quality management, throughout 2017, the metering equipment calibration program has been kept updated at all times, and work procedures have been drawn up for the activities that have so required. All the efforts made in this respect have been reflected in the high degree of satisfaction indicated by the customers of the Environmental Technical Office (GTMA) in the different surveys that were conducted, and they have very satisfactorily judged the environmental services provided throughout 2017.

CERTIFICATIONS

From the very beginning, ENUSA has paid special attention not only to the quality of its products and services, but also to the quality of management in general. Proof of this are the quality and environment certifications it has obtained from independent accreditation entities.

Accreditations and Certifications 2017:

- AENOR has performed the audit of the Quality Management System certification as per the new standard ISO 9001: 2015.
- AENOR has performed the audit of the renovation of the Environmental Management System as per standard ISO 14001:2004 and 2nd MONITORING AUDIT ACCORDING TO EMAS.
- The certification of the Quality Management System is maintained according to the KTA 1401 standard.
- AENOR has performed the follow-up audit of the Environmental Management System as per European Regulation EMAS III.
- Accreditation of the radiochemical testing laboratory techniques is maintained, as per standard ISO 17025:2005 by ENAC with no. 368/LE735.

Affiliated Companies:

- Emgrisa

  - Quality management system, as per standard ISO 9001:2015 (certificate no. ES10/9160).
  - Environmental management system, as per standard ISO 14001:2015 (certificate no. ES05/0947).
  - Safety and health management system, according to standard OHSAS 18001:2007 (certificate no. ES11/9314).
  - Company accredited by ENAC (National Accreditation Entity) as an Inspection Entity, pursuant to standard ISO 17020:2012, for inspection activities in the environmental area concerning potentially contaminated soils and associated underground waters (accreditation no. 71/EI076).

- ETSA

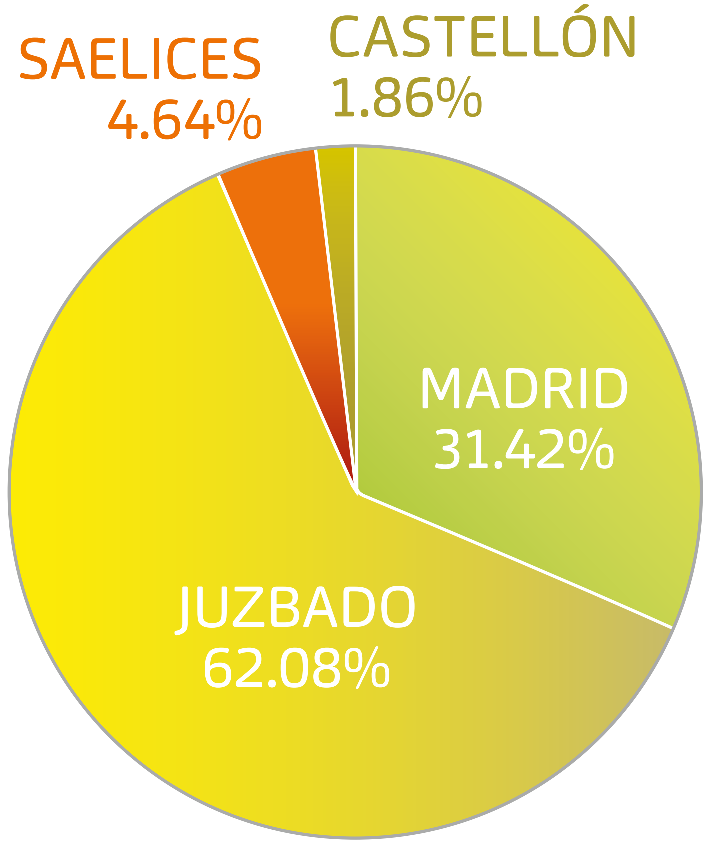
  - Quality management system, as per standard ISO 9001:2015
  - Environmental management system, as per standard ISO 14001:2015
  - Certification of the Occupational Hazard Risk Prevention System
  - EITA (European Isotopes Transport Association)

7. ADDING VALUE TO OUR COMMUNITIES

ENUSA has a close relationship with the province of Salamanca because two of its three work centers are located there: the Juzbado fuel assembly factory and the Saelices El Chico Center.

Between the two they employ more than 70% of the total staff, and most of the employees are natives of the Castilla-Leon region.

GEOGRAPHIC DISTRIBUTION OF THE STAFF, IN PERCENTAGES



Also from this autonomous region are most of the young people who benefit from ENUSA's internship and practical training program through agreements with different educational institutions, which is intended to help introduce them to the labor market (see section on "Training", page 239).

In order to contribute the greatest possible added value to the region's economy, ENUSA gives priority in its purchases and service contracts to companies based in Salamanca, always within the framework of the Law 9/2017, of 8 November, on Public Sector Contracts. In this way, it indirectly benefits the local economic fabric and, at the same time, there is a long-term transfer of best practices related to quality and the environment, since in many cases the suppliers have to meet certain requirements in this respect.

The following table shows the most significant data on the economic value added by ENUSA's presence in Salamanca:

ADDED VALUE OF ENUSA IN SALAMANCA (€)

	2014	2015	2016	2017
SUPPLIERS	6,885,243.2	5,875,439.4	4,799,807	4,109,332
CUSTOMS	13,039,024	2,976,000	1,019,081	1,250,172
TAXES & OTHER EXPENSES	299,750.7	231,007.8	246,864	235,563
VISIT EXPENSES	34,555	32,890	31,565	33,340
PAYROLL & SS	19,692,015.6	19,652,579	19,302,348	20,042,094
TOTAL	**39,950,588.5**	**28,767,916.2**	**25,399,665**	**25,670,501**

The following paragraphs provide more details of ENUSA's involvement in the conservation of the Salamanca historical heritage, the dissemination of its culture and the protection of its natural medium through various collaboration and sponsorship initiatives.

8. SOCIAL ACTION

ENUSA, aware of the demands of its stakeholders, has from the very beginning carried out activities that focus on creating a positive influence in the communities where it conducts its business, a business philosophy that has led it to pursue the best possible integration of its work both inside and outside the organization and to take an interest in the needs of the society where its centers are located.

Thus, instead of confining itself to providing certain products and services to its customers, ENUSA has always implemented management policies and actions in which values such as protection of the environment, promotion of education and research, support of training and culture and contribution to social causes play a fundamental role.

SPONSORSHIP AND PATRONAGE

Throughout the year, ENUSA has continued to collaborate with entities such as Energy Without Borders and the Spanish Global Compact Network, as well as with other administrations, institutions, agencies and associations in its business sphere, to undertake sponsorship and patronage initiatives for supporting general interest projects.

Since 2013, ENUSA has a Sponsorship and Patronage plan in which the priority areas of action are defined annually. Last year, it collaborated with the following general projects and organizations:

Cultural collaborations:

- General Foundation of the University of Salamanca.
- Friends of the Reina Sofia Museum Association.
- Ciudad Rodrigo Foundation 2006.

Academic collaborations:

- World Nuclear Association University.

Collaborations with Non-Governmental Organizations:

- Association against Leukemia (ASCOL)
- Red Cross
- Down Toledo

Collaborations with local entities in the vicinity of the ENUSA Industrias Avanzadas fuel assembly factory in Juzbado.

Membership in professional associations and organizations (national and international):

- Spanish Association of Accounting and Business Administration.
- Spanish Non-Destructive Testing Association.
- Spanish Association for Quality (AEC).
- Center for the Development of Excellence.
- Spanish Energy Club.
- European Nuclear Society.
- Nuclear Industry Forum.
- Spanish Radiation Protection Society.
- Spanish Nuclear Society.
- World Nuclear Association.
- World Nuclear Transport Institute.

SIGNIFICANT EVENTS

8TH CENTENNIAL OF THE UNIVERSITY OF SALAMANCA (USAL)

On 19 July 2017, the rector of the University of Salamanca, Daniel Hernández Ruipérez, and the president of ENUSA Industrias Avanzadas, José Luis González, signed in the Portrait Room of the Rectorate Building of the USAL, the "Collaboration Agreement between ENUSA and the University of Salamanca for the performance of activities within the Support Program for the celebration of the 8th Centennial of the University of Salamanca".

ENUSA is a member of the Council of Collaborating Entities of this event and through this agreement its collaboration is materialized in two specific projects, which are framed within two of the large lines of activity that the University proposes:

- As its first action, the Company will take on the restoring of manuscripts from the first donation received by the library Juan de Segovia, 15th century.
- And as its second action, ENUSA is going to co-sponsor the performance of Handel's opera "Radamisto".

In this way, on this occasion in which Salamanca, through its University, is going to be the scenario of an event described by the Government of Spain as being of "exceptional public interest", ENUSA will also be present, putting into practice its patronage of heritage and culture and taking another step in its history of collaboration with the University and of its involvement with Salamanca.

7TH ENUSA PAINTING CONTEST IN THE RURAL MEDIUM

On 18 June 2017, the town of Juzbado hosted more than 80 participants of the 7th ENUSA Contest of Painting in the Rural Medium, an event which clearly shows the company's and the City Hall's commitment to this medium as well as in protecting and giving value to historical-artistic and environmental aspects of its areas of influence.

This year, as a novelty, the contest had two new categories, one for children and another for young people, with each of them having a first and second prize remunerated in kind. Furthermore, the amounts of the First, Second and Third Prizes were increased as well as the Popular Prize in recognition of the pictorial encounter that is consolidated year after year.

GUIDED TOURS OF THE REINA SOFIA NATIONAL ARTS CENTER

In June 2017, ENUSA organized a guided tour so our workers could enjoy the exhibit *"Piedad y terror en Picasso. El camino a Guernica"*.

In addition, we attended the following guided tours at the invitation of the Real Asociación Amigos of the Museo Nacional Centro de Arte Reina Sofía:

- ENUSA workers:
  - Geometrics in the collection
  - Bruce Conner
  - Mario Pedrosa. On the Affective Nature of Form
  - Kobro and Strzeminski / Lee Lozano
  - Soledad Lorenzo Collection. Meeting point
  - William Kentridge
- Children of ENUSA workers between 5 and 16 years of age:
  - Geometrics
  - New materials in contemporary art

CORPORATE VOLUNTEERING

The ENUSA Corporate Voluntary Service Program was launched in 2015 in the area of Corporate Social Responsibility (CSR) and has the Management's support and commitment to promote it and allocate resources.

Its objective is to involve the employees in non-profit causes, projects and organizations by devoting their time, capabilities and talent.

The workers' participation is essential for this, as they are the ones who promote the different initiatives via the company's two volunteer groups (Madrid and Juzbado).

In this respect, the corporate voluntary service areas of ENUSA have been defined taking into consideration our values, our culture and the employees' interests:

- Environmental voluntary service
- Social voluntary service
- Professional voluntary service
- Outreach management

In 2017, there were five volunteer projects chosen in which the workers participated:

▶ Oxfam Trailwalker, 100 Km, 1 cause (3 June, 2017)

The Oxfam Trailwalker race began on 3 June, 2017, a physical and cooperative challenge consisting of teams of four persons (plus 2 support persons in a car) covering 100 km in a maximum of 32 hours with the objective of raising funds for the fight against poverty and the right to water. ENUSA participated with the Ne_U_Trón team and number M-64. Our runners not only were up to the challenge but they also came in at ninth place out of 133 teams.

With the objective of raising the €1,500 in donations for Oxfam Intermón needed to participate in the race, the Madrid corporate volunteer group organized two initiatives:

- Fundraising solidarity "Calçotada"/barbeque

  Held on Sunday, 12 March, in El Molar (Madrid), around 80 persons met in a social and fun event for a cooperative cause. With this initiative, they managed to raise nearly 1,400 euros, and amount that was doubled by the company's contribution, which supported the funds raised by contributing an equal amount to the obtained benefits.

- Sale of T-shirts with Ne-U-Trón team logo

  As a supplementary fundraising activity, during the event and the following days, T-shirts with the Ne-U-Trón Team logo were sold. In total, around 350 T-shirts were sold and the benefits reached 300 euros.

As the fundraising surpassed the 1,500 euros, through the decision made by the group of volunteers, the surplus was distributed equally between the Association in Support of the Syrian People and the ACCU Confederation of Crohn's and Ulcerative Colitis.

▶ Environmental commitment. Social involvement with persons with Asperger Syndrome

This Project, organized with the Madrid Asperger Association, included three activities. Prior to carrying them out, the Association offered basic training on Asperger Syndrome, directed to the volunteers from the company who participated in the project.

- 1st activity: Basic workshop on knowledge of the Environment.

  The ENUSA volunteers participated in an environmental workshop guided by a young person diagnosed with Asperger Syndrome in which general basic information was offered on environmental care and practical recommendations to conserve the environment.

- 2nd activity: Visit to ENUSA's biogas plant in Salamanca (25 April 2017)

  The project participants, accompanied by the ENUSA volunteers, carried out a guided tour of the biogas plant that the company has in Salamanca to know firsthand how an environmental installation is managed.

- 3rd activity: Cooking workshop and excursion to a natural area (10 June 2017)

  To close this environmental project, young people diagnosed with Asperger Syndrome and volunteers from the company enjoyed an outing to a natural area, specifically, "Las Presillas" recreational area (Rascafría). Throughout the morning, they participated in a recycling workshop which ended with a team game in order to put into practice their acquired knowledge.

  Previously, on Friday afternoon, some volunteers participated in a cooking workshop, which was carried out in the headquarters of the Madrid Asperger Association with the aim of preparing the meal for the day of the outing. In this workshop, they had the opportunity to apply different cooking techniques from the recipes that they prepared. For this, the person leading the workshop prepared a dossier ("Cooking our Picnic ") with different rules and applicable techniques and the index of recipes to prepare.

Environmental volunteering with the Tormes-EB Foundation (1 April)

Sixteen volunteers, sometimes accompanied by family members, participated in the environmental awareness workshop proposed by the Juzbado Corporate Volunteering Group in collaboration with the Tormes-EB Foundation.

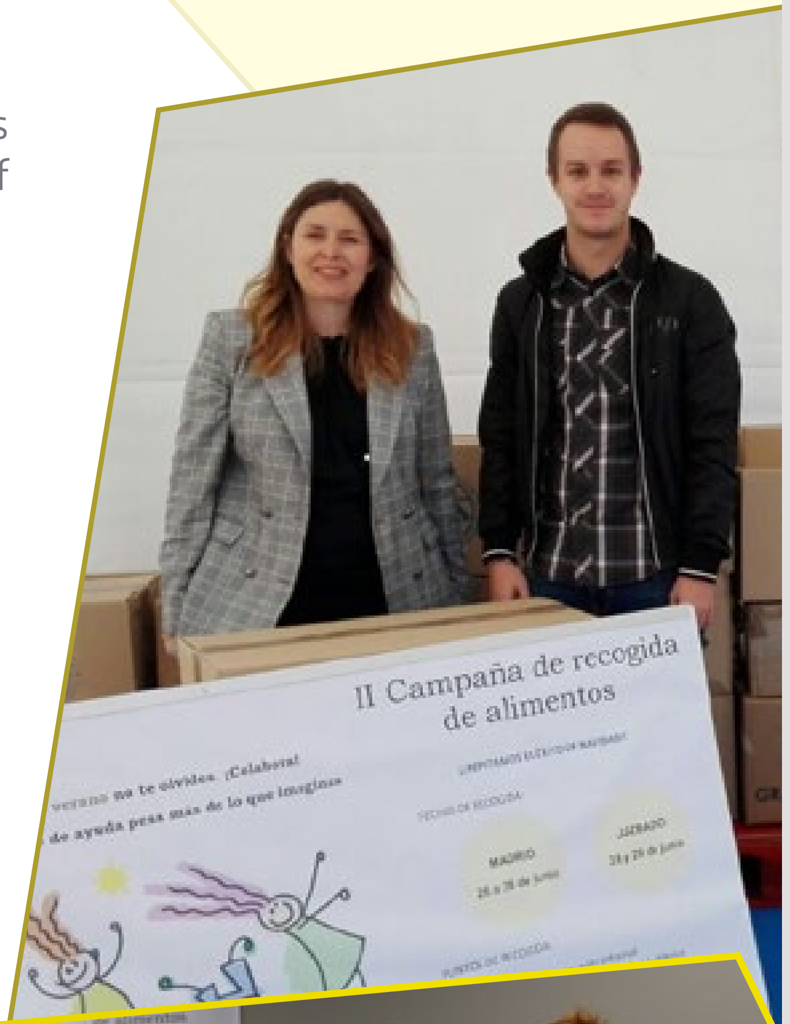
The workshop, in full contact with nature, took place in Palacios del Arzobispo, a town near Juzbado that has a public utility mountain owned by City Hall. The workshop was carried out in a very cordial and participative atmosphere, in which all the participants had the opportunity to make nest boxes for the birds in the area and later to place them in the surrounding trees.

Furthermore, the volunteers learned to make what is known as cairns, refuges made with stones and other materials that serve to protect the rabbits from predators.

2nd "ENUSA Uno+1" Food collection campaign (26 to 30 June)

The 2nd "ENUSA Uno+1" food collection campaign was posed with the aim of helping to cover the food needs of all those children whose school cafeterias, in which they received they receive their daily meal, are closed due to the arrival of summer.

In Juzbado, during the two days of the campaigns, 427 kilos were collected, and in Madrid, during the entire week, 609 kilos were collected, in such a way that the total contributed by the ENUSA employees 1,036 kilos. This figure was increased by the contribution made by the company, which for each kilo that the workers provided, €1 was contributed.



▶ "Pijamas de la ilusión" Workshop with the Theodora Foundation (16 December)

On Saturday, 16 December, in the ENUSA Madrid offices, the "Pijamas de la ilusión" workshop was held, organized by ENUSA and the Theodora Foundation, which had the participation of over twenty workers from ENUSA, in some cases accompanied by their family members.

After a speech on the work of the Theodora Foundation and the Smile Doctors, over 40 participants put their hands to work and were divided into groups to decorate the pajamas of hospitalized children.

Thanks to the creativity and imagination of the participants, and their good teamwork, the results were amazing.

9. COMMUNICATION WITH OUR STAKEHOLDERS

At ENUSA we work to promote mechanisms of dialogue and communication with our stakeholders as an essential element of our strategy. Therefore, we manage to maintain close relations through which we generate trust and get to know their concerns and needs. The Institutional Relations and the Communications management, both internal and external, with the application of new formulas and models, constitute the basis of our actions in approaching the society.

ENUSA communications in 2017…

INTERNAL COMMUNICATION: SUPPORT ON THE SUBJECT OF COMMUNICATION IN THE REMODELING OF THE MADRID CENTER OFFICES, CHRISTMAS EVENT AND INTERNAL NOTES

REMODELING OF MADRID OFFICES

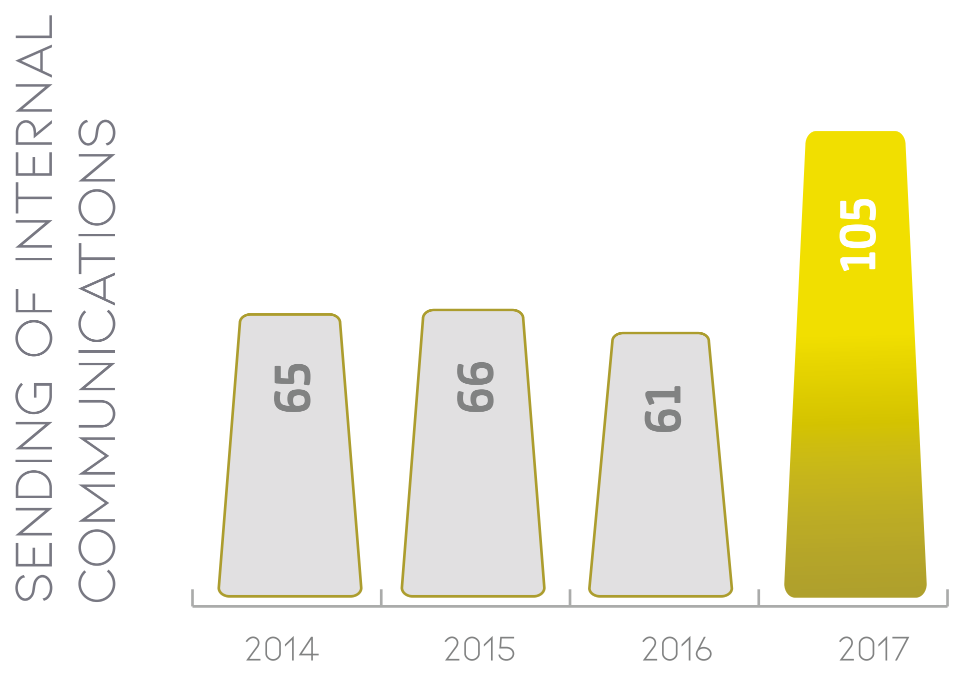
Along with General Services, during the months of the construction work, an Internal Communication mechanism was put into effect, consisting of informative notes which were sent weekly to the staff of the Madrid Center, informing them punctually on the state of the works. In addition, taking advantage of the renewed and modern image of the new offices, screens were installed in the entry and visitor reception areas in which general corporate information and that of our industry are shown.

CHRISTMAS EVENT

The actions of Internal Communication focused on reinforcing the feeling of belonging to the company and on generating shared moments outside working hours, which are key to any company and, under this premise and taking advantage of the proximity of the Christmas holidays, in 2017 three events were held in Madrid, Salamanca and Ciudad Rodrigo, so that the entire staff of the ENUSA Group could meet and celebrate together.

INTERNAL NOTES

The internal notes continue being in ENUSA a direct and effective way to inform our staff of strategic subjects and of the business and labor subjects of social interest, cultural notices, etc. Through the two mailboxes created for this purpose, "Internal Communication" and "Relin", we continue communicating with the employees.

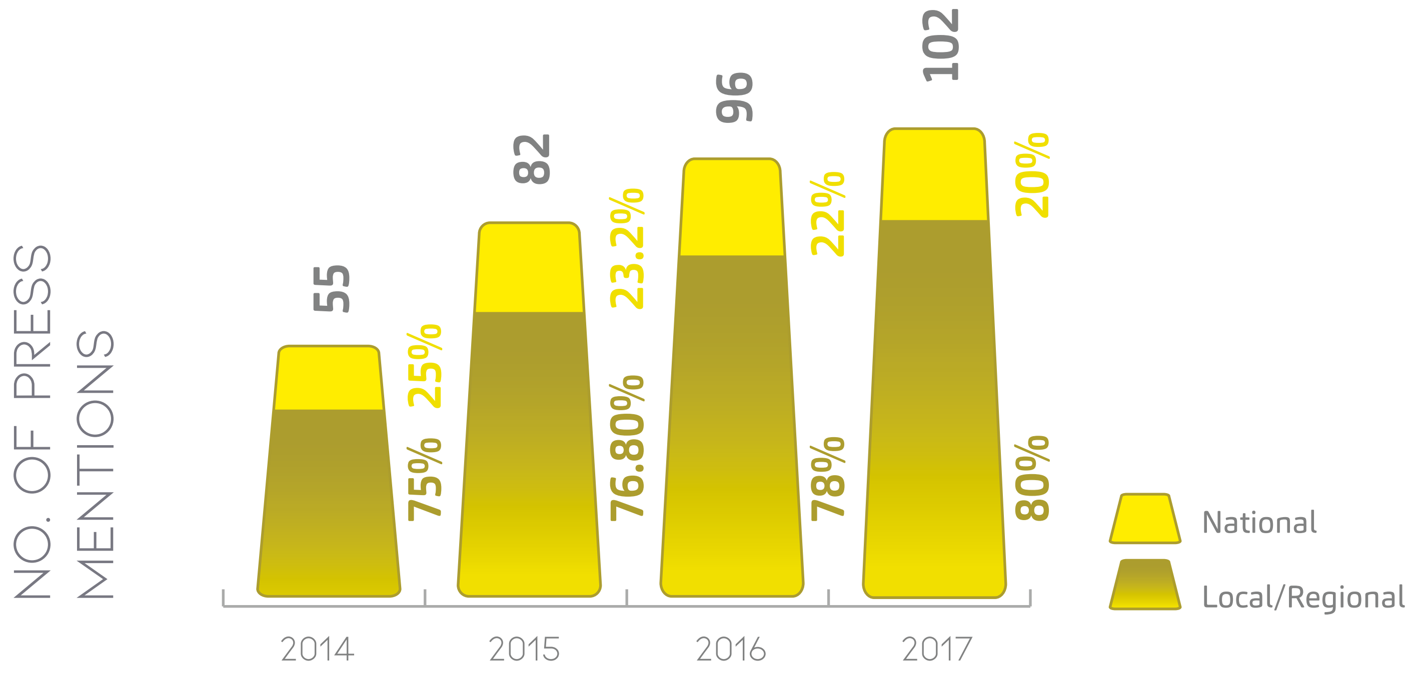


ENUSA IN THE MEDIA

ENUSA maintains a close, fluid and collaborating relationship with the communication media through its Media Plan. This Plan is structured around three axis: advertising, content marketing and sponsorship of Economic and Business Forums.

For several years we have been putting into practice an effective formula based on generating information regarding the company that provides knowledge on our activity to the Salamanca society through radio broadcasts, articles and reports.

During 2017, ENUSA continued sponsoring **Forums of interest in the provincial area**, since they serve not only as generators of debate and knowledge on current matters, but also as a meeting point on the social, economic, institutional and academic levels. Thus, in this way we have consolidated bringing ENUSA to the society, which gives us visibility and sets our brand.



ADAPTATION OF OUR ADVERTISING TO THE IMAGE OF THE 8TH CENTENNIAL OF THE UNIVERSITY OF SALAMANCA

In 2018, Salamanca will experience an event of exceptional interest, the celebration of the 8th Centennial of the University of Salamanca. ENUSA is a member of the Advisory Entities Council for the event and has signed a collaboration agreement with the University. In order to fulfill the requirements of support and dissemination that are required of the sponsoring entities, in 2017 we initiated the adaptation of our different advertising mediums as well as that on paper and others.

CORPORATE VIDEO

In collaboration with the CSR area, and with a starting date planned for 2018, a three-minute corporate video has been prepared in which the main values and principles of the Company are highlighted. It is a light, dynamic video with a fresh and modern image that will serve as audiovisual support for transmitting the values shown by the activity and daily work of ENUSA.

PHOTOGRAPHIC-AUDIOVISUAL MONTAGE FOR Emgrisa

As a novelty, the renovation of the Santiago Rusiñol offices in the Madrid headquarters brought about the moving of our colleagues of the subsidiary Emgrisa to share the same workspace with the ENUSA staff. With the aim of welcoming them, a photographic-audiovisual montage was prepared, made from the photographs of each Emgrisa worker, which resulted in forming the logo of this environmental subsidiary of the ENUSA Group.

VOLUNTEERING CAMPAIGNS

As a crossover area, from Communications we support different organizations that make up ENUSA and, as in 2016, we have continued collaborating with CSR in the communication of different Volunteering Campaigns, among them, the Oxfam Trailwalker and "ENUSA, Uno+1", and took part in the design of the ENUSA Volunteering logo.

For the Oxfam Trailwalker we collaborated in the design of a logo for our team (Ne_U_trón), and different informative notes were issued, in addition to disseminating them on Twitter.

VISITS

ENUSA's factory in Juzbado has always had an open-door policy to society and its cultural visits have constituted a system of direct and effective external communication that, at this time, due to the temporary stoppage of the activity for physical safety criteria, continue to be substituted by young people from our sector. They, through their Nuclear Youth groups, continue going to universities and institutes to give talks on ENUSA and nuclear energy as well as teaching Basic Sciences and Technology Courses.

CONFERENCES AND FAIRS

- In April, ENUSA again participated in **China International Exhibition on Nuclear Power Industry (NIC 2017)**. ENUSA's presence in this type of fairs shows the company's interest in the Chinese market, which has strong growth and where great business possibilities are seen. As in previous years, the Chinese fair is an important meeting point for companies with interests in the Chinese nuclear industry and it is a great occasion for establishing commercial contacts. ENUSA was part of the pavilion shared by companies of the SNGC, coordinated by the Nuclear Industry Forum.
- In October, ENUSA was present in the **43rd Annual Meeting of the Spanish Nuclear Society** which was held in Malaga and in which, as in every edition, there was an outstanding contribution of workers who participated in different working groups. In addition, ENUSA again had its own stand, which was designed by the Communications Area.

In 2017 we continued to use our usual channels of communication and some recently implemented ones:

- "ENUSA Nuclear Fuel" news bulletin
- Welcome manual
- Corporate intranet
- ENU-Agenda
- Email **relin@enusa.es**
- Email "Comunicación Interna"
- Corporate communications
- Corporate web
- B2B customer portal
- Twitter, YouTube, and Google +

If you would like to contact ENUSA Communication, send an email to relin@enusa.es

10. MAIN SUCCESSES, DEFICIENCIES, RISKS AND OPPORTUNITIES

SUCCESSES

- Personnel experience and qualification
- Good and demanding system for implementation and follow-up of improvement plans

DEFICIENCIES

- Impact of personnel contract regulations on public commercial corporations
- Difficulties for diversity actions

RISKS

- Knowledge transfer and talent retention
- Cybersecurity

OPPORTUNITIES

- Corporate Volunteering Program
- Digital transformation

ENVIRONMENTAL PERFORMANCE

1. JUZBADO FUEL ASSEMBLY FACTORY

The ENUSA fuel assembly Factory is one of the most innovative in Europe, as it is equipped with last generation technology that optimizes resources and protects the environment.

The center has a highly qualified, specialized staff that covers the full cycle of fuel production: uranium supply and storage and logistics of the components required for manufacturing, fuel production, control of the product quality level, equipment development for manufacturing of PWR, BWR and VVER products and management of the logistics and distribution to plants all around Europe.

The facility currently has a production capacity of 500 tons of uranium (t-U). In 2017, 286.1 t-U were produced via input into the process of 353.6 tons of uranium oxide in powder form. Approximately 10% of the uranium oxide that is used reenters the process.

Because of the industrial nature of its activity, the Salamanca facility is governed by strict control of the working conditions of its workers and the environment. This control conforms at all times to the recommendations and oversight of the competent authorities: the International Commission on Radiological Protection and the Spanish Nuclear Safety Council (CSN), which in turn reports to the Spanish Congress on the operations of nuclear and radioactive facilities.

ENUSA has a Quality and Environment Management Department which develops the implemented Environmental Management System, as well as a Radiation Protection Service where the Environmental Management division develops the facility's environmental operations.

The radiological impact of the facility is controlled through the Environmental Monitoring Program (PVA) which comprises an Environmental Radiation Monitoring Program (PVRA) and the Environmental Chemical Monitoring Program (PVQA), which will be described in detail hereinafter.

The center has six specialized laboratories that adhere to strict criteria of quality, independence, experience, professionalism, safety and environmental responsibility, as confirmed by the **ENAC technique certifications as per standard UNE-EN ISO 17025 and by AENOR as per standard UNE-EN ISO 9001**. These laboratories analyze samples from the manufacturing process, the Factory monitoring programs and the personal dosimetry processes and conduct determinations of drinking water quality and discharge parameters.

ENVIRONMENTAL MANAGEMENT

From the time it was created, the Juzbado Factory has strived to carry out its industrial activities in an environmentally friendly way and to always ensure the protection and conservation of its surroundings.

Since April 1999, the Factory has implemented **an Environmental Management System certified by AENOR (No. CGM-99/031)**, pursuant to the requirements of **Standard UNE-EN ISO 14001:1996**. Furthermore, in July 2003, it adhered to **European Regulation 761/2001 EMAS** through assurance by **AENOR of its Environmental Management System (VDM-03/010)** and the **Environmental Declaration**, in accordance with the requirements of this Regulation. It is the first industrial facility in Salamanca to have obtained this assurance and the second longest certified facility in Castilla-Leon, a factor that evidences its high standards of excellence in environmental management and its strong commitment to environmental protection. In December 2016, it received a silver category recognition from the Castilla-Leon regional government.

In 2005, ENUSA adapted the **Environmental Management System to Standard UNE-EN ISO 14001: 2004**, a process endorsed by certification of the System (No. GA-1999/0031), in accordance with the requirements of the new standard, in the external audit conducted by AENOR in May 2005. Since 2010, the System has been adapted to the requirements of the **new European Regulation 1221/2009 EMAS III**.

In 2017 the Environmental Policy and the Environmental Management Manual were revised to adapt them, along with the rest of the documentation of the System, to the requirements of **the new version of Standard UNE-EN ISO 14001:2015**, in which the System is going to be certified in 2018. This is in keeping with the commitment to continuous improvement contained in the Environmental Policy and places the Factory at levels of excellence insofar as Environmental Management is concerned.

The ENUSA Environmental Management System comprises the following elements:

- **Environmental Policy.** Public document which reflects the commitment of the ENUSA Management to the environment.
- **Organizational structure.** The ENUSA Systems and Quality and Nuclear Fuel Operations Managements are responsible for maintenance of the Environmental Management System.
- **Record of legal requirements and other applicable requirements.**
- **Evaluation of direct and indirect environmental impacts caused by the Factory's activities.**
- **Establishment of annual environmental targets and goals.**
- **Environmental Management Program.** Assignment of responsibilities and allotment of resources, with planning of the time needed to execute the different activities.
- **Worker training plan.** It is defined every year for all company personnel and covers three levels: raising awareness, improving qualification, and specific training for the job to be performed.
- **Operational control.** Monitoring of the environmental aspects of the Factory, divided into two blocks: radiological and non-radiological control.
- **Communication.** Primarily through the Environmental Declaration (validated as per the requirements of the EMAS regulation, Eco-Management and Audit Scheme), and made available to the public on the ENUSA website (http://www.enusa.es/wp-content/uploads/2018/03/declaracion-medioambiental-ENUSA-INDUSTRIAS-AVANZADAS-firmado.pdf)
- **Periodic evaluation of compliance with legal requirements.**
- **Annual audits of the Environmental Management System, which is subject to two types of audits:** internal and external (by the certification/assurance entity and also by customers).
- **Annual review of the System by the Management.** Formal assessment of the status and compliance of the Environmental Management System in relation to the declared Environmental Policy.

OPERATIONAL CONTROL OF ENVIRONMENTAL ASPECTS OF THE FACTORY

The Factory takes into account the factors that are assessed in a conventional industrial business and also, because of the specific features of its industrial activity, it considers a series of especially significant radiological parameters. For this reason, its Environmental Management System is based on radiological and non-radiological operational control.

RADIOLOGICAL CONTROL

MONITORING OF THE INSTALLATION WORKING CONDITIONS

ENUSA exhaustively controls the workstations and the possible exposure of its workers in order to guarantee the safety of the installations, check that the stipulated dose limits are met and minimize the doses by applying ALARA criteria ("as low as reasonably possible;" measures will be taken to reduce the dose until the cost of any additional measure is greater than the value of reducing the detriment to health achieved with it). Personal dosimeters, ambient samplers and individual controls of internal contamination are used for this purpose; the work times and the doses received by all the workers are also evaluated. The results of the analyses carried out on the Factory workers throughout 2017 have been much lower than the established limits.

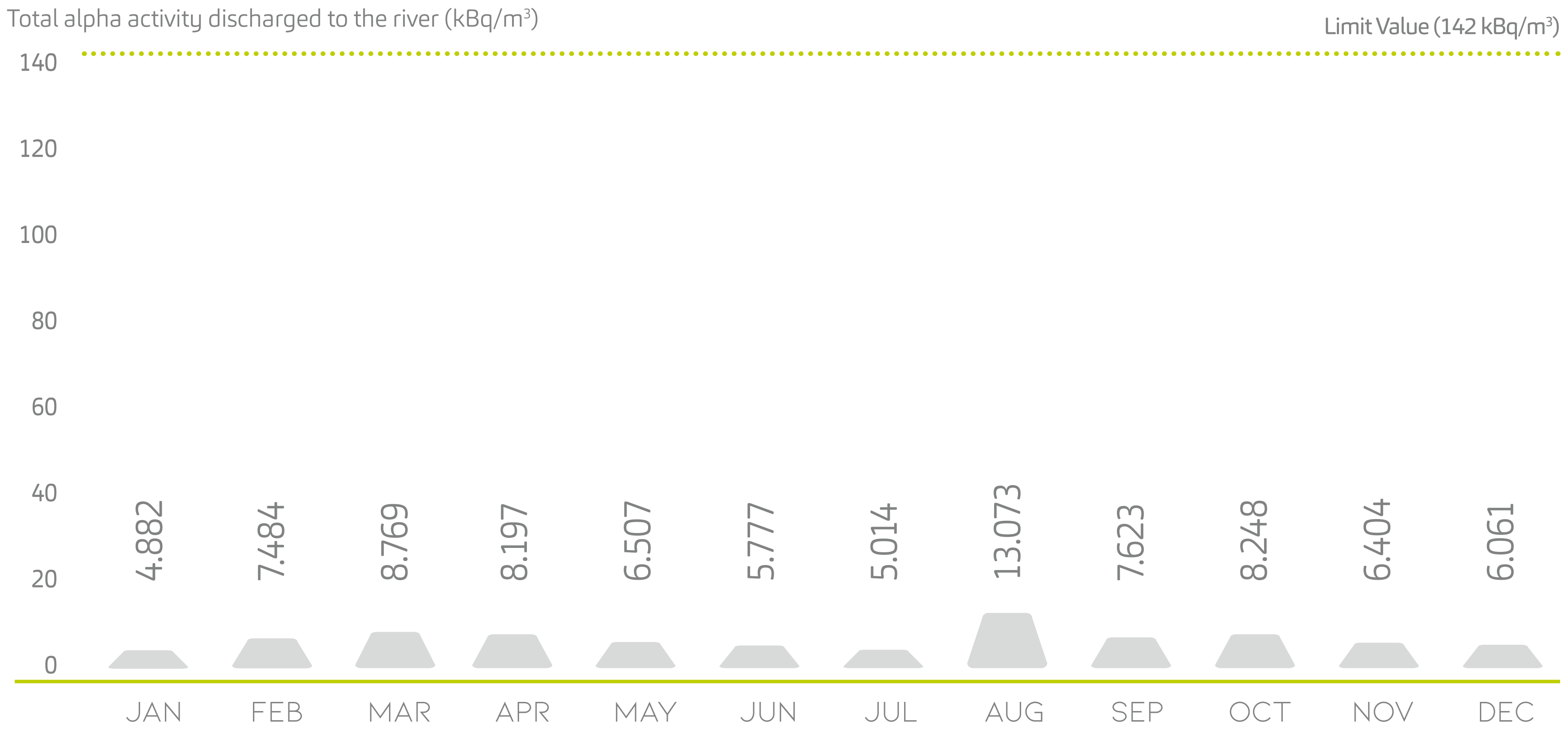
RADIOACTIVE LIQUID EFFLUENTS

The Factory discharges liquid effluents to the Tormes River. These discharges are controlled with a strict treatment system that ensures that their average concentration of overall alpha activity is within the limits set by current legislation. The discharged activity is less than the established limit, and the following measures are taken to ensure that limit:

- Limitation of water use in the Factory ceramics zone.
- Application of treatment systems based on the use of decantation tanks, separation by centrifugation, press filters and power driven filters.
- Provision of a regulation pool.
- Control of the discharges to the river via a mixing basin, complying with the established instantaneous limit (142 kBq/m^3).

The following graphic shows the data for average monthly concentration (measured in kBq/m³) of activity discharged to the Tormes River via liquid effluents during 2017, together with the authorized limit. As seen in this graphic, the recorded values are much lower than this limit:

RADIOACTIVE LIQUID EFFLUENTS 2017

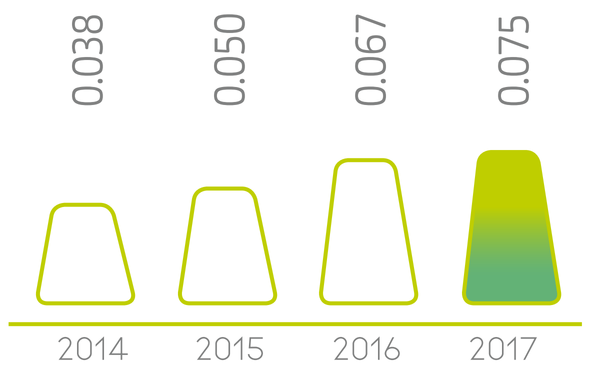


CONCENTRATION VALUES HAVE BEEN RECORDED WELL BELOW THE AUTHORIZED LIMIT

On the other hand, if the values recorded in 2017 for total alpha activity are compared to the tons of uranium produced and their evolution is analyzed during the period from 2014-2017, an upward trend can be observed, although always well below the limit.

EVOLUTION OF RADIOACTIVE LIQUID EFFLUENTS

Alpha activity discharged to the river (MBq/t-U)



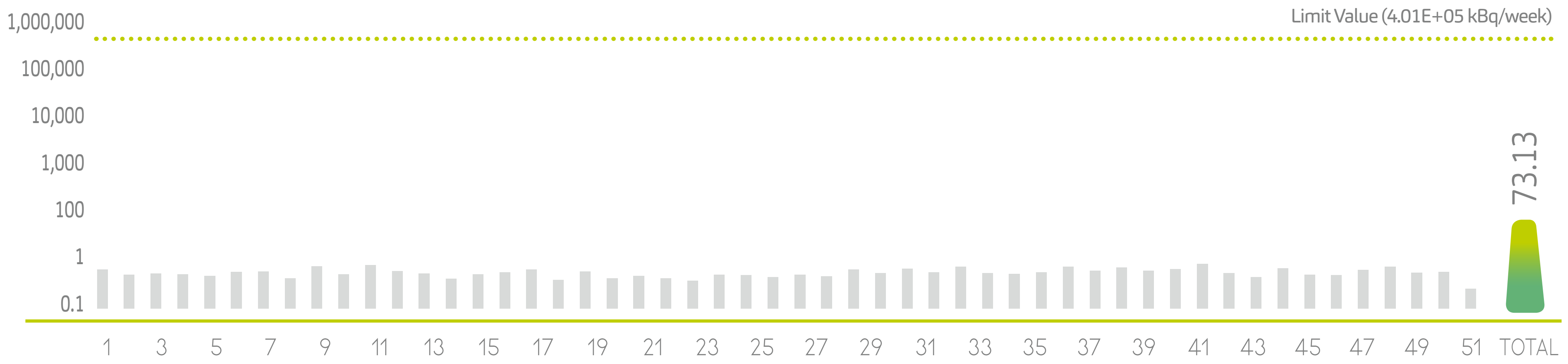
RADIOACTIVE GASEOUS EFFLUENTS

The very design of the Juzbado Factory manufacturing plant acts as effective protection against the risk of atmospheric releases of contaminating gaseous effluents. The facility has an **exhaust system** that controls the emission of gaseous effluents and ensures that the flow is towards the interior of the work zones by maintaining a depression inside the manufacturing plant; this system is equipped with a double filtering system provided with high efficiency filters in the final stage. In addition, a radiation protection system automatically controls the ambient activity in the different work zones and supplies periodic information on the activity and the emissions of gaseous effluents. In the event that the predefined warning values are exceeded, an alarm would be triggered so that actions can be taken immediately.

The graphic shows the data on total alpha activity released to the atmosphere during 2017 by weeks and the authorized activity limit for radioactive gaseous effluents (4.01E+05 kBq/week). The recorded values have been much lower than this limit:

RADIOACTIVE GASEOUS EFFLUENTS 2017

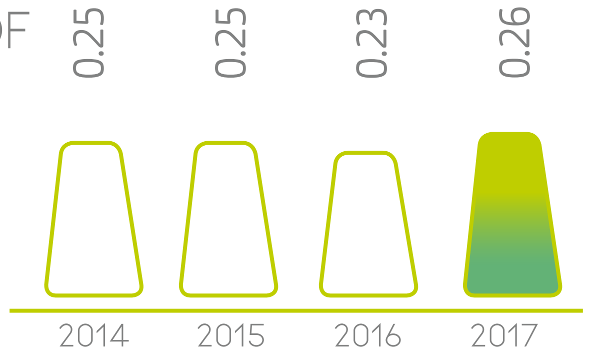
Total alpha activity released to the atmosphere (kBq/week)



The following graphic shows the alpha activity released to the atmosphere by gaseous effluents per ton of uranium produced, compared to that released in the three previous years.

EVOLUTION OF RADIOACTIVE GASEOUS EFFLUENTS

Alpha activity released to the atmosphere (kBq/t-U)



POPULATION DOSE

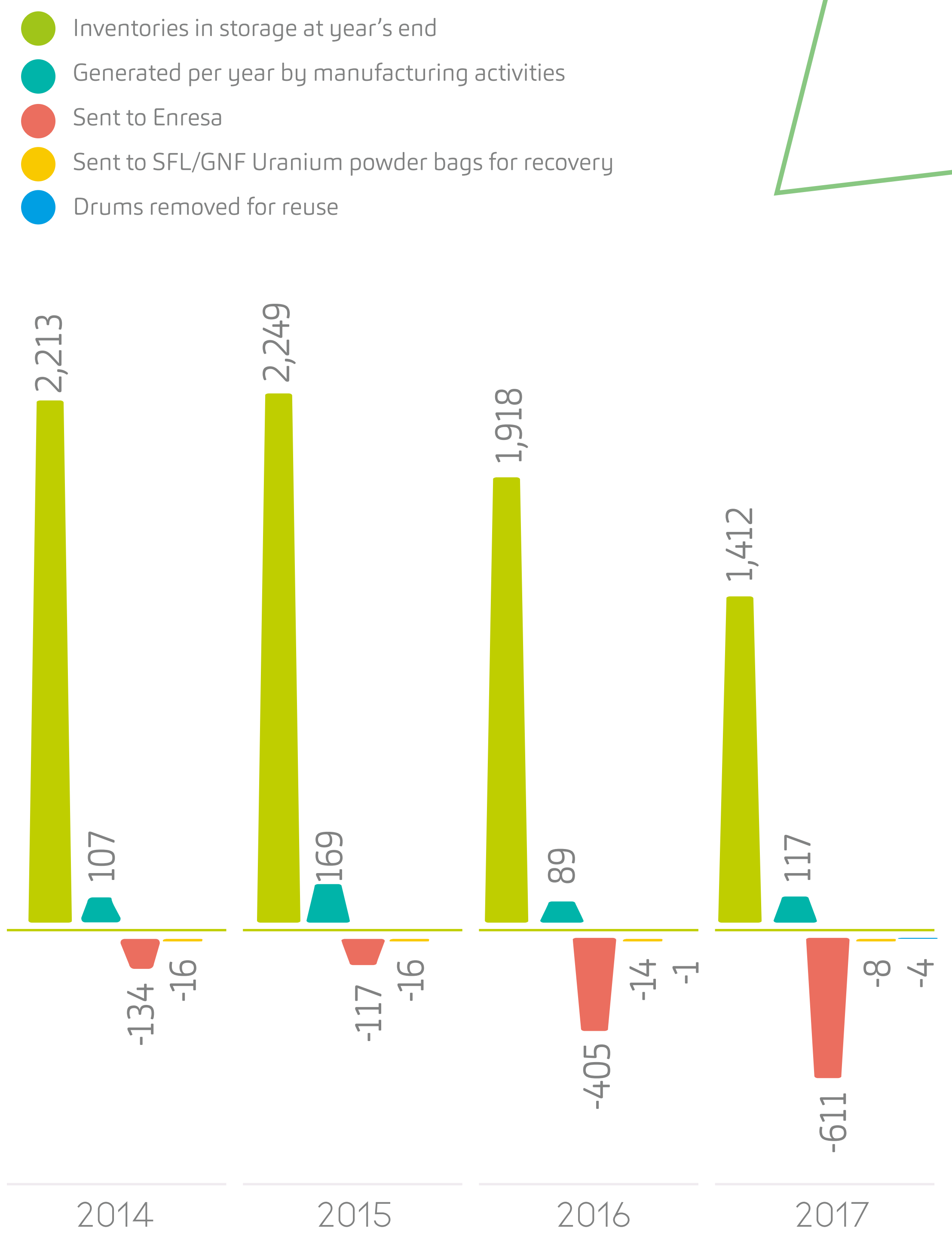
The results obtained in 2017 from the analyses of liquid and gaseous effluents are well below the authorized limits. For the most exposed group, the results obtained show insignificant values with respect to the authorized limits, of the order of 2.70E-02% of the effective dose limit and 1.32E-04% of the equivalent skin dose limit (considering that the limits stipulated in the Factory Operating Permit are 0.1 mSv for the effective dose and 5 mSv for the equivalent skin dose).

RADIOACTIVE SOLID WASTES

These are non-conventional wastes, i.e., all those materials that come from the Factory's ceramics zone (cleaning utensils, tools, rags, paper, plastics, etc.) that cannot be reused in the manufacturing process or decontaminated. They should be treated in such a way as to permit their transfer off the site under safe conditions and their subsequent acceptance by the agent responsible for their final destination.

In 2017, 117 220-liter drums containing newly generated radioactive wastes were produced. A total of 611 drums of radioactive wastes have been sent to the only authorized agent in Spain – ENRESA. In addition, 8 drums with empty plastic bags have been sent to GNFA for recycling and recovery and 4 drums that have been reused.

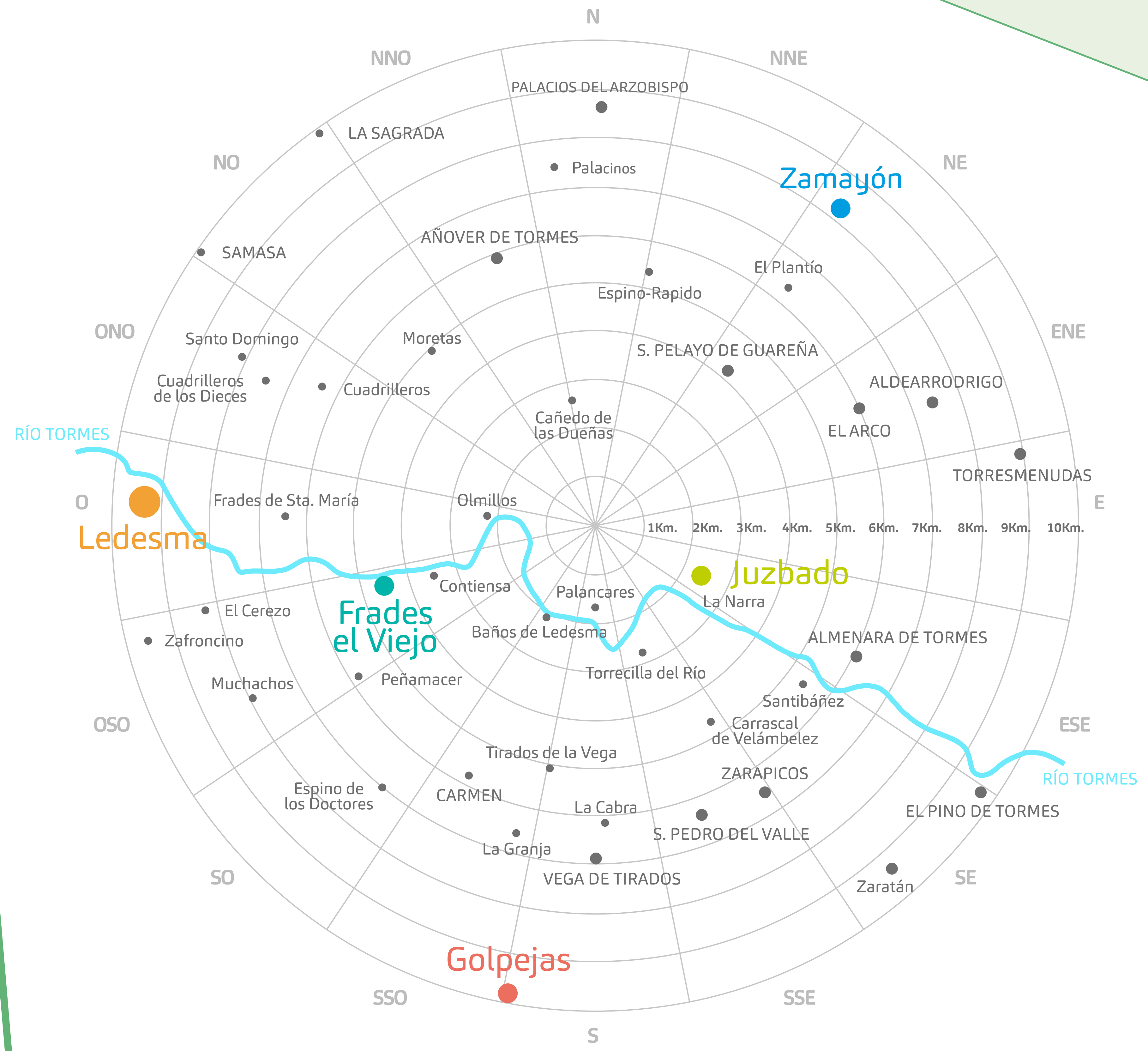
NO. OF 220-LITER DRUMS OF RADIOACTIVE WASTES



ENVIRONMENTAL RADIATION MONITORING PROGRAM (PVRA)

The purpose of this program is to assess the potential environmental impact of the facility on the exterior due to discharges via liquid and gaseous effluents. It is defined on a yearly basis and is approved by the Nuclear Safety Council (CSN). It analyzes different radiological parameters, for which purpose different kinds of samples are collected (air, surface water, groundwater, public supplies, aquatic flora and fauna, plants, meat and milk, soils and sediments, etc.) at 76 sampling points located in a 10 km radius around the Factory, encompassing the most representative habitats in the area.

The results of the 2017 campaign are very similar to those obtained since the facility started operating in 1985. No effect on the background radiation of the site has been detected, thanks to the low activity values of the liquid and gaseous effluent emissions from the Factory.



REPORTABLE ENVIRONMENTAL INCIDENTS IN 2017

During this year, as recorded in the internal procedures, a non-radiological environmental emergency was recorded due to the significant spill of oil on soil by the breakage of the hose of an articulated arm that was being used by a subcontractor for the maintenance and repair of the surveillance cameras.

The incident did not suppose a significant risk for the environment. Actions were taken according to the sequence set forth in the applicable procedure, performing the applicable correcting measures (removal and management as hazardous waste of the contaminated soil and the soaked materials generated in its collection) and the training and communications in this regard.

NON-RADIOLOGICAL CONTROL

LIQUID EFFLUENTS

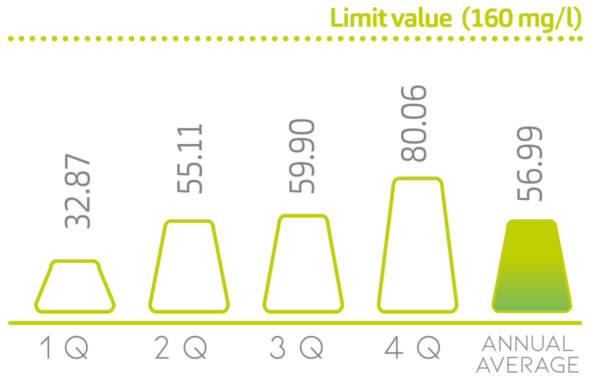
The analysis of liquid effluents is based on the criteria and standards provided in the discharge permit granted by the competent regulatory body - the Duero River Hydrographic Confederation. The Factory has a non-radioactive liquid effluent treatment system to purify sanitary water, taking into account the limits stipulated in the discharge permit. The treatment system to purify sanitary water is composed of three stages: sanitary wastewater treatment plant, storage tanks and regulation (or discharge) catch basin.

In the catch basin, a sample is taken and the parameters regulated in the discharge permit (pH, detergents, chemical oxygen demand [COD], suspended solids, total phosphorus, total nitrogen and ammonia) are analyzed before their incorporation into the Tormes River, in order to ensure compliance with the limits established in this permit. The downstream quality characteristics, once the mixing zone is reached, are also periodically determined, and the values obtained are compared to the characteristics of the river upstream of the facility.

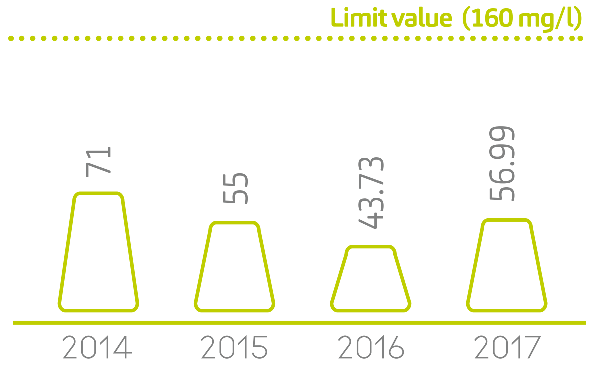
In 2017, the discharges to the Tormes River have complied with the limits established for the parameters specified in the current Discharge Permit.

Discharge of factory wastewater (m^3)	2014	2015	2016	2017
SANITARY & INDUSTRIAL WASTEWATER	10,693	8,564	11,244	7,875
PROCESS WASTEWATER	**2,706**	**3,261**	**3,353**	**2,999**

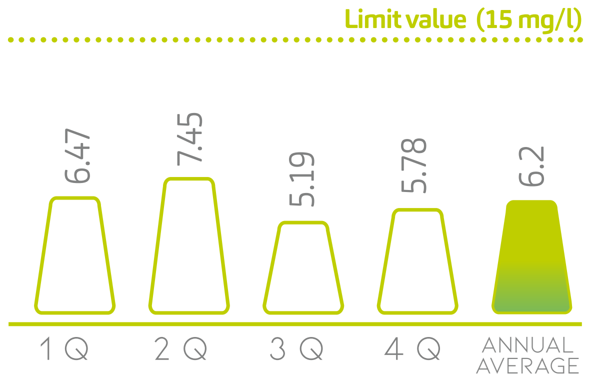
INCORPORATION TO THE RIVER OF COD (mg/l)



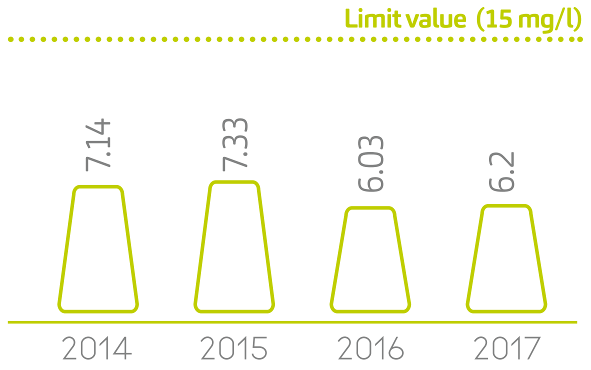
EVOLUTION OF THE INCORPORATION TO THE RIVER OF COD (mg/l)



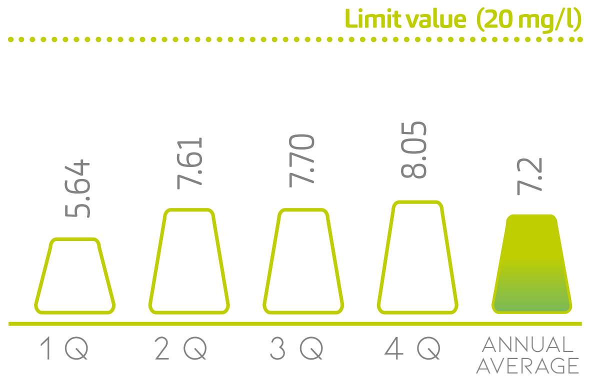
INCORPORATION TO THE RIVER OF AMMONIA (mg/l)



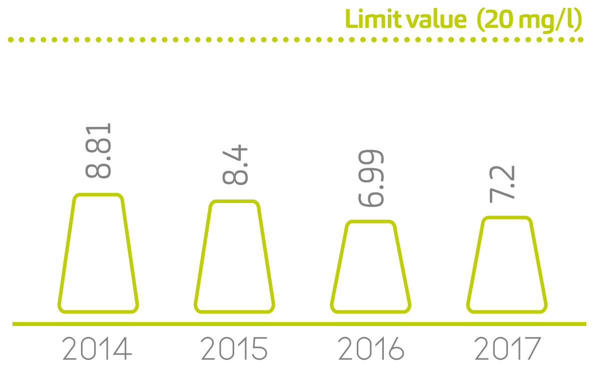
EVOLUTION OF THE INCORPORATION TO THE RIVER OF AMMONIA (mg/l)



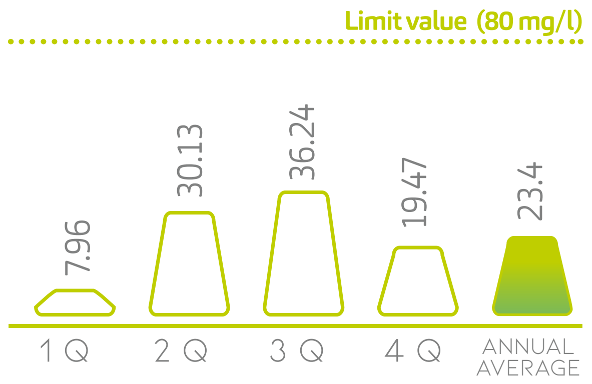
INCORPORATION TO THE RIVER OF TOTAL NITROGEN (mg/l)



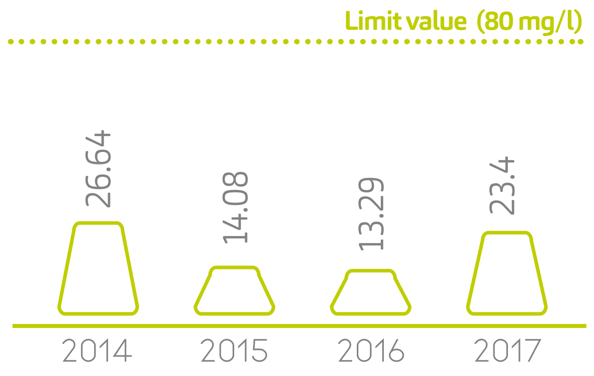
EVOLUTION OF THE INCORPORATION TO THE RIVER OF TOTAL NITROGEN (mg/l)



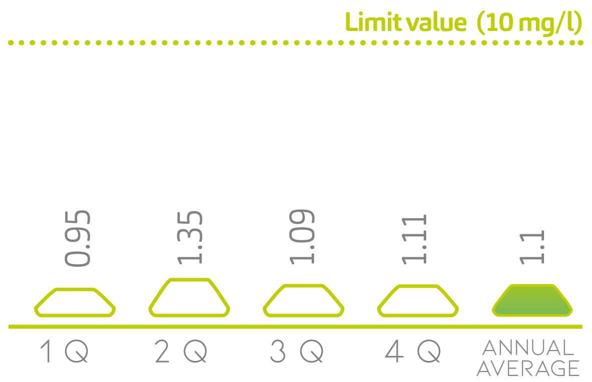
INCORPORATION TO THE RIVER OF SUSPENDED SOLIDS (mg/l)



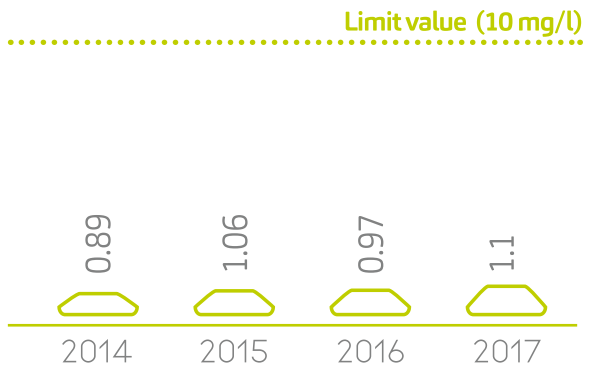
EVOLUTION OF THE INCORPORATION TO THE RIVER OF SUSPENDED SOLIDS (mg/l)



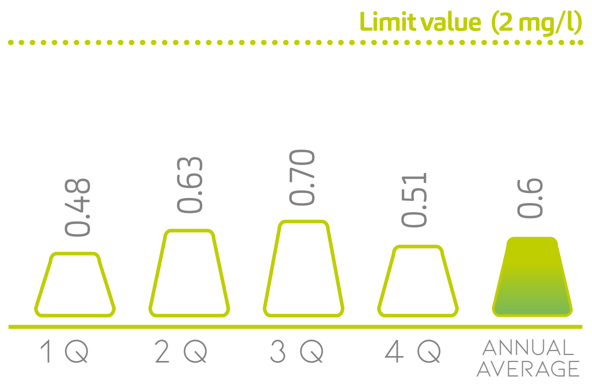
INCORPORATION TO THE RIVER OF PHOSPHORUS (mg/l)



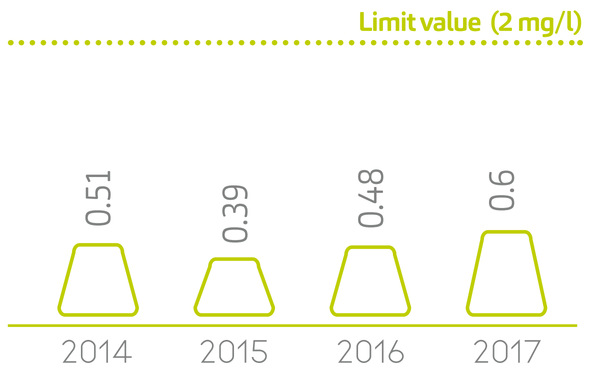
EVOLUTION OF THE INCORPORATION TO THE RIVER OF PHOSPHORUS (mg/l)



INCORPORATION TO THE RIVER OF DETERGENTS (mg/l)



EVOLUTION OF THE INCORPORATION TO THE RIVER OF DETERGENTS (mg/l)



GASEOUS EFFLUENTS

The non-radioactive atmospheric emissions from the Factory disappeared in 2017 since they came from the operation of the steam boilers used for heating and production of hot sanitary water of the manufacturing plant. The system has been replaced by supplying hot sanitary water and for air conditioning from the Biogas Plant.

CONVENTIONAL WASTES

In 2017, the Factory has continued with the minimization measures implemented in recent years, e.g. introduction of specific contents on waste management in the initial basic training, specific training for Environmental Management System-related personnel, as well as specific awareness campaigns, among others.

Conventional wastes include the following:

- **Hazardous Wastes**

The Factory differentiates the non-radioactive wastes that can be considered as hazardous in accordance with Royal Decree 952/1997 of June 20, which modifies R.D. 833/1988 (Regulation enacting the Basic Toxic and Hazardous Waste Act 20/1986 of May 14), and Order MAM/304/2002 of February 8, which publishes the European waste list. These wastes are delivered to an authorized agent (CETRANSA in general, except for specific cases such as fluorescent lamps, which are delivered to a specialized agent – Ambilamp, waste occasionally generated or waste coming from specific works in which the waste can be sent to other authorized managers) to proceed with final treatment and disposal on a controlled basis. On the other hand, in the 2017 annual hazardous waste declaration sent to the Environment Council of the Castilla-Leon regional government (in the process of preparation as of the date of publication of this report), the company identifies each hazardous waste and the type and amount produced of each one.

HAZARDOUS WASTES

Type of waste	Description	Amount (kg)	Treatment
Hazardous wastes	Absorbents with Hydrocarbons	104.5	Delivered to an authorized agent
	Oil contaminated with HG, acetone and alcohol	18.5	
	Waste oil	191.5	
	Automobile batteries	2,068	
	Waxes and Fats	129	
	Halogenated Organic Solvents (kg/analysis)	34	
	Empty Metal Containers	107.5	
	Empty Plastic Containers	146	
	Containers that hold remains of dangerous substances (AEROSOLS)	38	
	Discarded Electrical and Electronic Equipment, other than those specified	708.5	
	Fiberglass	318.5	
	Fluorescents	200	
	Fuel oil with water	123.5	
	Sludge with hydrocarbons (HC)	17,050	
	Photographic developer liquid (Fixer)	71.5	
	Photographic developer liquid (Developer) (L/plate)	70	
	Contaminated Materials	214.5	
	PCB (PIRALENO)	76	
	Batteries not button	62.5	
	Paints with Solvents	135	
	Laboratory Products (kg/samples)	69.5	
	Laboratory reagents	71.5	
	Cutting oil	2,069	
	Land contaminated with HC	268	
	Toners	51.5	
	Sanitary wastes (Group III)	13.31	
	TOTAL	**24,409.81**	

Inert Wastes

The inert wastes generated in 2017 correspond to the sum of wastes from wood, scrap metal and rubble, and they have been managed for subsequent valorization by an authorized agent.

INERT WASTES (kg)

Year	Wood	Scrap metal	Rubble	TOTAL
2014	34,840	7,793	74,160	116,793
2015	39,640	18,540	27,760	85,940
2016	10,540	3,760	7,960	22,260
2017	4,020	35,150	31,902	71,072

Due to specific actions such as the dismantling of the fuel-oil boilers, conditioning of sidewalks and roads and management of construction waste, the quantity of inert wastes managed in 2017 has increased significantly.

Wastes Assimilable to Urban

The fraction of municipal solid wastes currently accounts for 43% versus the 57% which that of urban-assimilable wastes would represent.

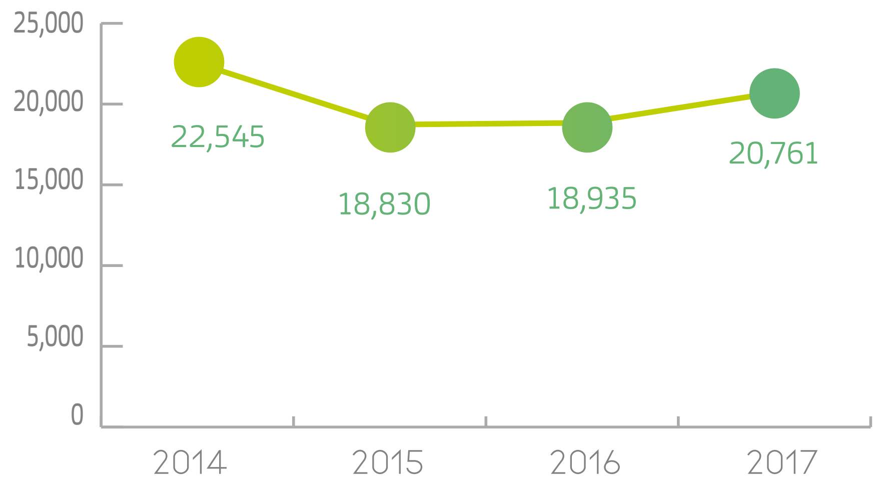
URBAN-ASSIMILABLE WASTES (kg)

Year	Paper & Cardboard	Plastic & Aluminum	Glass	Vegetable Oil from Dining room Kitchen
2014	15,880	13,830	0	175
2015	15,220	8,860	880	0
2016	17,840	7,260	0	0
2017	17,840	8,600	1,080	0

Municipal Solid Wastes

The non-recyclable fraction (municipal solid wastes) was collected by the Ledesma Association service for subsequent management in the waste treatment center of Gomecello (disposed of in controlled waste dump).

MUNICIPAL SOLID WASTES (kg)



Sludge

In 2017, 198,560 kg of sewage treatment plant sludge have been managed by composting treatment.

Computing Consumables

During 2017, 51.5 kg of toner, considered as a hazardous waste, were delivered to an agent for subsequent treatment. The rest, 140 kg, were delivered as a return of consumables to the supplier for reuse/reloading or subsequent recycling.

ACOUSTIC POLLUTION

During 2017, sound level measurements have been taken around the Factory to check whether these levels comply with the allowable limits for noise emission to the exterior environment, in accordance with current applicable legislation. The results obtained show that the maximum allowable levels have not been exceeded, in spite of the fact that the new legislation in effect on acoustic pollution has reduced these values, and therefore it has not been necessary to take any corrective measures.

ENVIRONMENTAL CHEMICAL MONITORING PROGRAM (P.V.Q.A.):

Its purpose is to detect the environmental impact that the Factory's activity can have from a non-radiological point of view. It is defined on a yearly basis and is based on an analysis of 32 parameters in samples of water (surface and groundwater) collected from around the facility, as established by the discharge permit granted by the Duero River Hydrographic Confederation. The values recorded in 2017 have been below the authorized limits.

OTHER ENVIRONMENTAL PERFORMANCE INDICATORS OF THE JUZBADO FACTORY

ENERGY CONSUMPTION

Direct consumption

Direct energy consumption (itemized by primary sources)

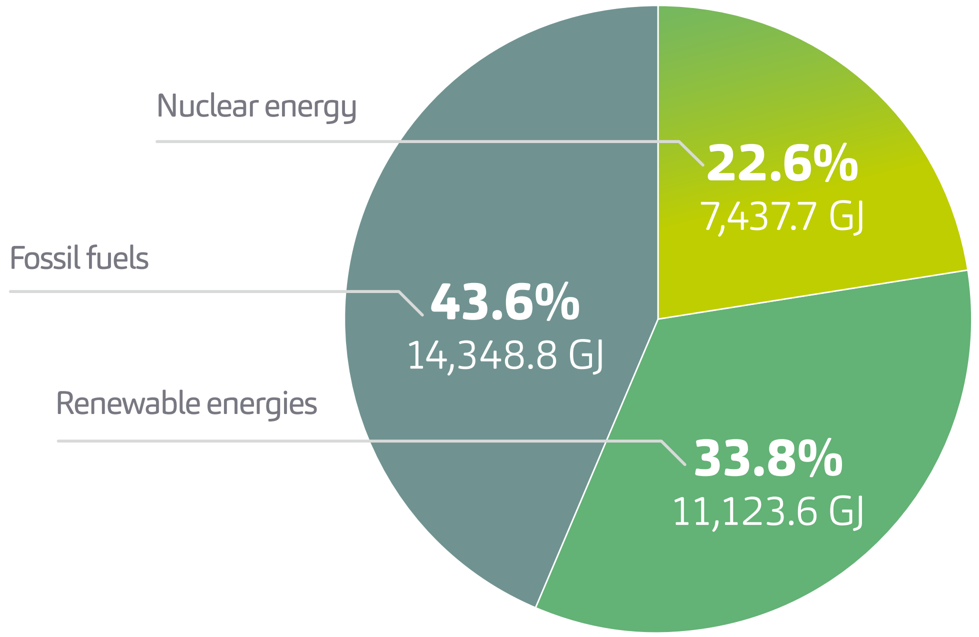
DIRECT CONSUMPTION

Year	Propane (kg)	Fuel-oil (kg)	Gasoil (kg)	Electricity (kWh)
2014	19,438	149,920	11,620	9,887,207
2015	17,126	199,860	13,698	9,241,239
2016	18,120	100,259	14,455	9,301,250
2017	19,295	800	9,992	9,141,691

In 2017 the consumption of fuel oil has been reduced to virtually zero due to the dismantling of the fuel-oil boilers and their substitution through the supply of hot sanitary water and for air conditioning from the Biogas Plant.

Indirect consumption

Percentage of the electric power supply that comes from renewable, nuclear and other sources:



Total: 32,910.1 GJ
Data extracted from "Advance of the 2017 report of the Spanish Electric System" (REE).

External energy consumption

DESCRIPTION	Kilometers travelled	Estimated average consumption (l gasoil/100 km)	Total gasoil consumption (liters)	Amount CO_2 emitted (2.616 kg CO_2 /l gasoil) t
Personnel transportation to the Factory and business trips	1,033,171	8	82,653.68	216.22
Employee transportation to the Factory	157,680	25	39,420	103.12
Package reception	308,935	25	77,233.75	202.04
Refueling in the gas plant	53,420.67	30	16,026.20	41.92
Subcontracts: Management of assimilable, inert and hazardous wastes (with vans)	3,467	8	277.36	0.73
Subcontracts: Management of assimilable, inert and hazardous wastes (with trucks)	28,442.90	30	8,532.87	22.32
Subcontracts: MSW collection company	20,300.80	30	6,090.24	15.93
Component reception	56,958	30	17,087.40	44.70
Uranium powder reception	9,522	30	2,856.60	7.47
Product transport: fuel assemblies	96,034	30	28,810.20	75.37
Component or skeleton transport (with trucks)	29,630	30	8,889	23.25
Component or skeleton transport (with vans)	2,032	8	162.56	0.43
Empty cask transport	19,621	30	5,886.30	15.40
Total indirectly generated CO_2	**1,820,239.37**		**294,233.66**	**769.72**

Note: It is considered that all the trips are made in vehicles that consume gas-oil, thus eliminating the sea and air transports.

Energy intensity

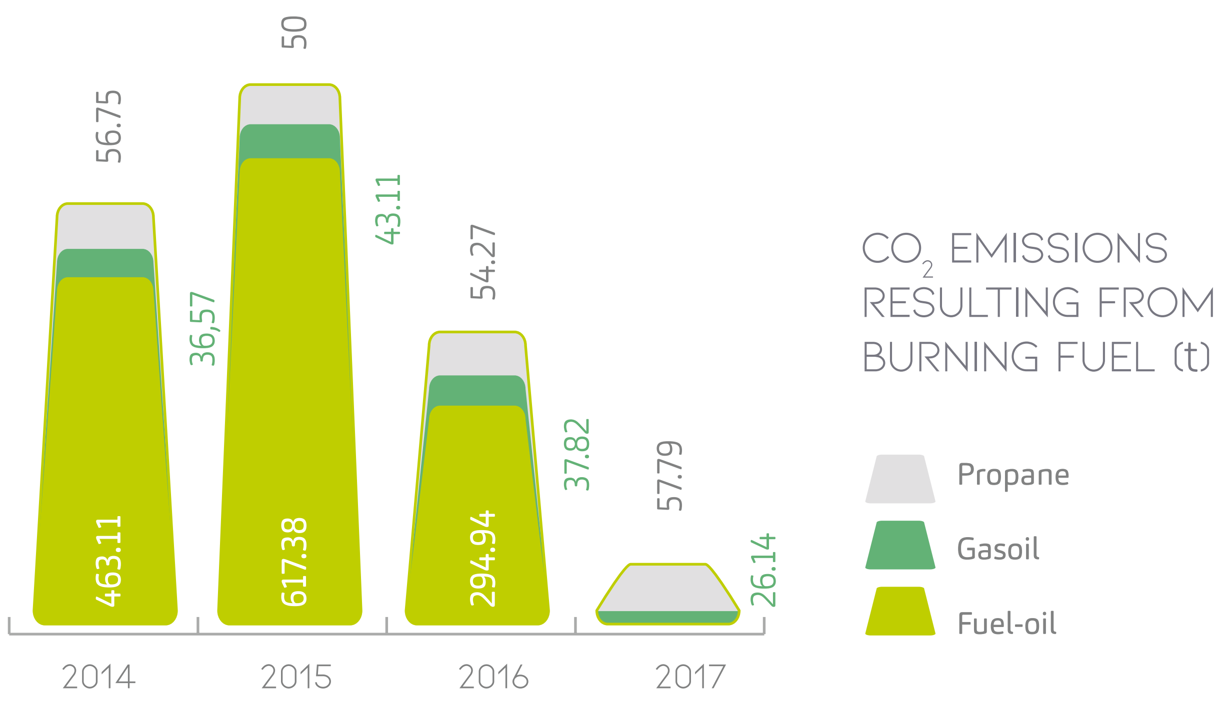
The energy consumption of electricity and fuels (propane and gasoil) are considered:

The chosen unit of activity is tons of uranium equivalent (t-U).

Electricity (MWh)	Propane (MWh)	Gasoil (MWh)	t-U	Energy Intensity (MWh/t-U)
9,141.69	246.55	99.29	286.105	33.16

GREENHOUSE GAS EMISSIONS (GGE)

Direct emissions



Indirect emissions

Indirect emissions are those resulting from energy consumptions outside the Factory. Up until now, only the CO_2 from the production of the electricity consumed was considered, but since the heating and hot water boilers have been shut down, the emissions produced by the biogas plant, which is the current source of heat production, are included.

Source	Consumption	Amount of CO_2 (t)
Electricity	9,141,691 kWh	2,758.87
Biogas plant (natural gas)	79.38 kg	0.28

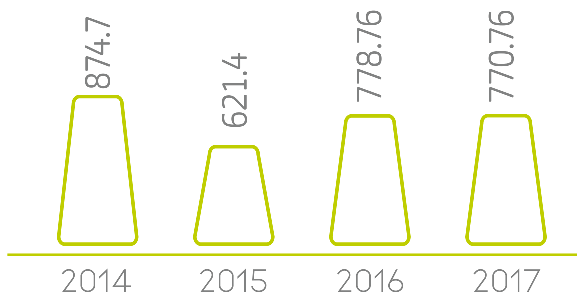
See the conversion factors in Appendix II

Other indirect emissions

Indirect greenhouse gas emissions primarily correspond to emissions of carbon dioxide due to the transport of both goods and services and personnel in relation to the normal operation of the facility.

The following table shows the emissions from the most significant transports related to the Factory.

EVOLUTION OF OTHER INDIRECT EMISSIONS (t)



Intensity of GGE emissions

Direct emissions (t)	Indirect emissions -energy (t)	Other indirect emissions - transport (t)	t-U	Intensity of emissions of GGE (t/t-U)
83.93	2,759.15	731.57	286.105	12.49

BIODIVERSITY

Special Area of Conservation (SAC)

There is a protected space in the vicinity of the Juzbado Factory. Specifically, the area in question is SAC ES4150085 (banks of the Tormes River and tributaries), which is part of the *Red Natura 2000*. The surface area of the SAC encompasses the river waterway plus a width of 25 meters on each side of each of the stretches. Its specific features are:

Special Area of Conservation (SAC)

SAC Code	ES4150085
Name	Banks of the Tormes River and tributaries
Administrative region	Salamanca 67% and Ávila 33%
Rivers	Tormes River, Arroyo de la Corneja, Arroyo de Becedillas, Arroyo Moralejas and Arroyo Aravalle.
Hydrographic sub-basin	Tormes River
Hydrographic basin	Duero River
Latitude of center	40º 26' 06" N
Long of center	5º 30' 35" W
Average altitude	1,271 m
Area	1,834.49 ha.
Biogeographic region	Mediterranean

Based on the national topographic land map of the National Geographic Institute (1984), it is estimated that the surface area of the Juzbado Factory land included inside the SAC is 7.5 hectares, with a described habitat of barely existent gallery forest and pastureland.

Protected or reclaimed habitats inside the SAC

Code	Appendix I habitats (Directive 92/43/CEE)
3250	Constantly flowing Mediterranean rivers with Glaucium flavum
3260	Water courses of plain to montane levels with the Ranunculion fluitantis and Callitricho-Batrachion vegetation
3270	Rivers with muddy banks with Chenopodion rubri p.p. and Bidention p.p. vegetation
3280	Constantly flowing Mediterranean rivers with Paspalo-Agrostidion species and hanging curtains of Salix and Populus alba
5120	Mountain Cytisus purgans formations
6160	Oro-Iberian Festuca indigesta grasslands
6230	Species-rich Nardus grasslands, on silicious substrates in mountain areas (and submountain areas in Continental Europe)
6420	Mediterranean tall humid grasslands of the Molinio-Holoschoenion
6510	Lowland hay meadows (Alopecurus pratensis, Sanguisorba officinalis)
7140	Transition mires and quaking bogs
8220	Siliceous rocky slopes with chasmophytic vegetation
8230	Siliceous rock with pioneer vegetation of the Sedo-Scleranthion or of the Sedo albi-Veronicion dillenii
91B0	Thermophile ash groves of Fraxinus angustifolia
91E0	Alluvial forests of Alnus glutinosa and Fraxinus excelsior
9230	Galicio-Portuguese oak woods with Quercus robur and Quercus pyrenaica
92A0	Gallery forests of Salix alba and Populus alba
9340	Quercus ilex and Quercus rotundifolia forests

Species potentially found inside the SAC

It should be noted that the surface area affected by the facility corresponds to approximately 0.41% of the proposed total.

The species are as follows:

Fauna	Publication	Extent of threat
Mammals		
*Lutra lutra** (Eurasian otter)	IUCN red list	Near threatened
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
*Galemys pyrenaicus** (Pyrenean Desman)	UICN red list	Vulnerable
	Spanish Catalogue of Threatened Species RD 139/2011	Vulnerable
*Rhinolophus euryale** (Mediterranean Horseshoe Bat)	Spanish Catalogue of Threatened Species RD 139/2011	Vulnerable
	IUCN red list	Vulnerable
*Myotis myotis** (Greater Mouse-eared Bat)	Spanish Catalogue of Threatened Species RD 139/2011	Vulnerable
	IUCN red list	Near threatened
Amphibians		
*Discoglossus galganoi** (Iberian painted frog)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
Salamandra salamandra (Common Fire Salamander)	IUCN red list	Least concern
Rana iberica (Iberian Frog)		Vulnerable

Fauna	Publication	Extent of threat
Reptiles		
*Mauremys leprosa** (Mediterranean turtle)	Spanish Catalogue of Threatened Species RD 139/2011	LERPE. Vulnerable
*Emys orbicularis** (European pond turtle)	IUCN red list	Near threatened
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE. Vulnerable
Chalcides bedriagai (Bedriaga's Skink)	IUCN red list	Near threatened
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
*Lacerta schreiberi** (Iberian Emerald Lizard)	IUCN red list	Near threatened
	List of Wild Species in Special Protection Regime	
Fish		
*Squalius alburnoides**	Proposed for IUCN. Annex 2 Habitat Directive	Vulnerable
*Cobitis palúdica**	IUCN red list	Vulnerable
Chondrostoma Polylepis (Iberian nase)	IUCN red list	Least concern
*Achondrostoma arcasii**	IUCN red list	Vulnerable
*Pseudochondrostoma duriense**		Vulnerable
Invertebrates		
Macromia splendens	IUCN red list	Vulnerable
	Red Book of Invertebrates of Spain	Critical danger
Oxygastra curtisii	IUCN red list	Near threatened
	Red Book of Invertebrates of Spain	Endangered
Euphydryas aurinia	Catalog Threatened Species of Aragon	Special interest

Fauna	Publication	Extent of threat
Birds		
Circus aeruginosus (Western marsh-harrier)	IUCN red list	Least concern
	National Catalogue of Threatened Species 2011	LERPE
Gyps fulvus (Griffon vulture)	IUCN red list	Least concern
	National Catalogue of Threatened Species 2011	LERPE
Milvus milvus (Red kite)	IUCN red list	Near threatened
	National Catalogue of Threatened Species 2011	Endangered
Milvus migrans (Black kite)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
Falco peregrinus (Peregrine falcon)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
Elanus caeruleus (Black-winged kite)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
Hieraaetus pennatus (Booted eagle)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	Special protection
Falco tinnunculus (Common kestrel)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
Circaetus gallicus (Short-toed snake-eagle)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE

FLORA	Publication	Extent of threat
Vascular plants		
Veronica micrantha	Red List of Spanish vascular flora 2008	Vulnerable
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
*Festuca elegans**	Spanish Catalogue of Threatened Species RD 139/2011	LERPE

* Species included in Appendix II or IV of the Habitats Directive
**LERPE: List of specially protected species

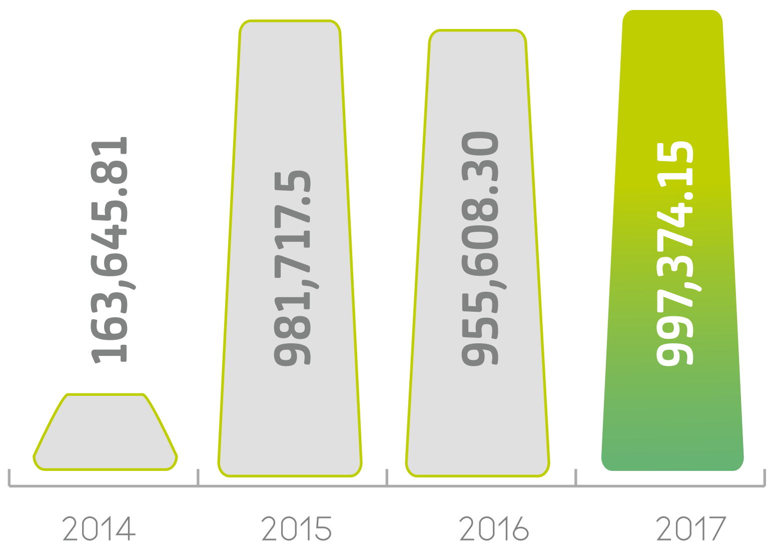
SAVING AND EFFICIENCY INITIATIVES AND ACTIONS: ENERGY SAVING MEASURES BASED ON CONSERVATION AND IMPROVED EFFICIENCY.

As measures to ensure that energy consumption is reduced and to promote energy savings, several actions have been taken throughout 2017:

- The 200 traditional fluorescent lamps were substituted by LED fluorescent lamps in the ceramics area. The measure has supposed a reduction of 6 kW of installed power, supposing a saving of 40,000 kWh/year and an economic saving of €2,700/year.
- The functioning hours of the lighting of the auxiliary park have been reduced, leaving one of three lighting circuits permanently turned off. This action was detected in the energy audit that was conducted in the facilities in compliance with Royal Degree 56/2016.

In 2017, no modifications have been made to the energy requirements of the products and services sold.

ENVIRONMENTAL INVESTMENTS 2017		
EQUIPMENT	**ENVIRONMENTAL IMPROVEMENT**	**TOTAL €**
Dissolved oxygen portable meter	Improved control of emissions and waste	**1,604**
Auxiliary equipment and coating tools	Minimization of radioactive waste generation	**1,549.13**
Supply of a Passive Scanner equipment	Minimization of radioactive waste generation	**622,280.20**
Waterproof luminaire Coreline WT120C LED60S/840	Reduction of natural resources consumption	**7,773**
Change to LED lamps	Reduction of natural resources consumption	**1,760**
Energy measurement system software implementation	Improved control of emissions and waste	**9,265**
Hot water boilers change	Reduction of natural resources consumption and control of emissions	**112,170.46**
Water Network Pipelines replacement	Improved control of dicharges	**8,315.59**
Isokinetic probes replacement	Improved control of emissions	**7,618.50**
Adaptation of the HVAC to the requirements of the Nuclear Safety Council (CSN)	Improved control of emissions	**225,038.27**
Total		**997,374.15 €**



EVOLUTION OF ENVIRONMENTAL INVESTMENTS (€)

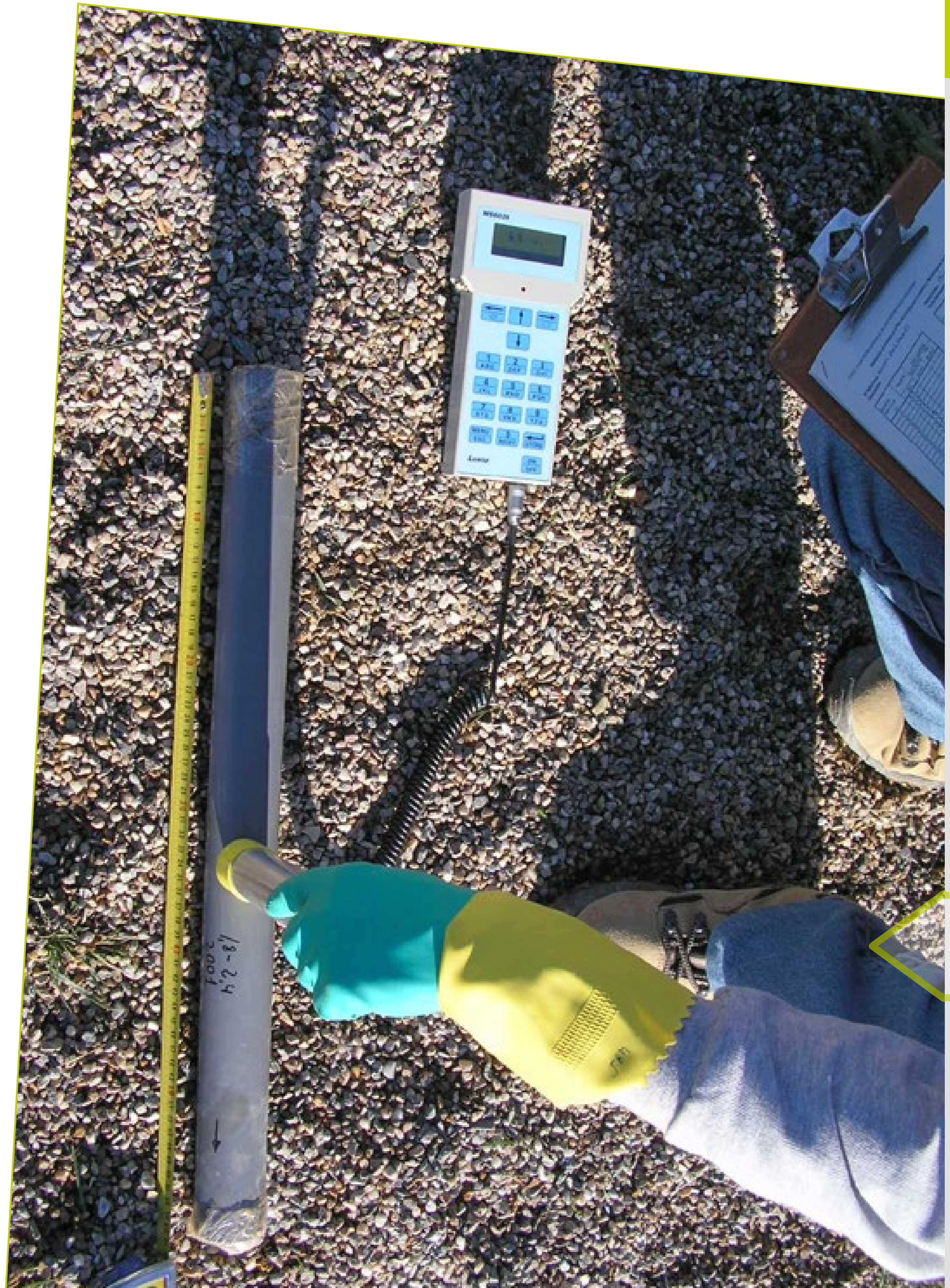
CONTINUOUS IMPROVEMENT ACTIVITIES OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

1. REDUCTION IN CONSUMPTION OF NATURAL RESOURCES:

In the framework of the Environmental Policy and in keeping with ENUSA's commitment to reduce resource consumption, a series of actions have been taken such as the substitution of 200 fluorescent tubes in the ceramics area with LED fluorescent lamps (Light-emitting Diode).

In 2017 actions were carried out, identified in the energy audit that was conducted in the facilities in compliance with Royal Degree 56/2016, such as the reduction of functioning hours of the lighting of the auxiliary storage facilities and the identification of improvement actions in the general warehouse.

Furthermore, the substitution of the boilers to supply hot sanitary water and air conditioning from the biogas plant has supposed the elimination of the consumption of fuel oil.



2. IMPROVED CONTROL OF EMISSIONS AND DISCHARGES:

The fuel oil boilers have been replaced by makeup of exterior hot water from the biogas plant.

3. MINIMIZATION OF RADIOACTIVE WASTE GENERATION AND REDUCTION OF EXISTING WASTES IN THE TEMPORARY STORAGE FACILITY:

ENUSA's productive activity entails the generation of radioactive wastes of low and very low activity associated with the fuel assembly manufacturing process. This fact is considered as a significant issue from an environmental perspective and, therefore, minimization of these wastes is thereby one of the objectives included in the 2017 Environmental Management Program.

In addition to improved efficiency of the investments associated with the productive process (which supposes a minimization of rejects and, therefore, of wastes) 23 BUI-type casks and 8 drums with uranium-soaked bags used for its recovery. Moreover, more than 10,000 kg of contaminated material has been decontaminated, avoiding in this way its generation as radioactive material.

In addition, the shipment of 611 scheduled drums has been made to El Cabril pursuant to the conditions agreed with ENRESA.

4. MANAGEMENT IMPROVEMENTS:

- The Environmental Management Manual and the Environmental Policy have been updated to adapt to the requirements of standard ISO 14001:2015.
- The updating has continued on the environmental procedures as well as instructions and posters to clarify the content.

5. COMMUNICATION IMPROVEMENTS:

The transmission of monthly Environment messages during shift changes of the production and equipment and system maintenance stations has successfully continued. During 2017 an event and incident analysis was integrated in the facilities from the viewpoint of different disciplines, which includes the Environment.

MORE THAN 10,000 KG OF CONTAMINATED MATERIAL HAS BEEN DECONTAMINATED, AVOIDING ITS GENERATION AS RADIOACTIVE MATERIAL

2. SAELICES EL CHICO CENTER

The Saelices El Chico Center encompasses the mining and industrial installations for manufacturing uranium concentrates, located in this municipal district, and in that of Carpio de Azaba, very near to the town of Ciudad Rodrigo. When the production activities ceased in December 2000, those corresponding to the dismantling of the treatment plants (first category radioactive installations) and to the reclamation of the mining exploitations were immediately initiated, in accordance with the regulations in effect and the permits granted by the different official authorities competent in each case (Ministry of Industry, Tourism and Trade, current Ministry of Energy, Tourism and the Digital Agenda, Nuclear Safety Council, and the Mining Division of the Territorial Industry, Tourism and Trade Service, current Territorial Economic Service, and the Territorial Environment Service, both of the Castilla-Leon regional government in Salamanca).

The work carried out in 2017 focused on the surveillance and control of the installations, with specific monitoring of the dismantled or reclaimed installations, as well as on the management of the water collected at the site affected by acid drainage in the mine (collection, storage, treatment and discharge), on actions for their remedy and on the review of the documentation corresponding to the request for authorization of the first phase (Phase I) of the dismantling and closing of the Quercus Plant (currently in a situation of definitive cease of operations), presented in September 2015 to the competent organizations.

With regard to the latter, in February the documental review was issued of the Environmental Impact Study prepared to request the corresponding Environmental Impact Declaration, incorporating the allegations, in response to those received from different organizations throughout the year 2016, as a consequence of the proceedings for public information and consultations with the affected public administrations and interested people. Furthermore, in December a review of the dismantling and closing documents was presented as a consequence of the evaluation process conducted by the Nuclear Safety Council. In both cases, all were sent to the cited Ministry of Energy, Tourism and Digital Agenda as substantive body, for distribution to the evaluating organizations (Ministry of Agriculture, Fisheries and Food and the Environment and the Nuclear Safety Council, respectively).

Until authorization is given for the dismantling and closing activities and this stage begins, the Monitoring and Maintenance Plan required by the Nuclear Safety Council will continue, to ensure that proper safety conditions are maintained in the installations, both for the workers and public and for the environment. Also, the sections to condition the liquid effluents continue to operate, for controlled discharge to public waterways once the suitable chemical and radiological quality is achieved. The management of the water collected in the site is necessary due to the presence of acid mine drainage of difficult solution because of the natural characteristics of the land, which is conditioning the decommissioning of the Center.

At the Elefante Plant, the dismantling Monitoring and Control Program, begun in 2006, continues in order to check the stability of the dismantled structures and make sure that their radiological impact is similar to the defined radiological background, common for the entire site. No incident has been detected to date, and the results obtained in 2017 continue to demonstrate that both the radiological and environmental objectives are being achieved.

As for the former mining operations, execution of the Monitoring and Control Program of the reclaimed site continues; this program, which was implemented with the current scope in 2014 after it was approved by the Nuclear Safety Council, although since 2009 different controls of the reclaimed mining site have been conducted. Similarly, the inspections and controls of recent years show that the reclamation objectives are being achieved, except for water quality due to the acid mine drainage problem indicated above.

In this regard, it should be pointed out that different actions to try to remedy them continue. The latter are based on the application of artificial soils coming from inert waste (technosols), both on the surface and at depth, which have been successful in different places in Spain and in other countries. The results obtained in the previous tests carried out at the site, since 2016, both on soil and in water, have been positive, having been presented to the industrial technological development center (CDTI) as a R&D project ("TEKURA" project), one on a larger scale on a wide surface of the reclaimed mining area (52 hectares). It was approved by this organization in February, signing the corresponding agreement in May. It is ongoing since October 2017 and will be effective until December 2019. ENUSA participates in it as owner and responsible entity with Emgrisa, CIEMAT and the University of Santiago de Compostela, as technologist. To implement it, the construction of a small pilot composting plant has been initiated, for the purpose of manufacturing in situ the technosols, from the inert waste that will arrive from the exterior, as well as with other organic and inorganic materials (detrital materials, mainly) present at the site. It is expected to be finalized at the beginning of 2018 and put into operation immediately, while mandatory authorizations are obtained, including that of ENUSA as manager of these wastes, in order to begin the manufacturing of the technosols and their application. Meanwhile, the previous tests on the reactive wetlands and eroded soils will continue, although with less implementation, as well as the pools with acid water coming from the reclaimed mining openings, in order to study, in this case, the remedy of the deepest waters, a more complex process.

The monitoring and control of the water quality will also continue at established sampling points, in order to verify the result of the actions carried out in previous years (drainage works, waterproofing of canals, application of organic solutions, such as carbonation foam from sugar refineries, etc.).

With all the cited activities, the aim is to complete the recovery of the natural spaces affected by the mining activities in as short a time as possible, taking into account that a maturity period of the extended compounds is needed, as well as for the particular features of the site.

ENVIRONMENTAL MANAGEMENT

Through proper environmental management, the Saelices El Chico Center ensures that the activities it carries out are as environmentally friendly as possible. The facility divides its management into radiological control and non-radiological control activities. The most relevant activities in 2017 in this respect were as follows:

RADIOLOGICAL CONTROL

MONITORING OF THE RADIOLOGICAL CONDITIONS IN THE INSTALLATIONS.

The doses received by the personnel have been much lower than the established limits, in line with previous years.

MONITORING OF THE RADIOLOGICAL CONDITIONS IN THE INSTALLATIONS

DOSE INTERVAL (mSv)	NO. OF USERS	% TOTAL	COLLECTIVE DOSE (mSv-p)
Background	25	89	0
Background – 1,00	3	11	0.38
1,00 – 2,00	0	0	0
Greater than 2,00	0	0	0
TOTAL	**28**	**100**	**0.38**

COMPARATIVE TABLE OF AVERAGE INDIVIDUAL DOSES IN DIFFERENT TYPES OF INSTALLATIONS

	Average individual dose (mSv/year)			
INSTALLATIONS	YEAR 2013	YEAR 2014	YEAR 2015	YEAR 2016
Nuclear power plants	1.36	0.97	1.34	0.93
Nuclear Fuel Cycle Facilities, Waste Repositories & CIEMAT	0.6	0.57	0.53	0.49
Radioactive Medical Facilities	0.63	0.63	0.63	0.64
Radioactive Industrial Facilities	1.05	0.89	0.81	0.86
Radioactive Research Facilities	0.34	0.3	0.32	0.42
Facilities being dismantled and decommissioned	3.08	3.72	2.15	2.9
Transport	2.24	2.14	2.14	2.22
Exposed Workers	0.78	0.71	0.76	0.72

These data, which are included as reference, are in the CSN annual reports to Spain's Congress and Senate. When Enusa issues its 2017 Annual Report, the CSN has still not issued the report for the previous year, which is why the 2017 data are not included here but, with respect to the last information sent, the year 2016 is updated.

RADIOACTIVE LIQUID EFFLUENTS

As already indicated, ENUSA continues to treat and process the liquid effluents generated on the site so they will have the level of radiological quality required for controlled discharge to the Águeda River, in accordance with the existing permits. The effluents basically come from the runoff waters collected in the different hydraulic infrastructures on the site (dams, ponds, etc.). The treatment process, the effluents and the receiving waterway are routinely controlled to check that the adequate functioning of the installations and the compliance with the stipulated limits through the continuous measuring of characteristic parameters and the collection of samples (daily, weekly, monthly…) and subsequent analysis in the laboratory. In 2017, 523,371 m^3 of effluents have been treated and discharged, which is greater than the volume discharged the previous year. This, along with the year's low rainfall that results in a lower generation of runoff waters, has permitted reducing the volume of water stored throughout the year with respect to recent years. As for the radiological quality of the discharged waters, it has remained below the required limits, as has the repercussion on the receiving waterway.

RADIOACTIVE GASEOUS EFFLUENTS

In the current shutdown phase there are no emissions from channeled sources, and the emissions from diffuse sources by dispersion of dust particles and ground emanation of Radon gas from large structures (such as slagheaps, lixiviation beds, material deposits, etc.) are minimized by building cover layers over the reclaimed structures, which prevents erosion phenomena that could create dust and mitigates the atmospheric release of Radon gas.

POPULATION DOSE

The 2017 values continue to be very far from the authorized limits.

TYPE OF DISCHARGE	CRITICAL INDIVIDUAL	EFFECTIVE DOSE (microSv/y)
Gaseous effluents	1-year old children	3.54
Liquid effluents	1-year old children	1.24
Specific facility limit	**300 microSv/y**	
General limit	**1000 microSv/y**	

SOLID WASTES

The mining and industrial operations generated solid wastes (mine wastes stored in mine slagheaps and process wastes such as mineralurgical sludge or the conditioning of liquid effluents, stored in dams constructed for the effect). The ongoing liquid effluent treatment continues to produce the latter (neutralization gypsum), which is deposited in the waste stacks for subsequent conditioning. During the reclamation and dismantling activities, these materials are confined and closed off in the site itself creating long-term stable structures to prevent undue risks to the nearby population groups and environmental degradation in the areas near the operations. At present, the final conditioning of the waste materials from the Quercus Plant is pending because, as indicated previously, this plant has still not been dismantled.

ENVIRONMENTAL RADIATION MONITORING PROGRAM (P.V.R.A.).

The purpose of this program is to establish the variations in the site's background radiation resulting from the activity and their evolution during the different phases of the facility's lifetime (production, reclamation, post-monitoring, etc.). Thanks to this program, the environmental radiological impact that may be caused by the installations can be evaluated. It takes into consideration the features of the site and its area of influence, as well as the mining-industrial activities, and it includes the analysis of a series of radiological parameters in different kinds of samples collected at the control points located within a 10 km radius around the facility. In 2017, the same scope as in 2016 has been maintained. Program execution is planned every year, with the collection of some 1,000 samples in some 77 control stations on which approximately 2,500 determinations are made. To date it is seen that the impact is very small or non-existent and no significant changes have been detected.

NON-RADIOLOGICAL CONTROL

LIQUID EFFLUENTS.

The physicochemical quality of the liquid effluents is studied in order to verify that they comply with the limits imposed by the Duero River Hydrographic Confederation, on both the discharges and the receiving waterway, for non-radiological parameters (acidity, salts, metals, etc.). Because of the origin and composition of these discharges, special attention is paid to a series of parameters that are considered to be characteristic (pH, sulfates, ammonia and metals such as uranium and manganese). The limits established for the effluents have been met at all times. On the other hand, the quality levels required for the Águeda River, the discharge receiver, have been observed. It can be indicated that in the months of November and December there were no discharges.

RECEIVING WATERWAY

Period	pH		Sulfates (mg/l)		Ammonia (mg/l)	
	Upstream	Down-stream	Upstream	Down-stream	Upstream	Down-stream
First quarter	8	8.7	3.3	8	0.38	0.57
Second quarter	7	6.9	3	10	0.68	0.45
Third quarter	6.8	6.9	2	10	1.2	1.08
Fourth quarter	6.7	6.7	1.8	41	1.26	0.54

Limits imposed on receiving waterway: pH: 6-9 Sulfates: 250 mg/l Ammonia: 1 mg/l

LIQUID EFFLUENTS

Period	pH	Sulfates (mg/l)	Ammonia (mg/l)	Uranium (mg/l)	Manganese (mg/l)
January	7.2	1,841	1.9	0.01	0.064
February	7	2,120	2.1	0.008	0.031
March	6.9	2,461	2.1	0.007	0.035
April	6.9	1,755	2.2	0.008	0.119
May	6.7	1,787	2.2	0.01	0.093
June	7.3	1,987	2.1	0.005	0.054
July	6.5	1,895	1.9	0.015	< 0.005
August	6.6	1,935	2.2	0.015	0.072
September	7.2	2,495	0.08	0.011	0.058
October	6.7	2,417	2.2	0.007	0.041
November	(*)	(*)	(*)	(*)	(*)
December	(*)	(*)	(*)	(*)	(*)

(*) No discharge
Limits imposed on receiving waterway: pH: 6.5 – 8.5 Sulfates: 2,500 mg/l Ammonia: 10 mg/l Uranium: 0.1 mg/l Manganese: 0.4 mg/l

CONVENTIONAL WASTES:

- **Hazardous.** In 2017, several deliveries of hazardous wastes were made to an authorized agent:
  - Mineral oil: 10 t
  - Cleaning water with hydrocarbons: 9.26 t
  - Lead batteries: 0.352 t
  - Ni-Cd batteries: 0.512 t
  - Alkaline batteries: 0.159 t
  - Mineral grease: 0.200 t
  - Fluorescent tubes: 0.150 t
  - Oil filters: 0.450 t
- **Sanitary.** These wastes have been managed together with those from the Juzbado Factory, following selection at source.
- **Municipal.** These wastes are managed through the “Puente de la Unión” association with whom this service is contracted.

ENVIRONMENTAL MONITORING PROGRAM (P.V.A.).

This program is developed in conformance with the Environmental Impact Declaration of the Quercus Plant. It includes the monitoring and control of the chemical quality of the Águeda river surface waters and of the ground waters in the population centers near the facility (which are associated with the public supplies from springs or wells). It also analyzes air quality in terms of non-radioactive pollutants, and the aquatic biota and sediments of the Águeda River where it passes through the installations, to examine the metallic content and any variations that may occur between the control points located upstream and downstream of the liquid effluent discharge point. The results obtained in this program are similar to those of previous years and no anomalous impact has been detected.

REPORTABLE ENVIRONMENTAL INCIDENTS IN 2017

No incident with environmental repercussions has occurred in 2017.

OTHER ENVIRONMENTAL PERFORMANCE INDICATORS

USED MATERIALS, BY WEIGHT OR VOLUME

The activities to reclaim the natural spaces affected by mining activities use natural materials from the site itself and from its surroundings (wastes from the mining operation, slate, clay, vegetable soil, etc.). During the year 2017, no activities were undertaken that required the procurement and use of noteworthy amounts of these materials. In just the conditioning of the area in which the Technosols from the R&D Project (“Tekura” project) are going to be applied 3,000 m^3 of plains and 5,200 m^3 of arkoses were used.

ENERGY CONSUMPTION

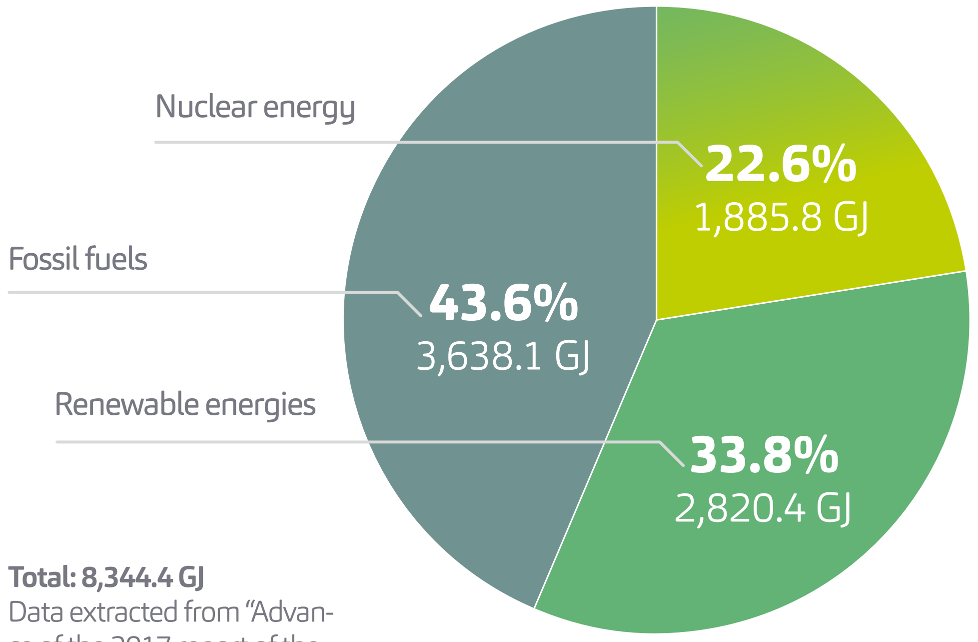
Direct consumption

	GASOIL (kg)	PETROL (kg)	ELECTRICITY (kWh)
2014	76,500	-	1,658,498
2015	58,388	40.79	1,426,154
2016	64,533	178.39	1,934,467
2017	**76,131**	**220.35**	**2,317,882**

There has been no propane or fuel oil burning.

Indirect energy consumption

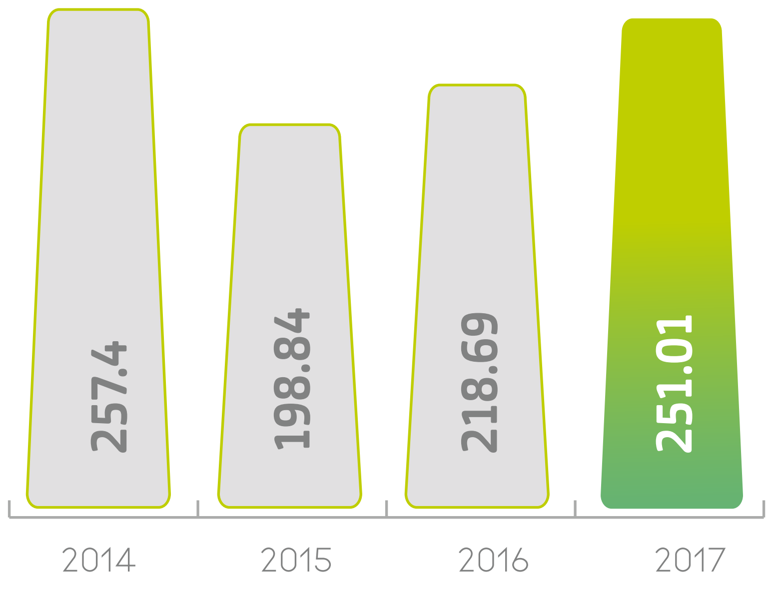
Percentage of the electric power supply that comes from renewable, nuclear and other sources:



Total: 8,344.4 GJ
Data extracted from “Advance of the 2017 report of the Spanish Electric System” (REE).

GREENHOUSE GAS EMISSIONS

Direct Emissions



CO_2 EMISSIONS RESULTING FROM BURNING FUEL (t)

Indirect Emissions

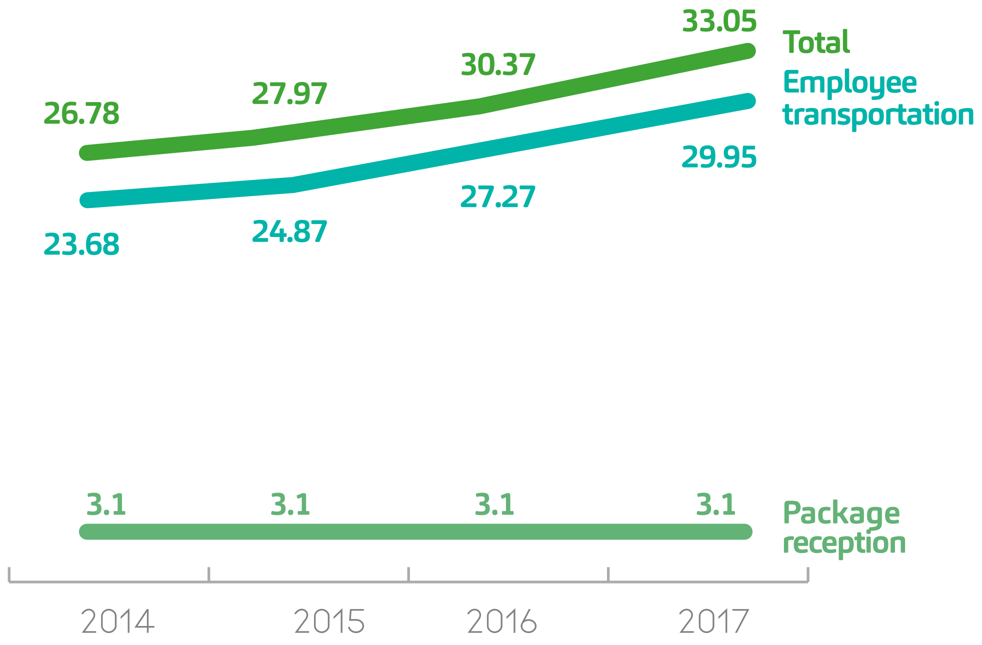
	CONSUMPTION (kWh)	EQUIVALENT CO_2 (t)
2014	1,658,498	232.18
2015	1,426,154	199.66
2016	1,934,467	270.83
2017	**2,317,882**	**324.50**

See the conversion factors in Appendix II

INDIRECT CO_2 EMISSIONS RESULTING FROM ELECTRIC POWER CONSUMPTION

Other Indirect Emissions

The indirect greenhouse gas emissions primarily correspond to the emission of carbon dioxide resulting from the transport of both goods and services and personnel in relation to the normal operation of the facility.



EVOLUTION OF OTHER INDIRECT EMISSIONS (t)

WATER

WASTEWATER DISCHARGE, ACCORDING TO NATURE AND DESTINATION (m^3)

	Destination	Total 2014	Total 2015	Total 2016	Total 2017
Sanitary and industrial wastewater (*)	Águeda river	2,198	589	1,249	1,333
Process wastewater	Águeda river	291,149	235,485	294,716	523,371
		293,347	**236,074**	**295,965**	**524,704**

(*) Estimated as a fraction (60%) of the drinking water intake.

BIODIVERSITY

The entire estate owned by ENUSA, with a surface area of 1,670 hectares, is located inside a Special Protection Area for Bird Life (ZEPA), and it is also an area of protection of the black stork.

The part of the estate owned by ENUSA that was affected by open pit mining and the associated industrial installations between 1974 and 2000 was subjected to considerable deforestation and geomorphological alteration, as expected of this type of activity. This area was recovered between 2001 and 2008 by execution of the Dismantling Project of the Elefante Plant installations and the Reclamation Project of the space affected by the mining operations, approved by the competent authorities, which have applied appropriate preventive, corrective and compensatory measures. All this was done in spite of the fact that the plant communities and animal species existing in the area of action and bordering regions, which serve as bio-indicators of pollution, indicate

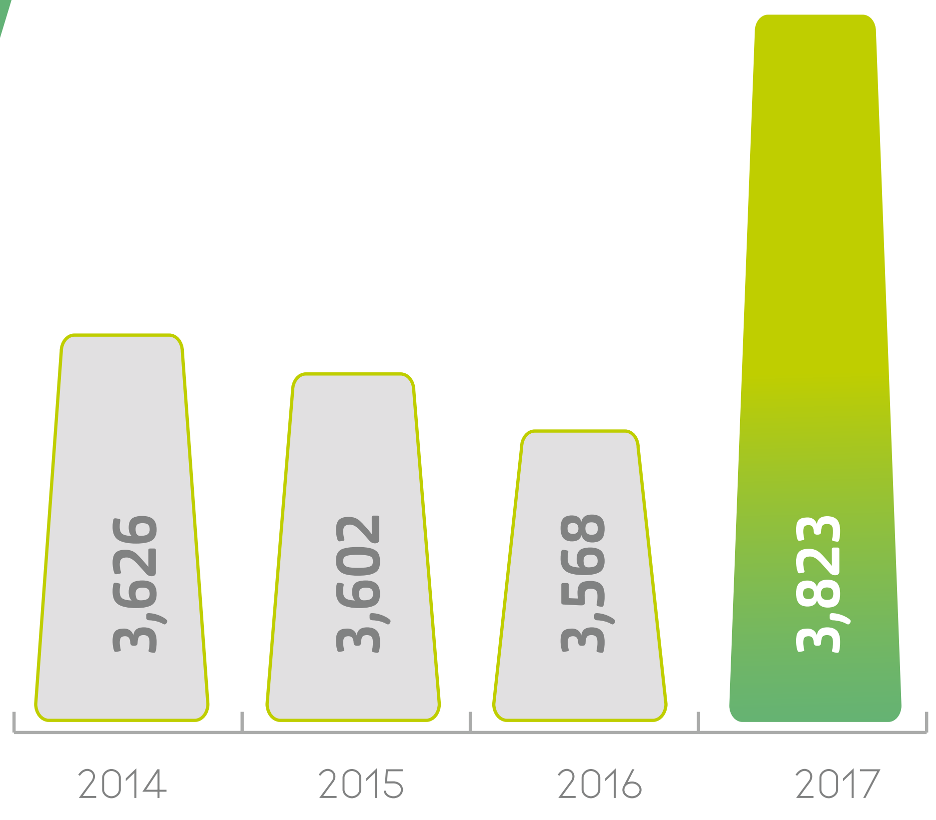
that the former mining operations have had little influence because, even though those productive and reclamation phases caused a reduction of the flora in the work areas and displacement of the fauna, once they were over both flora and fauna have gradually returned thanks to the subsequent low level of activity and the environmental recovery of the zones affected by the dismantling and reclamation, which to date have not been turned over to other uses (livestock, agriculture, hunting, etc.) that interfere with the life of these species. This has helped them to proliferate and settle in these zones. The vegetation, in particular, has been recovering with the campaigns of reseeding and replanting that have been carried out regularly on the basis of mainly scrubland species (bush species such as broom, rockrose, etc.), to support integration of the works into the landscape of the bordering areas.

INITIATIVES TO MITIGATE THE ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES, AND EXTENT OF REDUCTION OF THIS IMPACT

In 2004 the Dismantling Project of the Elefante plant was finalized and the Final Reclamation Project of the ENUSA Mining Operations in Saelices El Chico was concluded in 2008, and its ultimate purpose was to return completely or partially the lands affected by the activity to their former uses, mainly pastureland and forest, minimizing the environmental impact, recovering the original topography and integrating them into the region's landscape. The original uses can be recovered, in any case, with the approval of the competent authorities, once the respective programs were concluded, ensuring the good environmental condition of the site and achievement of the targets. In accordance with the results of the current program, except for water quality, the objectives of radiological and environmental recovery are fulfilled satisfactorily.

ENVIRONMENTAL EXPENSES AND INVESTMENTS.

As in previous years, all the expenditure incurred during 2017 (3.823 million euros) can be considered as an environmental investment since it was fundamentally allocated to the treatment of contaminated water, the maintenance and control of the reclaimed areas, the performance of laboratory and field testing – together with complementary studies, for the current projects studying alternatives for the optimization of water management (soil behavior, soil conditioners, water characterization, actions related to the application of Technosols and start of the "Tekura" project, etc.), as well as the implementation of the monitoring and control programs established and approved by the different competent authorities for the current activities, directed mainly to the monitoring and evaluation of its impact on the environment. Compared to previous years, the specific actions in 2017 have amounted to €678,550 in equipment investments and €413,617 in soil remediation measures and development of the pilot projects being executed in the different areas and structures of the site, notably higher than those of the previous year.



ENVIRONMENTAL INVESTMENTS (THOUSANDS OF EUROS)

3. ENUSA GROUP ENVIRONMENTAL INVESTMENT

Emgrisa

The Empresa para la Gestión de Residuos Industriales, S.A., S.M.E., M.P., is a State-Owned Corporation (S.M.E.) offering specialized environmental services. Its aim is to be a services operator for the public sector, especially for its owners since they have the consideration of Instrumental Medium (I.M.). The company wants to be:

- A reference in the recovery and conservation of the spaces where there is human activity, contributing to the community being able to enjoy a decent environment, with the ongoing commitment to satisfaction of customers and society, and all this supported by the development of a competitive organization the economically enables it to achieve its objectives.

In this order, its main lines of business are:

- industrial waste management,
- research,
- soil characterization and decontamination,
- environmental engineering and consulting,
- operation and design of thermal desorption plants
- environmental recovery of degraded spaces, and
- management and operation of biogas plants.

Its actions are supported by values and principles such as:

- commitment to our customers,
- ongoing experience and professionalism,
- dialogue and transparency with the parties,
- observance of the law,
- commitment to sustainability, and
- initiative and continuous improvement.

In this order, the commitment of EMGRISA as indicated entails an ongoing investment and effort, whose results are materialized in the following:

- recognition of its management systems, certified by SGS TECNOS, an internationally accredited firm,
- effective loyalty of its traditional customers and acquisition of new customers in all the new business lines, and
- continuous improvement of its productive processes, seeking the utmost respect for the environment and the renovation, improvement and optimization of its infrastructure.

However, Emgrisa is aware that all its investments and efforts should be planned and aimed at achieving its vision and general objectives. It is at this strategic level where Emgrisa must continue to develop its plans and programs, with the constant goal of improving its environmental performance.

UTE TECONMA-AZAHAR ENVIRONMENT-ECODECO (UTE-RSU CASTELLÓN)

As has been the case since the beginning of its activities in early 2012, the Castellón UTE-RSU (MSW joint venture) is subject every year to a series of environmental controls, thus complying with the conditions specified in the Integrated Environmental Permits (AAI) for both the Cervera del Maestre Municipal Waste Treatment Plant and the Reject Repository.

The environmental controls carried out in 2017 are as follows:

AIR

The atmospheric emissions and immissions from the different sources, both in the Plant and the Repository, have been controlled by an accredited ECMCA (environmental quality collaborating entity), and the recorded values were below the established limits.

For the Plant emission control, NH_3, SH_2, HCL, COT and HF particles are measured. Furthermore, the immission levels of NH_3 and SH_2 are measured, as required in accordance with the corresponding AAI (Integrated Environmental Permit), and the immission levels of particles and PS are measured on a voluntary basis as a complement to the above.

Just as in the Plant, the Reject Repository has been subject to environmental control of the immissions, and the recorded immission values and immission levels of particles (PST and PS), NH_3 and SH_2 are below the limits established in its AAI. In addition, the analysis of the emissions resulting from the combustion of the biogas in cell no. 1 of the Reject Repository was conducted, and again the recorded values are below the established limits.

WATER

In the reject repository, the controls on the groundwater of its different piezometers and the lixiviation pond are as follows:

- Daily control of the bottom piezometer of repository C-5 (conductivity and temperature)
- Weekly control of the 8 repository piezometers (conductivity and temperature)
- Monthly control of the 8 repository piezometers (basic physicochemical analysis by an accredited ECMCA)
- Six-monthly control of the 8 repository piezometers (complete physicochemical analysis by an accredited ECMCA)

All the recorded values are below the established limits.

LEACHATES

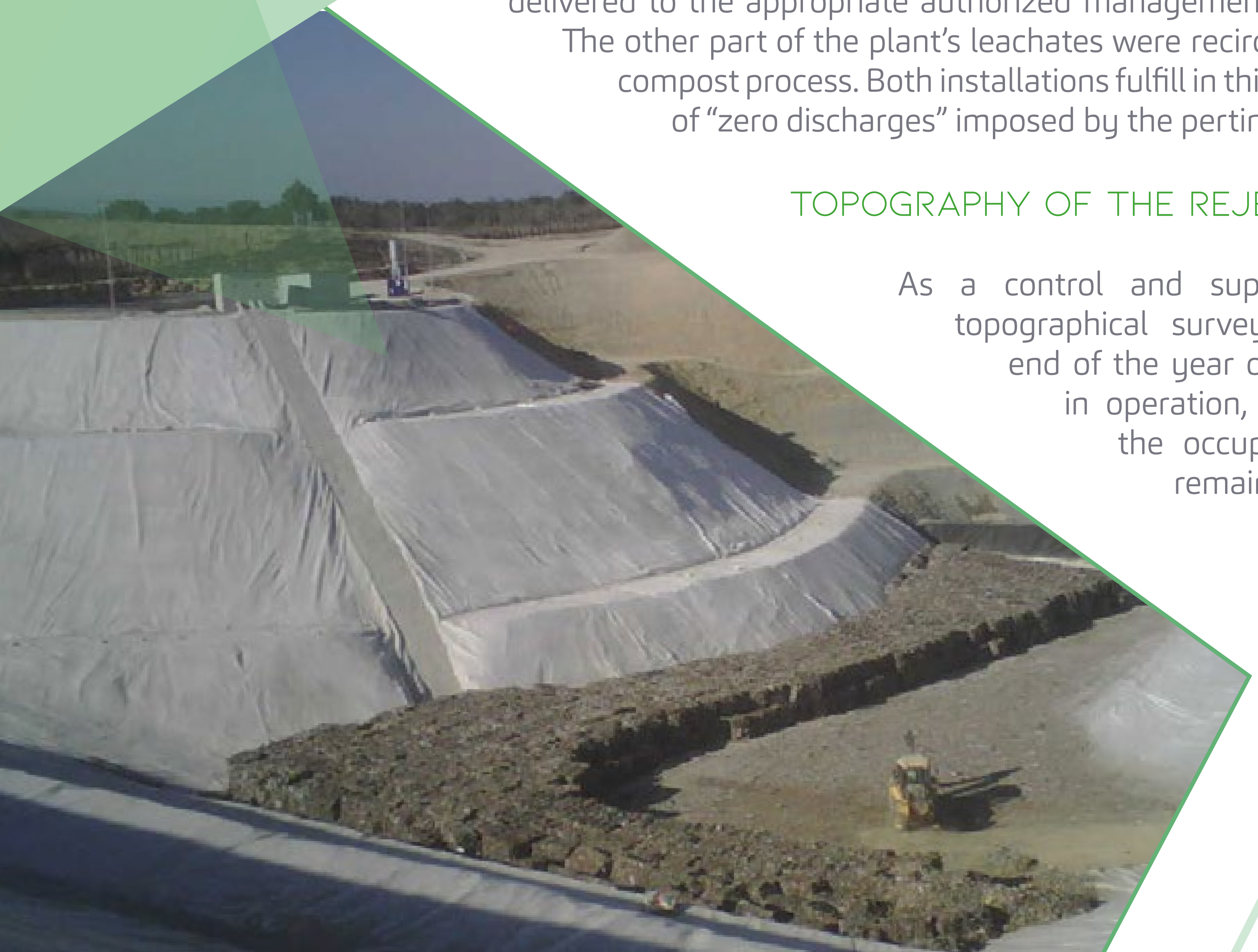
On a quarterly basis in both facilities, a complete physicochemical analysis has been performed by an accredited ECMCA of the leachates collected in the lixiviation pond of the repository and leachate collection tanks of the Plant. The measured values include DB05, COD, COT, conductivity, suspended solids, Cd, Cr, Hg, Cu, Zn, etc.

Just as for the groundwater, the obtained values are below the established limits.

The leachates of the Reject Repository and part of those of the plant were delivered to the appropriate authorized management agency for disposal. The other part of the plant's leachates were recirculated to activate the compost process. Both installations fulfill in this way the requirement of "zero discharges" imposed by the pertinent permits.

TOPOGRAPHY OF THE REJECT REPOSITORY

As a control and supervision measure, a topographical survey was made at the end of the year of the vessel currently in operation, in order to ascertain the occupied volume and the remaining available volume.



OTHERS

During 2017, an analysis of the Acoustic Emissions both of the plant and of the repository was conducted, with the values being within the established limits.

The biogas produced in the waste dump was also measured on a quarterly basis, to check its quality, composition and characteristics.

As usual, and in accordance with the agreements between the UTE, the Cervera del Maestre City Council and the Waste Consortium of Castellón Zone I, the UTE facilities have been subject to an exhaustive Environmental Audit by a firm accredited for such purposes, which analyzed in detail all the possible impacts of the facilities on the environment, obtaining a satisFactory result.

4. MAIN ENVIRONMENTAL PERFORMANCE INDICATORS

OF ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E.

Given the special characteristics of our business, our company is especially implicated in and committed to the environment and its conservation.

Climate change is one of the fundamental issues related to environmental conservation. The concern with this phenomenon will most likely lead to a greater demand for efficient, low emission energy solutions. For ENUSA Industrias Avanzadas S.A., S.M.E., climate change is an opportunity if we bear in mind that nuclear energy can contribute around 20% to the reduction of emissions in the world's electric power system by 2050, and there is a consensus that the low emissions of greenhouse gases make it an option to help mitigate climate change. In addition, the absence of CO_2 emissions from the biogas plant is an opportunity for ENUSA's total emissions.

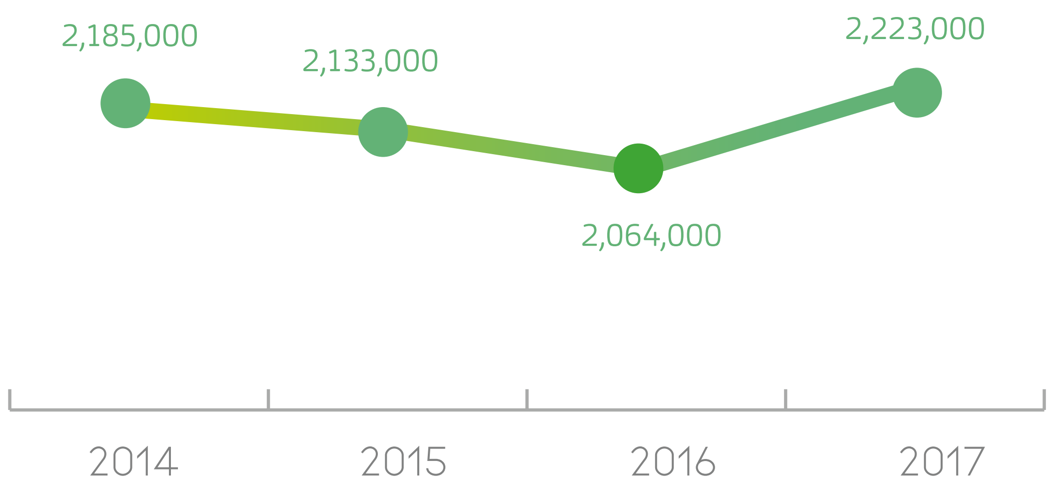
The most significant environmental performance indicators of ENUSA Industrias Avanzadas, S.A., S.M.E., are indicated in detail below. The Juzbado and Saelices El Chico centers, both of which have radiological and non-radiological ambient controls, are extensively covered in detail in their respective sections and therefore this section only includes their totals. In the specific case of the Madrid work center, where the corporate headquarters and central offices of ENUSA are located, in addition to the data on paper, electricity, water and CO_2 emissions from electric power consumption and business trips by employees, an estimate of the generated wastes is included. In October 2017, after somewhat more than one year of duration, the renovation work of the Madrid offices were finalized which, by analyzing the consumption data, this circumstance should be taken into account.

A document destruction and paper recycling initiative was launched in 2015 in order to implement responsible environmental management of all paper documentation, whether confidential or not, that is produced in the ENUSA Madrid offices and that must be destroyed pursuant to the provisions of the Personal Data Protection Act. In this way, we ensure that all the paper that we produce is suitably destroyed and revalorized. In 2017, as a result of the reform of the offices, the cleaning out of files has continued, which has resulted in the confidential destruction and recycling of 16,602 kg of paper, thus avoiding the emission of 14,941.80 kg of CO_2 equivalent to 110 800-km automobile trips.

On the other hand, on occasion of this initiative, the waste management system has been modified in order to achieve adequate separation at source. Specifically, plastic bags have been removed from the workers' individual paper bins. Instead, both organic and plastic wastes must be placed in the containers provided for this purpose at the designated points for subsequent recycling and valorization.

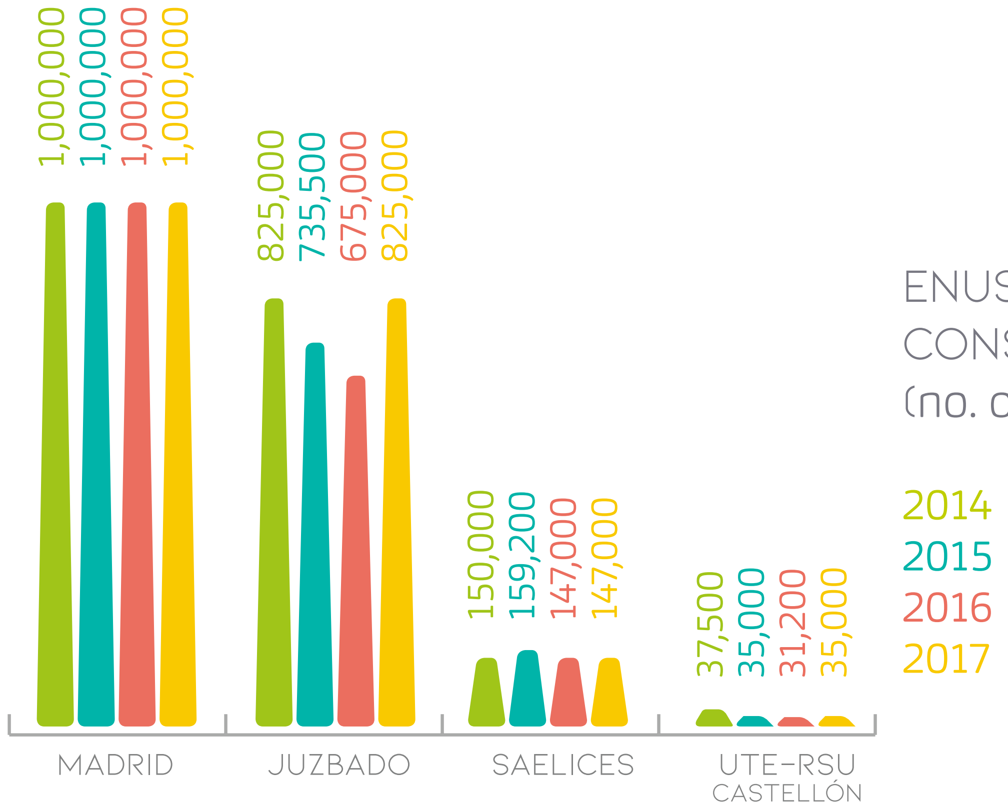
This section also includes the electric power, water and paper consumption of the ENUSA Group subsidiaries, thus providing a total sum of the consumption of these resources in the Group as a whole.

PAPER

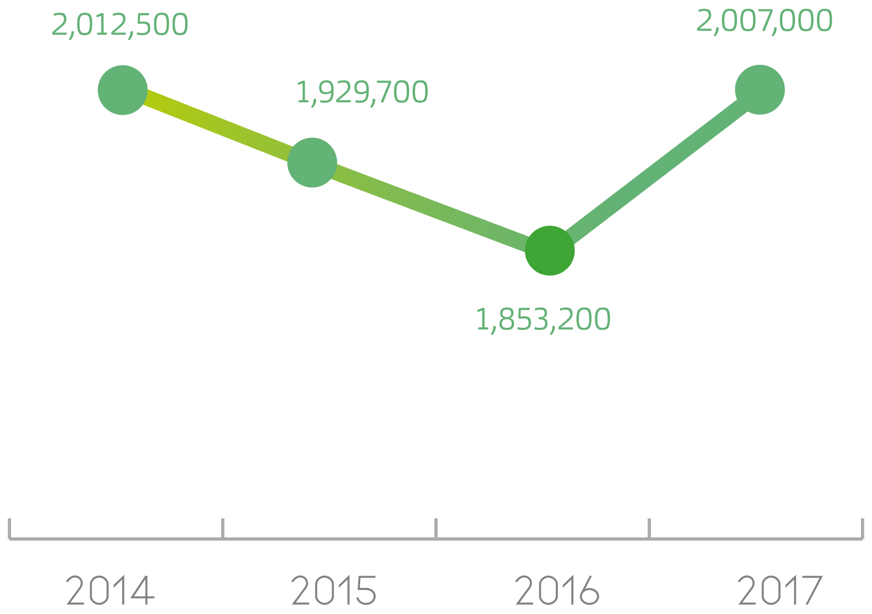


ENUSA GROUP PAPER CONSUMPTION (no. of sheets)

	Total 2014	Total 2015	Total 2016	Total 2017
Emgrisa	139,500	156,600	163,600	165,400
ETSA	33,000	47,000	47,200	50,600
Total subsidiaries	172,500	203,600	210,800	216,000
ENUSA	2,012,500	1,929,700	1,853,200	2,007,000
Total ENUSA Group	**2,185,000**	**2,133,300**	**2,064,000**	**2,223,000**

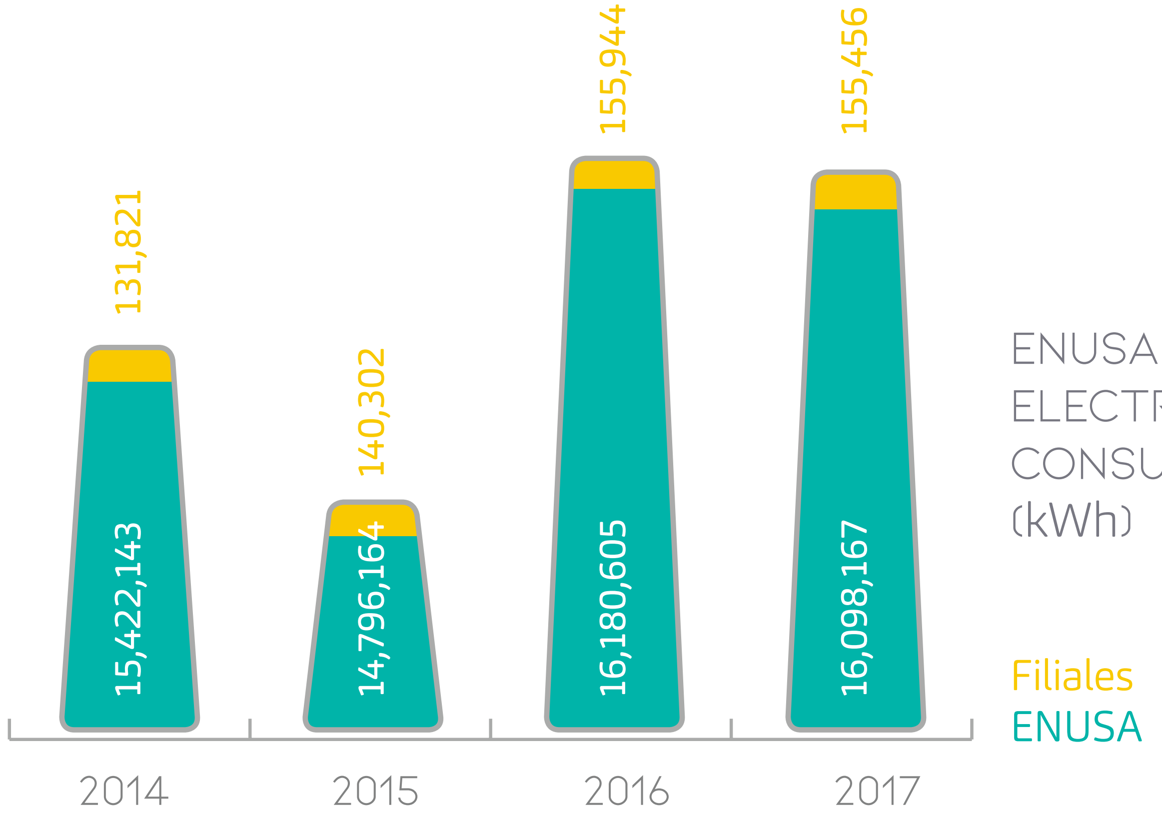


ENUSA PAPER CONSUMPTION (no. of sheets)



TOTAL ENUSA (no. of sheets)

ELECTRICITY



ENUSA GROUP ELECTRIC POWER CONSUMPTION (kWh)

ENUSA ELECTRIC POWER CONSUMPTION BY WORK CENTERS (kWh)

	2014	2015	2016	2017
Madrid	687,104	629,769	656,042	411,326
Juzbado	9,887,207	9,241,239	9,301,250	9,141,691
Saelices	1,658,498	1,426,154	1,934,467	2,317,882
UTE RSU Castellón	3,189,334	3,499,002	4,288,846	4,227,268
Total	**15,422,143**	**14,796,164**	**16,180,605**	**16,098,167**

ENUSA GROUP SUBSIDIARIES ELECTRIC POWER CONSUMPTION (kWh)

	2014	2015	2016	2017
Emgrisa	90,566	96,754	105,231	105,513
ETSA	41,255	43,548	50,713	49,943
Total subsidiaries	**131,821**	**140,302**	**155,944**	**155,456**

WATER

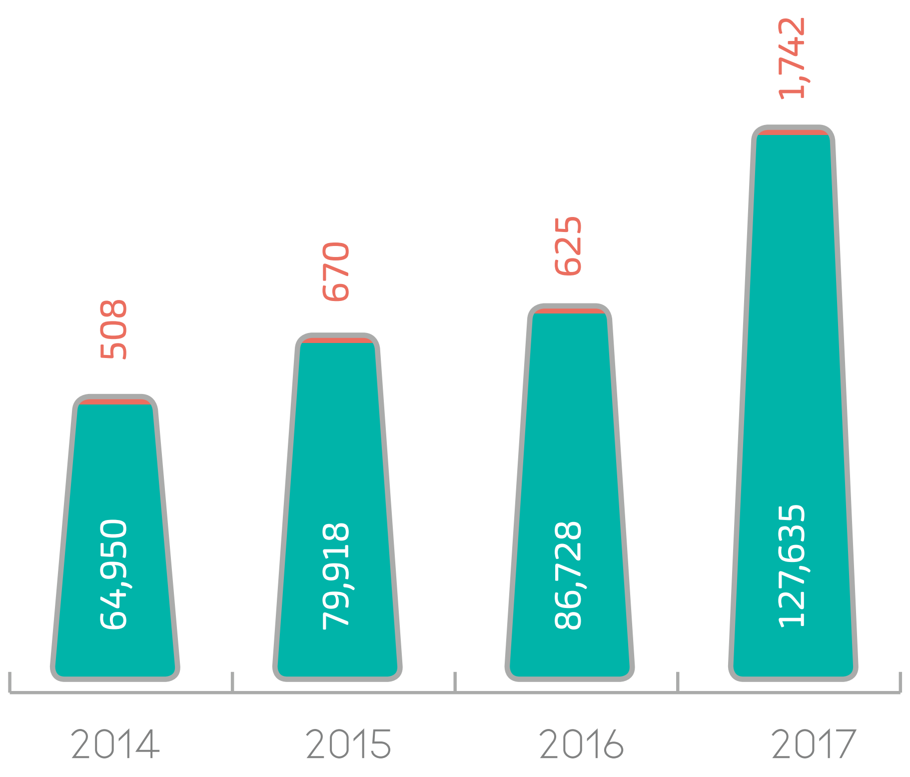
ENUSA GROUP WATER CONSUMPTION (m^3)

	2014	2015	2016	2017
Emgrisa	497	658	613	1,694 (1)
ETSA	11	12	12	48
Total subsidiaries	**508**	**670**	**625**	**1,742**
ENUSA	64,950	79,918	86,728	127,635 (2)
Total ENUSA Group	**65,458**	**80,588**	**87,353**	**129,377**

(1) Deviation caused by the existence of a leak in an underground pipe in the center of CLM.
(2) Saelices: Increased irrigation of runways and other work fronts as a result of the low rainfall in 2017.

ENUSA WATER CONSUMPTION BY DESTINATION AND WORK CENTER (m^3)

	Drinking water	Irrigation water	Process water	Total 2017
Madrid	1,055	0	0	1,055
Juzbado	21,205	15,395	0	36,600
Saelices	2,222	28,309	52,573	83,104
UTE RSU Castellón	275	1,444	5,157	6,876
Total	**24,757**	**45,148**	**57,730**	**127,635**



WASTES

WASTES MANAGED BY ENUSA (kg)

	Madrid	Juzbado	Saelices	Total 2017	Total 2016	Total 2015	Total 2014
Hazardous	807.5	24,409.81 (1)	21,083 (2)	46,300.31	5,077	8,917	16,356
Inert	425,250 (3)	71,072		496,322	22,260	85,940	116,793
Recyclable urban-assimilable	16,969.5	27,520		44,489.5	66,290	35,293	40,085
Municipal solid	2,587.20	20,761		23,348.2	21,575	21,502	25,755
Total	**445,614.2**	**143,762.81**	**21,083**	**610,460.01**	**115,202**	**151,652**	**198,989**

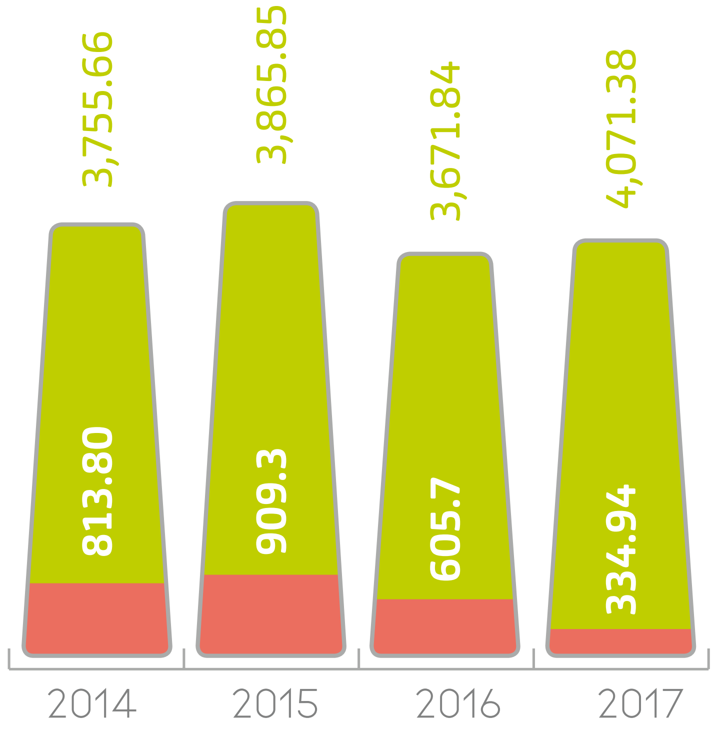
(1) Includes sanitary wastes. The hazardous waste generation is atypical since it includes the sludge with hydrocarbons waste coming from the inertization of fuel oil tanks.
(2) Increase as a consequence of the waste oils generated in the oil changes of the machinery and the cleaning of deposits.
(3) Estimation of the inert wastes generated in 2017 as a consequence of the works in the offices.

CO_2 EMISSIONS

ENUSA CO_2 EMISSIONS (t)

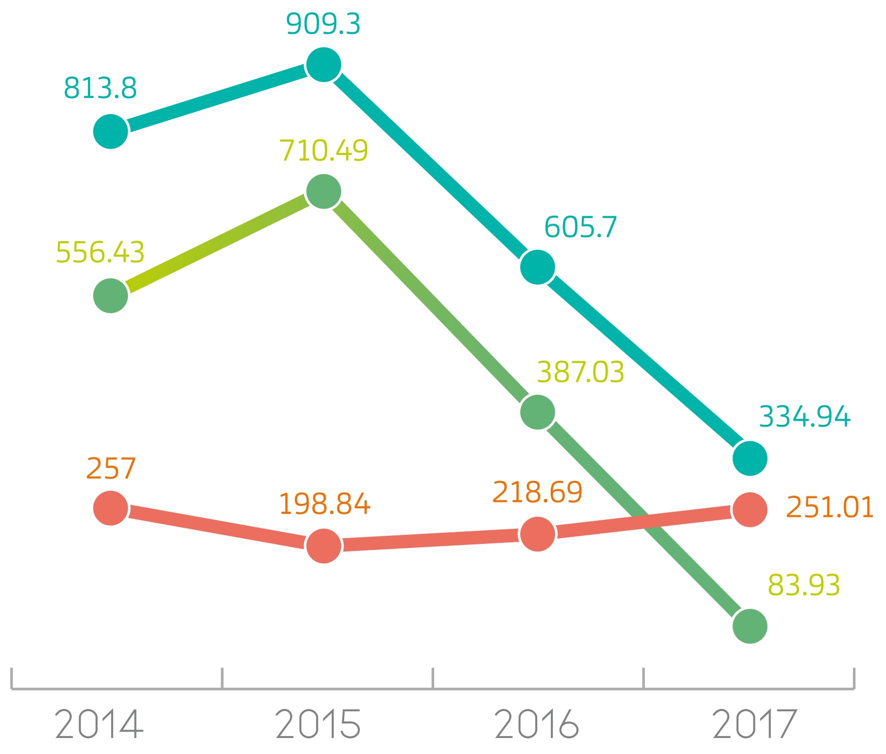
Total direct emissions
Total indirect emissions

See the conversion factors in Appendix II



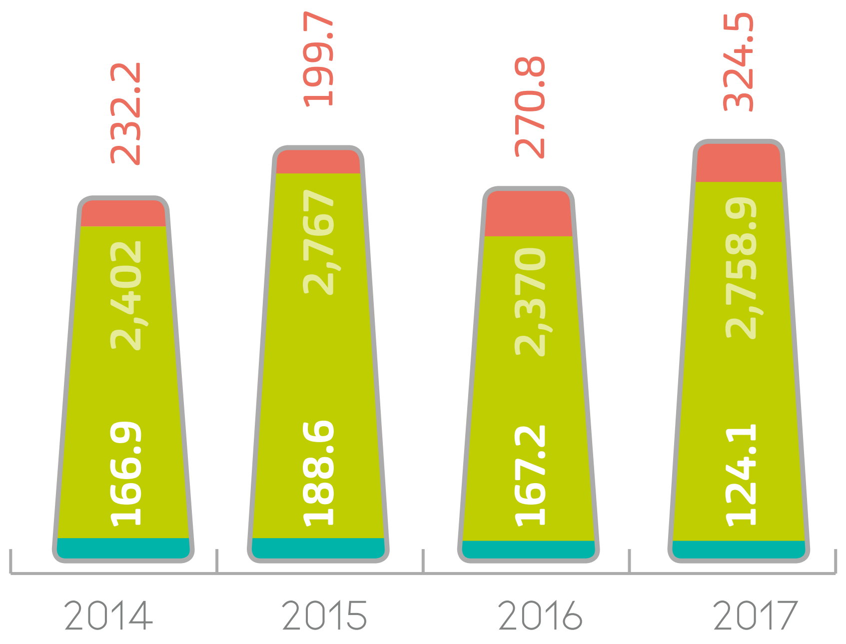
ENUSA DIRECT EMISSIONS (CO_2 t)

Juzbado
Saelices
Total



ENUSA INDIRECT EMISSIONS – ELECTRIC POWER CONSUMPTION (CO_2 t)

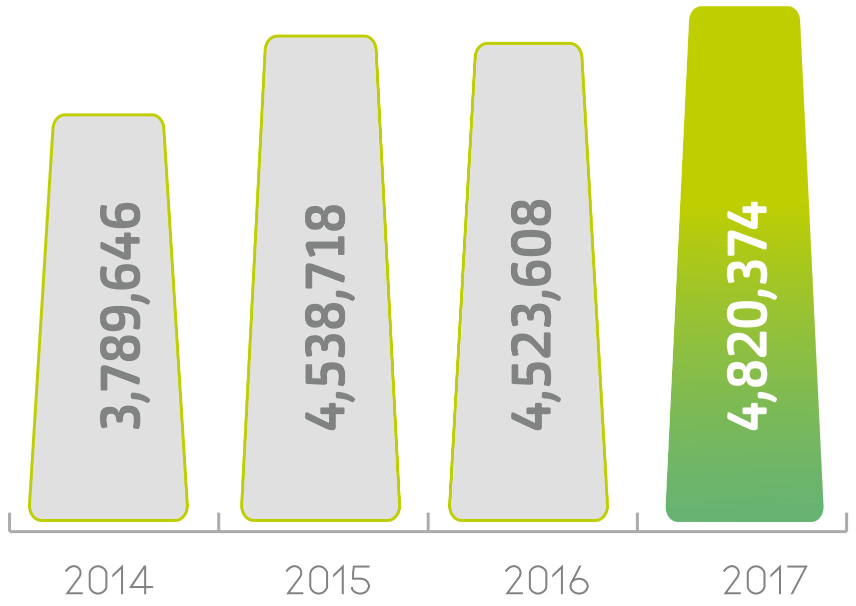
Saelices
Juzbado



ENUSA INDIRECT EMISSIONS – PERSONNEL AND GOODS & SERVICES TRANSPORT (CO_2 t)

	2014	2015	2016	2017
Madrid	53.10	60.96	54.71	60.07
Juzbado	874.70	621.40	778.76	770.76
Saelices	26.78	27.97	30.37	33.05
Total	**954.58**	**710.33**	**863.84**	**863.88**

ENVIRONMENTAL EXPENSES AND INVESTMENTS (€)



5. OBJECTIVES

2017	Degree of completion
Minimizing waste of the Temporary Storage: shipping 400 scheduled drums to El Cabril according to conditions agreed with ENRESA.	Total
Minimizing at RSU at the source: specific action campaigns to reinforce the segregation of wastes assimilable to urban waste.	Total
Energy savings: actions to reduce the consumption of natural resources (substitution of fluorescent lamps by LED, change of air conditioning systems, carrying out lighting measures identified in the Energy Audit: reduction in the number of hours in operation of the lighting of the auxiliary storage park and of the general warehouse).	Partial
UTE RSU Castellón: Conducting an analysis of the Acoustic Emissions of both installations (Plant and Repository)	Total
Emgrisa: Adapt the management system to the ISO 14001.2015	Total

2018
Minimizing the generation of radioactive wastes: the "declassification of 4000 kg of contaminated material" will continue.
Minimizing at the source of RAU: implementation of "an awareness campaign to minimize paper consumption and generation of its waste" will be carried out.
Actions for the reduction of natural resource consumption: the Project initiated as a goal of the year 2017: "Change of 3 standalone air conditioning units to renovate the cooling equipment and achieve greater energy efficiency will continue".
Biogas plant: Providing assurance of hot water supply to meet the needs of heating/cooling and hot sanitary water (ACS) to the Fuel Assembly Factory of ENUSA in Juzbado, reducing the emissions of greenhouse gases with respect to the previous system of fuel oil consumption.
Biogas plant: Generation of 1,000 MWhe of renewable energy with biogas from the biodigestion plant of ENUSA in Juzbado for its discharge to the distribution network.
UTE RSU Castellón: Improving the environmental performance in water consumption.

6. MAIN SUCCESSES, DEFICIENCIES RISKS AND OPPORTUNITIES

SUCCESSES

- Reduction of natural resources consumption
- Minimization of radioactive waste generation and reduction of existing wastes in the Temporary Storage
- Minimization of urban waste generation
- Improvements in management
- Improvements in communication

DEFICIENCIES

Delays in achieving some objectives:

- Shipment of 15 packages of plastic bags to GNFA and SFL for recycling.
- Presentation of the documentation for a possible elimination of the EAC/CM-19 air conditioning unit.
- Assembly of the activity control system in effluents (isokinetic probes) of UO2 area.

OPPORTUNITIES

Achievement of the goals pending completion in the 2017 Environmental Management Program:

- Change of 3 standalone air conditioning units to renew the cooling equipment and achieve greater energy efficiency.
- Computerization of the Environmental Radiation Monitoring Program and the Environmental Chemical Monitoring Program.
- Implementation of measures on lighting identified in the Energy Audit: reducing hours of operation of the lighting of the warehouse of the auxiliary premises with the installation of sensors.
- Actions in forests in the W-NW sector between the double fencing and the single fencing.
- Continuing with the actions defined in the specific actions Campaigns to minimize paper consumption.

RISKS

In order to adapt to the new version of standard ISO 9001:2015, a risk identification procedure and an environmental risk catalogue have been prepared. As a result of this analysis, it is considered that all detected risks are under control.

APPENDICES

1. GRI CONTENT INDEX

GENERAL DISCLOSURES

GRI STANDARDS 2016 EDITION	DISCLOSURE	PAGE NUMBER/REFERENCE DIRECT RESPONSE
Organizational profile		
102-1	Name of the organization	27-28
102-2	Activities, brands, products, and services	27-28, 71-73
102-3	Location of headquarters	27
102-4	Location of operations	253, 255, 264
102-5	Ownership and legal form	27, 38-39
102-6	Markets served	250-259, 261-264
102-7	Scale of the organization	25, 64, 250-259, 261-264
102-8	Information on employees and other workers	225-230
102-9	Supply chain	265-267
102-10	Significant changes to the organization and its supply chain	347
102-11	Precautionary Principle or approach	14-16, 17-20, 58, 241-247, 291-293, 314-316
102-12	External initiatives	21, 275-282
102-13	Membership of associations	21, 275-282
Strategy		
102-14	Statement from senior decision-maker	5-6
102-15	Key impacts, risks, and opportunities	5-6, 14-16, 52-58, 221, 266, 288, 335-336
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	16-20
102-17	Mechanisms for advice and concerns about ethics	17-20, 347
Governance		
102-18	Governance structure	8-13
102-19	Delegating authority	347

102-20	Executive-level responsibility for economic, environmental, and social topics	347
102-21	Consulting stakeholders on economic, environmental, and social topics	347
102-22	Composition of the highest governance body and its committees	8-13
102-23	Chair of the highest governance body	8
102-24	Nominating and selecting the highest governance body	9
102-25	Conflicts of interest	9, 128, 208-209
102-26	Role of highest governance body in setting purpose, values, and strategy	16
102-27	Collective knowledge of highest governance body	347
102-28	Evaluating the highest governance body's performance	347
102-29	Identifying and managing economic, environmental, and social impacts	347
102-30	Effectiveness of risk management processes	347
102-31	Review of economic, environmental, and social topics	348
102-32	Highest governance body's role in sustainability reporting	Director of Systems and Quality
102-33	Communicating critical concerns	348
102-34	Nature and total number of critical concerns	348
102-35	Remuneration policies	10, 127-129, 208-209
102-36	Process for determining remuneration	10, 127-129, 208-209
102-37	Stakeholders' involvement in remuneration	10, 127-129, 208-209, 348
102-38	Annual total compensation ratio	Result: 5,20
102-39	Percentage increase in annual total compensation ratio	There was no increase
Stakeholder engagement		
102-40	List of stakeholder groups	33
102-41	Collective bargaining agreements	231-232
102-42	Identifying and selecting stakeholders	33
102-43	Approach to stakeholder engagement	33-35, 231-232, 260-261, 283-287
102-44	Key topics and concerns raised	33-35

Reporting practice		
102-45	Entities included in the consolidated financial statements	27-28, 101-104, 123-124, 348
102-46	Defining report content and topic Boundaries	30-35
102-47	List of material topics	32
102-48	Restatements of information	31, 350
102-49	Changes in reporting	348
102-50	Reporting period	Year 2017
102-51	Date of most recent report	Year 2016
102-52	Reporting cycle	30
102-53	Contact point for questions regarding the report	2
102-54	Claims of reporting in accordance with the GRI Standards	30
102-55	GRI content index	339-346
102-56	External assurance	30, 351

TOPIC SPECIFIC STANDARDS

GRI STANDARDS 2016 EDITION	DISCLOSURE	PAGE NUMBER/REFERENCE DIRECT RESPONSE
ECONOMIC		
Material topic: GRI 201 - Economic performance		
103-1, 103-2, 103-3	Management approach	39-51, 52-58, 349
201-1	Direct economic value generated and distributed	25, 60-69
201-2	Financial implications and other risks and opportunities due to climate change	46-47, 329, 349
201-3	Defined benefit plan obligations and other retirement plans	115, 122, 234-235
201-4	Financial assistance received from government	27, 123, 237
Material topic: GRI 203 - Indirect economic impacts		
103-1, 103-2, 103-3	Management approach	273-274
203-1	Infrastructure investments and services supported	349
203-2	Significant indirect economic impacts	273-274
Material topic: GRI 205 - Anti-corruption		
103-1, 103-2, 103-3	Management approach	17-20
205-1	Operations assessed for risks related to corruption	17-20, 349
205-2	Communication and training about anti-corruption policies and procedures	17-20
205-3	Confirmed incidents of corruption and actions taken	349
SOCIAL		
Material topic: GRI 401 - Employment		
103-1, 103-2, 103-3	Management approach	224-225
401-1	New employee hires and employee turnover	224-225
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	234-235
401-3	Parental leave	235
Material topic: GRI 403 - Occupational health and safety		
103-1, 103-2, 103-3	Management approach	241-248, 349
403-1	Workers representation in formal joint management–worker health and safety committees	241

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	248-249, 349
403-3	Workers with high incidence or high risk of diseases related to their occupation	243
403-4	Health and safety topics covered in formal agreements with trade unions	349
Material topic: GRI 404 - Training and education		
103-1, 103-2, 103-3	Management approach	236-237, 239-240
404-1	Average hours of training per year per employee	238
404-2	Programs for upgrading employee skills and transition assistance programs	236-240, 349
404-3	Percentage of employees receiving regular performance and career development reviews	232-233
Material topic: GRI 405 - Diversity and equal opportunity		
103-1, 103-2, 103-3	Management approach	232-233
405-1	Diversity of governance bodies and employees	8-13, 229, 231
405-2	Ratio of basic salary and remuneration of women to men	232-233, 349
Material topic: GRI 406 - Non-discrimination		
103-1, 103-2, 103-3	Management approach	232-233
406-1	Incidents of discrimination and corrective actions taken	232-233, 349
Material topic: GRI 413 - Local communities		
103-1, 103-2, 103-3	Management approach	275-282
413-1	Operations with local community engagement, impact assessments, and development programs	275-282, 349
413-2	Operations with significant actual and potential negative impacts on local communities	291-293
Material topic: GRI 416 - Customer health and safety		
103-1, 103-2, 103-3	Management approach	270-271
416-1	Assessment of the health and safety impacts of product and service categories	270-271
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	349
Material topic: GRI 419 - Socioeconomic compliance		
103-1, 103-2, 103-3	Management approach	17-20, 270-271, 291-293, 314-316
419-1	Non-compliance with laws and regulations in the social and economic area	349

ENVIRONMENTAL		
103-1, 103-2, 103-3 [1]	Management approach	45-48, 291-293, 311-313, 314-316, 324, 334
GRI 301: Materials [2]		
301-1	Materials used by weight or volume	291, 321
301-2	Recycled input materials used	291
301-3	Reclaimed products and their packaging materials	291
Material topic: GRI 302 - Energy		
302-1	Energy consumption within the organization	305-306, 321, 331, 349
302-2	Energy consumption outside of the organization	306
302-3	Energy intensity	307
302-4	Reduction of energy consumption	311
302-5	Reductions in energy requirements of products and services	311
GRI 303: Water [2]		
303-1	Water withdrawal by source	332
303-2	Water sources significantly affected by withdrawal of water	In 2017, no water source has been significantly affected by water intake
303-3	Water recycled and reused	The amount of recycled and reused water is not significant with respect to the total consumed
GRI 304: Biodiversity [2]		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	308-310, 323
304-2	Significant impacts of activities, products, and services on biodiversity	291-293, 308-310, 323
304-3	Habitats protected or restored	308-310, 323
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	308-310, 323
GRI 305: Emissions [2]		
305-1	Direct (Scope 1) GHG emissions	307, 322, 333
305-2	Energy indirect (Scope 2) GHG emissions	307, 322, 333
305-3	Other indirect (Scope 3) GHG emissions	308, 322, 333

305-4	GHG emissions intensity	308
305-5	Reduction of GHG emissions	311, 330
305-6	Emissions of ozone-depleting substances (ODS)	333
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	302
Material topic: GRI 306 - Effluents and waste		
306-1	Water discharge by quality and destination	294-295, 299-301, 322
306-2	Waste by type and disposal method	297, 302-304, 318, 320, 332
306-3	Significant spills	299
306-4	Transport of hazardous waste	349
306-5	Water bodies affected by water discharges and/or runoff	349
Material topic: GRI 307 - Environmental compliance		
307-1	Non-compliance with environmental laws and regulations	349

(1) The Environmental category includes a single management approach as it applies to all topics included in that category.

(2) Materials, water, biodiversity and emissions: non-material topics

MATERIAL TOPICS NOT COVERED BY THE GRI STANDARDS

MATERIAL TOPIC	DISCLOSURE	PAGE NUMBER/REFERENCE/DIRECT RESPONSE
Intellectual Property / Technological development (added value) / Investment in Technological Development and Innovation	Percentage of the fuel sales allocated to R&D	258
Crisis Management / Management of lessons learned and corrective programs	Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations	349
Mechanisms to internally report integrity violations	Reporting channel	19-20
Operating experience management – Benchmarking – Excellence in operations (Vision and Mission)	Mission, vision and values	16
Balance between personal performance in relation to targets and wage raises, etc. (in this case ENUSA materiality)	Wage policy and productivity	232-233
Knowledge transfer	Partial retirement and replacement contracts	225
Contribution to the level of exports in Salamanca	% of Salamanca's total exports in relation with those of ENUSA	El combustible nuclear y uranio constituye el producto más exportado en Salamanca, representando un 22% del total de exportaciones de la provincia, lo que sitúa a ENUSA como principal empresa exportadora de la región. Exportaciones combustible nuclear y uranio: 150 millones de euros Exportaciones Salamanca: 675,1 millones de euros
Percentage of Permanent Labor Contracts	Percentage of staff according to contract type	230
Participation in comprehensive development projects of the immediate environment of the centers that have productive activity, with special attention to the municipalities where these centers are located.	Collaborations with local entities in the vicinity of the ENUSA Industrias Avanzadas fuel assembly factory in Juzbado.	275-276
Contribution of labor activity (employment) to the environment of the productive centers, with evaluation of the positive impact against depopulation of the affected rural areas.	Added value of ENUSA in Salamanca (€). Payroll & SS	273-274
Participation in one-time projects (social, cultural, sports, etc.) that positively influence revitalization and improved quality of life for the people who live in the immediate environment of the productive centers, with special attention to the municipalities where these centers are located.	Collaborations with local entities in the vicinity of the ENUSA Industrias Avanzadas fuel assembly factory in Juzbado.	275-277
Evaluation of the implication with the aforesaid environment as regards the company's exterior image (environmental marketing, cultural promotion, etc.): degree of exploitation of the environment's local resources as support for achieving a positive image.	Content marketing	284
Implication/generation of environmental projects in the aforesaid environment on: landscape reclamation, biodiversity development/recovery, reclamation of degraded spaces (gravel pits, slagheaps, landfills, etc.).	Collaborations with local entities in the vicinity of the ENUSA Industrias Avanzadas fuel assembly factory in Juzbado.	275-276

2. CLARIFICATIONS TO THE GRI INDICATOR TABLE

GENERAL DISCLOSURES

Organizational profile

102-10 In the reporting period covered by the annual report, there have been no significant changes in the organization's size, structure, ownership or supply chain.

Ethics and integrity

102-17 No prevention of retaliation policy has been specifically approved beyond the declaration and commitment assumed by ENUSA in the Model and the Code of Conduct itself.

Governance

102-19 The process of the highest governance body for delegating authority for economic, environmental and social topics is based on a structure of powers of attorney formally approved by this body, with the scope, restriction and limitations determined in each case.

102-20 There are in the organization executive positions or positions with responsibility for economic, environmental and social topics. The chairman of the highest governance body has executive powers in these topics and, under his direct responsibility, appoints positions also with responsibility for such topics, and these post holders report directly to the chairman, and indirectly through the chairman, to the highest governance body. On occasion, the post holders with responsibility for economic, environmental and social topics appointed by the chairman report directly to the highest governance body at the latter's request.

102-21 The highest governance body delegates the processes to consult the stakeholders regarding economic, environmental and social topics in the Executive Committee, which in turn appoints positions with responsibility for such topics

102-27 To develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics, comprehensive reports of the most relevant events related to these topics are periodically drawn up. These comprehensive reports are submitted to the highest governance body, to which more detailed monographic presentations on specific economic, environmental and social topics are also given.

102-28 The highest governance body's performance is indirectly evaluated by the shareholders on occasion of the annual approval of the organization's accounts. In that same process, this Annual Report is also approved and, therefore, performance in matters of sustainability is also evaluated. The evaluation is independent of the evaluated body. There have been no changes in the organizational practices of the highest governance body. No actions have been taken in response to the evaluation of the highest governance body's performance with respect to aforementioned topics. There have been changes in the members of the highest governance body but for different reasons to the evaluation of their performance.

102-29, 102-30 The audit committee appointed by the highest governance body from among its members is entrusted with the functions of identifying and following up the impacts, risks and opportunities in the indicated areas, and of reporting on the application of due diligence processes and evaluating these processes and supervising their effectiveness. The audit committee subsequently reports to the highest governance body on the results of the discharge of these functions.

102-31 The audit committee reviews the economic, environmental and social impacts, risks, and opportunities on at least a six-monthly basis, and it subsequently reports the results obtained to the highest governance body. On a monthly basis, the executive president of the organization reports to the highest governance body on such impacts, risks and opportunities. On an annual basis, the highest governance body reviews these same impacts, risks and opportunities on occasion of approval of the organization's annual report, which includes the economic, environmental and social topics.

102-33 The executive president of the organization directly reports the concerns affecting the organization to the highest governance body on a monthly basis. On occasion of this monthly information, the executive president communicates the critical concerns, if any, to this body.

102-34 All concerns that were considered as critical were communicated to the highest governance body in connection with the direct information that the executive president of the organization reports to it on a monthly basis.

102-37 In 2017, the remunerations of ENUSA personnel have been determined according to the legislation that regulates emoluments in the public business sector, and therefore the views of the stakeholders are not applicable.

Reporting practice

102-45 According to the criteria adopted to prepare this annual report in keeping with GRI, the joint ventures and subsidiaries of the ENUSA Group have not been included (inclusion of only the parent or dominant company: ENUSA Industrias Avanzadas, S.A., S.M.E.).

102-49 There have been no significant changes with respect to previous reporting periods in the list of material topics and topic boundaries.

TOPIC SPECIFIC STANDARDS

103-3 As a general rule, material topics are included in the performance assessments of those responsible for their management.

At company level, there is a Variable Collective Productivity Incentive linked to the following material topics: economic performance and occupational health and safety.

Economic

201-2 ENUSA does not have a specific plan to combat climate change, although there are several plans, including environmental monitoring and energy efficiency plans, that analyze parameters compatible with a specific plan.

No financial implications resulting from climate change have been identified to date.

203-1 ENUSA Industrias Avanzadas, S.A., S.M.E. currently has no expenditure or investment in infrastructures not related to its economic activities.

205-1 In the process of drawing up the Organizational, Management and Control Model for crime prevention, the risks related to corruption in all the company's work centers have been taken into account.

205-3 In 2017 no incidents of corruption have been registered.

Social

403-2 No fatalities have occurred due to accident at work or occupational disease.

403-4 In the period covered by this report, no agreements have been signed with trade unions regarding health and safety affairs, as this topic is covered by the committees created for this purpose.

404-2 In 2017, training hours corresponding to employee skills improvement programs amounted to 13,375.

405-2 No differences are established between men and women in terms of salary, as they are subject to a points per- factor assessment system for the job in order to ensure equal opportunities in hiring and pay.

406-1 No incidents of discrimination have been registered in 2017.

413-1 In 2013, with the collaboration of ENUSA, the General Foundation of the University of Salamanca published a study on the "Socioeconomic impact of ENUSA in Salamanca".

416-2 In 2017 there have been no registered incidents of non-compliance concerning the health and safety impacts of products and services.

419-1 In 2017, no fines or non-monetary sanctions have been registered for non-compliance with laws and regulations in the social and economic area.

Environmental

302-1 277.7 kWh equals 1 GJ.

306-4 No international transports have been made of hazardous wastes, according to the classification of the Basel Convention, Annexes I, II, III and VIII.

306-5 During 2017, no water body or habitat has been affected by discharges of water or runoff.

307-1 In 2017 ENUSA has not been burdened by any fine or non-monetary sanction for non-compliance with environmental laws and regulations.

3. BASIS FOR CALCULATION OF THE INDICATORS

The economic dimension indicators have been prepared in accordance with the accounting principles provided in Royal Degree 1159/2010 of 17 September.

To calculate the social and environmental dimension indicators, the recommendations made by the GRI have been used.

With regard to the rates of absenteeism, accidents and occupational diseases, and frequency, seriousness and incidence indexes, the formulas used to calculate them are included next to the tables where the outcomes of these indexes are shown.

All indicators follow the same method of calculation as in previous reports, except those related to the indirect emissions of CO_2. Until 2009, the conversion factor used for the calculation of indirect emissions, i.e. those derived from electricity consumption, was 0.14. To make it more accurate indicator, since 2010 the same calculation for Juzbado takes place through the weighted average contribution of the different electric power sources and the Conversion Factors to Primary Energy (PE) and the CO_2 Emission Factor for Fuels, Thermal Uses and Electricity (IDEA). Therefore, for comparison with previous years, it is necessary to take into account the following conversion factors:

YEAR	CONVERSION FACTOR (t CO_2/MWh)
2014	0.2429
2015	0.2994
2016	0.255
2017	0.302

4. EXTERNAL ASSURANCE REPORT

AENOR

VERIFICACIÓN DE LA MEMORIA DE SOSTENIBILIDAD

VMS-2018/0007

AENOR ha verificado la Memoria de la organización

ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E.

TITULADA: MEMORIA ANUAL 2017. GRUPO ENUSA

Conforme con:	Estándares GRI
Opción GRI aplicada:	Exhaustiva.
Proceso de Verificación:	Para conceder este Documento de Verificación, AENOR ha comprobado la adecuación de la memoria a lo requerido por GRI y ha trazado los datos e información contenidos en dicha memoria.
Fecha de emisión:	2018-05-10

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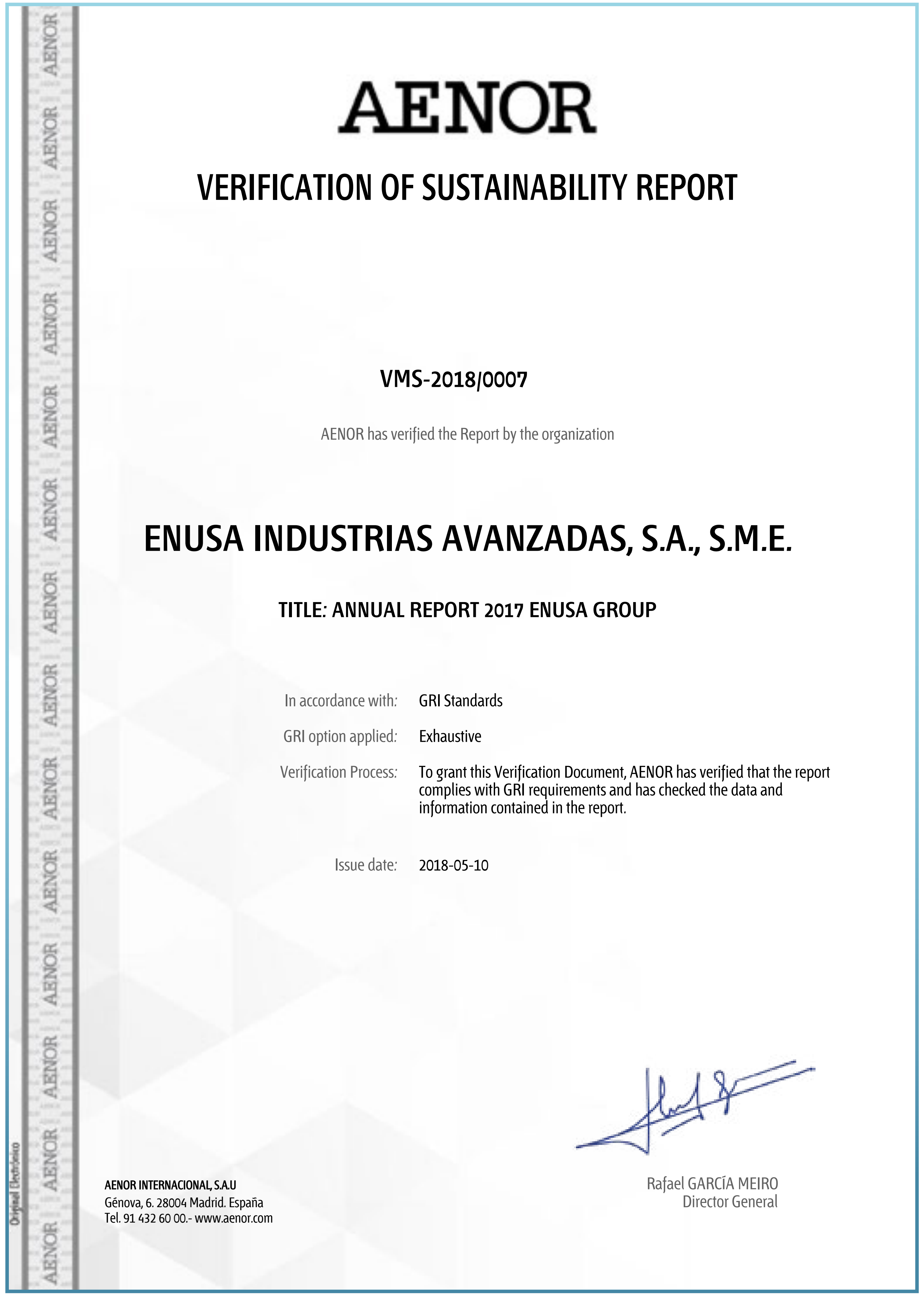
Director General



AENOR

VERIFICATION OF SUSTAINABILITY REPORT

VMS-2018/0007

AENOR has verified the Report by the organization

ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E.

TITLE: ANNUAL REPORT 2017 ENUSA GROUP

In accordance with:	GRI Standards
GRI option applied:	Exhaustive
Verification Process:	To grant this Verification Document, AENOR has verified that the report complies with GRI requirements and has checked the data and information contained in the report.
Issue date:	2018-05-10

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