enresa

ANNUAL REPORT

2016

2016

GOBIERNO DE ESPAÑA

MINISTERIO DE ENERGÍA, TURISMO Y AGENDA DIGITAL

enresa

ANNUAL REPORT
2016

GOBIERNO DE ESPAÑA

MINISTERIO DE ENERGÍA, TURISMO Y AGENDA DIGITAL


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A WORD FROM THE CHAIRMAN

2016

"Ever since its creation, Enresa has remained at the cutting edge of technology thanks to a strong commitment to research and development. The company's commitment to innovation has allowed for the improvement and optimisation of each one of its processes, which, together with our efforts to transmit the knowledge we have acquired, has placed Spain at the forefront of radioactive waste management."

Juan José Zaballa,
Chairman of Enresa

JUAN JOSÉ ZABALLA

Chairman of Enresa

Since its creation, Enresa has faced two constant challenges. The first, to respond to the mandate granted by the Spanish Parliament in 1984 to fulfil the essential public service of management of all radioactive waste produced in Spain, the decommissioning of nuclear facilities and the environmental restoration of these sites. The second challenge is the implementation and development of the management mechanisms and structures necessary for the company's mission to be satisfied efficiently. The 2016 financial year saw important advances made in both areas, even though this has required additional efforts to respond to the growing demands of an environment that, as for all companies, regardless of whether they are public or private, imposes the need for constant improvement.

Enresa, due to the scope of its obligations and the composition of its capital, the nature of its income and its dependency on the Ministry of Energy, Tourism and the Digital Agenda (MINETAD), our parent Ministry, is a public company. Thus, of course, its activities are closely intertwined with the market through its costs, purchases and investments.

Consequently, in 2016, the company contracted in the market to a value of 22 million euros, which was 11% of the total company expenditure. In relation to its contracting powers, this contracting was carried out in accordance with the current consolidated text of the Law on Public Sector Contracts, which constitutes significant effort and dedication of anticipation and planning resources in order to rigorously meet the operational needs of the company.

To complete a general view of company expenditure, it is very important to point out that personnel costs rose to 25.4 million euros, accounting for 14.6% of total expenditure, and allocations to municipalities in the vicinity of nuclear installations regulated by Ministerial Order IET/458/2015, of 11 March 2015, accounted for 13.9% of total expenditure, at 24 million euros.

The limitations to contracting and the variation of personal remunerations, common to the Spanish public sector as a whole, represented significant challenges, in the very specific context of the narrow section of the labour market in which, given its specialisation, the company operates and the volume of activity is forecast to increase over the coming years.

In relation to income, fees paid by the producers of radioactive waste rose to 395.4 million euros. Thus, the operating profit of the company in 2016 was 257.5 million euros, to which a financial profit of 147.4 million euros must be added, arising from the return on the investments of the Fund for the financing of the activities of the General Radioactive Waste Plan, included on the company balance sheet. It is important to underline that this financial profit represents a cumulative performance of 3.15%, despite the fact that the new investment operations were made in an environment in which returns were closer to 0%. These results allowed for the increase in the provisions to the Fund to 404.6 million euros, reaching a total of 5,017.6 million euros.

EFFICIENT MANAGEMENT OF RADIOACTIVE WASTE

One of the main areas of activity of the company is centred on the management of radioactive waste, also covering the collection and transport and the conditioning and disposal of these materials at dedicated facilities, designed based on the characteristics and level of the wastes to be handled.

In terms of the management of very low, low and intermediate level waste produced at Spanish nuclear installations, industry, research centres and hospitals, these materials are destined for the El Cabril disposal facility located in Hornachuelos in the province of Córdoba.

The facility received more than 157 shipments transporting an approximate volume of 1,100 m³ of waste, of which 55% of the total was low and intermediate level waste (LILW), with which, by the end of the year, the facility reached an occupancy volume of 74.39% of the LILW capacity.

For its part, there is a complementary facility for very low level waste (VLLW) which, once completed, will feature four independent disposal cells. I would like to highlight the entry into operation of Cell 30, the second of the four structures planned. In terms of the volume of waste in disposal, the facility is at 32.72% of current capacity available.

In relation to the management of spent nuclear fuel and high level waste (SF and HLW), Enresa maintains the primary objective of availing in Spain of an adequate facility that centralises, on a temporary basis, this type of waste: the Centralised Temporary Storage (CTS) which will be located in Villar de Cañas (Cuenca), until a definitive solution is found.

The CTS is currently in the licensing phase. After the release, in July 2015, of the favourable reports for the Preliminary Authorisation and the Radiological Impact on the public in normal operations, issued by the Nuclear Safety Council (CSN), Enresa continues to work to obtain the concession of the Preliminary and Construction Authorisations from the Ministry of Energy, Tourism and the Digital Agenda and the Environmental Impact Declaration (EID), dependent on the Ministry of Agriculture and Fisheries, Food and the Environment (MAPAMA).

I would also like to mention the activities in relation to the administrative-contentious appeal lodged by the State Attorney on behalf of the Ministry of Industry, Energy and Tourism to annul the Agreement adopted by the Regional Government of Castilla-La Mancha in which it initiated the procedure to extend the Natura 2000 Network protected space of Laguna del Hito, affecting the lands where the CTS was to be located and which has delayed its entry into operation. The

Sentence of the Supreme Court of 16 December 2016 granted the appeal lodged by the State Attorney against the Ruling of the High Court of Justice of Castilla La Mancha which had denied the precautionary measure of suspension of the aforementioned agreement, agreeing its precautionary suspension.

In addition, some nuclear power plants have individualised temporary storage (ITS) facilities that guarantee the continuity of their operations. The Trillo, Ascó and José Cabrera nuclear power plants have ITS facilities in operation. In 2016, construction of the ITS at Santa María de Garoña NPP began. The manufacture of storage and transport casks also continues.

Finally, in relation to spent fuel management, the month of December saw another landmark when the Ministry of Energy, Tourism and the Digital Agenda endorsed the transfer of the license of the plutonium arising from reprocessing of fuel at the Santa María de Garoña NPP to the English company International Nuclear Services, Ltd.

DECOMISSIONING OF NUCLEAR FACILITIES

At present, Enresa is undertaking the dismantling of the José Cabrera NPP, which, by late 2016 had reached 80% completion. The good progress made in the works has allowed for decontamination and segmentation of the cavities of the biological shielding, the operation of a decontamination workshop for scrap metal and the diamond wire cutting of the old cover of the vessel.

The time has now come to tackle another essential task, the management of concrete and soils arising from the decomissioning. For this we will have a soil washing plant, whose installation was approved by the CSN in July 2016 and which will have the mission of reducing the volume of very low level radioactive waste. Once the favourable review of the Nuclear Safety Council is granted, some 9,000 tonnes of soil will be treated at the washing plant, obtaining an efficiency of process of between 40% and 70%.

Meanwhile, at the Vandellós I facility which reached Level 2 of dismantling in 2003 and is currently in the latency phase, activities continue for the re-conditioning of waste arising from the dismantling and other tasks of monitoring, control and maintenance of latency.

With the same consistency, the monitoring and maintenance that Enresa carries out at all those restored sites related to the mining and milling of uranium concentrate continues.

COMMITMENT TO CONTINUOUS IMPROVEMENT

Ever since its creation, Enresa has remained at the cutting edge of technology thanks to a strong commitment to research and development. The company's commitment to innovation has allowed for the improvement and optimisation of each one of its processes, which, together with our efforts to transmit the knowledge we have acquired, has placed Spain at the forefront of radioactive waste management. The 7th R&D Plan for the Period 2014-2018, currently in force, includes all of these activities.

Personal development is also another of the companies maxims. This can be seen in that more than 13,600 hours of training were received by workers of the company over the past year.

The search for efficiencies within the company also has a management dimension reflected in the 8th Systems and Information Technology Plan (2016-2019) with the objective of upgrading and approximating these to models appropriately approved by the market. Another landmark achievement has been reform of the budget system and control, begun in 2015, which has allowed us to modernise the periodic monitoring of expenditure and investments and transform the budget into a real tool of corporate management.

We must also mention the initiation of the reform of the company's headquarters building as one of the most important activities of the 2016 financial year. Said reform, which starts with compliance with a series of urban planning requirements and involves the transfer of many workers to another building, will last for approximately one year. However, its conclusion will allow for the initiation of new actions aimed at upgrading and reforming the building in order to extend its useful life, to reduce costs and strengthen efficiencies.

I would like to end by showing my appreciation for the effort and dedication of Enresa's workers. It is they who make it possible for us to comply professionally with the public task we have been given: to protect people and the environment through the safe management of radioactive waste. Finally, on that same note, I would like to highlight the dedication and human qualities of Pablo Zuloaga Lalana, Director of Engineering at Enresa, who so sadly passed away last Christmas. On a professional level he broke down boundaries and was also responsible for many of the successes of this company. On a personal level, his loss in incalculable and, once again, I would like to honour his memory.


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GOVERNING BODIES

2016

// DATA //

BALANCE SHEET AS OF 31 DECEMBER 2016

Data relating to the Board of Directors as of 31 December 2016

C

CHAIRMAN

Mr. Juan José Zaballa Gómez.
Chairman. Enresa.

V

VICE-CHAIRMAN

Mr. Cayetano López Martínez.

S

NON-MEMBER SECRETARY

Ms. Fabiola Gallego Caballero.
General Secretary and Secretary of the Board of Management. Enresa.

// ENRESA // HEADQUARTERS

// COMPOSITION OF THE MANAGEMENT COMMITTEE //

- Members of the Management Committee on 31 December 2016

MEMBERS

M

Mr. Carlos Aguirre Calzada.
Director of the Cabinet of the Secretary of State for Energy; Ministry of Energy, Tourism and the Digital Agenda.

M

Mr. Lorenzo Avello López.
Deputy Director General of Telecommunications Management; Ministry of Energy, Tourism and the Digital Agenda.

M

Ms. Alicia García-San Miguel Bossut.
Inspector General of Services; Ministry of Agriculture and Fisheries, Food and the Environment.

M

Mr. Ramón Gavela González.
Director General; CIEMAT.

M

Ms. Belén Isla Ayuso.
Secretary General for the Chief Administrator's Office and Financial Administration; Ministry of Energy, Tourism and the Digital Agenda.

M

Mr. Luis Martín Fabiani.
Deputy Technical Secretary General; Ministry of Economy, Industry and Competitiveness.

M

Mr. José Manuel Redondo García.
Deputy Director General of Nuclear Energy; Ministry of Energy, Tourism and the Digital Agenda.

M

Ms. Beatriz Pérez Raposo.
Advisory member of the Ministerial Cabinet; Ministry of Economy, Industry and Competitiveness.

M

State Industrial Ownership Corporation (SEPI).
Represented by Ms. Mercedes Real Rodrigálvarez. Director of the Energy Equity Division.

M

Mr. Joaquín Serrano Agejas.
Deputy Director General of International Projects; Secretary General for International Projects;Ministry of Economy, Industry and Competitiveness
.

- **Chairman:**
  Mr. Juan José Zaballa Gómez.
- **Director of the Cabinet, Institutional Relations and Information Media:**
  Ms. Lorena Segura Romera.
- **Technical Director:**
  Mr. Álvaro Rodríguez Beceiro.
- **Administration Management:**
  Ms. María del Carmen García Franquelo
- **General Secretary and Secretary to the Board:**
  Ms. Fabiola Gallego Caballero.
- **Audit Director:**
  Mr. Francisco Jiménez de la Peña.


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ENRESA IN FIGURES

2016

// DATA //

AS OF 31 DECEMBER 2016

Sum in euros awarded across 348 contracts: 22,226,724.18
SARA: 25
Non-SARA: 323

Enresa maintains relationships for the provision of radioactive waste management services with 913 facilities.

5,017,636 thousand euros, the balance of the fund for the financing of the activities of the General Radioactive Waste Plan.

EL CABRIL

74.39%

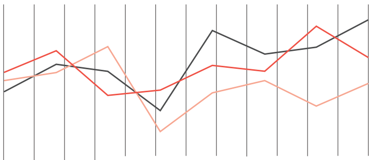
Percentage of capacity occupied for low and intermediate level waste.

Percentage of currently available capacity occupied (2 of the 4 planned structures built) for very low level waste.

32.72%

Over 157 shipments delivered to El Cabril with a volume of 1,099 m³ of waste. The largest part corresponds to low and intermediate level waste (55%).

JOSÉ CABRERA **80%** progress with the decommissioning of the José Cabrera nuclear power plant



2,989

Quality Assurance Inspections.

328

Employees.

13,630

Hours of training received by company personnel.

9,135

Visits to Enresa Spaces.

103,703

Visits to the Enresa website.

6,014

News published in the Spanish media with an audience of over 4 million.

16,983

Documentation requests dealt with.

TRILLO ITS

The Individualised Temporary Storage facility at the Trillo nuclear power plant houses 32 casks with 21 fuel elements each.

SANTA MARÍA DE GAROÑA ITS

Construction has begun on the Individualised Temporary Storage facility for spent fuel at this plant.

The manufacture of 4 storage /transfer casks has been completed.

ASCÓ ITS

The Individualised Temporary Storage facility at the Ascó nuclear power plant houses a total of 11 casks in the storage slabs after two loading campaigns.

There are 6 casks on-site pending loading.

JOSÉ CABRERA ITS

The Individualised Temporary Storage facility at the José Cabrera nuclear power plant houses:

-12 HI-STORM casks loaded with nuclear fuel.

- 4 HI-SAFE casks loaded with special waste arising from the segmentation of the reactor vessel internals.

Independent Auditor's Report on the Financial Statements

To the shareholders of
EMPRESA NACIONAL DE RESIDUOS RADIACTIVTOS, S.A., S.M.E., M.P.

Report on the financial statements

We have audited the attached financial statements of Empresa Nacional de Residuos Radiactivtos, S.A., S.M.E., M.P. (previously Empresa Nacional de Residuos Radiactivos, S.A.) which include the balance sheet as of 31 December 2016, the profit and loss statement, the statement of changes in net equity, the cash flow statement and the annual report corresponding to the financial year ending on said date.

Responsibility of the Administrators in relation to financial statements

The Directors are responsible for preparing the attached financial statements so that they provide a fair and accurate picture of the equity, of the financial situation and of the results of Empresa Nacional de Residuos Radiactivtos, S.A. S.M.E., M.P., in accordance with the regulatory framework applicable to the company in Spain, which is identified under Note 2.1 of the attached report and for ensuring the internal control considered necessary to allow for the preparation of financial statements free of material misstatement due to fraud or error.

Responsibility of the auditor

Our responsibility is to express our opinion on the financial statements based on our audit. We have carried out our audit in accordance with the regulatory framework on the auditing of accounts in force in Spain. Said regulation requires that we fulfil ethical requirements and that we plan and execute the audit for the purpose of obtaining reasonable security that the financial statements are free of material misstatements.

An audit requires the application of procedures to obtain audit evidence of the sums and the information provided in the financial statements. The procedures are selected at the discretion of the auditor, including the assessment of the risks of material misstatements in the financial statements due to fraud or error. When performing such risk assessments, the auditor must consider the relevant internal control for entity's preparation of the financial statements, for the purposes of designing the most appropriate audit procedures based on the circumstances, and not for the purpose of expressing an opinion on the efficiency of internal control in the entity. An audit may also include an assessment of the adequacy of the accounting policies applied and the reasonableness of the accounting estimates made on the part of the management, along with the assessment of the presentation of the financial statements in their entirety.

We consider the audit evidence we have obtained to be proportionate to a sufficient and adequate basis for our audit opinion.

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Registro Mercantil de Barcelona, Tomo 30.734, Folio 212, Hoja B-180111, Inscripción 1ª, N.I.F. B-61622262
Inscrita con el número S1189 en el Registro Oficial de Auditores de Cuentas (ROAC)

MAZARS

Opinion

In our opinion, the financial statements express, in all significant aspects, a fair and accurate picture of the equity and of the financial situation of Empresa Nacional de Residuos Radiactivtos, S.A. S.M.E., M.P., at 31 December 2016, along with the results and cash flows corresponding to the financial year ending on said date, in accordance with the applicable regulatory framework on financial information and, in particular, with the accounting principles and criteria contained therein.

Report on other legal requirements and regulations

The attached management for 2016 contains the explications that the Administrators consider appropriate on the situation of the entity, the evolution of its business and other issues that do not form an integral part of the financial statements. We have verified that the information contained in said management report corresponds with the 2016 financial statements. Our role as auditors is limited to verifying the management report to the extent mentioned in this paragraph and does not include any review of the information beyond that obtained from the accounting records of the entity.

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

MAZARS AUDITORES, S.L.P

Año 2017 Nº 01/17/00949
COPIA

Informe de auditoría de cuentas sujeto a la normativa de auditoría de cuentas española o internacional

Madrid, 29 March 2017

MAZARS AUDITORES, S.L.P.
ROAC Nº S1189

Carlos Marcos

FINANCIAL STATEMENTS

2016

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Report

// BALANCE SHEET //

AS OF 31 DECEMBER 2016

In thousands of euros

ASSETS

	Notes in the 2016 Report	Financial Year 2016	Financial Year (*) 2015
NON-CURRENT ASSETS		**4,092,779**	**3,981,793**
Intangible fixed assets	Note 5	**119**	**87**
Computer software		119	87
Tangible fixed assets	Note 6	**246,581**	**236,610**
Land and buildings		18,281	18,856
Technical installations and other fixed assets		140,563	129,948
Assets under construction and advances		87,737	87,806
Long-term financial investments		**3,820,565**	**3,719,329**
Credit to third parties		9,467	10,469
Investment Portfolio	Note 7.1	3,782,474	3,680,653
Derivatives	Note 7.2	28,442	28,026
Other producers financial assets		182	181
Deferred tax assets	Note 11.4	**1,761**	**2,014**
Long-term accruals	Note 12.7	**23,753**	**23,753**
CURRENT ASSETS		**1,052,961**	**761,762**
Inventory		**1,068**	**1,038**
Raw material and other supplies		1,068	1,038
Trade and other receivables		**211.167**	**267,506**
Trade and service provision clients	Note 7.3	209,187	264,603
Sundry debtors		236	431
Personnel		1,543	1,578
Other credits with Public Administrations	Note 11.1	201	894
Short term financial investments		**827,255**	**473,736**
Investment Portfolio	Note 7.1	818,407	471,479
Derivatives	Note 7.2	7,659	1,413
Other financial assets		1,189	844
Short term accruals		**5,460**	**9,315**
Cash and equivalent liquid assets		**8,011**	**10,167**
Treasury		8,011	10,167
TOTAL ASSETS		**5,145,740**	**4,743,555**

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Balance Sheet
ASSETS

(*) Included for comparison purposes only.
Notes 1 to 17 described in the attached Report are an integral part of the balance sheet as of 31 December 2016.

AS OF 31 DECEMBER 2016

In thousands of euros

NET EQUITY AND LIABILITIES

	Notes in the 2016 Report	*Financial Year 2016*	*Financial Year (*) 2015*
NET EQUITY	Note 8	**4,441**	**4,440**
OWN FUNDS		**4,441**	**4,440**
Capital		**3,606**	**3,606**
Declared capital		3,606	3,606
Reserves		**721**	**721**
Legal and statutory		721	721
End of year result	Note 3	**114**	**113**
NON-CURRENT LIABILITIES		**5,097,079**	**4,695,128**
Long-term provisions		**5,017,721**	**4,613,154**
Fund for the financing of the activities of the General Radioactive Waste Plan	Note 9	5,017,636	4,613,069
Long-term employee benefit liabilities		85	85
Long-term debts		**79,358**	**81,974**
Derivatives	Note 7.2	79,358	81,974
CURRENT LIABILITIES		**44,220**	**43,987**
Short-term debts		**10,962**	**14,938**
Derivatives	Note 7.2	98	2,051
Other financial liabilities		10,864	12,887
Trade and other payables		**33,258**	**29,049**
Suppliers		15,591	11,287
Sundry creditors		9,547	10,104
Personal (Payments pending)		1,716	1,966
Other debts with Public Administrations	Note 11.1	6,404	5,692
TOTAL NET EQUITY AND LIABILITIES		**5,145,740**	**4,743,555**

1

Balance Sheet

NET EQUITY AND LIABILITIES

(*) Included for comparison purposes only.
Notes 1 to 17 described in the attached Report are an integral part of the balance sheet as of 31 December 2016.

AS OF THE END OF FINANCIAL YEAR ON 31 DECEMBER 2016

In thousands of euros

	Notes in the 2016 Report	Financial Year 2016	Financial Year (*) 2015
CONTINUING OPERATIONS			
Net turnover	Note 12.1	**395,448**	**384,695**
Provision of services and fees		395,448	384,695
Work performed by the company for assets	Notes 4.1 and 4.2	**4,671**	**3,711**
Studies and waste management		**(80,844)**	**(98,249)**
Studies and waste management	Note 12.7	(56,814)	(73,626)
Allocations by Ministerial Order IET/458/2015 MINETUR	Note 4.13	(24,030)	(24,623)
Other operating income	Note 12.2	**371**	**581**
Sundry income and other current management costs		316	515
Operating subsidies incorporated into year-end result		55	66
Staff costs		**(25,373)**	**(26,372)**
Wages and salaries and similar		(19,557)	(20,238)
Social Contributions	Note 12.3	(5,816)	(6,134)
Other operation costs		**(20,513)**	**(20,309)**
External services		(19,325)	(19,133)
Taxes		(1,193)	(1,174)
Losses, impairment and changes in provisions for trade operations		125	1
Other current management costs		(120)	(3)
Fixed asset depreciation	Notes 5 and 6	**(16,728)**	**(15,665)**
Impairment and profit/loss on disposal of fixed assets		(77)	-
Profit/loss on disposals and other profits/losses		(77)	-
Other results	Note 12.6	**541**	**(77)**
OPERATING RESULT		**257,496**	**228,315**
Financial income	Note 12.5	**175,624**	**151,635**
From tradable securities and other financial instruments		175,624	151,635
- From third parties		175,624	151,635
Financial expenditure	Note 12.5	**(29,481)**	**(28,183)**
On debts to third parties		(29,481)	(28,183)
Variation in fair value on financial instruments	Note 12.5	**1,280**	**6,890**
Trading portfolio and others		1,280	6,890
Change differences	Note 12.5	**14**	**31**
FINANCIAL RESULT		**147,437**	**130,373**
BEFORE TAX RESULT		**404,933**	**358,688**
Taxes on profits	Note 11.3	(252)	(135)
Variation in provision for Fund for financing the Activities of the GRWP	Note 9	(404,567)	(358,440)
END OF YEAR RESULT FROM CONTINUED OPERATIONS		**114**	**113**
END OF YEAR RESULT	Note 3	**114**	**113**

2

Profit and Loss Account

(*) Included for comparison purposes only.

Notes 1 to 17 described in the attached Report are an integral part of the profit and loss account as of 31 December 2016.

FOR THE YEAR 2016

In thousands of euros

A STATEMENT OF RECOGNISED INCOME AND EXPENDITURE

	Financial Year 2016	Financial Year (*) 2015
RESULT OF PROFIT AND LOSS ACCOUNT	**114**	**113**
Income and expenditure directly attributed to net equity:	-	-
TOTAL INCOME AND EXPENDITURE DIRECTLY ATTRIBUTED TO NET EQUITY	-	-
Transfers to Profit and Loss Account:	-	-
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT	-	-
TOTAL RECOGNISED INCOME AND EXPENDITURE	**114**	**113**

B TOTAL STATEMENT OF CHANGES IN NET EQUITY

	Capital	Reserves	Results for Previous Financial Years	Result for Financial Year	Total
ADJUSTED BALANCE AT START OF FINANCIAL YEAR 2015 (*)	**3,606**	**721**	-	**126**	**4,453**
Total recognised income and expenditure	-	-	-	113	113
Shareholder operations:					
Distribution of 2014 result	-	-	-	(126)	(126)
FINAL BALANCE FOR FINANCIAL YEAR 2015 (*)	**3,606**	**721**	-	**113**	**4,440**
Adjustments for changes to accounting practices or errors	-	-	-	-	-
ADJUSTED BALANCE AT START OF FINANCIAL YEAR 2016	**3,606**	**721**	-	**113**	**4,440**
Total recognised income and expenditure	-	-	-	114	114
Shareholder operations:					
Distribution of 2015 result	-	-	-	(113)	(113)
FINAL RESULT FOR YEAR 2016	**3,606**	**721**	-	**114**	**4,441**

3

Statement of Changes in Net Equity

(*) Included for comparison purposes only.
Notes 1 to 17 described in the attached Report are an integral part of the statement of changes in net equity as of 31 December 2016.

FOR FINANCIAL YEAR 2016

In thousands of euros

	Financial Year 2016	*Financial Year (*) 2015*
OPERATING CASH FLOW (I)	**446,449**	**240,544**
Year-end before tax result	**404,933**	**358,688**
Adjustment to the results:		
- Fixed asset depreciation	16,728	15,665
- Changes in provisions	(125)	(1)
- Results for write-offs and disposals of fixed assets	77	-
- Financial income	(175,624)	(151,635)
- Financial expenditure	29,481	28,183
- Exchange differences	(14)	(31)
- Variation in fair value of financial instruments	(1,280)	(6,890)
- Other income and expenditure	-	18
Changes in current capital		
- Inventory	(30)	(18)
- Debtors and other accounts receivable	55,539	(39,082)
- Other current assets	3,788	(1,558)
- Creditors and other accounts payable	4,209	(4,125)
- Other current liabilities	(2,023)	(29,344)
- Other non-current assets and liabilities	-	(23,753)
Other operating cash flows		
- Interest payments	(31,400)	(31,859)
- Interest collected	141,296	124,650
- Collections (payments) for tax on profits	894	1,636
INVESTMENT ACTIVITIES CASH FLOW (II)	**(448,506)**	**(242,941)**
Payments for investments		
- Intangible fixed assets	(4,041)	(2,983)
- Tangible fixed assets	(22,766)	(35,073)
- Other financial assets (Investment portfolio)	(4,534,634)	(5,162,495)
- Other assets (Third party creditors)	(1,304)	(1,209)
Divestment receipts		
- Other financial assets (Investment portfolio)	4,112,104	4,956,455
- Other assets (Third party creditors)	2,135	2,364
FINANCING ACTIVITIES CASH FLOW (III)	**(113)**	**(126)**
Dividends and other equity instrument payments		
- Dividends	(113)	(126)
EXCHANGE RATE VARIATIONS EFFECT (IV)	**14**	**31**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (I+II+III+IV)	**(2,156)**	**(2,492)**
Cash or cash equivalents at beginning of year	10,167	12,659
Cash or cash equivalents at year end	8,011	10,167

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Cash Flow Statement

(*) Included for comparison purposes only.
Notes 1 to 17 described in the attached Report are an integral part of the cash flow statement as of 31 December 2016.

5

Report

// REPORT FOR FINANCIAL YEAR 2016 //

1

Company Business Activities

Empresa Nacional de Residuos Radiactivos, S.A., S.M.E., M.P. (hereinafter, Enresa) has, in 2016, continued to develop its objectives as established in Royal Decree 100/2014 of 21 February, on the responsible and safe management of spent nuclear fuel and radioactive waste. This legislation provides for the preparation and approval by the Government of the General Radioactive Waste Plan (GRWP), a document in which the policies to be enacted by Enresa are established. The General Radioactive Waste Plans, the latest of which was approved by the Government on 23 June 2006, define the strategy to be followed in the area of radioactive waste management, along with the system for financing the costs of that management.

Enresa has established agreements with the principal producers of radioactive waste: both producers of nuclear electrical energy and industrial and hospital facilities, etc. in order to establish the conditions for the management of their waste.

2009 saw the amendment of Law 25/1964, of 29 April, the Nuclear Energy Act, of the sixth additional provision of Law 54/1997 and the repeal of the sixth additional provision bis of the Electricity Industry Act, which in Law 11/2009, of 26 October, read as follows:

1

"Ninth final provision. Amendment of Law 25/1964, the Nuclear Energy Act, and of Law 54/1997, the Electricity Industry Act.

- Law 25/1964, the Nuclear Energy Act of 29 April is amended.
- Article 38 bis is added to Law 25/1964, The Nuclear Energy Act of 29 April, stating the following:

«Article 38 bis Radioactive Waste Management.

1)

The management of radioactive waste, including spent nuclear fuel and the decommissioning and closure of nuclear facilities constitutes an essential public service which shall be the responsibility of the State, in accordance with Article 128.2 of the Spanish Constitution.

Empresa Nacional de Residuos Radiactivos, S. A. (Enresa), is responsible for the management of this service, in accordance with the General Radioactive Waste Plan, approved by the Government.
To this end, Enresa was set up as the technical arm of the Administration, to carry out the functions assigned by the Government.

2)

It is the government's responsibility to establish the policy for the management of radioactive waste, including spent nuclear fuel and the decommissioning and closure of nuclear facilities, through the approval of the General Radioactive Waste Plan, which is prepared by the Ministry of Industry, Tourism and Commerce, upon report from the Nuclear Safety Council and once the Autonomous Communities have been consulted in relation to territorial planning and the environment, and which will subsequently be considered by Parliament.

Supervision of Enresa is the responsibility of the Ministry of Industry, Tourism and Commerce, through the State Secretariat for Energy, which carries out specific strategic management and monitoring of its activities and plans, both in technical and economic terms.

3)

The Ministry of Industry, Tourism and Commerce shall exercise the necessary powers to ensure Enresa meets its objectives and for such purposes will assume the status of owner.

The facilities necessary in order to meet these objectives shall be declared of public utility through forced expropriation.

4)

The State shall assume ownership of the radioactive waste once it has been placed in definitive disposal facility.

Similarly, it shall assume the monitoring role that may be required subsequent to the closure of a nuclear installation, once the period of time established in the corresponding declaration of closure has elapsed».

2

The sixth additional provision of Law 54/1997, the Electricity Industry Act of 27 November is amended

- The sixth additional provision of Law 54/1997, the Electricity Industry Act of 27 November is amended, to state as follows:

«Sixth Additional Provision. Fund for the financing of the activities of the General Radioactive Waste Plan.

1)

The management of radioactive waste, including spent nuclear fuel and the decommissioning and closure of nuclear facilities, as referred to in Article 38 bis of Law 25/1964, of 29 April, setting up the Empresa Nacional de Residuos Radiactivos S.A. (Enresa) shall be carried out using the Fund for financing the activities of the General Radioactive Waste Plan.

Said fund is comprised of sums raised from the collection of fees regulated in section 9, along with any other funds received or income arising from the provision of said services. In addition, income derived from the temporary financial investments of same is included in the fund. The allocations to the fund shall be considered deductible within the framework of Corporation Tax.

The sums comprising the fund, without prejudice to the aforementioned temporary financial investments, may only be invested in costs, works, projects and assets arising from the activities provided for in the General Radioactive Waste Plan approved by the Government.

2)

The supervision and control of the temporary investments relating to the financial management of the Fund shall be the responsibility of a Monitoring and Control Committee attached to the Ministry of Industry, Tourism and Commerce through the State Secretariat for Energy.

3)

Sums allocated to the Fund for to finance the costs corresponding to the management of radioactive waste and spent nuclear fuel generated at nuclear facilities where operation has ceased definitively prior to 1 January 2010, along with their decommissioning and closure, future costs corresponding to the nuclear facilities or nuclear fuel manufacturing plants that, having definitively ceased operation, were not foreseen during said operation and that, where necessary, can arise from that provided for in section 5 of this provision, shall be considered costs of diversification and security of supply as provided for in this Law.

Similarly, sums allocated to the Fund to finance the costs of radioactive waste management arising from the research activities the Ministry of Industry, Tourism and Commerce determine to have been directly related to the generation of nuclear power, decommissioning and closure operations that must be carried out as a consequence of the uranium mining and milling prior to 4 July 1984, the costs arising from the reprocessing of spent fuel sent abroad prior to the entrance into force of this Law and those other costs specified by royal decree shall also have the same consideration as those listed in the previous paragraph.

4)

Sums allocated to the Fund to finance the costs incurred from 1 January 2010, corresponding to the management of radioactive waste and spent fuel generated at operating nuclear facilities shall not be considered costs of diversification and security of supply and shall be financed by the owners of the nuclear facilities during said operation, independently of the date of their generation, along with those corresponding to decommissioning and closure.

Thus, the allocations to municipalities affected by nuclear installations shall be financed by the licensees of nuclear installations or spent fuel or radioactive waste disposal facilities in the terms established by MINETAD, along with the sums corresponding to the taxes accrued in relation to activities for the storage and disposal of radioactive waste and spent fuel, regardless of the date of generation.

5)

In the event of an early cessation of operation in respect of the period established in the General Radioactive Waste Plan due to causes beyond the control of the licensee, the financing deficit in such an event shall be considered a cost of diversification and security of supply.

Where such a cessation is enacted wilfully by the owner, the owner shall be liable for the corresponding costs.

6)

The remaining sum of the fund as of 31 December 2009, once deducted the sums necessary to finance the foreseen costs referred to in section 3 shall be allocated to the financing of the costs referred to in section 4.

7)

All costs relating to technical activities and support services necessary for carrying out such activities, including the costs corresponding to the structure and projects and activities of R&D&I shall be included in the costs of managing radioactive waste and spent fuel and decommissioning and closure, all in accordance with the provisions of the General Radioactive Waste Plan.

The cost of managing radioactive waste and spent fuel in the nuclear production facilities themselves shall include, exclusively, the cost corresponding to activities carried out by Enresa and, where applicable, third party costs arising from such activities.

8)

The removal and management of lightning arrester heads and the management of radioactive generated in exceptional circumstances provided for in Article 2 of Law 15/1980 of 22 April, creating the Nuclear Safety Council, shall be financed by the Fund, the latter where these cannot be transferred in accordance with the relevant regulation and so determined by the Ministry of Industry, Tourism and Commerce.

9)

For the purposes set out in section 1 of this additional provision, the taxes are established which shall be considered taxes affected to the services referred to in Article 38 bis of Law 25/1964, of 29 April, and which shall be lodged to the Public Treasury applied to a non-budgetary concept.

The quantities corresponding to the taxes lodged shall be released by the Treasury to the Fund for the financing of the activities of the General Radioactive Waste Plan, upon the request of the Secretary of State for Energy"

With the entrance into force of these legislative amendments on 1 January 2010, the Fund for financing the activities of the General Radioactive Waste Plan began to be financed through taxes collected by the Spanish Tax Agency. These taxes are lodged by taxable persons by way of self-declaration through their collaborating entities and finally, when the Secretary of State for Energy releases the funds, they are transferred to Enresa from the Treasury.

Subsequently, Enresa bills taxable persons the fee for the provision of the waste management service so that, as established in the Law, such persons pay the VAT corresponding to such provision.

Specifically in the case of nuclear production, Enresa bills the licensees of nuclear power plants for the sums resulting from multiplying the gross kilowatts per hour generated in each of them, per natural month, for a specific unitary value for each facility expressed in Euro cents, obtained by multiplying the fixed unit fee, 0.669 cents €/kWh, by a corrector coefficient in accordance with the type of plant (fee lodged).

The Sixth General Radioactive Waste Plan, currently in force, approved by the Government on 23 June 2006 has, among others, the objective of evaluating the management costs and calculating the necessary investment for its financing, based on the legally established systems. To determine future management costs, the Company has taken into consideration the period between 2006 and 2070 and the tax raising period considered to cover such costs considered a 40-year stage of reference of nuclear power plants, with income raising period ending in the year 2028.

The summary of the results obtained alongside the corresponding updated values of said future costs, based on the type of financing, is as follows:

In thousands of euros

Item	*Planned Cost*	*Updated Value as of 01-01-2017*
Electricity fees	1,278,146	950,193
Nuclear power plants	13,153,474	8,925,415
Juzbado Facility	13,081	10,474
Other facilities	44,440	33,162
Totals	**14,489,141**	**9,919,244**

The company applied a discount rate of 1.5% for the update of the calculation of the value of future costs established in the 6the General Radioactive Waste Plan.

As of 31 December 2016, the Fund for financing the activities of the General Radioactive Waste Plan has a balance of 5,017,636 thousand euros (4,613,069 thousand euros as of 31 December 2015). The sixth additional provision of Law 54/1997, of 27 November, establishes the means for raising the sum required to cover the management costs estimated in the 6th General Radioactive Waste Plan. The future financing requirements arising from potential deviations from the hypothesis of the GRWP are clearly guaranteed through the amendment of the types of levies that said law envisages being introduced by Royal Decree:

"The types of levies and taxation elements for the determination of these rates fees may be revised by the Government through Royal Decree based on an economic-financial report updated with the cost of the activities corresponding to those set out in the General Radioactive Waste Plan.".

2

Bases for the Presentation of the Financial Statements

2.1 Regulatory Framework of Financial Information applicable to the Company

These financial statements have been prepared by the Directors in accordance with the regulatory framework for financial information applicable to the Company, which is set out in:

A) The Commercial Code and the remaining commercial legislation.
B) The General Accounting Plan approved by Royal Decree 1514/2007 and the amendments to same made through Royal Decree 1159/2010, of 17 September and Royal Decree 602/2016, of 2 December.
C) The obligatory standards approved by the Institute of Accounting and Auditing of Accounts developing the General Accounting Plan and its complementary regulations.
D) Remaining applicable Spanish accounting standards.

2.2 Fair and accurate picture

The attached consolidated financial statements have been prepared based on the accounting records of the Company and they are presented in accordance with the applicable regulation on financial information and, in particular, the accounting principles and criteria contained therein, so that they represent a fair and accurate picture of the consolidated equity, financial position and results of the company and the cash flows for the corresponding financial year. These financial statements, which have been prepared by the Directors of the Company, shall be submitted for approval at the Ordinary General Shareholder's Meeting, where they are expected to be approved without any modifications.
The 2015 financial statements were approved by the General Shareholder's Meeting held on 27 June 2016 with no changes to those prepared by the Directors of the Company.

2.3 Accounting Principles applied

The Directors have prepared these financial statements, taking into account the set of accounting principles and standards, which have a significant effect on said financial statements. No mandatory accounting principle was omitted.
Enresa's accounting is developed in accordance with the accounting principles approved in Royal Decree 1514/2007, of 16 November.

2.4 Critical aspects of assessing and estimating uncertainty

In the preparation of these attached financial statements, estimates made by the Company have been used in the evaluation of some assets, liabilities, income, expenditure and commitments that are contained therein. Principally, these estimates refer to:

A) *The useful life of intangible and tangible fixed assets (see notes 4.1 and 4.2).*
B) *The market value of certain financial instruments (see notes 4.5 and 7).*
C) *The future costs of the 6th General Radioactive Waste Plan (see note 1).*
D) *The calculation of Corporation Tax: the financial results of the Company declared before tax authorities in the future that have served as the basis for the registration of different balances relating to Corporation Tax in these financial statements (see notes 4.8 and 11).*

These estimates have been made based on the improved information available in relation to the facts analysed on the date of formulation of the attached financial statements, although it is possible that events that may take place in the future require modification over the coming years, which would be done prospectively as stipulated by recognising the effect of change in the estimate which, in any case, is not considered to have a significant effect on the corresponding financial position in the future.

2.5 Comparison of information

The information contained in this report referring to the 2015 financial year is presented only for the purposes of comparison with information on the 2016 financial year.

2.6 Grouping of items

Certain items of the balance sheet and the profit and loss account and of the statement of changes in net equity and the cash flow statement are presented as groups so as to facilitate their comprehension; however, where significant, the itemised information is included in the corresponding Report.

2.7 Changes in accounting criteria

During 2016, no changes were made to the accounting criteria in respect of those applied in 2015.

2.8 Correction of errors

No significant mistakes were identified during the preparation of these attached financial statements that involved re-stating the sums included in the abridged financial statements for year 2015.

3

Application of the Result

The Ordinary General Shareholder's Meeting approved the proposal for the distribution of profits in 2105 on 27 June 2016, with no changes in respect of that formulated by the Directors of the Company.

The proposed distribution of 2016 profits, prepared by the Directors of Enresa, and which will be submitted for approval at the General Shareholder's Meeting is the following:

In thousands of euros

BASIS OF DISTRIBUTION	
Profit and loss	114
DISTRIBUTION	
Dividends	114

From 1987, and based on that envisaged in the first General Radioactive Waste Plan approved by the government on 16 October 1987, when calculating a percentage to be collected from sales of electrical energy and for the coefficient of kilowatts per hour produced by nuclear power plants, both present and future costs to be incurred by Enresa in meeting its public tasks, such as annual dividend paid to shareholders must be included. Said dividend is determined using the percentage in the same way average return is obtained from financial investments in the financial year, which was 3.15% in 2016 (3.13% in 2015), (Article 7 of Royal Decree 102/2014 of 21 February for the responsible and safe management of spent nuclear fuel and radioactive waste, confirms this criterion). For this reason, Enresa's profit and loss account must show a positive figure in line with the sum to be distributed to shareholders plus the regulatory obligation arising from the provision of the legal reserve.

Application of the Result

4

Accounting and Valuation Standards

The principal accounting and valuation standards used by the Company in preparing the 2016 financial statements, in accordance with that established in the General Accounting Plan, were the following:

4.1 Intangible fixed assets (see Note 5)

Enresa actively incorporates in every financial year, Research and Development costs incurred in order to obtain techniques for the management of the activities of the General Radioactive Waste Plan.

Nevertheless, given the gap that predictably exists between the moment in which the cost is incurred and the time when such studies come to fruition in the form of a specific action or project, Enresa has decided to deduct the total of these costs from the final result for each year.

The sum registered for this item in 2016 was 3,955 thousand euros (2,983 thousand euros in 2015), which is included under the heading Amortisation of fixed assets in the profit and loss account.

IT applications are recorded at their cost of acquisition or their cost of production. Subsequently, their retail value shall be evaluated for the corresponding accumulated amortisation and, where necessary, losses experienced due to impairment. Under this heading, included is the sum paid for ownership or usage rights of the IT programmes, including those developed by the company itself, amortised at a rate of 25% per annum. The charge to the profit and loss account for the 2016 financial year for the amortisation of IT applications was 55 thousand euros (737 thousand euros in 2015).

In addition, provided there are signs of losses in fixed assets (tangible, intangible or financial), the Company shall proceed to estimate the possible existence of losses in value that reduce the recoverable value of those assets to a sum less than their book value.

The recoverable value is the greater of the fair value less costs to sell and its value in use.

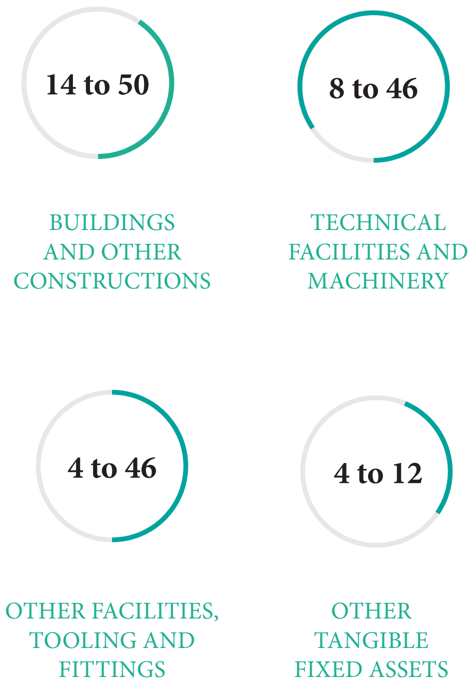
4.2 Tangible fixed assets (see Note 6)

Tangible fixed assets are presented at their acquisition cost, and are subsequently reduced by the corresponding accumulated amortisation and impairment losses, if any.

Conservation and maintenance costs for the different elements that comprise the tangible fixed assets are recorded in the profit and loss account for the financial year in which they are incurred. On the contrary, sums invested in improvement that contribute to increased capacity or efficiency or to extending the useful life of such assets are capitalised.

The Company expenses the personnel costs directly related to the construction of the Centralised Temporary Storage facility for a sum of 716 thousand euros (728 thousand euros in 2015).

The different items that comprise this chapter are amortised in accordance with the linear method, based on the estimated remaining years of useful life.



The charge to the Profit and Loss account for the 2016 financial year under amortisation of tangible fixed assets was 12,718 thousand euros (11,945 thousand euros in 2015).

4.3 Impairment of value of intangible and tangible fixed assets

At the end of every financial year (in the case goodwill or intangible assets of indefinite useful life) or provided there are signs of loss in value (for the other assets), the Company makes an estimate using the so-called impairment test for the possible existence of losses in value that reduce the recoverable value of said assets to an amount less than their book value.

The recoverable value is the greater of the fair value less costs to sell or its value in use. In evaluating value in use, projected cash flows are discounted at current value using the weighted average cost of capital which mainly reflects both the cost of liabilities, such as the specific risks of assets.

At the close of 2016, the Company understands that there are no signs of impairment in any of the elements of intangible or tangible fixed assets that might have a significant effect.

4.4 Operating Leases

Costs arising from operating lease agreements are charged to the profit and loss account in the financial year in which they are incurred.

Any collection or payment that may be made upon entering into an operating lease agreement shall be treated as a prepaid lease collection or payment which shall be allocated to profit or loss over the term of the lease, in accordance with the term for the provision or receipt of the benefits of the leased asset.

4.5 Financial Instruments
(see Note 7)

4.5.1 Financial assets

// CLASSIFICATION //

The financial assets held by the company are classified into the following categories:

a) *Loans and receivables: financial assets originating from the sale of assets or the provision of services for company traffic operations or those that have no commercial origin and are not equity instruments nor derivatives and the sums collected for which are a fixed or determinable sum not negotiated in an active market.*

b) *Investments maintained up to maturity: debt securities, with fixed maturity date and collections of a determinable sum, negotiated on an active market that the Company has shown its intention and capacity to maintain in its power up to the maturity date.*
These investments include fixed or and variable rate bonds (referenced to an inflation or interest rate) that do not have embedded derivatives and hybrid financial assets in which embedded derivatives must not be segregated.

c) *Other financial instruments at fair value through profit or loss: within his category, in accordance with equity structure of Enresa, are hybrid financial assets (structured bonds) in which embedded derivatives must be segregated, but since the Company cannot reliably determine the fair value of the embedded derivative to be segregated, all hybrid financial assets must be recorded at fair value with changes in the profit and loss account.*

d) *Derivatives: with some of the securities acquired, as part of its management of the GRWP, Enresa performs hedging operations through interest-rate swaps. All of these swaps, in accordance with Royal Decree 102/2014, of 21 February, for the responsible and safe management of spent nuclear fuel and radioactive waste, are directly associated with specific investment operations, with the swap agreement serving to hedge the positions of the GRWP as part of its risk management and the financing model established in the General Radioactive Waste Plan.*

// INITIAL VALUATION //

- Financial assets are initially recorded at fair value of the consideration given plus any directly attributable transaction costs.

Accounting and Valuation Standards

// SUBSEQUENT VALUATION //

- Loans, items to be collected and investments maintained to maturity are valued at their amortised cost.
- In particular, and with respect to any value corrections related to trade and other receivables, the Company uses the criteria for the necessary provision to cover those sums that are uncertain of being recovered by year-end. As of 31 December 2016 and 2015, respectively, the Company had a provision of 21 and 146 thousand euros, respectively.
- Financial assets at fair value with changes in the profit and loss account are valued at fair value, with the result of the variations in said fair value registered in the profit and loss account. Derivatives are valued at fair value, with those that, at 31 December 2016, hold a positive fair valued, recorded as financial assets.
- The Company derecognises the financial assets when they expire or when the cash flow rights have been transferred for the corresponding financial asset and the risk and benefits inherent in the ownership of same have been substantially transferred.
- A loss in value for the financial assets valued at amortised cost occurs when there is objective evidence that the Company will not be able to recover all of the amounts in accordance with the original terms of same.
- The sum of the loss in value is recognised as a cost in the profit and loss account and is determined by the difference between the book value and the present value of future cash flows discounted at the effective interest rate. The book value of the asset is written down through an allowance account.
- If in subsequent periods, there is an evident recovery of the financial asset to amortised cost, the loss due to impairment shall be reversed. The limit of this reversal is the book value of the financial asset in the case that its loss in value due to impairment was not recorded. The recording of the reversal is recognised in the profit and loss account for the financial year.

// CLASSIFICATION AS CURRENT AND NON-CURRENT //

- In the attached balance sheet, assets and liabilities are classified based on their contractual or expected maturity. To these effects, those assets with a maturity equal to or less than twelve months are classified as current and those with a maturity in excess of that term as non-current.

4.5.2 Financial liabilities

Financial liabilities are those accounts payable by the Company that have arisen from the purchase of goods or services in the course of the company's normal operation, or those that, not having commercial substance, cannot be classed as derivative financial instruments.
Accounts payable are initially valued at the fair value of the consideration received, adjusted for directly attributable transaction costs. Subsequently, such liabilities are valued according to their amortised cost.
Derivative financial instruments are measured at fair value, with those that, at 31 December 2016, hold a negative fair value, recorded as financial liabilities, following the same criteria as the corresponding financial assets at fair value with changes in the profit and loss account as described in the previous section.
The Company derecognises the passive liabilities when the obligations they generate have ceased.

4.5.3 Equity instruments (see Note 8)

Capital instruments issued by the Company are recorded in net equity at the sum received net of issue costs.

4.6 Inventory

Inventories are valued at the lesser of acquisition price, production cost or net realizable value.
In assigning the value of its inventory, the company uses the FIFO method.
The Company recognises the appropriate write-downs as an expense in the profit and loss account when the net realizable value of the inventories is lower than acquisition (or production cost).

4.7 Foreign exchange transactions (see Note 12.4)

The functioning currency of the Company is the Euro. Consequently, all transactions in other currencies are considered in the foreign currency and are recorded as per the exchange rates in effect on the date of the transaction.
At the end of the financial year, all assets and liabilities denominated in foreign currency other than euro are converted by applying the exchange rate as of the date of the balance sheet. The benefits or losses identified are charged directly to the profit and loss account for the financial year in which they are incurred.

4.8 Taxes on Profits (see Note 11)

Expenses or revenues under this item include both current and deferred taxes on earnings.

Current tax is the amount paid by the Company as a result of profit tax settlements relating to a financial year. Any deductions or tax benefits in the tax payable excluding retentions and payments on account, as well as any fiscal losses compensated for prior years and effectively applied in the current year, give rise to a lesser current tax sum.

The expense or income for deferred tax corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences identified as sums expected as payable or recoverable deriving from differences between the carrying amounts of the assets and liabilities and their fiscal value as well as, where appropriate, negative tax bases pending offsetting and credits for tax deductions not applied fiscally. These amounts are measured at the tax rates that are expected to be applied in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from an initial recognition of goodwill or other assets and liabilities in any operation that does not affect the fiscal result nor the accounting result and provided that it is not a business combination.

Deferred tax assets are only recognised when it is likely that the Company will have future tax gains against which they may be made effective.

Deferred tax assets and liabilities arising from direct charges or credits to equity accounts are also accounted for with a charge or credit to net equity.

The deferred tax assets recorded are reconsidered at the end of each accounting period and the appropriate corrections are made if there are any doubts about their future recovery. Similarly, deferred tax assets not recorded on the balance sheet are assessed at each close and are recognised if their recovery with future tax profits is considered likely.

Law 40/1994, of 30 December, organising the National Electricity System, established, in its Seventh Additional Provision, the Fund for financing the second phase of nuclear fuel cycle, established that sums collected through electricity fees, along with financial gains generated therefrom, shall be destined to a provision considered deductible from Corporation Tax. This regulation entered into force in January 1995 and therefore only affected that and subsequent years.

Prior to the introduction of that Law, Enresa paid Corporation Tax on financial gains obtained from its securities portfolio. Allocations to the Fund for the financing of the second phase of the nuclear fuel cycle through such gains were not considered tax deductible.

Moreover, Law 43/1995, of 27 December, on Corporation Tax, established, in note 2 of point 23 of its Sole Exemption Clause, that, among others, the Seventh Addition Provision of Law 40/1994, organising the National Electricity System, would remain in force.

With its entry into force from 1 January 2015, Law 27/2014, of 27 November, on Corporation Tax, in section i) of the second point of the Sole Exemption Clause indicated that “Law 54/1997 of 27 November, the Electricity Industry Act, shall remain in force insofar as it refers to this Tax”.

From 1 January 1998, Law 54/1997, of 27 December, on the Electricity Sector, in its Sixth Additional Provision, Fund for financing the second phase of the nuclear fuel cycle, similarly established that:

"Amounts paid through fees, tolls and prices, along with financial gains generated through same, allocated to cover the costs of works that make up the back end of the nuclear fuel cycle and the management of radioactive waste produced by the electricity sector, shall be allocated to a provision, with same allocation considered deductible for the purpose of Corporation Tax. All forms of financing of the costs of radioactive waste management shall receive the same consideration.

Amounts collected in the provision shall only be invested in costs, works, projects and fixed assets arising from the activities provided for in the General Radioactive Waste Plan approved by the Government.

The amounts to be allocated to the provision in question in the present provision, shall be considered diversification and security of supply costs for the effects of the provisions of Article 16.6 of this Law."

The Sixth Additional Provision of Law 54/1997, on the Electricity Sector, was amended through the Fourteenth Additional Provision of Law 24/2001, of 27 December on Tax, Administrative and Social Order Measures, includes the following terms:

// "SIXTH ADDITIONAL PROVISION. FUND FOR THE FINANCING OF THE ACTIVITIES OF THE GENERAL RADIOACTIVE WASTE PLAN. //

- 1. Amounts paid through rates, tolls and prices, along with any other form of financing the costs of works corresponding to the second phase of nuclear fuel cycle, to the management of radioactive waste and the decommissioning and closure of facilities, including financial gains obtained therefrom, shall be allocated to a provision which shall be considered deductible for the purpose of Corporation Tax.
  Amounts collected in the aforementioned provision shall only be invested in costs, works, projects and fixed assets arising from the activities provided for in the General Radioactive Waste Plan approved by the Government.
- 2. Amounts allocated the second phase of the nuclear fuel cycle, the management of radioactive waste generated in the production of nuclear electric energy or those sums arising from those research activities that the Ministry of the Economy determines to be directly related to same, along with those other activities that are specified through Royal Decree, shall be considered costs of diversification and security of supply, in accordance with the provisions of Article 16.6 of this Law."

The Sixth Additional Provision of Law 54/1997, the Electricity Industry Act, was amended through the Ninth Additional Provision of Law 11/2009, of 26 October, regulating Listed Investment Companies on the Property Market, which also contained the amendment to Law 25/1964, of 29 April, the Nuclear Energy Act, and the repeal of the Sixth Additional Provision bis of Law 54/1997, the Electricity Industry Act. Said Sixth Additional Provision confirmed allocations to the fund would be considered deductible for the financial years from 1 January 2010: *"The allocations to the fund shall be considered deductible within the framework of Corporation Tax."*.

As a consequence of the above, and insofar as Enresa applies the provision recognised prior to 31 December 1995, and through the section allocated with financial gains taxed under Corporation Tax, this part shall be considered tax deductible and therefore without sufficiently deductible revenues, will give rise to negative tax bases.

4.9 Income and expenditure (see Note 12)

Income and expense are recorded on an accruals basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred rather than the period in which the cash is actually received or disbursed. Such revenues are recorded at the fair value of the consideration received, less discounts and taxes.

The Company recognises as revenues a) the tax on tolls, paid by electricity distribution companies in the month in which the distributor bills the marketing electricity provider; b) the tax on generated nuclear KWh, which is recorded in the month in which the energy is produced; c) the manufacturing tax on nuclear fuel in the year in which the fuel is produced and d) the tax on other facilities (basically, radioactive facilities) in the month in which the removal of waste occurs.

The sixth additional provision of Law 54/1997 establishes the system of financing of Enresa through taxes and states that as it is considered a tax on the provision of service, this fee will incur VAT and the General Directorate on Taxation, through a consultation issued in 2010, established that VAT shall apply on the final day of the voluntary period for the payment of the tax or before if same were paid in advance.

Income through interest on financial assets is recognised using the method of the effective interest rate for investments maintained until maturity applied through the calculation of amortised cost. For instruments valued at fair value, income is recognised as the difference between the market value at the end and at the start of the year.

4.10 Provisions for pensions and similar liabilities

By virtue of that established in the corresponding collective bargaining agreements in 2015, Enresa participates in the Pension Fund for its workers, through an external defined contribution fund, contributing the same sum which is provided by workers who join said fund, up to a limit of 2.6 million euros per person/year, with no contributions having been registered in at 31 December 2016, due to it not being permitted, in accordance with section three of *Article 19) Bases and Coordination of General Planning for of Economic Activity in relation to Public Sector Staff Costs of Chapter 1 Title III OF Law 48/2015, of 29 October, General State Budget for the year 2016. The same occurred in the financial year 2015 in accordance with the provisions of Article 20) Bases and Coordination of General Planning of Economic Activity in relation to Public Sector Staff Costs from Chapter I of Title III of Law 36/2014, of 26 December on the General State Budget for the year 2015.*

Therefore, no contributions were made in the years 2016 or 2015.

Enresa recognises through the collective bargaining agreement a retirement, or loyalty payment, which takes the form of employees' entitlement to receive a specific lump sum according to the number of years of service of the employee at the time of retirement.

Since 2002, the Company has outsourced this commitment in the form of an insurance policy with the company Mapfre, the most relevant hypotheses being the use of the projected credit method, the application of a technical interest rate of 3% and the PERM/F 2000P actuarial tables.

During the 2016 financial year, the insured capital has not been updated, neither in accounting terms nor in the insurance policy, due to such not being permitted in accordance with *Article 19) Bases and Coordination of General Planning for of Economic Activity in relation to Public Sector Staff Costs of Chapter 1 Title III OF Law 48/2015, of 29 October, General State Budget for the year 2016 which states that "Three. During the 2016 financial year, the Administrations, entities and companies referred to in Section One of this article, contributions cannot be made to employment pension plans or collective insurance contracts that include coverage for the contingency of retirement." The same occurred in the financial year 2015 in accordance with the provisions of Article 20) Bases and Coordination of General Planning of Economic Activity in relation to Public Sector Staff Costs from Chapter I of Title III of Law 36/2014, of 26 December on the General State Budget for the year 2015.which stated that "Three. During the 2015 financial year, the Administrations, entities and companies referred to in Section One of this article, contributions cannot be made to employment pension plans or collective insurance contracts that include coverage for the contingency of retirement."*

Nevertheless, in 2015, 42 thousand euros was earned as a consequence of the difference between the bailout pending to be recovered in 2011, recorded on 31 December 2011 and the bailout finally obtained in 2015. The income and expenditure have been recorded in the profit and loss account for 2015, under the heading "Social Contributions".

4.11 Provisions and contingencies

In preparing these financial statements, the Company Directors differentiate between:

A) *Provisions: Credit balances hedging current liabilities arising from past events, whose cancellation is likely to originate a cash outflow, but which are uncertain regarding the sum and/or time of cancellation.*

B) *Contingent Liabilities: Potential obligations arising as a result of past events, the future materialisation of which depends on whether one or more future events beyond the company's control occur.*

The financial statements reflect all provisions for which it is estimated that the likelihood of having to assume the liability is greater than the contrary. Contingent liabilities are not recognised in the financial statements but rather reported in the report notes provided they are not considered remote.

Provisions are assessed at the current value of the best possible estimate of the sum necessary to cancel or transfer the obligation, considering the information available on the event and the consequences.

Any amounts to be received from a third party at the time of settling liabilities are recorded as assets, provided there are no doubts that the payment will be received, except where there is a legal relationship through which part of the risk has been externalised and by virtue of which the company is not required to assume it. In this situation, the compensation will be considered when estimating the amount to be reflected as the corresponding provision, where appropriate.

In accordance with that set out in Article 2.1 of Royal Decree-Law 20/2012, of 13 July, on measures to guarantee budgetary stability and foster competitiveness, which, for the 2012 financial year, abolished extra pay for public sector workers, defined in Article 22.1 of Law 2/2012 of 29 June, on the General State Budget, which includes public companies, the Company suspended such remuneration to its staff that same year. On the other hand, Article 2.4 of the aforementioned Royal Decree-Law provides for funds derived from the suspension of extra pay to be used in future years to contribute to pension plans or collective contracts that include coverage for the contingency of retirement, subject to that set out in Organic Law 2/2012 on Budgetary Stability and Financial Sustainability and in the terms and with the scope determined in the corresponding budgetary laws.

Based on the consultation formulated to the General Intervention of the State Administration (consultation 3/2012) and in accordance with the Resolution of the ICAC (BOICAC No. 92 of December 2012), at that time it was not considered probably that a present obligation would exist and, therefore, no provision was included for public companies in relation to such contributions, and therefore information must be provided in the annual report on the contingency arising from possible contributions to be made in accordance with Article 2.4 of Royal Decree 20/2012.

Law 36/2014, of 26 December, on the General State Budget for the year 2015, in its twelfth final provision, point one *"recovery of extra pay and additional payment for the month of December 2012 for public sector staff"* established the recovery of the bonus payment of 44 days corresponding to the month of December 2012, the cost of which-271 thousand euros-was accrued in the 2014 financial year.

Moreover, Royal Decree-Law 10/2015, of 11 September, through which extraordinary credits and credit supplements are provided in the State Budget and other measures in relation to public sector employment and economic stimulus are adopted in Article 1. Recovery of extra pay and additional payment for the month of December 2012 for public sector staff, established that public sector staff as defined in letters a), d) and e) of section One of Article 22, along with staff of companies, entities and other bodies of sections f) and g) of said provision who belong to the public sector, shall receive the sums provided for in Section One.2 of this Article. Therefore, during the month of October 2015 the sum of 299 thousand euros was paid.

In addition, Law 48/2015, of 29 October, on the General State Budget for the year 2016, in its *"twelfth additional provision, recovery of extra pay and additional payment for the month of December 2012 for public sector staff" establishes that "The Sums that, in accordance with this additional provision, may be hereby paid, over the amount no longer paid to each employee in application of Article 2 of Royal Decree 20/2012 shall be equivalent to the proportional part of 91 days of extra pay, additional payment of specific complementary payments and additional payments for the month of December. In those cases in which there was not recognition for the additional payment of December 2012, the 91 days shall be reduced proportionally to the number of days that would have corresponded".*

Following that established in said law, Enresa registered expenditure for the 91 days pending the 2012 payment in the 2015 profit and loss account for the sum of 544 thousand euros, under the heading "Wages, salaries and similar payments," with the offsetting of the remuneration payable and, therefore, without any live contingency under this heading at the close of the 2015 financial year. For the 2016 financial year, said sum has been paid to employees, with the sum suspended in 2012 having been paid in full.

4.12 Fund for the financing of the activities of the general radioactive waste plan (See Note 9)

The purpose of this Fund is to cover the costs and expenses arising in relation to the development of the activities and projects that comprise the purpose of Enresa.

The annual variation of the Fund is determined by the difference between income provided to the fund, to meet future costs, from which the profit that ought to be registered by Enresa is deducted, and the Fund's implementation of its purpose.

4.13 Allocations to Local Authorities

Up to 11 March 2015, the Order of the Ministry of Industry and Energy, on 13 July 1998, regulated the allocations that Enresa was required to pay to local authorities whose jurisdiction covers or is close to a radioactive waste storage and disposal facility or nuclear power plants where spent fuel is stored on site. This Ministerial Order has been replaced by Order IET/458/2015, of 11 March, regulating the allocations to municipalities in the vicinity of nuclear power plants, charged to the Fund for the financing of the activities of the General Radioactive Waste Plan.

Enresa records the total of these sums paid annually as a cost, applying the calculation method established in the aforementioned Ministerial Order, having charged 23,312 thousand euro to the profit and loss account for 2016 (23,756 thousand euros in 2015).

As stated in the preamble of the order itself, *"twenty five years after the first introduction of these allocations, the same municipalities remain economically dependent on nuclear facilities, due to the low incidence that such allocations have had on their economic development, rarely having been used for investment in projects that contribute to the generation of alternative economies. Consequently, and taking into account the interest shown from different sectors, it was considered convenient to introduce mechanisms to contribute to such an objective, principally with a view to the future, once activity at the facilities has stopped.*

With this purpose, the allocation of further funds in addition to those drawn down by the municipalities in light of the various ministerial orders is set forth, receipt of which will be conditioned upon the financing on the part of those municipalities of projects that contribute to the economic development of same or the conservation and improvement of the environment.

Similarly, on a temporary basis until these additional funds begin to be received, the possibility that Enresa enter into collective collaboration agreements with the municipalities in the vicinity of Enresa-owned facilities is envisaged, given the particular link with that area."

During 2016, in accordance with Ministerial Order IET/458/2015, additional fund have been approved for the co-financing of local development projects through the Resolutions of the MITYC, of 4 February, for the sum of 509 thousand euros, of which 454 thousand euros have been justified and accrued in 2016.

In accordance with the single temporary provision, Collective Agreements of the aforementioned Ministerial Order, in 2016 and 2015, Enresa has signed agreements with local authorities for local development for sums of 264 and 867 thousand euros respectively.

4.14 Transactions between related parties (see Note 13)

The Company performs all its transactions with related parties at market prices and therefore the Company does not consider any significant risks from which material liabilities may arise in the future.

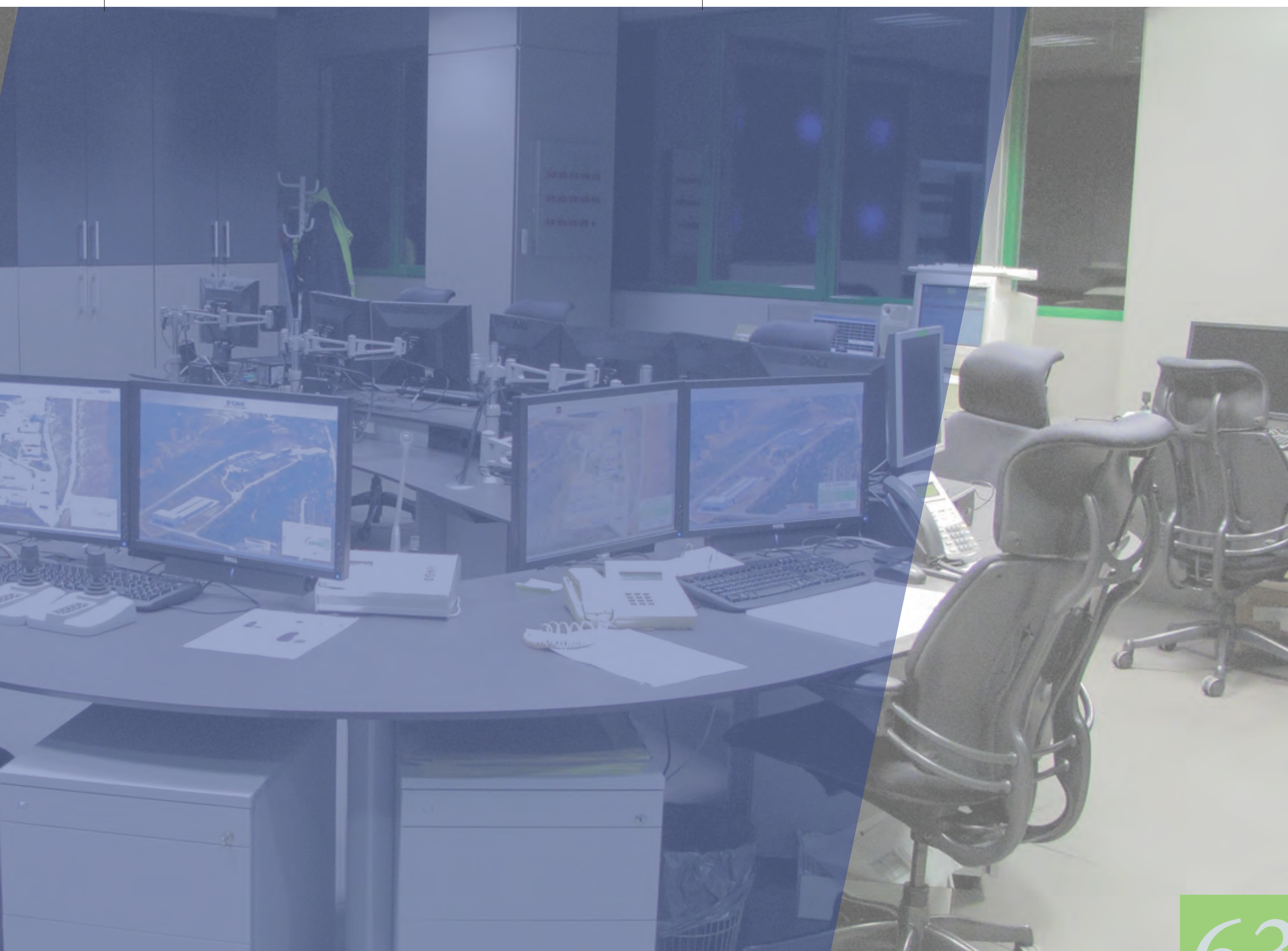
4.15 Non-cash generating assets or operating or service units

Order EHA/733/2010, of 25 March, approving the accounting of public companies operating in certain circumstances contains the standards that constitute the regulation of impairment of tangible fixed assets in public companies than operated in circumstances that impede the generation of cash flow.

In accordance with the Order, a distinction is made between cash-generating assets, which are those that are held for the purpose of obtaining a profit or generating commercial performance through the delivery of goods or the provision of services, and assets that do not generate cash flow, which are those held for the ultimate purpose other than generating commercial performance, such as economic or social flows that such assets generate and benefit society as a whole through their social benefit or service potential.

Non-cash flow generating assets are those used by state, regional or local public sector companies, whatever their legal status, that must apply accounting principles and standards collated in the Code of Commerce and in the General Accounting Plan of the Spanish company and that, considering the strategic nature of public utility of the activity, regularly offer benefits or provide services to other entities without payment, or in exchange for a fee or at a price set directly or indirectly by the Public Administration.

Enresa has no non-cash generating operating or service units, as the fees regulated by the sixth additional provision of Law 54/1997 of 27 November, the Electricity Industry Act, raise 100% of the funds necessary to meet the costs of the complete management of radioactive waste regulated by the General Radioactive Waste Plan, with no subvention on the part of the State, nor economic or social flows.



5

Intangible Assets

(see Note 4.1)

The movements occurring during the 2016 and 2015 financial years in the different intangible asset accounts and their corresponding accumulated depreciations are reflected in the following table:

In thousands of euros

Financial Year 2016

	Balance 01/01/16	Credits or allocations	Transfers	Debits, write-offs or reductions	Balance 31/12/2016
COSTS:					
Research and Development	2,983	3,955	-	(2,983)	3,955
Concessions, patents, licenses, brands and similar	3,123	-	-	-	3,123
Computer software	14,911	86	-	-	14,997
Total	**21,017**	**4,041**	-	**(2,983)**	**22,075**
DEPRECIATIONS:					
Research and Development	(2,983)	(3,955)	-	2,983	(3,955)
Concessions, patents, licenses, brands and similar	(3,123)	-	-	-	(3,123)
Computer software	(14,824)	(55)	-	1	(14,878)
Total	**(20,930)**	**(4,010)**	-	**2,984**	**(21,956)**
Total Net Cost	**87**	**31**	-	**1**	**119**

Financial Year 2015

	Balance 01/01/2015	Credits or allocations	Transfers	Debits, write-offs or reductions	Balance 31/12/2015
COSTS:					
Research and Development	3,445	2.983	-	(3,445)	2,983
Concessions, patents, licenses, brands and similar	3,123	-	-	-	3,123
Computer software	14,913	-	-	(2)	14,911
Total	**21,481**	**2,983**	-	**(3,447)**	**21.017**
DEPRECIATIONS:					
Research and Development	(3,445)	(2.983)	-	3,445	(2,983)
Concessions, patents, licenses, brands and similar	(3,123)	-	-	-	(3,123)
Computer software	(14,089)	(737)	-	2	(14,824)
Total	**(20,657)**	**(3,720)**	-	**(3,447)**	**(20,930)**
Total Net Cost	**824**	**(737)**	-	-	**87**

In the financial years 2016 and 2015, Enresa continued to participate in the European Research and Development Programmes, specifically the Shared Costs Programme of the European Union (EU), which finances both Enresa and its contractors. Enresa records the funds it received from the EU to finance its R&D projects as operating income in the financial year. In 2016, it received such funds up to a sum of 15 thousand euros (64 thousand euros in 2015).

The sum of the elements that were fully depreciated on the balance sheet as of the 31 December 2016 and 2015 was from 21,839 and 20,820 thousand euros, as per the following breakdown:

Item	*In thousands of euros Carrying value (gross)*	
	2016	**2015**
Research and Development	3,955	2,983
Concessions, patents, licenses, brands and similar	3,123	3,123
Computer software	14,761	14,714
TOTAL	**21,839**	**20,820**

6

Fixed Assets

(see Note 4.2)

The movements registered during financial years 2016 and 2015 in the different tangible fixed assets accounts in their corresponding accumulated depreciation are as follows:

In thousands of euros

Financial Year 2016

	Balance 01/01/16	Credits or allocations	Transfers	Debits, write-offs or Reductions	Balance 31/12/2016
COSTS:					
Land and buildings	43,573	-	9	-	43,582
Technical installations and other fixed assets	273,837	381	22,400	(706)	295,912
Assets under construction and advances	87,806	22,385	(22,409)	(45)	87,737
Total	**405,216**	**22,766**	-	**(751)**	**427,231**
DEPRECIATIONS:					
Land and buildings	(24,717)	(584)	-	-	(25,301)
Technical installations and other fixed assets	(143,889)	(12,134)	-	674	(155,349)
Total	**(168,606)**	**(12,718)**	-	**674**	**(180,650)**
Total Net Cost	**236,610**	**10,048**	**-**	**(77)**	**246,581**

For the 2016 financial year, investments in new fixed assets were valued at 22,766 thousand euros (35,073 thousand euros in 2015). Among the most significant were the manufacturing of metallic storage casks at the Trillo NPP, at a cost 533 thousand euros (2,284 thousand euros in 2015), the Individualised Temporary Storage facility at the José Cabrera NPP for a sum of 254 thousand euros (425 thousand euros in 2015), the new installations at the El Cabril Disposal Facility valuing 674 thousand euros (5,039 thousand euros in 2015), the Centralised Temporary Storage facility at a cost of 12,677 thousand euros (12,908 thousand euros in 2015),

In thousands of euros

Financial Year 2015

	Balance 01/01/2015	Credits or allocations	Transfers	Debits, write-offs or Reductions	Balance 31/12/2015
COSTS:					
Land and buildings	40,965	-	2,623	(15)	43,573
Technical installations and other fixed assets	266,580	508	8,517	(1,768)	273,837
Assets under construction and advances	64,381	34,565	(11,140)	-	87,806
Total	**371,926**	**35,073**	-	**(1,783)**	**405,216**
DEPRECIATIONS:					
Land and buildings	(24,564)	(555)	402	-	(24,717)
Technical installations and other fixed assets	(133,862)	(11,390)	(402)	1,765	(143,889)
Total	**(158,426)**	**(11,945)**	-	**1,765**	**(168,606)**
Total Net Cost	**213,500**	**23,128**	**-**	**(18)**	**236,610**

the project and progress of which is explained in note 12.7b), the manufacturing of metallic casks for storage at the Garoña NPP at a cost 1,921 thousand euros (2,426 thousand euros in 2015), the manufacturing of casks for storage at the Ascó NPP at a cost of 1,701 thousand euros (5,935 thousand euros in 2015), and the manufacturing of 10 ENUN32P dual purpose casks (transport and storage) for spent fuel from Spanish PWR plants at a cost of 4,817 thousand euros (3,752 thousand euros in 2015).

As of the 31 December 2016 and 2015 there was no provision for the impairment of tangible fixed assets.

The company has formalised insurance policies for asset risks with coverage that guarantees assets and materials in their entirety, as well as possible claims that may be made as a result of the exercise of its activity. The company considers that such policies provide sufficient coverage for the risks it is subject to.

The sum of the elements that were fully depreciated on the balance sheet as of the 31 December 2016 and 2015 was from 17,424 and 16,632 thousand euros, as per the following breakdown:

	In thousands of euros Carrying value (gross)	
Item	**2016**	**2015**
Constructions	4,014	3,855
Technical installations and other fixed assets	13,410	12,777
TOTAL	**17,424**	**16,632**

At the close of the financial years 2016 and 2015, the company has no elements subject to guarantee or firm commitments to purchase fixed assets.

Fixed Assets

7

Financial Investments

(see Note 4.5)

The existing financial instruments from the 31 December 2016 and 2015 are the following:

7.1 Investment Portfolio

In accordance with the options established in the Spanish General Accounting Plan, the company has designated its financial assets as "Investments maintained until maturity" and "Other assets at fair value through profit and loss." Nevertheless, in the case of the latter, these assets were purchased to be valued throughout their life The investment portfolio as a whole is managed with the objective of optimising the financing model for the management of radioactive waste in Spain provided in the General Radioactive Waste Plan, which determines a long-term time frame, which does not envisage partial divestments and a profitability target in real terms. The valuation criteria of the Securities Portfolio, with the exception of assets at fair value, through profit and loss, is the amortised cost with financial accrual of interest and not market value, as amortised cost is the criterion that best allows for the optimisation of the model. For the presentation of this note, financial investments have been grouped into long-term and short-term to offer an overall picture of same.

As of 31 December 2016 and 2015, Enresa held the following financial assets in its Securities Portfolio:

In thousands of euros

Class	Nominal	Carrying Value	Nominal	Carrying Value
	31/12/2016		31/12/2015	
Investments maintained until maturity	4,608,147	4,354,059	4,153,066	3,851,060
Other assets at fair value through profit and loss	245,000	246,822	286,700	301,072
Totals	**4,853,147**	**4,600,881**	**4,439,766**	**4,152,132**

The company categorises the investment portfolio, from a management perspective, into different classes of assets:

a)

State Debt:

Includes Spanish public debt, specifically, Spanish Treasury bond, coupon and principal strips from the Spanish Treasury, Treasury bills and short-term repos, whose underlying element is Spanish public debt. The carrying value and face value of this class are 1,632,010 and 2,024,393 thousand euros, respectively, in 2016 (1,555,512 and 1,960,393 thousand euros in 2015).

b)

Other Public Debt:

Includes financial assets issued by government agencies, the supranational bodies, the autonomous communities and the public debt of other countries. The carrying value and face value of this class are 1,393,462 and 1,331,111 thousand euros, respectively, in 2016 (1,328,148 and 1,294,711 thousand euros in 2015).

c)

Other obligations and bonds:

Includes a diverse range of financial assets from different issuers from different sectors, national as well as international and of different typologies. The carrying value and face value of this class of assets are 838,537 and 760,253 thousand euros in 2016 (976,311 and 892,453 thousand euros in 2015).

d)

Other short-term assets:

Covers financial assets, deposits and others, issued by financial institutions. The carrying value and face value of this class of assets are from 736,872 and 237,390 thousand euros, respectively, in 2016 (292,161 and 292,209 euros in 2015).

As of the 31 December 2016 and 2015 the maturity breakdown for the main items that form part of the section "investment portfolio" is the following:

Financial Year 2016

Thousands of Euros (Nominal)

Item / Class	Less than 5 years	between 5 and 10 years	between 10 and 15 years	between 15 and 20 years	more than 20 years	TOTAL
Investments maintained until maturity	1,753,571	1,581,545	918,983	269,598	84,450	4,608,147
Other assets at fair value through profit and loss	145,000	50,000	35,000	15,000	-	245,000
Totals	**1,898,571**	**1,631,545**	**953,983**	**284,598**	**84,450**	**4,853,147**

Financial Year 2016

Thousands of Euros (Nominal)

Item / Class	Less than 5 years	between 5 and 10 years	between 10 and 15 years	between 15 and 20 years	more than 20 years	TOTAL
Investments maintained until maturity	1,058,989	1,688,345	959,159	366,213	80,360	4,153,066
Other assets at fair value through profit and loss	121,700	115,000	35,000	15,000	-	286,700
Totals	**1,180,689**	**1,803,345**	**994,159**	**381,213**	**80,360**	**4,439,766**

During the 2016 financial year, several assets reached maturity by a nominal sum of 167,700 thousand euros (65,150 thousand euros in 2015).

For net profit and loss arising from the different categories of financial instruments defined in the rule of register and ninth valuation, see Note 12.5.

Financial Investments

In relation to financial assets at fair value through profit and loss we have:

In thousands of euros

Financial Year 2016

Class	Face Value 31/12/2016	Carrying Value 31/12/2016	2016 Variation of fair value	Accumulated Variation of fair value
Other assets at fair value through profit and loss	245,000	246,822	(12,803)	389
Totals	**245,000**	**246,822**	**(12,803)**	**389**

In thousands of euros

Financial Year 2015

Class	Face Value 31/12/2015	Carrying Value 31/12/2015	2015 Variation of fair value	Accumulated Variation of fair value
Other assets at fair value through profit and loss	286,700	301,072	(9,675)	13,192
Totals	**286,700**	**301,072**	**(9,675)**	**13,192**

For the 2016 and 2015 financial years, the company has estimated that there is no impairment to any financial instrument valued at amortised cost or fair value, and considers that there are no reasonable doubts regarding the repayment capacity of the assets due to the issuers, who hold the appropriate credit rating, in accordance with the Company's investment policies.

During the 2016 financial year, there were purchases of financial assets that had been designated by Enresa as "Other assets at fair value through profit and loss," while in 2015 purchases for a sum of 50,000 thousand euros were made. The contracting of this kind of instrument was authorised by the Committee for the Monitoring and Control of the Fund at its meeting of 9 July 2015.

7.2 Derivatives

All derivatives held by the Company are contracted with national or international financial institutions with the appropriate credit rating and consist of swaps between fixed or variable types at a variable interest, inflation or the value of a share price index that allows for the objectives of profitability and management to be achieved.

As of the 31st December 2016 and 2015, Enresa holds the following financial assets and liabilities arising from the financial derivatives contracted by the Company for the purpose of hedging against market risk and in accordance with the financial model established in the General Radioactive Waste Plan:

In thousands of euros

Class / Item	2016 *Notional*	2016 *Fair value*	2015 *Notional*	2015 *Fair value*
	31/12/2016		*31/12/2015*	
Financial derivatives (assets)	255,002	36,101	265,502	29,439
Financial derivatives (liabilities)	180,000	(79,456)	270,000	(84,025)
Totals	**435,002**	**(43,355)**	**535,502**	**(54,586)**

The derivatives held by the company are not susceptible to being designated as accounting hedges, in accordance with the applicable accounting standards.

For this reason, these derivative financial instruments have been booked at fair value as financial assets or liabilities, and the variations in same are entered in the profit and loss account.

The maturity breakdown of the groupings that come under "Derivatives" is the following:

Financial Year 2016

Thousands of euros (Notional)

Item / Class	*Less than 5 years*	*between 5 and 10 years*	*between 10 and 15 years*	*between 15 and 20 years*	TOTAL
Derivados	165,000	150,002	120,000	-	435,002
Totals	**165,000**	**150,002**	**120,000**	**-**	**435,002**

Financial Year 2015

Thousands of euros (Notional)

Item / Class	*Less than 5 years*	*between 5 and 10 years*	*between 10 and 15 years*	*between 15 and 20 years*	TOTAL
Derivados	200,500	215,002	120,000	-	535,502
Totals	**200,500**	**215,002**	**120,000**	-	**535,502**

During the 2016 financial year, derivatives for a notional value of 100,500 thousand euros (50,000 thousand euros in 2015) were depreciated or discharged.

For net profit and loss arising from the different categories of financial instruments defined in the rule of register and ninth valuation, see Note 12.5.

To calculate the fair value of these financial assets, the Company has taken as a reference the fair value calculated through valuation techniques based on discount of future cash flows and options. Interest rate and inflation curves, volatility implicit in all interest rate types and financial markets, have been included as market inputs.

Since 1 January 2013 the company has included a bilateral credit risk adjustment with the aim of reflecting both own risk as well as risk on the counterpart in the fair value of derivatives.

In order to determine the credit risk adjustment the company has applied a technique based on calculation through simulations of the expected total exposure (which includes both current exposure and potential exposures) adjusted by default over time and by the severity (or potential loss) assigned to the Company and each of its counterparts.

As of the 31 December 2016, the inclusion of credit risk in the determination of fair value of the derivatives has implied an increase in the valuation of the derivatives of 5,031 thousand euros (5,335 thousand euros in 2015).

For 2015, the Company has estimated that there is no impairment to any financial instrument, both valued neither at amortised cost nor at fair value, and believes there are no reasonable doubts regarding the repayment capacity of the assets by the issuers, who hold the appropriate credit rating, in accordance with the Company's investment policies.

7.3 Trade and service provision clients

The sum collected as trade debtors and other accounts receivable includes, mainly, the remaining sum pending for payment per kilowatt generated monthly by the nuclear power plants, corresponding to the taxes collected through the State Tax Administration Agency that shall be allocated to Enresa from the Treasury when the Secretary of State for Energy releases the funds (see note 1).

7.4 Information on the nature and level of risk of financial instruments

7.4.1. Qualitative Information

Enresa's management of financial risk is adapted to the needs and requirements of the applicable legal regulations which state the basic principles of the financial management of Enresa shall be security, profitability and liquidity. At the same time, it complies with the GRWP, in which the model for financing the management of radioactive waste in Spain is defined. It also complies with the general principles of management of the Fund for the financing of the activities of the GRWP, issued by its Monitoring and Control Committee.

a)

Credit Risk:

Enresa complies with the guidelines on diversification and creditworthiness established by the Monitoring and Control Committee in accordance with development capacities of the general investment criteria granted to said body by legislation.
Additionally, Enresa assigns investment to lines of concentrations of investment to its counterparts based on analysis of the financial solvency of same, ensuring even more prudence in addition to the guidelines issued by the Committee.

b)

Market Risk:

Enresa's portfolio of short-term financial investments must reach a specific minimum real interest rate through the model for the financing of radioactive waste management in Spain which the Government approved in the General Radioactive Waste Plans. For this reason, Enresa, insofar as financial markets allow, concentrates its financial investments on fixed-income financial instruments linked to Spanish inflation and with a margin above the aforementioned real interest rate. It diversifies its other investments among fixed-income alternatives offered on financial markets and always with the expectation of exceeding the established real interest rate as an objective.

c)

Liquidity Risk:

Enresa adjusts the liquidity structure of its financial investments to the requirements of the economic-financial planning approved by the government in the General Radioactive Waste. Given the broad time-frame of current planning, financial investments are fundamentally made on a long-term basis; provided that financial market conditions enable it and ensure it is advisable, with special liquidity requirements in the short or medium term. Nevertheless, the financial investments of the Portfolio in the long-term are mainly embodied in entirely liquid financial products.

7.4.2. Quantitative Information

Data calculated from the nominal value of the portfolio as of 31st December 2016 and 2015

a) Credit risk:

The percentages of financial assets by sector type are broken down as follows:

In thousands of euros

	2016		2015	
	Face Value	*%*	*Face Value*	*%*
Public sector	3,355,504	69.14%	3,255,104	73.32%
Financial Institutions	1,337,390	27.56%	969,409	21.83%
Energy	111,000	2.29%	161,000	3.63%
Communications and transport	49,253	1.01%	54,253	1.22%
Totals	**4,853,147**	**100.00%**	**4,439,766**	**100.00%**

b) Market Risk:

The percentages of financial assets by type of profitability obtained are broken down as follows:

	% of nominal	
Financial Assets	*2016*	*2015*
Percentage of financial assets at interest rate	61.06%	54.88%
Percentage of financial assets linked to inflation	35.23%	40.66%
Percentage of financial assets linked to variable rate indices with principle guaranteed	3.71%	4.46%

c) Exchange rate risk:

The percentages of financial assets in foreign currency are:

	% of nominal	
	2016	*2015*
Percentage of financial assets in USD	-	0.45%
Percentage of financial assets in GBP	0.62%	0.68%
Total (in foreign currency)	**0.62%**	**1.13%**

All financial assets in foreign currency are covered through exchange rate financial derivatives in such a way that the company is not exposed to exchange rate risk.

7.5 Fair value of financial instruments: Valuation techniques and applicable hypothesis for the measurement of fair value

The fair value of financial assets and liabilities shall be determined as follows:

- *The fair value of financial assets and liabilities with the standard terms and conditions and that are negotiated in the asset and liquid market shall be determined in reference to the market prices quoted.*
- *The fair value of other financial assets and liabilities (except derivative instruments) shall be determined in accordance with the valuation models generally accepted on the basis of discount of cash flows using the price of observable market transactions and those quoted by contributors for similar instruments.*

The following table shows an analysis of the financial instruments valued later from groups 1-3 based on the extent in which the fair value is observable.

Level 1 (1) Those referenced to quoted prices (without adjustment) in active markets for identical assets or liabilities

Level 2 (2) Those referenced to other inputs (which are not quoted prices included in level 1) observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3 (3) Those referenced to valuation techniques that include inputs for the assets or liabilities not based on observable market data (inputs that are not observable).

In thousands of euros

Financial Year 2016				
	Level 1	*Level 2*	*Level 3*	*Total*
Derivative Financial Assets Instruments	---	282,923	---	**282,923**
Derivative Financial Liability Instruments	---	(79,456)	---	**(79,456)**

Financial Year 2015				
	Level 1	*Level 2*	*Level 3*	*Total*
Derivative Financial Assets Instruments	---	330,511	---	**330,511**
Derivative Financial Liability Instruments	---	(84,025)	---	**(84,025)**

8

Net Equity and Own Funds

(see Note 4.5.3)

8.1 Share Capital

On the 22 May 2001, the Board of Directors of Enresa approved the re-designation of the share capital to Euro. For this reason, the reduction of share capital by 72.63 euros was agreed through the creation of the corresponding restricted reserve. The share capital of Enresa remains represented by 60,000 shares at face value of €60.10, entirely subscribed and fully paid.
As of the 31 December 2016 and 2015, the breakdown of shareholders of Enresa is the following:

Shareholders	*Percentage of Participation*	*In thousands of euros*
Centre of Energy, Environment and Technology Investigations. (CIEMAT)	80%	2,885
State Industrial Ownership Corporation (SEPI)	20%	721
Totals	**100%**	**3,606**

8.2 Reserves

In accordance with the Companies Act the limited Company must allocate a figure equal to 10% of the year's profit to the legal reserve until it reaches at least 20% of share capital. The legal reserve may be used to increase capital in the part of the account balance that exceeds 10% of the capital already increased. Other than for the above purpose and without exceeding 20% of share capital, this reserve may only be used to compensate for losses and provided there are no other reserves available and sufficient for this end.

At the end of the 2016 financial year this reserve is fully constituted.

9

Fund for the Financing of the Activities of the General Radioactive Waste Plan

(see Note 4.12)

The variations in this fund over the course of the 2016 and 2015 financial years were the following:

In thousands of euros

	2016	2015
Balance on 1 January	4,613,069	4,254,629
Implementation in practice in the financial year	(183,385)	(199,017)
Provision in practice in the financial year	587,952	557,457
Balance on the 31 December	**5,017,636**	**4,613,069**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10

Debts

Information on average period of payment to suppliers. Third additional provision, duty of information of Law 15/2010, of 5 July.

In accordance with that set out in Law 15/2010, on the 5 July, amending Law 3/2004, of 29 December, subsequently amended by Law 31/2014, establishing measures to combat the accumulation of arrears in commercial operations and in accordance with the Resolution of 29 January 2016 of the Institute of Accounting and Auditing of Accounts, regarding the information to be included in the annual financial statements in relation to the average payment period to suppliers in commercial operations, applicable to the annual financial statements for all years from 1 January 2015 on, the information relating to deferred payments to suppliers in commercial operations is presented.

arrears for the years 2016 and 2015, in commercial operations, is 30 days, except where there is an agreement between the parties to extend that period up to a maximum of 60 days.

The ratio of transactions pending payment is penalised, basically, by bills in which there exist discrepancies with the contractor for their payment.

The data provided above on payments to suppliers refers to those that, by their nature, are commercial creditors through debts with suppliers of goods and services, in such a way to include the relevant data to the parties "suppliers" and "sundry creditors" of the current liability on the balance sheet.

Payments made and pending payment at the end of the financial year	*2016 Days*	*2015 Days*
Average period of payment to suppliers	28.84	23.31
Ratio of paid transactions	27.60	23.05
Ratio of transactions pending payment	251.39	69.59
	Value (thousands of euros)	*Value (thousands of euros)*
Total completed payments	**92,863**	**181,906**
Total pending payments	**518**	**1,022**

The maximum legal payment period applicable to the Company according to Law 3/2004, of 29 December, establishing measures to combat the accumulation of

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11

Public Administrations and Tax Status

(see Note 4.8)

11.1 Current balance with Public Administration

The composition of the current balance with Pubic Administration as of 31 December 2016 and 2015 is the following:

In thousands of euros

Item	2016		2015	
	Debtors	Creditors	Debtors	Creditors
Tax Authorities, Corporation Tax	201	-	894	-
Tax Authorities, deductions taken	-	693	-	690
Tax Authorities, VAT	-	2,539	-	2,099
Social Security Administrations	-	499	-	845
Tax Authorities, non-resident tax	-	3	-	6
Eco tax	-	1,807	-	1,936
Other public administrations	-	863	-	116
TOTAL	**201**	**6,404**	**894**	**5,692**

11.2 Reconciliation of reported profit and taxable income

The reconciliation between the reported profit of the 2016 and 2015 financial years and the taxable income subject to Corporation Tax is the following:

In thousands of euros

Financial Year 2016

Item	*INCREASES*	*DECREASES*	*BALANCE*
Reporting profit			114
Permanent differences (not including Corporation Tax)	1,529	(2,051)	(522)
Time differences	-	(943)	(943)
Taxable income (accounting profit)			**(1,351)**
Gross tax payable (25%)			-
Deductions for investments			-
Tax liability			-
Withholding taxes			(201)
Sum payable / (receivable)			**(201)**

In thousands of euros

Financial Year 2015

Item	*INCREASES*	*DECREASES*	*BALANCE*
Reporting profit			113
Permanent differences (not including Corporation Tax)	2,236	(2,536)	(300)
Time differences	-	(879)	(879)
Taxable income (accounting profit)			**(1,066)**
Gross tax payable (28%)			
Deductions for investments			-
Tax liability			-
Withholding taxes			(311)
Sum payable / (receivable)			**(311)**

The increases in permanent differences in the 2016 and 2015 financial years correspond, basically, to expenses for non-tax deductible donations and agreements.

The decreases in the permanent differences in 2016 and 2015 basically correspond to the reversal of the waste management provision, endorsed by the consultation that took place at the Directorate General of Taxation in 1997, due to the fact that said income cannot be used for the determination of the taxable base, for the part of same that corresponds proportionally to the non-tax deductible provision in the period in which it was provided.

Due to the volume of tax losses pending enforcement by the company and that the time limit for the recovery of these tax bases is more than 10 years, the provision applied is considered a permanent difference.

In the 2014 financial year, temporary differences were registered as a result of the application of Article 7 of Law 16/2012, of 27 December, introducing various tax measures aimed at consolidating public finances and promoting economic activities. Said law established a 70% limit for the deduction of book depreciation in respect of elements of tangible and intangible fixed assets, in the corporation tax base.

The value of write downs that were not financially deducted in these periods in accordance with the established limit will be deducted on a linear basis over a period of 10 years or optionally during the useful life of the asset, from the first tax period starting in 2015. Consequently in the provisional liquidation for 2016, apart from the write downs for the period, one tenth of the write downs not deducted in the years 2013 and 2014 has been deducted, resulting in a recovery rate of 220 thousand euros (246 thousand euros in 2015).

On 3 December 2016, Royal Decree Law 3/2016 was published, adopting tax measures for the consolidation of public finances, which introduces relevant amendments in the scope of Corporation Tax. Among others, it establishes, with effect from 1 January 2016, the obligation to reverse, within a maximum period of 5 years, the provisions for the impairment in value of participations that were deductible prior to 2013, limiting the compensation for tax losses for large companies to 25% of the taxable base and limiting the application of the deduction for double internal or international imposition generated or pending application to 50% of the previous full liability. In addition, with effect from 1 January 2017, losses on the transfer of participations shall not be deductible. In the 2016 financial year, these measures have had no significant negative impact on the financial situation of the Company.

11.3 Reconciliation of reported profit and deferred corporation tax expense

The reconciliation between the accounting result and the company tax expenditure is the following:

In thousands of euros

Item	2016	2015
Reported profit	114	113
Permanent differences	(522)	(300)
Adjusted reported profit	(408)	(187)
Amount at 25% and 28%	(102)	(52)
Impact of temporary differences	(236)	(246)
Deductions:		
For double taxation	-	-
For reinvestment of profits	-	-
Deductions for investments	-	-
Tax losses	338	298
Current corporation tax expense	-	-
Deferred corporation tax expense	236	246
Deferred negative corporation tax adjustments	-	-
Adjustment for previous year corporation tax paid	16	(111)
Total corporation tax expense recognised in profit and loss account	**252**	**135**

11.4 Assets for registered deferred tax

The balance breakdown of this account at the end of the 2016 and 2015 financial years is the following:

In thousands of euros

	2016	2015
Temporary differences:		
Fixed asset depreciation	1,758	1,978
Other	3	36
Total deferred tax assets	**1,761**	**2,014**

The deferred tax asset arises as a consequence of the temporary differences that have their origin in the different criteria for the accounting and tax allocation of assets.

The deferred tax assets indicated above have been registered on the balance sheet in light of the fact that the Company Administrators, in accordance with the best forecasts for future results, consider it likely that these assets be recovered.

The sum per deferred tax asset of the 2014 financial year was adjusted to the tax types of those that will recover the deduction, that were modified in 2014 by the new Corporate Income Tax Law, being 28% for 2015 and 25% for 2016 and beyond.

In the 2016 financial year deferred tax assets were recovered by deferred tax corresponding to the depreciations of 2013 and 2014 valuing 220 thousand euros (246 thousand euros in 2015), which have been partly redeemed by the generation of other deferred tax assets.

11.5 Unregistered deferred tax assets

The company has not registered certain deferred tax assets on the balance sheet attached, considering it unlikely that in the future there will be positive taxable income that will allow for their recovery.

The breakdown of these unregistered assets is the following:

1 - Tax losses:

The company has pending tax losses to compensate for as of the 31 December 2016 for a sum of 260,724 thousand euros (258,499 thousand euros at 31 December 2015) according to the following breakdown:

YEAR	TAX BASE 2016	TAX BASE 2015
1997	21,321	21,321
2000	17,400	17,400
2001	26,280	26,280
2002	31,306	31,306
2003	28,404	28,404
2005	33,706	33,706
2007	5,906	5,906
2008	79,882	79,882
2009	5,711	5,711
2010	3,564	3,564
2011	3,953	3,953
2015	1,940	1,066
2016	1,351	-
TOTAL	260,724	258,499

2 - Deductions:

As of the 31 December 2016 and 2015, the company has pending tax incentives to deduct for a sum of 31,939 and 33,138 thousand euros, respectively that, for the most part, correspond to research and development costs, as per the following breakdown:

YEAR BEGINNING	SUM 2016	SUM 2015	EXPIRATION
1997	0	2,120	2015
1998	2,120	2,120	2016
1999	2,115	2,115	2017
2000	1,253	1,253	2018
2001	2,309	2,309	2019
2002	2,047	2,047	2020
2003	2,144	2,144	2021
2004	1,108	1,108	2022
2005	1,680	2,055	2023
2006	2,077	2,048	2024
2007	1,696	1,674	2025
2008	1,359	1,343	2026
2009	1,310	1,299	2027
2010	1,722	1,717	2028
2011	1,840	1,840	2029
2012	1,618	1,618	2030
2013	1,880	1,880	2031
2014	932	932	2032
2015	1,135	1,516	2033
2016	1,594	-	2034
TOTAL	**31,939**	**33,138**	

11.6 Other financial information

The company has pending credit to be recovered, resulting from the provisional repayment of the tax on profits from the 2016 financial year, for the most part originating from retentions of financial yields. Said sum amounts to 201 thousand euros (894 thousand euros in 2015).

Given that the date has not affected the tax repayment regarding profits corresponding to 2016, the same figures can suffer some variation, which is why the effects of the tax liquidation are considered to be provisional.

According to the current legislation, tax settlements may not be deemed final until they have been inspected by tax authorities or the limitation period of four years has elapsed. As of the drafting date of these statements, the company has the following taxes open for inspection:

2012 to 2015	2013 to 2016	2013 to 2016
CORPORATION TAX	VAT	PERSONAL INCOME TAX

The company considers that that these tax settlements have been applied appropriately, therefore, even in the event that discrepancies regarding the interpretation of the current legislation arise due to the tax treatment granted to transactions, the resulting liabilities, if they were to materialise, would not affect the attached financial statements in any significant way.

12

Income and Expenditure

(see Note 4.9)

12.1 Net turnover

The distribution of the net turnover corresponding to the ordinary activity of the company in the financial years 2016 and 2015 is the following:

In thousands of euros

By activities	*2016*	*2015*
Established income in the electric tariff (CNMC)	-	(10)
Billing of electrical companies (tolls) fee model 681	146	139
Billing of electrical companies (kWh nuclear) fee model 682	394,551	383,936
Billing for manufacturing of nuclear fuel fee model 683	421	476
Billing of radioactive facilities. fee model 684	330	154
Total income of activities	**395,448**	**384,695**

All income has been produced within the national territory.

12.2 Other Operating Income

The distribution of other operating income corresponding to the ordinary activity of the company in the financial years 2016 and 2015 is the following:

In thousands of euros

By items	*2016*	*2015*
EU Financing for Research and Development (Note 5)	15	64
Provision of services for international technical assistance projects	239	374
Subsidies for operation and repayment of authorities	40	2
Other management income (travel rebates, accident reduction and prevention incentive, magazine advertising, services to Fundación Enresa and others)	77	141
Total other operating income	**371**	**581**

12.3 Social Contributions

The balance for the heading "Social contributions", recorded in the attached profit and loss account for the financial years 2016 and 2015, show the following breakdown:

In thousands of euros

By items	*2016*	*2015*
Social Security at the expense of the company	4,501	4,767
Other social expenses	1,315	1,367
Total social security contributions	**5,816**	**6,134**

12.4 Transactions carried out in currencies other than euro

(see Note 4.7)

During the 2016 and 2015 financial years, the company carried out transactions in currencies other than euro. The breakdown of the balance and most significant transactions in foreign currency, valued at the closing exchange rate and type of average change, respectively, is the following:

	2016		2015	
By items	*In foreign currency*	*In thousands of euros*	*In foreign currency*	*In thousands of euros*
Accounts receivable				
US Dollars - Treasury	7,946	7,538	10,647	9,779
Services provided				
Australian Dollars	-	-	1	1
US Dollars	1	1	-	-
Services received				
US Dollars	2,753	2,209	4,436	3,487
Swedish Krona	1.5	0.2	-	-
South African Rand	15	1	-	-

12.5 Financial income and expenditure

The sum for financial income and expenditure recognised in the financial results for 2016 and 2015, by class of financial instrument, is as follows:

Financial Year 2016

In thousands of euros

By items	*Financial income*	*Financial expenditure*	*Net Financial Results*
Investments maintained to maturity	155,332	-	155,332
Non-derivative financial assets at fair value	8,536	-	8,536
Derived interest	11,458	(29,481)	(18,023)
Differences through application of fair value to bonds	1,545	(11,496)	(9,951)
Differences through application of fair value to derivatives	12,959	(1,728)	11,231
Change differences	26	(12)	14
Other	298	-	298
Totals	**190,154**	**(42,717)**	**147,437**

Financial Year 2015

In thousands of euros

By items	*Financial income*	*Financial expenditure*	*Net Financial Results*
Investments maintained to maturity	135,210	-	135,210
Non-derivative financial assets at fair value	7,900	-	7,900
Derived interest	8,168	(26,750)	(18,582)
Differences through application of fair value to bonds	2,654	(12,594)	(9,940)
Differences through application of fair value to derivatives	21,646	(4,816)	16,830
Differences through application of fair value to other debts	-	(1,433)	(1,433)
Change differences	93	(62)	31
Other	357	-	357
Totals	**176,028**	**(45,655)**	**130,373**

12.6 Fundación Enresa

On 27 December 1990, Enresa set up a non-profit beneficial assistance Foundation of dual nature and indefinite duration. Nevertheless, in accordance with agreement of the Council of Ministers of 21 June 2013, which approved a broad range of measures aimed at the improvement, simplification and optimisation of the functioning of Public Administration, among them the suppression of Fundación Enresa, and its integration within Enresa. As of 31 December 2016, it shall be liquidated once pending commitments are fulfilled, having returned to Eneresa, as a result of the liquidation of its assets and profits, the sum of 432 thousand euros, including the founding allocation. The Foundation's principal objective was the provision of assistance services to drive and develop the social wellbeing of the populations located in the area of influence of Enresa facilities. The contribution allocated to the profit and loss account for 2016 under the heading "External services" was 1,140 thousand euros (1,080 thousand euros in 2015). In addition, the refund received from the Foundation for the aforementioned liquidation of assets and rights, for the sum of 432 thousand euros, has been registered under the epigraph "Other results".

12.7 Waste management

The major strategic activities and objectives carried out in 2016 for each of the main lines of activity can be summarised in:

a)

Low and Intermediate level Waste and Very Low level Waste (LILW/VLLW)

Throughout 2016, Enresa continued to transport this type of waste, both from nuclear installation and from radioactive facilities to the El Cabril waste disposal facility, which has been operating as standard, having delivered over 157 shipments with a total of 1,099 m^3 transported.

b)

Spent Fuel and High level Waste (SF/HLW)

Enresa, following the resolutions of the Ministry of Industry, Energy and Tourism, has covered the costs of the reprocessing in France of the spent fuel from the Vandellós I nuclear power plant.

In 2012, Enresa signed a supplementary agreement for the densification of waste with Areva NC through which they changed the type and volume of waste that would return to Spain, and also establishing a new period for its return to Spain. The cost of the agreement was 194,000 thousand euros. As of 31 December 2014, 30% (58,200 thousand euros) remains pending, upgraded from the benchmark reference, which was billed in October 2015 and subsequently paid. It has been recorded as expenditure in the profit and loss account from when the provision of services began during the years 2013 to 2015, except the cost of transporting the waste to Spain which has been

recorded under the heading "long-term accruals" on the balance sheet, until the transport is carried out.
In 2013 a new agreement was signed in which the reduction of the definitive volume of waste densification, going from a forecast volume in previous agreement of 68 bundles of type CSD-V, 84 of type CSD-B, 54 of type CSD-C and 12 of type CSD-C. This has seen a very significant reduction in the waste volumes forecast in the previous agreement.
Furthermore, in 2013, waste production was carried out through the assignment of same in the formats indicated in the previous paragraph and therefore yielded the cost of its manufacture. Additionally, its financial value in 2012 has been completed monthly through the amortised cost method until reaching the debt payable, on 31 October 2015, 28,000 thousand euros of the waste allocation and 7,200 thousand euros of storage of the waste in France. The interest accumulated for these items as of 31 December 2015 was 4,103 thousand euros.
Apart from the costs mentioned above, updated by the reference index, that have been paid to Areva in 2015, the sum of 23,753 thousand euros has been paid for the cost of transport of waste to Spain, transport which is currently expected to be carried out in the year 2020, entered under *"long term accruals and deferrals"* of non-current assets on the balance sheet.
In accordance with the Protocol of May 2001 and the agreement reached between Enresa and Areva, of 22 August 2013, in its fifth clause, relating to the return of waste from the Vandellós I NPP to Spain, it is established that in the event of the failure to meet the deadlines for return of the waste set as 30 June 2017, from said date and without retrospective character, a daily penalty shall be applied by Areva to Enresa.
The sums paid by Enresa to Areva under this item shall be returned to Enresa at the time of the return of the last shipment of waste, once the storage costs borne by Areva from 1 October 2015 are deducted. The estimated date of return is early 2020.
As of 31 December 2016, the sum registered in the profit and loss account for storage amounts to 1,626 thousand euros, remaining pending upon the closure date and which shall be paid upon completion of transport.

With regard to the reprocessing of fuel at Santa María de Garoña NPP during the 2004 financial year, a complementary agreement was signed to the contract originally signed between Nuclenor and Enresa in February 1990. This contract established the conditions for the management of radioactive waste generated at the Santa María de Garoña NPP and for its decommissioning.
On 9 November 2003, Royal Decree 1349/2003, of 31 October, on the activities and financing of Enresa (which was repealed and substituted by the Royal Decree 102/2014, of 21 February, for the responsible and safe management of spent nuclear fuel and radioactive waste) in which the system of financing of Enresa must cover the costs it incurs, from the entry into force of the he Royal Decree, for the management of radioactive waste generated in the production of nuclear-electric energy from the start date of said production.
Previously, Nuclenor had signed a contract with the company British Nuclear Fuel Limited (BNFL) for the reprocessing of at least 500 irradiated fuel elements from the Santa María de Garoña nuclear power plant. This reprocessing has generated costs for Nuclenor charged to the Fund for the Financing of the Activities of the General Radioactive Waste Plan in accordance with the aforementioned Royal Decree. In 2016 storage costs of 711 thousand euro were incurred in the United Kingdom (798 thousand euros at 31 December 2015).

With the objective of finding a solution to the waste generated from the reprocessing of spent fuel at the Santa María de Garoña NPP, in December 2011, the British Government allowed for transfer of licensee to be accepted for the plutonium generated by the spent fuel reprocessing contracts. In June 2013, the English company International Nuclear Services Ltd., with the approval of the Nuclear Decommissioning Authority (NDA), made a preliminary offer to Nuclenor for the transfer of license of said plutonium. Later, in May 2015, the Board of Directors of Enresa supported Nuclenor to negotiate the transfer of license. Subsequently, in the last quarter of 2016, the agreement between Nuclenor and INS-NDA was sent to EURATOM for validation and the Board of Directors of Enresa considered and deemed acceptable the terms of the agreement for the transfer of license. Finally, in the month of December 2016 the Ministry of Energy, Tourism and the Digital Agenda endorsed the transfer of the license of the plutonium arising from reprocessing of fuel at the Santa María de Garoña NPP to the English company International Nuclear Services, Ltd. As of 13 January 2017, the agreement has been signed, making said transfer effective, which, in 2017 will represent a cost of 44,219 thousand pounds sterling (50,426 thousand euros).

In relation to the management of spent fuel at Santa María de Garoña NPP, the manufacturing of 4 fuel dual purpose casks (transport and storage) has been completed, which are pending transfer to the site, with the manufacture of another cask underway. In 2016, the construction of the Individualised Temporary Storage facility at this plant was charged to the Fund.

2016 saw operations continue as normal at the Individualised Temporary Storage facility at Trillo NPP, where 32 casks with 21 fuel elements each are located.

Operations continue with the Individualised Temporary Storage facility at Ascó NPP and the loading of new HI-STORM casks. In 2016, the loading of two casks was carried out, bringing the cumulative total to 11 casks in the storage slabs. There are 6 casks completed and delivered to the site, pending loading.

With regard to the management of spent fuel at the José Cabrera NPP. Individualised Temporary Storage facility operated normally, housing all the casks as planned, 12 HI-STORM casks loaded with the spent fuel from the plant, and 4 HI-SAFE casks loaded with the special waste resulting from the internal segmentation of the vessel. In 2016, maintenance works continued on the Individualised Temporary Storage (ITS) facility.

With regard to the CTS project, in the month of January 2014, MINETUR and the Nuclear Safety Council were presented with the documentation required in the Nuclear and Radioactive Facilities Regulation for the request for the Preliminary Authorisation and Construction Authorisation for the facility.

In July 2015 the Nuclear Safety Council issued reports that were favourable to the request for Preliminary Authorisation and the Radioactive Impact on the public in normal operation associated with the Environmental Impact Study of the CTS.

During 2016, design and documentation preparation activities have been on-going to obtain the Preliminary Authorisation and Construction Authorisation, as have the works relating to compliance with the Technical Instructions of the CSN.

In July 2015 an agreement of the Regional Government of Castilla-La Mancha was published, initiating the extension of the Natura 2000 Network protected area of Laguna del Hito, a decision which, by virtue of the environmental legislation in force, forced the suspension of any work authorisation for this area. In October of this same year, the Spanish Government filed an administrative appeal before the High Court of Justice of Castilla-La Mancha against said decision. The decision of the Regional Government of Castilla-La Mancha may cause some delay to the project.

In October 2016, the Official Gazette of Castilla-La Mancha published Decree 57/2016, extending the BirdLife Special Protection Area (SPA) of the Laguna del

Hito and proposing to the European Commission its declaration as a Site of Community Interest (SCI).
In December 2016, the Supreme Court ruled to provisionally suspend the ruling of the Regional Government of Castilla-La Mancha initiating the procedure to extended the Natura 2000 Network Protected Space of Laguna del Hito and the modification of the Natural Resources Ordinance Plan for the La Laguna del Hito Nature Reserve, published in the Official Gazette of Castilla-La Mancha on 29 July 2015.
Following the line of the Supreme Court, on 8 March 2017 last, the High Court of Justice of Castilla-La Mancha suspended the application of the aforementioned Decree 57/2016 extending the SPA. The suspension ruling was itself appealed by the Regional Government of Castilla-La Mancha on 20 March 2017.
Enresa continues to work to minimise the effects of this delay, particularly in the licensing process for the installation on the part of CSN, with the aim of ensuring the viability of the project and a satisfactory conclusion.

c)

Closure of Facilities

Enresa, in accordance with the authorisation granted by the Ministry of Industry and Energy (now the Ministry of Energy, Tourism and the Digital Agenda) for the execution of the decommissioning activities at Vandellós I NPP, of which safestore of decommissioning took place in the period from 1998-2003, continues with the activities associated with latency phase in which the facility is currently.
On 11 February 2010, trusteeship was transferred to Enresa as the body responsible for the José Cabrera NPP. For this project, the full immediate decommissioning alternative was chosen, leaving the site free in full for industrial use, subsequent to transfer of the spent fuel from Individualised Temporary Storage facility (ITS).

In 2016, work was completed on the decontamination and segmentation of the cavities of the biological shielding, the decontamination of scrap metal and the diamond wire cutting of the old cover of the vessel and the segmentation of other metallic pieces. Decontamination works on the paraments of the Contention and Auxiliary buildings continue.
In parallel, work continued on the radioactive characterisation of the sites of the radioactive buildings and the soils, along with the assembly and testing of a soil washing plant to reduce the volume of waste arising from contaminated soils.
With regard to the definitive restoration of Saelices el Chico, during 2016, different activities and pilot tests have been carried out to reduce the generation of acidic water at the site, and to reduce the costs of water treatment through alternative systems to the conventional ones.

d)

Research and Development

Enresa has continued to work on the 7th Research and Development Plan (2014-2018) which has been structured along four subject areas and one cross-cutting area. These pertain to precise knowledge of waste both in terms of its intrinsic properties and its behaviour over time; treatment and conditioning of waste and the operational techniques thereof, dismantling of radioactive and nuclear facilities; the study of materials used for their confinement and their relations with radioactive waste; the impact of these upon the environment in consideration of current and future scenarios; and studies relating to radiation protection for the environment and human beings. The cross-cutting area pertains to the management of knowledge and scientific-technology assets generated and coordination between the different parties involved.

13

Transactions and Balances with Related Parties

(see Note 4.14)

13.1 Transactions with related parties

The breakdown of operations carried out with related parties during 2016 and 2015, and the balances at 31 December 2016 and 2015 are as follows:

In thousands of euros

	Billing 2016	*Balance 31/12/2016*	*Billing 2015*	*Balance 31/12/2015*
CIEMAT				
Services received	1,600	244	1,748	261
Services provided	-	6,253	9	6,253
Dividends paid	90	-	101	-
SEPI				
Services received	9	-	11	-
Dividends paid	23	-	25	-

The balances at the end of each financial year, for services received and provided, can be found under the headings “trade creditors” and “trade debtors” of the attached balance sheet.

The services received from CIEMAT have a direct relationship with the waste management activity and research and development of same and have been contracted with CIEMAT, fundamentally

because it is the only laboratory with the capability for certain analyses and studies of radioactivity.
Enresa and CIEMAT signed a an association agreement, in 1990, for a term of 5 years and which was extended to 31 December 2015, the purpose of which was to resolve the problem of management of Spanish nuclear and radioactive waste through research and development of techniques for its treatment and all the projects under this agreement come within this area of activity. On 22 December 2015, a new framework agreement was signed to enter into force on 1 January 2016 for an initial duration of 4 years.
In terms of the services provided, these refer to work carried out as part of the “Integrated Plan for the Improvement of CIEMAT Facilities”, (PIMIC). The sums are appropriately formulated and supported and have been transferred to the authorities upon which the body in question depends and the need to find a rapid solution that allows for payment of the pending sum.

13.2 Remuneration of the Management Committee and Senior Management

At the end of the financial years 2016 and 2015 the number or persons forming part of the Board of Directors is 12, comprised, on 31 December 2016, of 4 women and 8 men (4 women and 7 men on 31 December 2015).
The total sum for remuneration and expenses paid to directors of the Company for the year 2016 and 2015 was as follows:

In thousands of euro

By items	2016	2015
Salaries	162	162
Expenses	76	82
Expenses payable through Treasury for Senior Executives	18	19
Expenses to be billed by SEPI	9	9
Total	**265**	**272**

On 31 December 2016 and 2015, there were no advances or credits provided to members of the Board of Directors.

The company has not provided any sum during 2016 and 2015 in the form of life and accident insurance in respect of any of the Company Directors.

The remuneration of Senior Management staff of the company, excluding those that, simultaneously, occupied a position on the Board of Directors of the Company during 2016 was 618 thousand euros (583 thousand euros in 2015).

As of 31 December 2016, the Company has not granted any loans to Senior Management. However, as of 31 December 2015, the Company has granted loans to Senior Management for a sum of 41 thousand euros of which had produces amortisation for a sum of 12 thousand euros and the pending balance of said loans was 19 thousand euros which has been repaid in full during the 2016 financial year.

The Company has no obligations contracted in relation to life and accident insurance for Senior Management.

The conditions of loans are established for staff of the company in the applicable Collective Agreements.

The Company has also contracted a civil liability insurance policy for the Administrative Body for a premium of 9 thousand euros for 2016 (9 thousand euros in 2015).

13.3 Other information relating to the Board of Directors of the Company

As of the date of preparation of these financial statement, neither the members of the Board of Directors of Enresa nor persons associated with them, as defined in Article 231 of the Companies Act, have communicated to other members of the Board of Directors any situation of conflict of interest, direct or indirect, with the interests of the Company, other than that declared by a) Cayetano López Martínez, who was Vice-chairman until 30 January 2017; b) Ramón Gavela González (appointed Vice-chairman on the same Board of Directors); c) Mercedes Real Rodrigálvarez; and d) José Manuel Redondo García. All of these have held the role of Director of the company Enusa Industrias Avanzadas, S.A., a company that develops an activity complementary to that of Enresa

The Directors have not carried out, during the financial years 2016 and 2015, related operations outside of ordinary traffic or that would not have been carried out in normal market conditions with company or with companies of the group.

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Information on the Environment

Given that the set of activities developed by the Company are aimed at guaranteeing the safety of persons and the protection of the environment, the expenditure and investments to these effects of this section correspond to those entered on the balance sheet and in the profit and loss account of these Financial Statements.

The Company has no litigation or contingencies relating to environmental protection or improvements.

15

Other Information

15.1 Personnel

The average number of employees for 2016 and 2015, distributed by professional categories and the number of employees at the close of the 2016 and 2015 financial years distributed by professional categories and gender, is as follows:

Financial Year 2016

CATEGORY	Number average of employees	Employees on 31 December 2016		
		Men	Women	Total
Senior Management (*)	6	3	3	6
Higher degree graduates	120	67	54	121
Graduates	68	60	11	71
Administrative staff	63	16	45	61
Professionals - Trades	69	68	1	69
Totals	**326**	**214**	**114**	**328**

(*) Includes the Chairman, who is also included in the Board of Directors.

Financial Year 2015

CATEGORY	Number average of employees	Employees on 31 December 2015		
		Men	Women	Total
Senior Management (*)	6	3	3	6
Higher degree graduates	119	68	51	119
Graduates	68	58	10	68
Administrative staff	61	15	48	63
Professionals - Trades	69	68	1	69
Totals	**323**	**212**	**113**	**325**

(*) Includes the Chairman, who is also included in the Board of Directors.

During the 2016 and 2015 financial years, the Company has had employees, a graduate and an administrative officer, with a disability greater than 33%. Nevertheless, in accordance with the *General law protecting the rights of persons with disabilities and their social inclusion*, and given the average number of employees of 325.13, the company ought to have had 6.47 employees with a level of disability greater than 33% By virtue of the certificates of exception issued by the State Public Employment Service (SEPE), on 7 January 2016 and 8 January 2013, Enresa has complied with the law by making a donation to a foundation included among those regulated in Chapter II, Title III of Law 49/2002, of 23 December on the tax regime for non-profit entities and tax incentives of philanthropy for the sum of 50 thousand euros in each financial year.

15.2 Audit fees

The external auditor of the Financial Statements and Management Report of Enresa for the year 2016 and 2015 was Mazars Auditores S.L.P.

The sum of the fees paid for these services in 2016 and 2015 was 27 thousand euros for each financial year.

In addition, the total sum of fees paid for the 2015 financial year, arising from the provision of services other than the auditing of accounts was 6 thousand euros.

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16

Financial Guarantees

Under the item "Guarantees for financial operations," are listed for the year 2016 those guarantee provided by Enresa, for a sum of 134 thousand euros (there were no guarantees in 2015), to ensure its commitments to third parties. The Directors of the Company consider that, as a result of these guarantees, no liabilities shall be payable for provisions must be made at the close of 2016.

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Events after Closing

Subsequent to the end of the financial year ending 31 December 2016, and up to the preparation of these financial statements, no events have occurred that may significantly affect these financial statements other than those mentioned below.

During the year 2016 the Ministry of Energy, Tourism and the Digital Agenda endorsed the transfer of the license of the plutonium arising from reprocessing of fuel at the Santa María de Garoña NPP to the English company International Nuclear Services, Ltd. On 13 January 2017, the agreement was signed, making said transfer effective, which, in financial year 2017 will represent a cost of 44,219 thousand pounds sterling (50,426 thousand euros), which has been paid in the month of January 2017.

On 16 February 2017, the change of name of the company was registered in the business registry, becoming EMPRESA NACIONAL DE RESIDUOS RADIACTIVOS, S.A., S.M.E., M.P.

MANAGEMENT REPORT

2016

CHAPTERS

1

Introduction and Management Summary

Enresa's activities during the 2016 financial year were based on the framework of the Sixth General Radioactive Waste Plan (6th GRWP) approved by the Government in June 2006, and the latest update of same sent by the Ministry of Industry, Energy and Tourism (MINETUR) in June 2016 under the title "Updated Economic Financial Study of the Cost of the Activities Covered in the Sixth General Radioactive Waste Plan", along with the Report on Activities for the year 2015, all in accordance with that established in Article 10.a) of Royal Decree 102/2014, of 21 February for the responsible and safe management of spent nuclear fuel and radioactive waste.

The company has complied with the mission entrusted to it, in accordance with the applicable legislation, including the following:

- *Royal Decree 102/2014, of 21 February for the responsible and safe management of spent nuclear fuel and radioactive waste, repealing Royal Decree 1349/2003.*

- *Article 38 bis of Law 25/1964, of 29 April, the Nuclear Energy Act defines the management of radioactive waste in Spain as an essential public service to be provided by the State through the Ministry of Industry, Tourism and Commerce, with Enresa as the instrumental company through which said service is provided.*

- *Law 54/1997, of 27 November, the Electricity Industry Act, establishing in its Sixth Additional Provision, among other questions, that the financing of the public service shall be made through a system of rated charged to the producers of radioactive waste.*

- *Law 15/2015, of 27 December, on fiscal measures for energy sustainability, which establishes, in Chapter III the tax on the storage and disposal of spent nuclear fuel (SNF) and radioactive waste at centralised facilities. This regulation is in effect at the El Cabril repository (imposing a tax of € 2,000/ m^3 in the case of VLLW) and € 10,000 /m^3 in the case of LILW) and on future CTS (€ 70 per kilo of heavy metal and € 30,000 €/m^3 of radioactive waste other than SNF).*

- *Order IET/458/2015, of 11 March, regulating the allocations to municipalities in the*

vicinity of nuclear installations, charged to the Fund for the financing of the activities of the General Radioactive Waste Plan.

In order to comply with said missions and in order to meet the objectives established in the corresponding strategic and operating plans, the Company has had an average workforce throughout the year of 326 employees. The number of employees as of 31 December 2016 was 328, of which 185 were based at company headquarters in Madrid, 123 at the El Cabril disposal facility (Córdoba), 6 at the Vandellós I nuclear power plant (Tarragona), 11 at the José Cabrera nuclear power plant (Guadalajara) and 3 at the Centralised Temporary Storage facility at Villar de Cañas (Cuenca).

The necessary technical and administrative relations have been maintained with the different stakeholders involved in the management of radioactive waste, including the Directorate General of Energy and Mines of the Ministry of Energy, Tourism and the Digital Agenda (MINETAD), the Nuclear Safety Council and producers of waste. Other stakeholders involved, aside from shareholders CIEMAT and SEPI, are the Ministry of Agriculture and Fisheries, Food and the Environment, autonomous communities, local authorities, universities and other support bodies, along with international organisations and similar agencies from other countries.

The different activities carried out by Enresa have been channelled through a series of projects and technical activities corresponding to each of the major lines along which management is divided: low and intermediate level waste, spent fuel and high level waste, decommissioning of facilities, research and development and other activities, to which the structure must be added, as described elsewhere in this report.

Over the course of 2016, both MINETAD and SEPI have continued to carry out budgetary monitoring of the Annual Operating Programme and Long-Term Plan in accordance with the Company's management activities.

In relation to the supervision, control and classification of temporary investments relating to the financial management of the Fund, the Monitoring and Control Committee have continued to perform the functions detailed in the applicable regulations. Enresa issued to the Committee the information necessary and presented the detail of all the operations contracted. The Committee, also within the development of its activities, reviewed and updated the investment criteria in which financial investments might arise and verified compliance with the applicable legislation, the established investment criteria and the principles of security, profitability and liquidity in the management of the temporary investment portfolio managed by Enresa.

Summarised below are the technical activities and principal economic-financial aspects of such management, along with the most important figures from the year.

2

Major Strategic Actions and Objectives of 2016

- Collection and transport of low and intermediate level waste from production centres – nuclear facilities (NFs) and radioactive facilities (RFs) - to the El Cabril disposal facility.
- Optimisation of management of low and intermediate and very low level waste from the operation of nuclear facilities.
- Operation of El Cabril disposal facility (characterisation, treatment, conditioning and disposal of waste) and improvement of the capacities and systems of the facility.
- Operation of the complementary facility for the disposal of very low level waste (VLLW) at the El Cabril disposal facility.
- Preparation of documentation to obtain the Construction Authorisation for the Centralised Temporary Storage (CTS) facility.
- Manufacturing of the casks for the operation of the Individualised Temporary Storage facility of spent fuel at the Trillo nuclear power plant (Guadalajara).
- Operation of the Individualised Temporary Storage facility for spent fuel at the José Cabrera nuclear power plant (Guadalajara) to allow decommissioning of the plant.
- Operation of the Individualised Temporary Storage facility for spent fuel at the Ascó nuclear power plant (Tarragona).
- Manufacturing of the storage systems relating to the temporary management of spent fuel at the Santa María de Garoña nuclear power plant (Burgos).
- Various studies on intermediate management alternatives for storage of spent fuel and high level waste.
- Monitoring and maintenance of latency at the Vandellós I nuclear power plant (Tarragona).
- Programmed activities in the Decommissioning Plan for the José Cabrera nuclear power plant at Guadalajara.
- Monitoring of old uranium mine sites in the province of Salamanca.
- Monitoring, control and maintenance of old concentrated uranium Mill Factory at Andújar (Jaén) and La Haba (Badajoz), now decommissioned and restored.

- Monitoring and maintenance of the Definitive Restoration project at Saelices el Chico (Salamanca).
- Management of lightning arrester heads (ad hoc activities in a formally finalised process).
- Management of other materials aside the regulatory system.
- Special interventions arising from the application of the Protocol for the Radiological Surveillance of Metallic Materials.
- Support for the National System for Civil Protection and the security forces.
- Projects relating to the R&D Plan for the period 2014-2018.
- Structural aspects (maintenance of company headquarters, IT management and quality and environmental systems, communication and external relations, logistical services and support, etc.).
- Management of the Fund for financing the activities of the GRWP, complying with the principles of security, profitability and liquidity.

3

Enresa's Mission

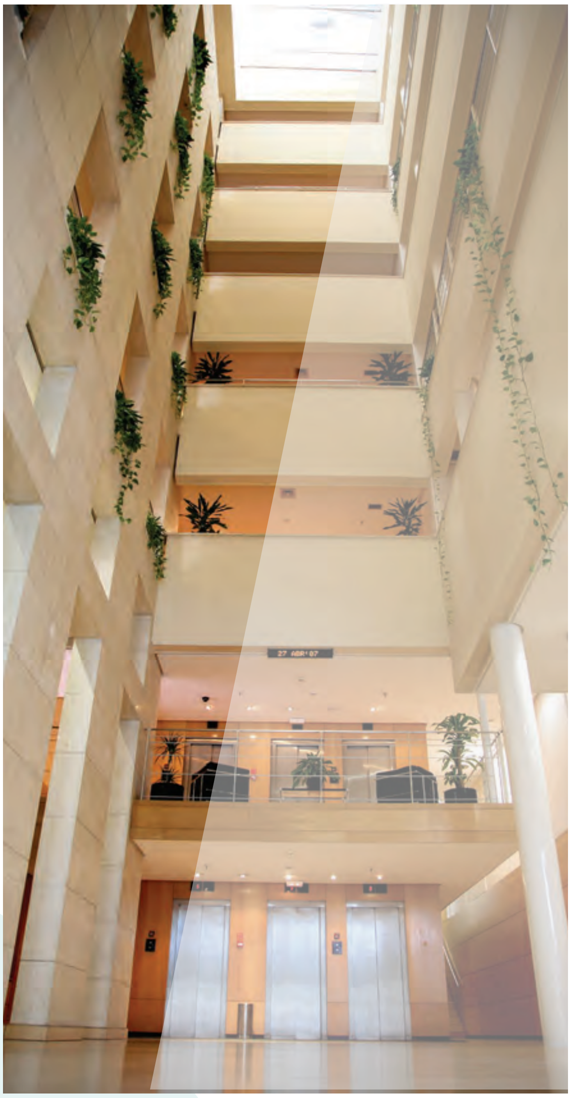
Enresa is a public company created by the Parliamentary mandate of 1984 to provide an essential service for the country: the safe management of radioactive waste.

Its mission is collect, condition and manage all radioactive waste produced in Spain. Enresa also assumes responsibility for the decommissioning of nuclear power plants whose activity has ceased and the environmental restoration of mines and facilities relating to uranium mining when required by authorities.

Enresa's mission is to ensure that radioactive waste has no consequences for people or for the environment.

The framework of reference in which the strategies and activities to be carried out in the area of management of radioactive waste are clearly and concisely set out is the General Radioactive Waste Plan (GRWP). The sixth General Radioactive Waste Plan, approved by the Government on 23 June 2006 assigns Enresa a well-defined set of responsibilities, strategies and activities to be carried out in Spain in the different areas of management of radioactive waste and decommissioning of facilities.

Enresa, as a provider of a public service, is at the service of citizens and must be accountable to society for its activities and generate social trust. For this reason, a consistent, clear and open positioning, transparency and communication of its role in society are pillars of this policy and a strategic need.



4

Our Values

The values that identify each one of these activities are internationally recognised technical capacity and the solidity of our management systems, ensuring the solvency of the projects.

Enresa is a company at the cutting edge of technology and is committed to innovation and development. Its R&D commitment is currently set out in the five-year plan (2014-2018).

Our environmental contribution is also fundamental. Enresa contributes its knowledge and technical skill to prevent risks to the environment and recover landscapes affected by radiological activities.

Enresa manages the radioactive waste generated by nuclear installations, hospitals, research centres and industries in Spain in order to protect people and the environment.

The public service mission is central to all of Enresa's activities and is the response to the public responsibility and confidence placed in Enresa by the Institutions.

The company's record in meeting the objectives and responsibilities it is commissioned with is the basis of its credibility and the trust.

5

Technical Activities

Described below are the main projects and technical activities in which Enresa was involved in the year 2016, for each of the main areas along which its management is divided, in accordance with that 6th GRWP approved by the Government in June 2006.

Management of Low and Intermediate Level Waste

During 2016, all stages of the management of this type of waste were carried out without any incident: characterisation, collection, transport, treatment, conditioning and disposal, with the installation of the solid radioactive waste disposal facility at Sierra Alabarrana (El Cabril), Córdoba a fundamental element.

Over 157 shipments with a volume of more than 1,099 m^3 of waste, most corresponding to low and intermediate level waste (around 55%), proceeding mostly from nuclear power plants and the decommissioning of the José Cabrera NPP. The rest corresponds to very low level waste generated primarily from the decommissioning of the José Cabrera NPP.

Approximately 23% of all shipments correspond to the removal of waste from radioactive facilities (hospital, industry, research centres, etc.) all destined for the El Cabril facility. The total volume of waste delivered to El Cabril for conditioning is equivalent to 20 m^3.

In 2016, in accordance with that established in Article 11 of Royal Decree 102/2014, of 21 February, 42 waste producers signed up to the "technical-administrative specifications for acceptance of waste" required in same as a preliminary measure prior to requesting the services of Enresa. As of 31 December 2016, the total number of active subscribers of these specifications was 913.

El Cabril operated normally throughout the year, occupying 100 positions in disposal vaults (100 CE-2a and CE-2b concrete containers with 1,274 units within).

Regarding the complementary facility for the disposal of very low level waste at El Cabril, at year end, waste at this facility amounted to 10,087 m^3 (1,445 m^3 disposed of in 2016). Another highlight of 2016 was the entry into operation of Cell 30, which will dispose of very low level waste.

Spent Fuel and High Level Waste Management

Activities in this area of management have essentially addressed reaching the priority objective of providing Spain with a Centralised Temporary Storage facility (CTS) for spent fuel and high level waste. We must also mention the manufacturing of metallic casks for the operation of the Individualised Temporary Storage facility at the Trillo nuclear power plant, the operation of a Individualised Temporary Storage facility for the José Cabrera nuclear power plant, the operation of a Individualised Temporary Storage facility for the Ascó nuclear power plant and other actions pertaining to the Santa María de Garoña nuclear power plant.

The Official State Gazette published, on 20 January 2012, the Resolution of 18 January 2012 of the State Secretariat for Energy awarding construction of the Centralised Temporary Storage facility to the locality of Villar de Cañas (Cuenca), in accordance with the agreement adopted by the Council of Ministers on 30 December 2011.

In the month of January 2014, MINETUR (now MINETAD) and the CSN were presented with the documentation required in the Nuclear and Radioactive Facilities Regulation for the request for the Preliminary Authorisation and Construction Authorisation for the facility.

In July 2015 the Nuclear Safety Council issued reports that were favourable to the request for Prior Authorisation and the Radiological Impact on the public in normal operation associated with the Environmental Impact Study of the CTS.

Design and documentation preparation activities have been on-going to obtain the Construction Authorisation and, as has the work relating to compliance with the Technical Instructions of the CSN.

In addition to the activities concerning the CTS project, there are other activities that must be highlighted in the area of management of spent fuel and high level waste. These include the continued manufacturing of metallic casks for the operation of the Individualised Temporary Storage facility at the Trillo nuclear power plant. The Individualised Temporary Storage facility at the Trillo nuclear power plant has operated normally and at year end there were 32 casks on-site, each with capacity for 21 fuel elements.

With regard to the management of spent fuel at the José Cabrera nuclear power plant, Individualised Temporary Storage facility operated normally, housing all the casks as planned, 12 HI-STORM casks loaded with the spent fuel from the plant, and 4 HI-SAFE casks loaded with the special waste resulting from the internal segmentation of the vessel.

Operations continue at the temporary Individualised Temporary Storage facility at Ascó NPP with the loading of new HI-STORM casks. In 2016, the loading of two casks was carried out, bringing the cumulative total to 11 casks in the storage slabs. There are 6 casks completed and delivered to the site, pending loading.

In relation to the management of spent fuel at Santa María de Garoña NPP, the manufacturing of 4 fuel dual purpose casks (transport and storage) has been completed, which are pending transfer to the site, with the manufacture of another cask underway. In 2016, construction began on the Individualised Temporary Storage facility at this plant. The manufacture of 10 ENUN32P dual purpose casks (transport and storage) for spent fuel at Spanish PWR power plants is on-going.

The French company Areva TN is producing the 4 TN®81 casks acquired for transport of high level waste from the reprocessing of spent fuel at the Vandellós I nuclear power plant from La Hague to Interim Cask Storage where it will be stored until the CTS becomes operational.

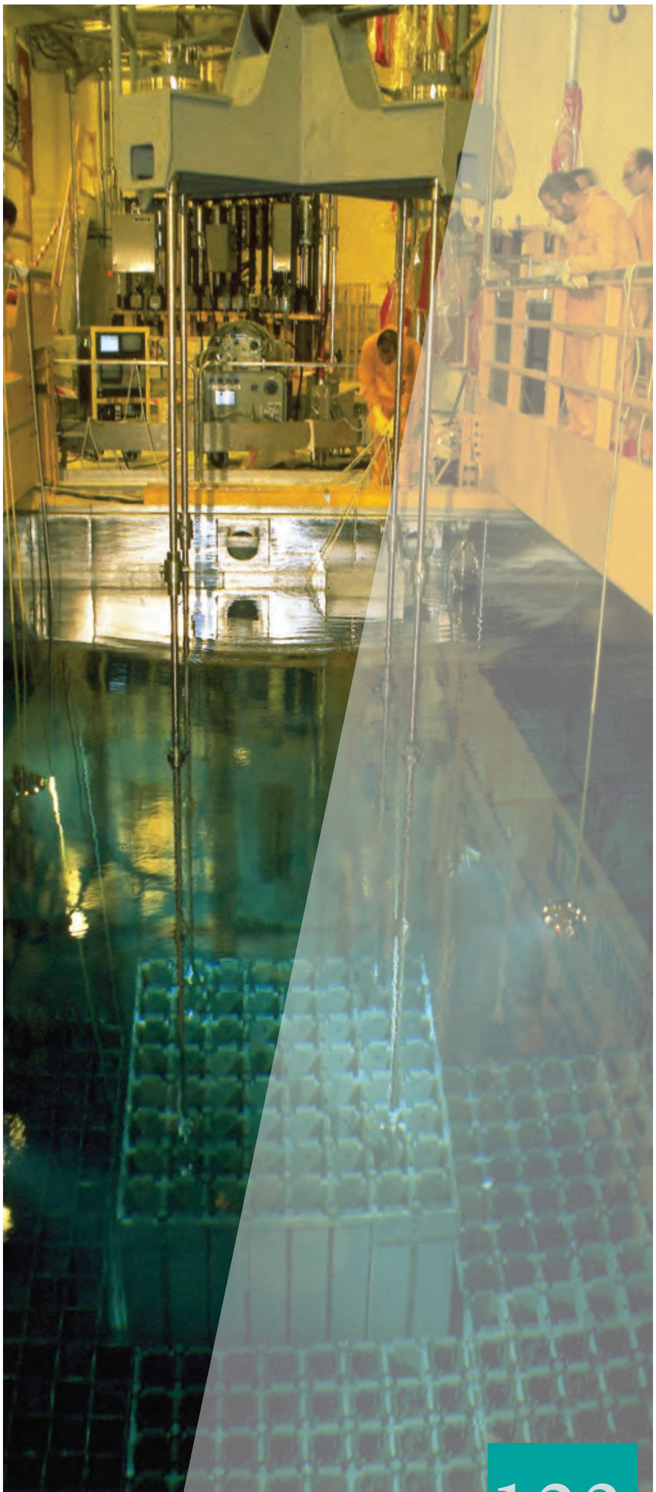
With the objective of finding a solution to the waste generated from the reprocessing of spent fuel at the Santa María de Garoña NPP, in December 2011, the British Government allowed for transfer of licensee to be accepted for the plutonium generated by the spent fuel reprocessing contracts. In June 2013, the English company International Nuclear Services Ltd., with the approval of the Nuclear Decommissioning Authority (NDA), made a preliminary offer to Nuclenor for the transfer of license of said plutonium. Later, in May 2015, the Board of Directors of Enresa supported Nuclenor to negotiate the transfer of license. Subsequently, in the last quarter of 2016, the agreement between Nuclenor and INS-NDA was sent to EURATOM for validation and the Board of Directors of Enresa approved the transfer of license.
Finally, in the month of December 2016 the Ministry of Energy, Tourism and the Digital Agenda endorsed the transfer of the license of the plutonium arising from reprocessing of fuel at the Santa María de Garoña NPP to the English company International Nuclear Services, Ltd. As of 13 January 2017, the agreement has been signed, making said transfer effective, which, in 2017 will represent a cost of 44,219 thousand pounds sterling (50,426 thousand euros).

Decommissioning and Closure

Decommissioning and closure works carried out by Enresa in 2016 included the project concerning the José Cabrera nuclear power plant, latency at Vandellós I nuclear power plant, monitoring and maintenance of the definitive restoration project at Saelices el Chico (Salamanca) and other nuclear fuel cycle facilities.
In terms of the decommissioning of the José Cabrera NPP, work was completed for the decontamination and segmentation of the cavities of the biological shielding, the decontamination workshop of scrap metal and the diamond wire cutting of the old cover of the vessel and the segmentation of other metallic pieces. Decontamination works on the paraments of the Contention and Auxiliary buildings continue. In parallel, work continued on the site radioactive characterisation of the radioactive buildings and the soils, along with the assembly and testing of a soil washing plant to reduce the volume of waste arising from contaminated soils.

With respect to Vandellós I nuclear power plant, within the activities of the latency itself (monitoring, control and maintenance) the fortnightly tests have been carried out. Activities continue for the reconditioning of the waste arising from the dismantling that is stored at the facility. Activities are on-going in the development of the Decommissioning Plan.
With regard to the site restoration of Saelices el Chico, during 2016, different activities and pilot tests have been carried out to reduce the generation of acidic water at the site, and to reduce the costs of water treatment through alternative systems to the conventional ones. Surveillance and maintenance activities have also

been carried out on all restored concentrated uranium mining/manufacturing sites are in the compliance phase (Elefante plant and restored mining sites at Saelices El Chico, the Casillas de Flores Mine and the old Uranium Mill at Andújar) or in long-term monitoring subsequent to a Declaration of Clousure (Lobo-G plant).



Environmental Monitoring

Enresa carries out a series of activities on all projects that can be grouped under the heading Environmental Monitoring. It includes the following activities:

- *Preparation of the Environmental Impact Studies necessary for the operation of the facilities.*
- *Environmental Radiation Monitoring Programmes, the results of which are distributed through annual reports to the competent authority and to the Nuclear Safety Council.*
- *Environmental Monitoring Programmes. Their results are sent periodically to the competent authority and to other public bodies, such as provincial governments, the environment departments of autonomous communities and local authorities.*

6

Research and Development

R&D activities at Enresa are organised in R&D plans. At present the seventh such plan is in force, covering the period from 2014 to 2018 (see Note 4.1 of the Report on the Financial Statements).

The plan is structured across four thematic areas and a fifth cross-cutting area. These pertain to precise knowledge of waste both in terms of its intrinsic properties and behaviour over time; treatment and conditioning of waste arisen from the operation and decommissioning of radioactive and nuclear facilities; the study of materials used for their confinement and their interactions with radioactive waste; their impact upon the environment in consideration of current and future scenarios; and studies relating to radiation protection for the environment and human beings.

The cross-cutting area pertains to the management of knowledge and scientific-technology assets generated and coordination between the different parties involved. In terms of international activities, Enresa continues to participate in two projects as part of the Euratom's 7th Framework Programme: CAST and Petrus III, with the latter ending in August. Within the 8th Framework Programme, known as Horizon 2020, Enresa participates in the Modern2020 project, as a partner, and the CEBAMA project as a member of the assessment body of the project called the "End Users Group". The BEACON project proposal presented within Horizon 2020, in which Enresa acts as a partner, has been accepted. Moreover, Enresa has been invited to participate in the "End Users Group" for the proposals CHANCE, INSIDER, DISCO and SPIRE. Participation in these projects, on the one hand, allows Enresa to access front-line knowledge at a reduced cost and, on the other, is actively part of developing technologies and knowledge necessary for the management of radioactive waste.

Enresa continues to participate in the R&D technology platform relating to the final disposal of radioactive waste at EU level, the IGD-TP. Enresa, along with another 10 National Agencies / Ministries, is part of the Executive Group, which is the platform's decision-making body. In October the platform's 7th exchange forum was held in Córdoba.

7

Other Activities

In addition to the above, Enresa has carried out more specific, ad-hoc technical activities, which included the following highlights:

- Management of radioactive lightning preventers. During 2016, 32 new requests for the removal of lightning preventers heads were received. 20 lightning preventer's heads were removed.
- Ten shipments of radioactive waste from the Juzbado Fuel Element Factory were escorted to the waste disposal facility at El Cabril, along with the transport of four cobalt therapy units no longer in use from the Oncology Foundation Centre of Galicia, in La Coruña, the San Roque Clinic in Las Palmas, Gran Canaria, including in this case the transport by boat to the mainland, the Hospital Complex of Jaén and Miguel Servet University Hospital in Zaragoza to the El Cabril disposal facility, in accordance with the conditions of the authorisation for transport under special arrangement.
- As part of the framework of the MEGAPORT protocol, the Radiological Protection Technical Unit participated in a course in Tenerife for operators of the radiological port control system of the ports of Tenerife and Las Palmas.
- In the framework of the radiological monitoring protocol for scrap metal, the Radiological Protection Technical Unit has participated in three basic courses with a total of 63 attendees and one refresher course, held in Córdoba and with a visit to the El Cabril disposal facility with 16 attendees.
- Enresa maintained operational support to the Competent Authorities (Civil Protection and CSN), for the response in the event of radiation emergency and participated in training for the activities of the State Security Forces in the event of radiation emergency and accident in the transport of radioactive material.
- Enresa has participated in a range of theoretical and practical exercises from the Emergency Response Centre at Enresa headquarters.

8

Economic and Financial Aspects

Principal Economic-Financial Parameters

The net turnover figure for the 2016 financial year was 395,448 thousand euros (384,695 thousand euros in 2015). Meanwhile, the net financial results of the management of the Fund Portfolio were 147,437 thousand euros for the financial year. Within these results is the part corresponding to the fair value of certain financial instruments that, even though Enresa has the intention and the capacity to maintain them to maturity, the General Accounting Plan does not allow for them to be so classified and obliges them to be accounted at fair value, with the result that they the volatility of the markets must be registered. Furthermore, during 2016, Enresa obtained an operating profit of 257,496 thousand euros (228,315 thousand euros in 2015) and total income of 22,852 thousand euros without considering investment in R&D.

The average payment period to suppliers in 2016 was 29 days. The maximum legal payment period applicable to the Company according to Law 3/2004, of 29 December, establishing measures to combat the accumulation of arrears in the 2016 financial year in commercial operations, is 30 days, except where there is an agreement between the parties to extend that period up to a maximum of 60 days (see Note 10 of the Report on the Financial Statements).

The Fund for financing the activities of the GRWP reached 5,017,636 thousand euros by the end of 2016.

Accumulated performance of the total portfolio for the year 2016 stood at 3.15% on 31 December. Enresa continued to manage the portfolio of temporary financial investments of the Fund for the financing of the Activities of the GRWP with the principles of security, profitability and liquidity.

Management of Financial Investments

For accounting purposes, the Company classified the financial assets in its portfolio in the following categories:

a) Investments maintained up to maturity: debt securities, with fixed maturity date and collections of a determinable sum, negotiated on an active market that the Company has shown its intention and capacity to maintain in its power up to the maturity date.
These investments include fixed or and variable rate bonds (referenced to an inflation or interest rate) that do not have embedded derivatives

and hybrid financial assets in which embedded derivatives must not be segregated.

b) Other financial instruments at fair value through profit or loss: within his category, in accordance with equity structure of Enresa, hybrid financial assets (structured bonds) in which embedded derivatives must be segregated, but since the Company cannot reliably determine the fair value of the embedded derivative to be segregated, all hybrid financial assets must be recorded at fair value with changes in the profit and loss account.

c) Derivatives: with some of the securities acquired, as part of its management of the GRWP, Enresa performs hedging operations through interest-rate swaps. All of these swaps, in accordance with Royal Decree 102/2014, of 21 February, for the responsible and safe management of spent nuclear fuel and radioactive waste, are directly associated with specific investment operations, with the swap agreement serving to hedge the positions of the GRWP as part of its risk management and the financing model established therein.

The Company, in accordance with that established in the General Accounting Plan, has designated some assets as "other assets at fair value through profit and loss" despite the fact that all its asset purchases are carried out with the intention of maintaining same to maturity.

Financial assets at fair value with changes in the profit and loss account are valued at fair value, with the result of the variations in said fair value registered in the profit and loss account. Derivatives are valued at fair value, with those that, at 31 December 2016, hold a positive fair valued, recorded as financial assets.

To calculate the fair value of these financial assets, the Company has taken as a reference the fair value calculated through valuation techniques based on discount of future cash flows and options. Interest rate and inflation curves, volatility implicit in all interest rate types and financial markets, have been included as market inputs.

All derivatives held by the Company are contracted with national or international financial institutions with the appropriate credit rating and consist of swaps between fixed or variable types at a variable interest, inflation or the value of a share price index that allows for the objectives of profitability and management to be achieved.

The derivatives held by the company are not susceptible to being designated as accounting hedges, in accordance with the applicable accounting standards. For this reason, these derivative financial instruments have been booked at fair value as financial assets or liabilities, and the variations in same are entered in the profit and loss account.

For 2016, the Company has estimated that there is no impairment to any financial instrument, neither valued at amortised cost nor at fair value, and believes there are no reasonable doubts regarding the repayment capacity of the assets by the issuers, which hold the appropriate credit rating, in accordance with the Company's investment policies.

With regard to the categorisation of the Investment Portfolio, the Company classifies assets into different classes of assets:

a) State debt: includes Spanish public debt, specifically, Spanish Treasury bond, coupon and principal strips from the Spanish

Treasury, Treasury bills and short-term repos, whose underlying element is Spanish public debt. The carrying value and face value of this class are 1,632,010 and 2,024,393 thousand euros, respectively, in 2016.

b) Other public debt: includes financial assets issued by government agencies, the supranational bodies, the autonomous communities and the public debt of other countries. The carrying value and face value of this class are 1,393,462 and 1,331,111 thousand euros, respectively, in 2016.

c) Other obligations and bonds: includes a diverse range of financial assets from different issuers from different sectors, national as well as international and of different typologies. The carrying value and face value of this class of assets were 838,537 and 760,253 thousand euros in 2016.

d) Other short-term assets: covers financial assets, deposits and others, issued by financial institutions. The carrying value and face value of this class of assets are 736,872 and 737,390 thousand euros, respectively, in 2016.

Enresa's management of financial risk is adapted to the needs and requirements of the applicable legal regulations which state that the basic principles of the financial management of Enresa shall be security, profitability and liquidity. Similarly, it is adapted to comply with the General Radioactive Waste Plan in which the financial model for the management of radioactive waste in Spain is defined. It also complies with the general principles of management of the Fund for the financing of the activities of the GRWP, issued by its Monitoring and Control Committee.

a) Security

Enresa complies with the guidelines on diversification and creditworthiness established by the Monitoring and Control Committee in accordance with development capacities of the general investment criteria granted to said body by legislation.

In addition, Enresa assigns lines of concentrations of investment to its counterparts based on analysis of the financial solvency of same, ensuring even more prudence in addition to the guidelines issued by the Committee.

b) Profitability

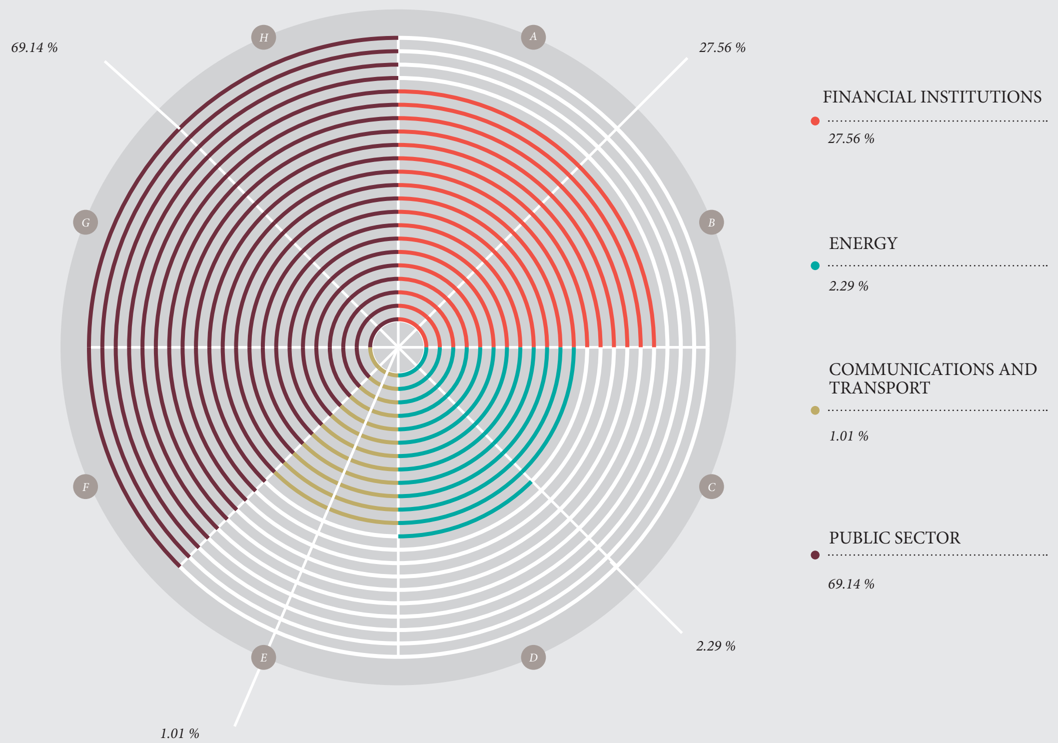
The short term portfolio managed by Enresa must reach a specific minimum real interest rate through the model for the financing of radioactive waste management in Spain approved by the Government in the General Radioactive Waste Plans. For this reason, Enresa, insofar as financial markets allow, concentrates its financial investments on fixed-income financial instruments linked to Spanish inflation and with a margin above the aforementioned real interest rate. It diversifies its other investments among fixed-income alternatives offered on financial markets and always with the expectation of exceeding the established real interest rate as an objective.

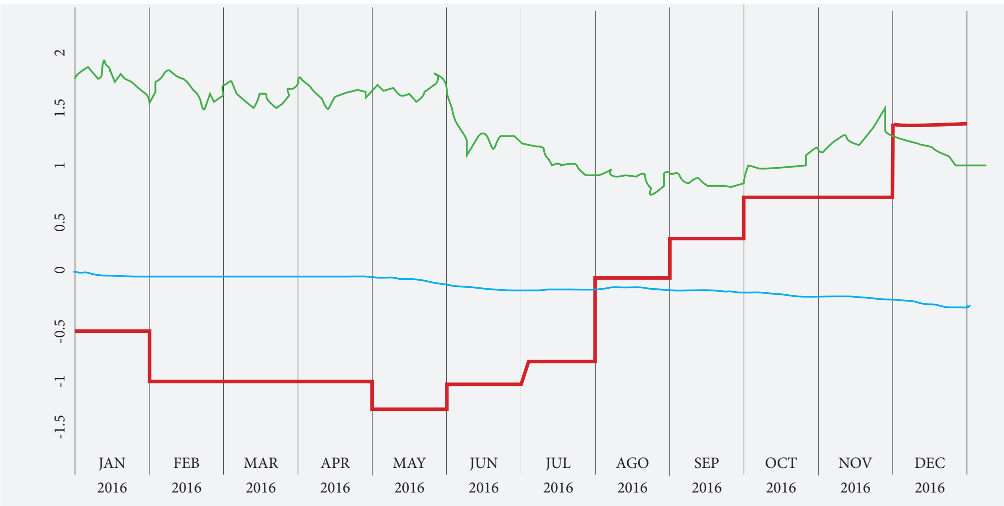
All financial assets in foreign currency are covered through exchange rate financial derivatives in such a way that the company is not exposed to exchange rate risk.

c) Liquidity

Enresa adjusts the liquidity structure of its financial investments to the requirements of the economic-financial planning approved by the government in the General Radioactive Waste. Given the broad time-frame of current planning, financial investments are fundamentally made on a long-term basis; provided that financial market conditions enable it and ensure it is advisable, with special liquidity requirements in the short or medium term. Nevertheless, the financial investments of the Portfolio in the long-term are mainly embodied in entirely liquid financial products.

STRUCTURE OF PORTFOLIO BY SECTOR





GENERIC 10 A – 3 MONTH TYPE – CPI

EURIBOR 3M GENERIC 10Y BOND CPI

9

Staff

The average number of employees for 2016, distributed by professional categories and the number of employees at the close of the financial year distributed by professional categories and genders, is as follows:

Financial year 2016

CATEGORY	Number average of employees	Employees on 31 December 2016		
		Men	Women	Total
Senior Management	6	3	3	6
Higher degree graduates	120	67	54	121
Graduates	68	60	11	71
Administrative staff	63	16	45	61
Professionals - Trades	69	68	1	69
Totals	**326**	**214**	**114**	**328**

During the 2016 financial year, the Company has had employees, a graduate and an administrative officer, with a disability greater than 33%. Nevertheless, in accordance with the *General law protecting the rights of persons with disabilities and their social inclusion*, and given the average number of employees of 325.13, the company ought to have had 6.47 employees with a level of disability greater than 33%

By virtue of the certificates of exception issued by the State Public Employment Service (SEPE), on 7 January 2016 and 8 January 2013, Enresa has complied with the law by making a donation to a foundation included among those regulated in Chapter II, Title III of Law 49/2002, of 23 December on the tax regime for non-profit entities and tax incentives of philanthropy for the sum of 50 thousand euros in each financial year.

10

Own Shares

In accordance with Law 19/1989, of 25 July, covering this matter, as of 31 December 2016, Enresa does not possess, nor has it completed any acquisition or sale transaction related to its own shares, neither directly nor indirectly through subsidiaries.

11

Events After Closing

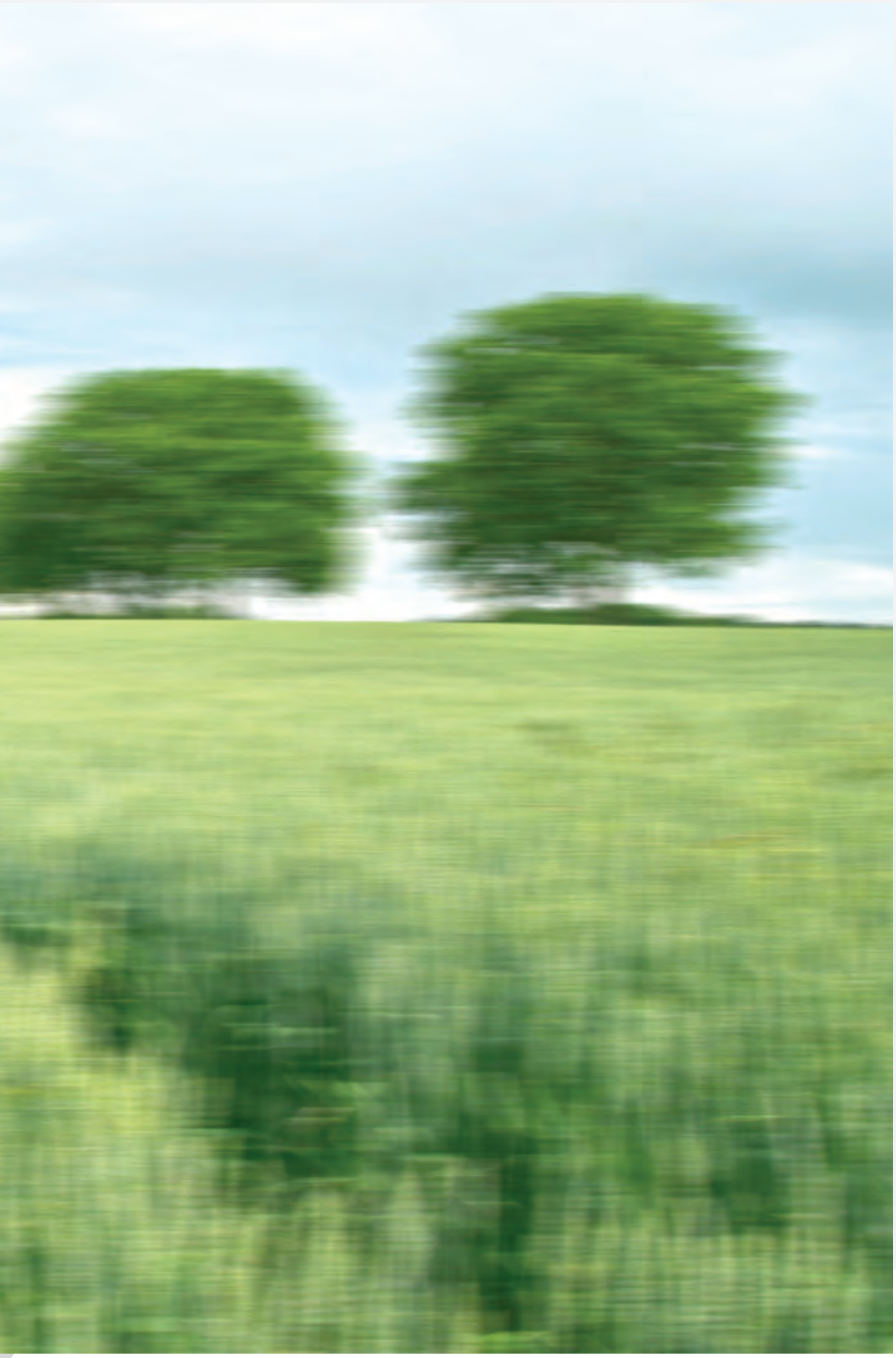
Subsequent to the end of the financial year ending 31 December 2016, and up to the preparation of these financial statements, no events have occurred that may significantly affect these financial statements other than those mentioned below.

During the year 2016 the Ministry of Energy, Tourism and the Digital Agenda endorsed the transfer of the license of the plutonium arising from reprocessing of fuel at the Santa María de Garoña NPP to the English company International Nuclear Services, Ltd. On 13 January 2017, the agreement was signed, making said transfer effective, which, in financial year 2017 will represent a cost of 44,219 thousand pounds sterling (50,426 thousand euros), which has been paid in the month of January 2017.

On 16 February 2017, the change of name of the company was registered in the business registry, becoming EMPRESA NACIONAL DE RESIDUOS RADIACTIVOS, S.A., S.M.E., M.P.

COMMITMENT TO MANAGEMENT

2016



1

Quality

2

Safety

3

Contracting

CHAPTERS

4

Audit

5

Systems

6

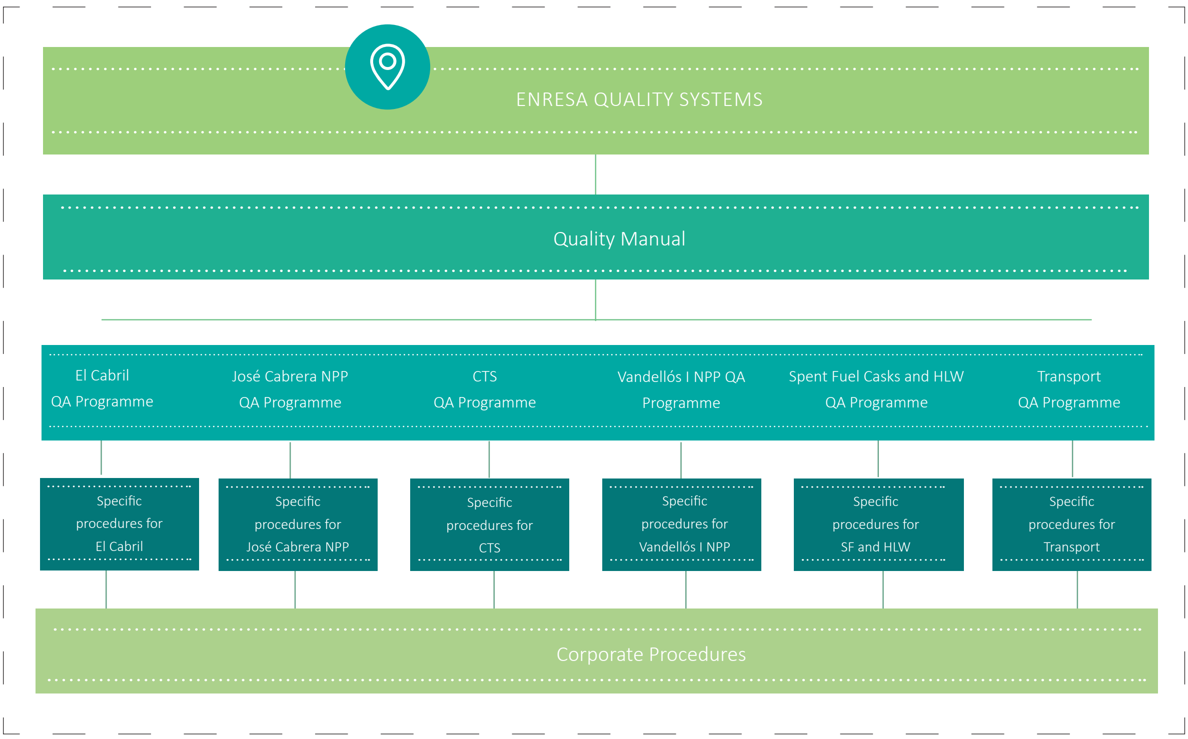
Documentation

1

Quality

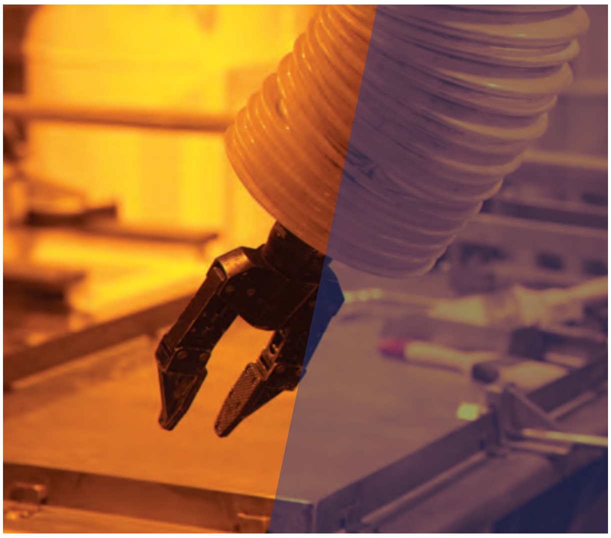
Quality System

Enresa has had a quality system for more than 30 years. It has been developed as projects have been initiated and storage and disposal facilities have been designed, built and have entered into operation. Despite the diversity of activities and facilities, the Enresa quality system is and integrated one– with a single Quality Manual and the same Quality Programmes for each project and facility where the guidelines and requirements are in the Manual are adapted to each particular facility. Each one of these programmes provides a description of the working systems through specific procedures for each facility and general ones that apply throughout company. The set of all these procedures for the entire system number some one thousand procedures.



Audits

The application of quality programmes is internally evaluated through audits. A total of 17 internal audits were conducted in the year 2016, across the company's various activities as shown in the graph below.
Moreover, audits are one of the tools used to evaluate suppliers. The aim is to check that the quality systems applied to the production of the items they supply or services they provide comply with nuclear regulations.



Internal audits

	Scheduled	*Completed*	*Cancelled or postponed (*)*	*Not scheduled*
System	3	2	1	-
LILW Management	7	6	1	
HLW Management	2	1	1	
Decommissioning	9	8	1	
Total	**21**	**17**	**4**	**0**

* Two cancelled audits planned for 2017 due to a work delay and two postponed to the beginning of 2017; as of the date of this report, they had been completed

External audits

	Scheduled	*Completed*	*Cancelled or postponed (*)*	*Not scheduled*
Enresa suppliers	17	14	3	2
SAG suppliers	8	7	1	1
Total	**25**	**21**	**4**	**3**

* Cancelled due to a lack of supplier orders or postponed due to a work delay

Inspections

Inspections are performed in the production of equipment and system components, assembly and facility operation checks to verify compliance with the specifications. The graph below shows the number of inspections completed in 2016 for each facility and/or project.

QA INSPECTION DATA

CABRIL	451
JC NPP	742
TRANSPORT	2
CASK MANUFACTURING	1,770
CTS SITE CHARACTERISATION	24

Improvements

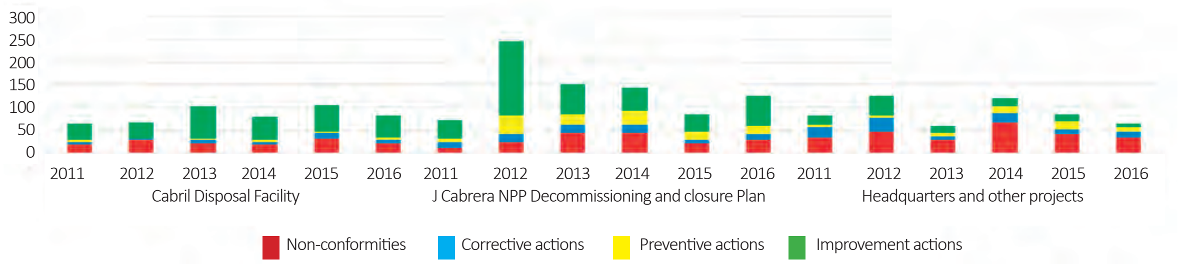
A computer application known as the Integrated Improvement System (SIM as per the Spanish acronym) is used to correct and improve the quality system. This application tracks the management of non-conformities, preventive actions and areas of improvement detected.

INCIDENTS INITIATED

	El Cabril Disposal Facility						J Cabrera NPP Decommissioning and closure Plan						Headquarters and other projects					
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
Non-conformities	19	30	22	20	33	23	13	26	44	45	21	31	35	48	29	68	42	34
Corrective actions	6	3	8	4	11	8	11	16	18	18	8	11	22	29	8	20	10	14
Preventive actions	4	–	3	7	3	3	9	40	23	29	19	17	5	6	8	16	19	10
Improvement actions	37	35	71	50	58	50	39	162	65	52	37	68	21	43	14	17	15	8
	66	68	104	81	105	84	72	244	150	144	85	127	83	126	59	121	86	66

TOTAL FOR THE YEAR	221	438	313	346	276	277

INCIDENTS INITIATED

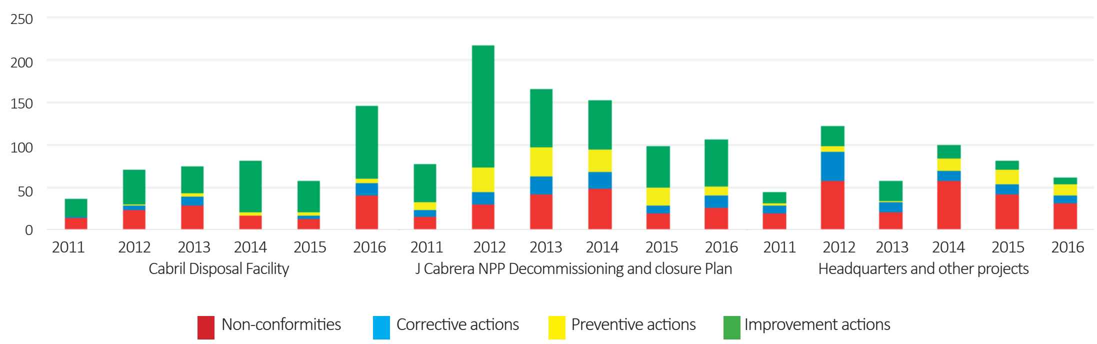


INCIDENTS CLOSED

	El Cabril Disposal Facility						J Cabrera NPP Decommissioning and closure Plan						Headquarters and other projects					
	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016	2011	2012	2013	2014	2015	2016
Non-conformities	14	23	28	17	13	40	15	30	42	49	20	26	19	58	21	57	42	31
Corrective actions	1	5	11	–	4	15	8	14	21	19	8	14	10	34	12	13	12	9
Preventive actions	–	2	4	4	4	5	9	29	34	27	22	11	2	7	1	14	17	13
Improvement actions	21	41	32	61	37	86	45	144	69	58	48	55	13	23	23	16	11	9
	36	71	75	82	58	146	77	217	166	153	98	106	44	122	57	100	82	62

TOTAL FOR THE YEAR 157 410 298 335 238 314

INCIDENTS CLOSED



2

Safety and Radiation Protection

Enresa ensures the application of the procedures and requirements established by the authorities in the area of safety and radiation protection to protect workers, the public and the environment from ionising radiation when managing the company's commissioned activities.

Monitor

Coordination and supervision of the results of inspections by the Nuclear Safety Council (CSN) at Enresa facilities and EURATOM/IAEA facilities in the safeguards area.
Supervision of compliance with CSN instructions and conditions.
Non-significant Environmental Radiological Impact: the result of Environmental Radiological Surveillance Programmes (ERSP).
The start of pre-operational ERSP at the Centralized Temporary Storage facility.
Dosimetric control of RPTU (Radiological Protection Technical Unit) personnel: very low values.

Train

Monitoring of the Safety Culture Improvement Plan.
Participation in training for personnel professionally exposed to radiation and on stand-by for emergency situations.
Participation in MEGAPORT system courses.
Training in collaboration with the Spanish Civil Protection and National Security Forces on actions following radiological emergencies and accidents during the transport of radioactive materials.

Optimise

Action plan to improve CSN licencing documentation.
Compliance with Instruction IS-19 on Safety Culture: completing self-assessments.
The application of protocols for Collaboration on Radiation Monitoring of Metallic Materials and Detecting Un-notified Movements and the Illegal Trade of Radioactive Materials at Maritime Ports.
Activities related to sources, other radioactive materials that are found outside the regulatory control system and materials with a low radioactive content.

3

Contracting

CONTRACTS AWARDED IN 2016

In thousands of euros

Fiscal year 2016

		Sum awarded (€)	% as per award sum	No. awards	% as per No. of awards
NON-SARA	Minor Award	1,648,615.41	7.42%	222	63.79%
	Abbreviated	988,038.95	4.45%	40	11.49%
	Ordinary	7,146,048.54	32.15%	61	17.53%
TOTAL NON-SARA		**9,782,702.90**	**44.01%**	**323**	**92.82%**
SARA	Open	9,564,840.36	43.03%	22	6.32%
	Negotiated without publication	2,879,180.92	12.95%	3	0.86%
TOTAL SARA		**12,444,021.28**	**55.99%**	25	7.18%
TOTAL OVERALL		**22,226,724.18**	**100.00%**	**348**	**100.00%**

CONTRACTS AWARDED BY SUM

MINOR AWARD
A |
7.42 %

ABBREVIATED
B |
4.45 %

NEGOTIATED WITHOUT PUBLICATION
G | H
12.95 %

OPEN
E | F
43.03 %

ORDINARY
D | C
32.15 %

CONTRACTS AWARDED AS PER THE NO. OF AWARDS

NEGOTIATED WITHOUT PUBLICATION
B|
0.86 %

OPEN
A |
6.32 %

ORDINARY
G | H
17.53 %

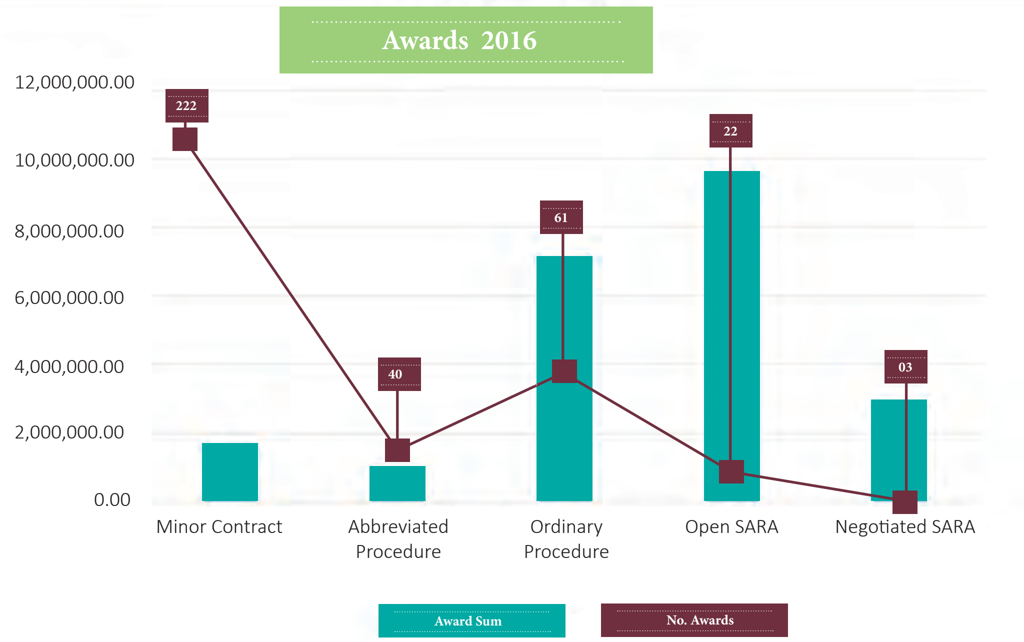
ABBREVIATED
F
11.49 %

MINOR AWARD
E / D | C
63.79 %

In thousands of euros

Fiscal year 2016

	Procedure	Contract type	Sum of tender (€)	Award sum (€)	No. awards
NON-SARA	Minor award (€1,000)	Job Service Supply	635,363.30 995,850.24 344,415.65	545,794.42 829,815.05 273,005.94	24 146 52
	Total MINOR AWARD		**1,975,629.19**	**1,648,615.41**	**222**
	Abbreviated	Service Supply	1,003,789.79 298,823.38	704,506.96 283,531.99	30 10
	Total ABBREVIATED		**1,302,613.17**	**988,038.95**	**40**
	Ordinary	Job Service Supply	3,315,684.00 5,466,590.91 1,350,017.68	2,321,848.59 3,935,435.14 888,764.81	9 38 14
	Total ORDINARY		**10,132,292.59**	**7,146,048.54**	**61**
Total NON-SARA			**13,410,534.95**	**9,782,702.90**	**323**
SARA	Open	Service Supply	16,595,901.76 2,377,720.00	7,751,974.44 1,812,865.92	20 2
	Total OPEN		**18,973,621.76**	**9,564,840.36**	**22**
	Negotiated without publication	Service	2,966,500.00	2,879,180.92	3
	Total NEGOTIATED WITHOUT PUBLICATION		**2,966,500.00**	**2,879,180.92**	**3**
Total SARA			**21,940,121.76**	**12,444,021.28**	**25**
TOTAL OVERALL			**35,350,656.71**	**22,226,724.18**	**348**



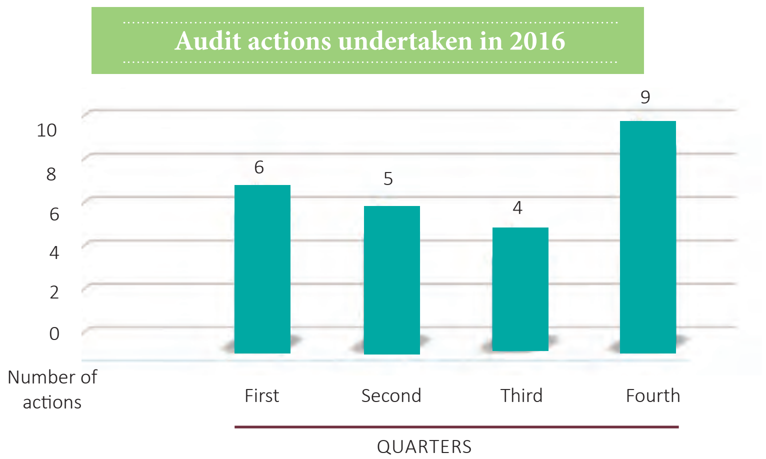
4

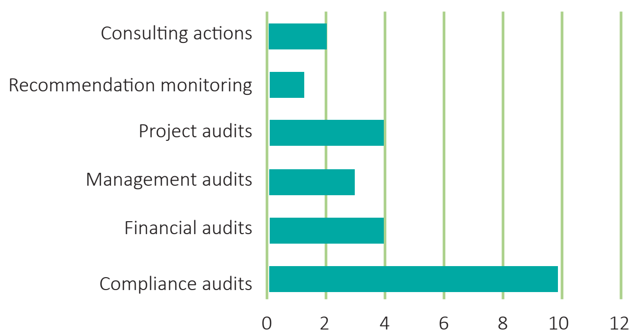
Auditing

As part of its role of supporting the Chairman, the Audit Division analyses, evaluates and supervises the efficacy of internal control and risk management systems relevant to the company as well undertakes the actions during the year provided for in the Annual Audit Plan, as approved by the Board of Directors.

Compliance with the 2016 Audit Plan was 100%. A total of 24 actions were carried out in 2016: 22 of which were conducted by Davison personnel and 2 of which were conducted by external consultants.

The members of the Audit Division work in accordance with the Code of Ethics which created a professional best practice model. This model is used as guidance for its activities. Provided below are some graphs itemizing the audit actions undertaken by quarter and by audit type.



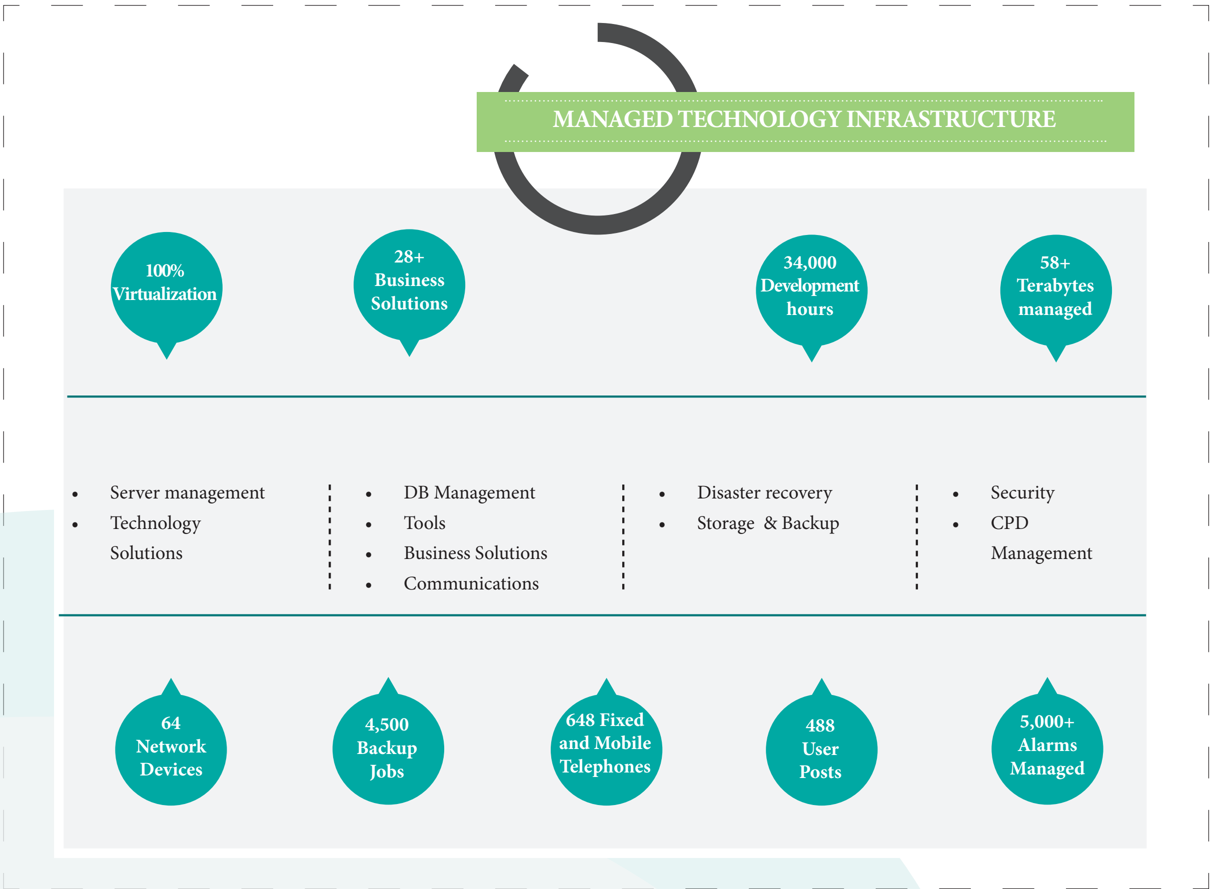


5

Systems

Information Technologies and Systems

- End of first year of the "8th Information Technology and Systems Plan (2016-2019)".
- Implementation of electronic public processing in compliance with Law 39/2015, of 1 October on the Common Administrative Procedure for Public Administrations and Law 40/2015, of 1 October, on the Legal Regime of the Public Sector.
- Custom development of a new budget module.
- Evolution of the Very Low Level Waste Disposal System, Cell 30, at the El Cabril disposal facility
- Consolidation of data structures to obtain management reports and indicators for the collaborative and smart business work platforms.
- Integration of emergency communications and video conferencing for virtual meetings in the integration communications service.
- As part of CAU, more than 10,000 requests for information by users were answered this year.



Collaborative Work Platform

DURING THE YEAR 2016, DIFFERENT SITES HAVE BEEN DEVELOPED BASED ON THE SHAREPOINT PLATFORM

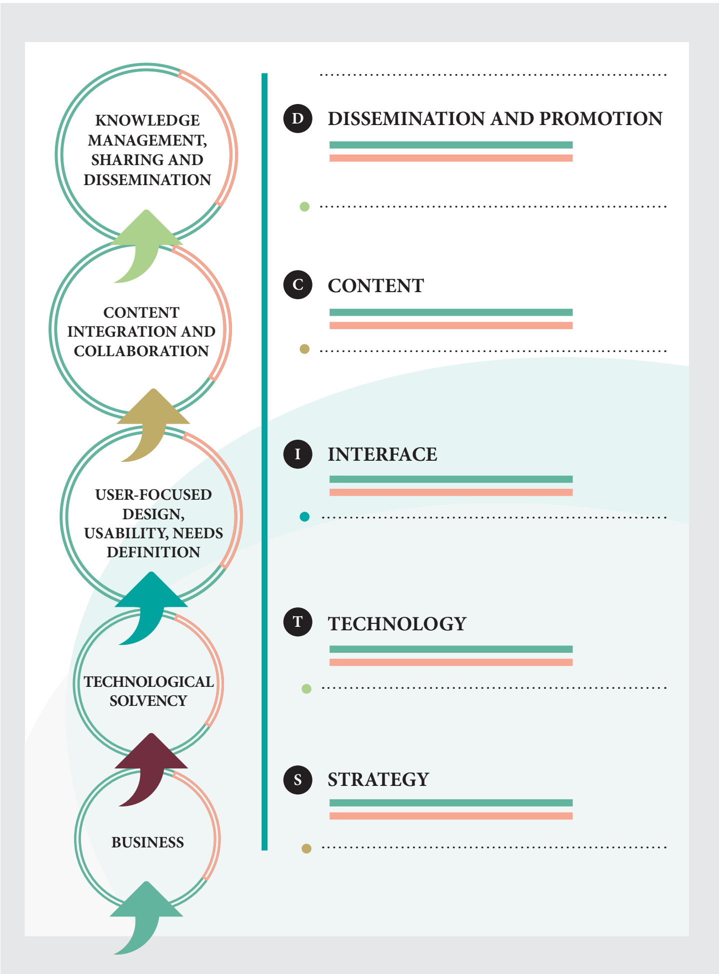
ENRESA

YEAR 2016

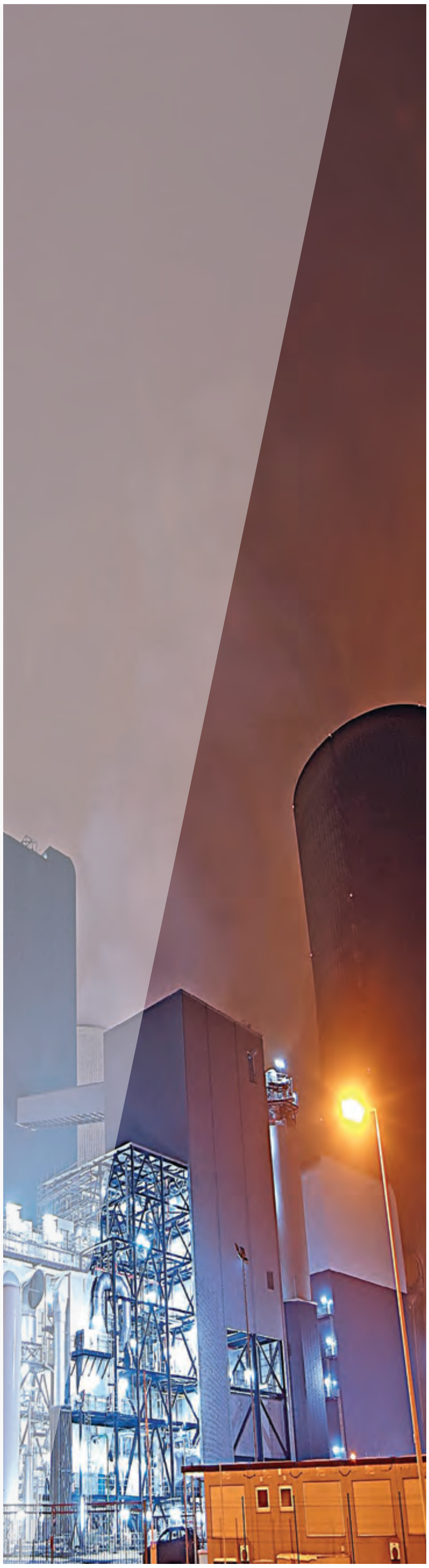
- 20 Sites created
- 130 users
- Content integration and collaboration

- BOARD OF DIRECTORS
- COMMITTEES (MANAGEMENT, PROCUREMENT, INVESTMENT)
- COMMUNICATION AND DISSEMINATION (NEWSLETTER, PILOT PUBLICATION)
- DEPARTMENTAL
- HUMAN FACTORS
- FILE MANAGEMENT

- The road map for the development of sites on the technology platform is creating a change in the way information is managed and shared as well as a path towards integrating knowledge into collaborative structures:



Capability to accompany users through their initiatives, covering the entire value chain.



Business Intelligence

WHAT HAS BEEN DONE IN 2016?

Major evolutions have occurred in 2016 in the solutions implemented.

ENRESA

BI
1+ solution
20+ major evolutions
328+ users

A) BUSINESS INTELLIGENCE – WASTE MANAGEMENT SYSTEM

Containment Units, Primary Packages, Disposal Units, Locations, Shipments, Tasks, Others.

B) BUSINESS INTELLIGENCE –DECOMMISSIONING MANAGEMENT SYSTEM

Waste, Shipments and Platform Stabilisation Samples.

C) BUSINESS INTELLIGENCE – HUMAN RESOURCES MANAGEMENT SYSTEM

D) ECONOMIC/FINANCIAL MANAGEMENT SYSTEM

E) ENVIRONMENTAL RADIOLOGICAL MONITORING PLAN MANAGEMENT MODULE

6

Documentation

Documentation and records

The Documentation Centre has a library that specialises in radioactive waste. It mainly serves internal users but also external professionals and researchers.

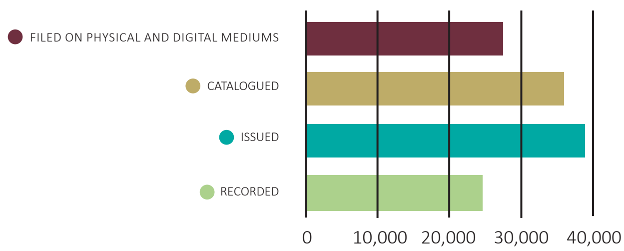
2016 LIBRARY

- 424 JOURNAL COLLECTIONS
- 3,450 ENRESA "VACIADO DE ESTRATOS" AND "DINAMO CLM" MAGAZINES
- 4,046 STANDARDS
- 641 OTHERS
- 13,995 MONOGRAPHS

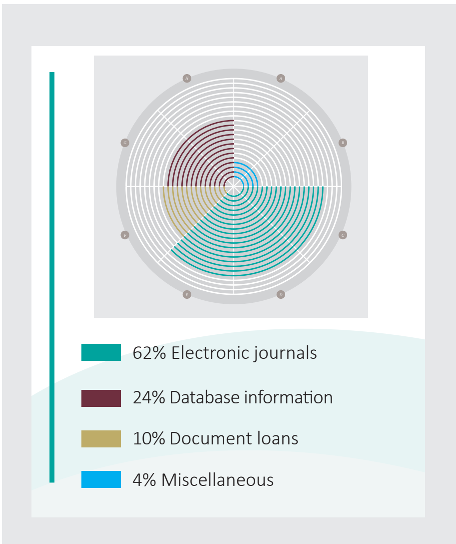
Documentation and records

Enresa has a corporate system to manage documentation that is supported by the Document Management System. This System covered the recording, distribution and filing of the following volumes of documentation in 2016:

NO. OF DOCUMENTS MANAGED IN 2016: 51,798



2016 QUERIES



SOCIAL COMMITMENT

2016

1

HR, Occupational Risk Prevention, Health

2

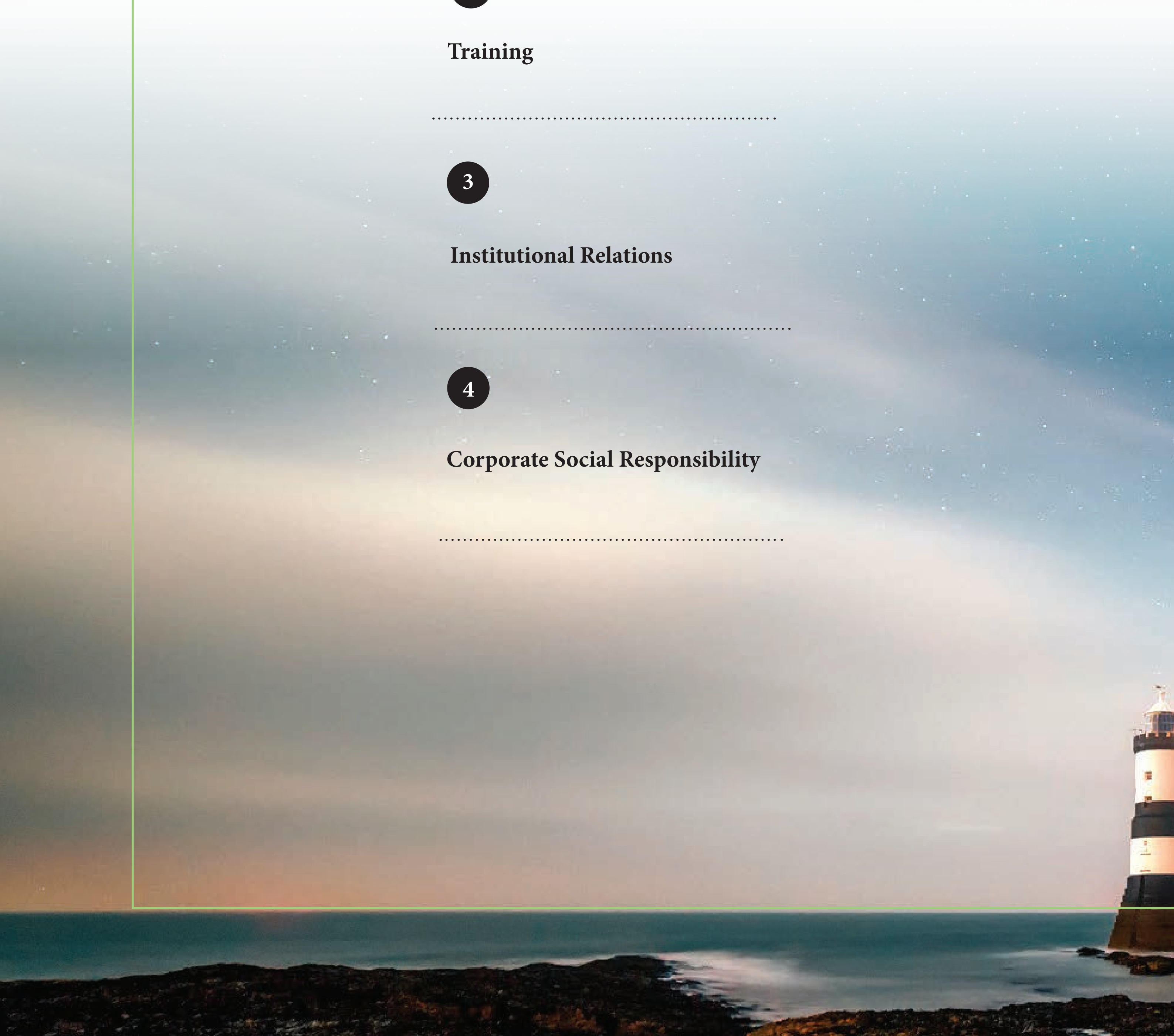
Training

3

Institutional Relations

4

Corporate Social Responsibility



CHAPTERS

1

HR

BASIC WORKFORCE DATA BY WORKSITE AND SEX

Worksite	*Men*	*Women*	*Overall total*
Headquarters	94	91	185
El Cabril Disposal Facility	104	19	123
Vandellós I	4	2	6
J. Cabrera NPP Decommissioning and Closure Plan	11		11
CTS	1	2	3
Overall total	**214**	**114**	**328**

WORKFORCE DATA BY PROFESSIONAL CATEGORY

CATEGORY
181
TECHNICAL

CATEGORY
45
ADMINISTRATIVE

CATEGORY
96
TRADE PERSONNEL

CATEGORY
06
MANAGEMENT

OVERALL TOTAL

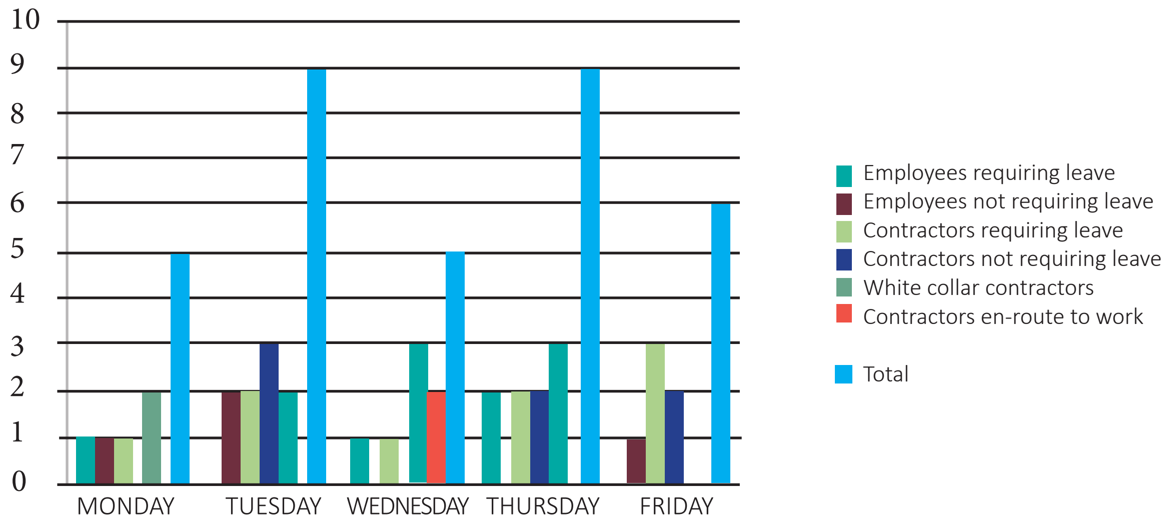
328

WORKFORCE DATA BY AGE GROUPS

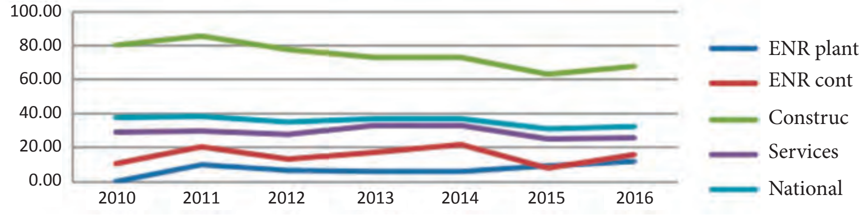
Occupational Risk Prevention

The regulatory audit of the Enresa Prevention System ended in January; the final report did not include any "insufficiencies" which meant "Audited Company" certification was obtained until January 2018.

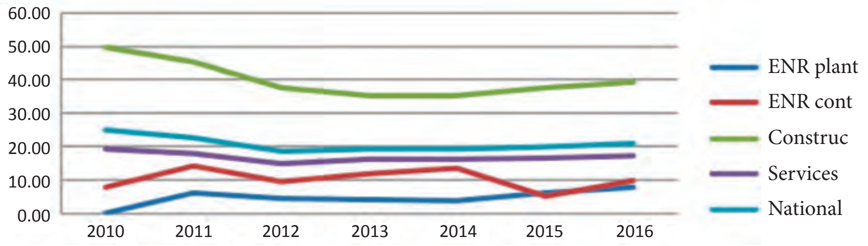
NO. OF OCCUPATIONAL ACCIDENTS IN 2016 AMONG THE WORKFORCE AND AMONG CONTRACTORS, AS PER THE TYPE OF ACCIDENT AND DAY OF THE WEEK



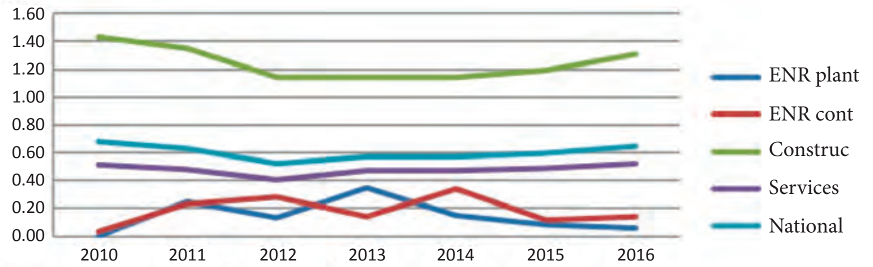
INCIDENT INDEX II (X100)



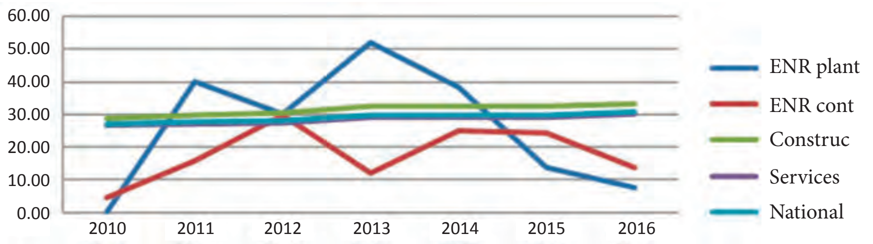
FREQUENCY INDEX (FI)



SEVERITY INDEX (SI)



AVERAGE DURATION OF DISABILITY (ADD)



- II: Incident Index = No. of Accidents x100,000 / No. workers (indicated value x 100).

- FI: Frequency Index = No. of accidents requiring leave x 1,000,000 / No. of hours worked.

- SI: Severity Index = No. of Days Lost x 1,000 / No. of hours worked.

- ADD: Average Duration of Disability = No. of days lost / No. of accidents requiring a leave (during work hours).

HEALTH

2016 BASIC HEALTH UNIT

Health monitoring actions continued in 2016, with health-related activities carried out by the Enresa Basic Health Unit.

In 2016, 318 job risk-specific medical check-ups were carried out as part of the personnel health monitoring Programme. In addition, 1,190 medical suitability controls or confirmations were issued by the prevention services of contracted companies.

INTERNAL PERSONNEL, 318 check-ups done	
PERIODICAL ORDINARY CHECK-UPS	287
PERIODICAL SPECIAL CHECK-UPS	5
PRELIMINARY OR NEW HIRE CHECK-UPS	8
PROPOSED BY THE BASIC HEALTH UNIT	1
BACK TO WORK MEDICAL CHECK-UPS	17

CONTRACTOR PERSONNEL, 1,190 check-ups reviewed	
PERIODICAL ORDINARY CHECK-UPS	956
PERIODICAL SPECIAL CHECK-UPS	5
PRELIMINARY CHECK-UPS	190
PROPOSED BY THE WORKERS	19
PROPOSED BY THE BASIC HEALTH UNIT	1
BACK TO WORK MEDICAL CHECK-UPS	19

Flu (A, B and C) vaccines for 22.08% of all personnel and monitoring and tetanus vaccines for all personnel under preventive coverage (13 re-vaccines).

There were 10 minor workplace accidents involving internal personnel: 4 requiring medical leave and 6 not requiring leave. Concerning contractors, there were 28 workplace accidents: 9 requiring medical leave and 19 not requiring leave.

In 2016, the internal personnel were issued 9,627 medical reports and 12,444 were issued to contract personnel (the most recent data particularly reflects a large volume of contractor personnel on the José Cabrera NPP DDP).

As part of the prevention plan reviews at the various Enresa sites, all jobs were evaluated for ergonomics to ensure the proper working conditions are maintained. Psychosocial risk assessments were also completed.

Preventive medicine

The Basic Health Unit also carried out various preventive and health promotion actions in 2016 (Healthy Companies) at all Enresa worksites:

Health Monitoring:

- Cardiovascular risk prevention campaign.
- Metabolic (overweight and obesity) risk prevention campaign
- Oncology risk prevention campaign.
- First Aid and Cardiopulmonary Resuscitation Campaign.
- Gynaecological pathology prevention campaign.
- Colon cancer (hidden blood in stool) risk prevention campaign.
- Prostate cancer risk prevention campaign.

Health Promotion:

- Practical Workshop on Psycho/Emotional/Stress Management Deactivation Strategies.
- EU/OSHA Campaign on Healthy Jobs at all ages.
- Prevention workshop on handling loads/forced postures.

2 Training

For a company like Enresa, training is an essential double-sided strategic element: a way to improve workers' skills as well as a tool for disseminating and spreading awareness among society and the public of the activities and projects carried out as part of day-to-day radioactive waste management.

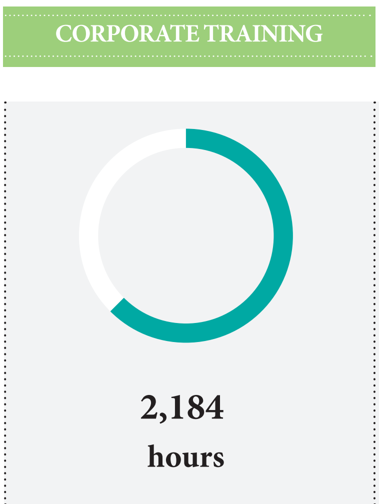
92.40% of all company employees received training last year with the average number of hours of training per employee totalling 35.96. The total sum of training hours received by company personnel in 2016 was 13,630 hours. The number of hours dedicated to corporate training totalled 2,184; and the number of hours of congress attendance was around 878. The hours dedicated to language training totalled 1,820.

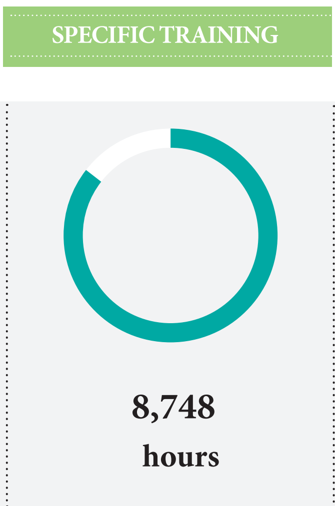
By worksite, the El Cabril disposal facility received 6,524 hours of training; the headquarters in Madrid, 6,123; the José Cabrera nuclear power plant, 791; the Vandellós I nuclear facility, 184, and the Centralised Temporary Storage facility, 8 hours.

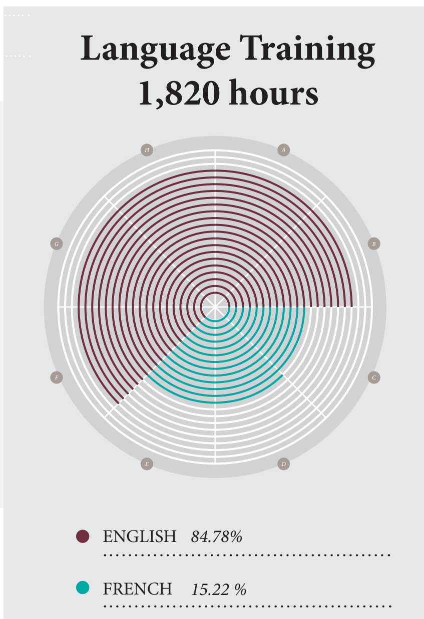
A total of 268 courses were given to the company workforce in 2016 with 304 employees participating. The company applied for the applicable rebates through the Fundación Tripartita foundation for job training, receiving a sum of €40,487, given that the attendance was above 75% of the number of training hours.

With regard to external training, it is worth mentioning that company technicians participated in nearly one hundred courses, seminars and master's classes last year with more than 106 classroom hours relating to radioactive waste management and decommissioning of nuclear and radioactive facilities as topics.

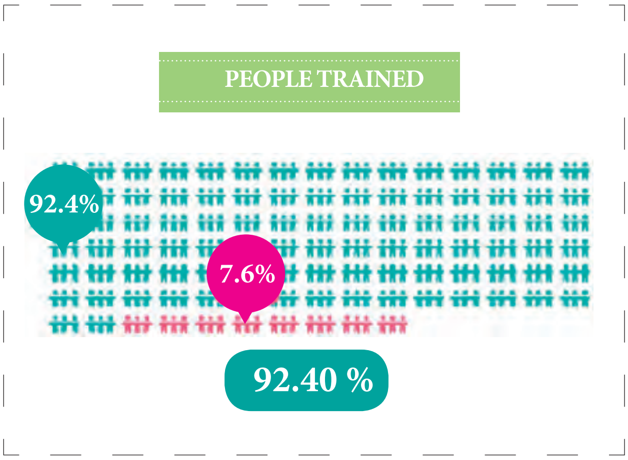
As for languages, a total of 1,820 hours were taught. 84.78% of these were English classes and 15.225 French classes.

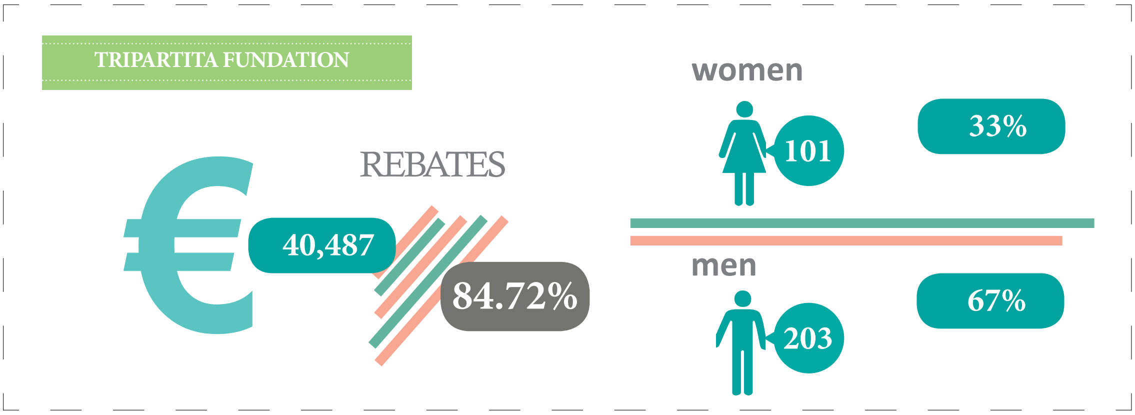




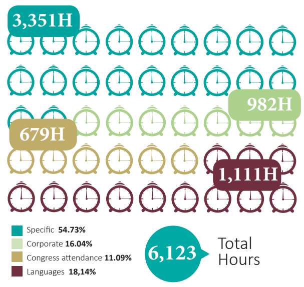



TOTAL COURSES
specific-corporate
268
304
EFFICACY
RATING
Courses 46.85%
Employees 53.15%

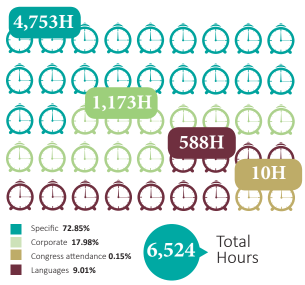

PEOPLE TRAINED
92.4%
7.6%
92.40 %


TRIPARTITA FUNDATION
REBATES
€
40,487
84.72%
women
101
33%
men
203
67%

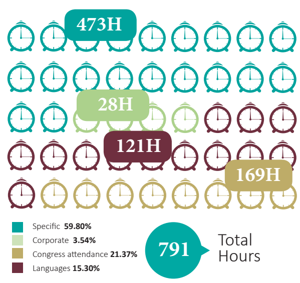
TRAINING Madrid



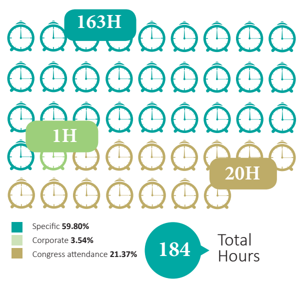
TRAINING Cabril



TRAINING José Cabrera

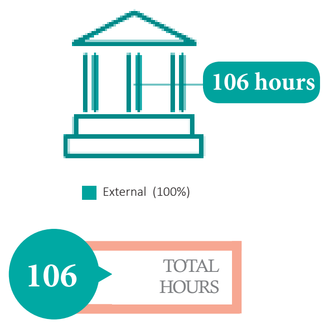


TRAINING Vandellós I



TRAINING VILLAR DE CAÑAS CTS

EXTERNAL TRAINING



Family Plan

Social commitment is a corporate value and a basic principle of Enresa's business mission. All of work is based on this so that this culture spreads throughout the entire organisation and can be reflected in the company's annual plans.

For more than a decade, the company has been working alongside public interest organisations and those that specialize in disabilities to periodically organize volunteer days with high employee participation in the activities organized in Madrid and at the El Cabril Disposal Facility.

It is worth noting that last year as part of the Family Plan - a Programme that provides Enresa employees with family members with some type of disability with different types of assistance to facilitate their job integration - the needs of four users between the ages of 1 and 16 were met. The degree of satisfaction with this programme in 2016 received a score of 9 out of ten.

Grant Programme

As part of our cooperative education programme and in line with our commitment to boost contact between students and recent graduates and the business world, a total of 18 students from different Spanish universities as well as another 8 students of various master's programmes and young students from Madrid-based second level schools completed internships last year at Enresa.

3

Institutional Relations

Throughout 2016, Enresa has continued to participate in various dissemination and specialised activities related to information and training, offering experience and specific knowledge in relation to radioactive waste management and the decommissioning of nuclear facilities.

Open Doors Policy

A number of institutional visits were made to Enresa worksites (the headquarters in Madrid, the Vandellós I nuclear power plant, El Cabril disposal facility, José Cabrera nuclear power plant and Villar de Cañas) both by social groups and institutions and companies in the sector, including the following highlights from 2016:

- *EL CABRIL DISPOSAL FACILITY*

  The very low, low and intermediate level waste storage and management facilities aroused the same interest as in years past. Some of the visits received include those by regulatory bodies such as the United States Nuclear Regulatory Commission (NRC) and the French Nuclear Safety Authority (ASN), whose members travelled to the facility in May accompanied by the members of the Spanish Nuclear Safety Council. The Director General of the Nuclear Energy Agency (NEA) also visited the facility in November.

  As concerns agencies responsible for waste management in other countries, El Cabril welcomed a Slovenian delegation from ARAO in June as part of the International Atomic Energy Agency (IAEA) technical cooperation programme.

  Also worth mentioning was the visit by a group of experts representing metal waste management companies which toured the storage centre in January as part of the Metallic Material Radiation Surveillance Protocol Knowledge Update Course which was held in collaboration with the Nuclear Safety Council (CSN), Enresa, the Association of Steel Production Companies (Unesid), the Spanish Federation of Recovery and Recycling (FER) and the Spanish Federation of Foundry Associations (FEAF).

- *VANDELLÓS I FACILITY*

  The old nuclear power plant in Tarragona received a number of visits in 2016 from the Ascó-Vandellós II Nuclear Association (ANAV). In February, some twenty technicians from the Ascó nuclear power plant Maintenance, Inspection and Testing

Department (MIP) visited the Mestral Technology Centre and, in April, the directors of the Ascó nuclear power plant held their Spring Seminar at the Enresa facilities. The Vandellós I Nuclear facility was also chosen by the Vandellós II nuclear power plant Control and Logistics Department to hold their Annual Communication Conference. The Vandellós II nuclear power plant Mechanical Maintenance Department, the Licencing and Operational Safety Unit (LSO), and firefighting brigades as well as other workers from the plant also visited the facility in 2016.

JOSÉ CABRERA NUCLEAR POWER PLANT

The decommissioning of the plant in La Alcarria involved intense institutional activity throughout 2016. From a national perspective, the visits by the Secretary of State for Energy, Mr Alberto Nadal; Mr José Manuel Latre, President of the Provincial Government of Guadalajara; CSN council members Ms Cristina Narbona and Mr Fernando Castelló, accompanied by the Secretary General of the CSN, Ms Maria Luisa Rodriguez, and Gas Natural Fenosa executives all stood out. Other institutions such as the Spanish Society for Radiological Protection (SEPR) and the Spanish Association of Municipal Authorities in Nuclear Power Plant Areas (AMAC) also visited José Cabrera.

On an international scope, the power plant welcomed two groups throughout the year from the OECD Nuclear Energy Agency (NEA), one of which specialized in the recycling of materials and another in the study of decommissioning costs. Those attending the International Conference on Advancing the Global Implementation of Decommissioning and Environmental Remediation Programmes, organized by the International Atomic Energy Agency in Madrid, also visited the decommissioning of the La Alcarria plant. With regard to bilateral relations, the power plant welcomed the Japanese electricity company KEPCO, the Austrian certification company TÜV, and the Japanese Atomic Energy Agency.

Participation in joint meetings and debate forums

Aside from visits to the company's facilities, Enresa organized and/or participated in the following conferences and working meetings in 2016:

In collaboration with the Spanish Engineering Institute (IIE) and the Energy, Environmental and Technology Research Centre, Enresa participated in a technical conference on the Centralised Temporary Storage infrastructures (CTS) at the CIEMAT facilities.

The IAEA International Conference on Advancing the Global Implementation of Decommissioning and Environmental Remediation Programmes was held in Madrid in collaboration with the European Commission (EC), the Organisation for Economic Cooperation and Development Nuclear Energy Agency (OECD/NEA); the European Bank for Reconstruction and Development (EBRD); Enresa, the Spanish Nuclear Safety Council (CSN) and the Spanish Electrical Industry Association (UNESA).

Madrid also hosted the ninth annual meeting of the OECD Nuclear Energy Agency (NEA) group studying the costs of nuclear facility decommissioning and the 62nd Meeting of the Agency Club, in which 15 countries participated as well as two international organisations: the European Commission (EC) and the Western European Regulators Association (Wenra).

The headquarters in Madrid was the site in November for a meeting between the directors of the Korean company Korea Hydro & Nuclear Power (KHNP). A few months before, a delegation of journalists from South Korea, accompanied by representatives of the Korean Nuclear Agency, the Radioactive Waste Management Agency and the Ministry of Industry of the Asian country also visited the Enresa headquarters to be informed on the Spanish waste management model.

As for international cooperation, Enresa participated in the seminar “Radioactive Waste Management and its Control System”, organized by the Italian Mixed Parliamentary Commission on Illegal Activities in the Waste Cycle.

The 17th José Cabrera Information Committee was held in May as well as the presentation of 2015 operational data for El Cabril.

Committed to disseminating our knowledge

In the university sector, Enresa collaborated with the Universidad Complutense de Madrid (UCM) Summer Course: “Spent Nuclear Fuel Management. A Technical, Political and Social Challenge” in San Lorenzo de El Escorial aimed at the development of the Centralised Temporary Storage (CTS) project. It featured the participation of Enresa professionals.

As is habitual, we also participated in various technical sessions and the project to prepare the dissemination area at the 42nd Annual Meeting of the Spanish Nuclear Society in Santander from 28 to 30 September, as well as the 33rd Spanish National Conference on Energy and Education organized by the Spanish Nuclear Forum.

Finally, we must also highlight the 18th Conference on Radioactive Waste at Radioactive Facilities last October which we organized. More than 50 professionals participated from hospitals, industry and research. Enresa is also involved in fostering knowledge in the area of radiological protection. The company collaborates on the update course on the Protocol for collaboration on radiation monitoring of metallic materials taught with the participation of the CSN, Enresa, UNESID, FER and FEAF.

Furthermore, the Enresa Radiological Protection Technical Unit has taught several basic training courses throughout the year on radioactivity and measuring radiation as part of the commitments undertaken through the Protocol for collaboration on radiation monitoring of metallic materials.

Commitment to Transparency

Pursuant to Spanish Law 19/2013, of 9 December, on transparency, access to public information and good governance, Enresa developed a transparency portal on its website which includes and regularly updates information relating to the company’s activities and fosters citizen participation. The information is organized into four sections: institutional and organisational information, regulatory information, economic information and a transparency reporting box through which several requests for information were dealt with throughout 2016.

Institutional Relations

4

Corporate Social Responsibility

Pursuant to Spanish Ministerial order IET/458/2015, of 11 March, which regulates allocations to municipalities in the areas of nuclear facilities, charged to the Fund to finance the activities outlined in the General Radioactive Waste Plan, Enresa has continued to contribute to the economic and environmental development of the municipalities where the company has facilities by co-funding local development activities.

Moreover and in application of said regulation, Enresa aims for sustainability through socioeconomic and environmental development projects by signing collaboration agreements with the municipalities surrounding the nuclear facilities Enresa owns which do not have current collaboration agreements financed by Enresa.

Scientific, training and environmental research as well as the transfer of knowledge in the field of radioactive waste management is also a cornerstone of our CSR activities.

CO-FINANCED PROJECTS

Nuclear Facility	*Municipality*	*Amount*
ALMARAZ	Almaraz	€ 111,900
COFRENTES	Cofrentes	€ 99,207
GAROÑA	Jurisdicción de San Zadornil	€ 13,000
GAROÑA	Partido de la Sierra de Tobalina	€ 50,187
TRILLO	Mantiel	€ 35,024
ZORITA	Almoguera	€ 48,508
ZORITA	Almonacid de Zorita	€ 111,900
ZORITA	Buendia	€ 35,136
ZORITA	Valdeconcha	€ 4,252
TOTAL		**€ 509,114**

CO-FINANCED PROJECTS 50%

OTHER AGREEMENTS AND SPONSORSHIPS 26%

COLLABORATION AGREEMENTS 24%

COLLABORATION AGREEMENTS

Municipalities in the area of the CTS (Cuenca)	*Contribution*
Montalbo	€ 18,570
Montalbanejo	€ 18,570
Villar de Cañas	€ 150,000
Villarejo de Fuentes	€ 26,500
Villares del Saz	€ 39,200
Zafra de Zancara	€ 11,910
TOTAL	**€ 264,750**

OTHER AGREEMENTS AND SPONSORSHIPS

Training	*Province*	*Contribution*
UNIV. CORDOBA	Córdoba	€ 99,986
UNIV. CASTILLA-LA MANCHA	Albacete, Cuenca, Toledo, Ciudad Real y Guadalajara	€ 100,042
FUND. GRAL. UNIV. AUTONOMA	Madrid	€ 1,200
FUND. GRAL. UNIV. COMPLUTENSE	Madrid	€ 2,000
CIEMAT and ETSII	Madrid	€ 21,300
CIEMAT	Madrid	€ 25,000
OFFICIAL ASSOCIATION OF PHYSICISTS	Madrid	€ 1,000
ASFACO	Córdoba	€ 8,997
SPANISH NUCLEAR SOCIETY	Madrid	€ 9,000
SPANISH RADIOLOGICAL PROTECTION SOCIETY	Madrid	€ 9,500
TOTAL		**€ 278,025**

- Guarantee radiological protection and personal safety
- Contribute to the development of municipalities around nuclear facilities
- Practice good governance and transparency
- Excellence in RW management and absolute respect for the environment
- Promote employee wellbeing
- Promote CSR and its integrated management
- Improve social acceptance

List of CSR actions undertaken in 2016

INTEREST GROUPS:

SOCIETY AT LARGE:

- Adaptation of web channels and other information media to bring our activities closer to society
- Information Centres ("Enresa Spaces") for dissemination at all Enresa worksites
- Annual conferences for Small Producers, on training and knowledge dissemination, new techniques, recent applicable laws, etc. and the exchange of experiences.
- Scheduled visits to our facilities. One clear example is El Cabril, with more than 3,500 visits annually.
- A collaboration agreement with the Regional Department of the Environment and Spatial Planning of Andalusia for defence against forest fires at the El Cabril Disposal Facility.
- Corporate Code of Conduct.
- The maintenance of a channel to file complaints related to breaches of the code of conduct.
- Monitoring of activities by the Compliance and Crime Prevention Committee appointed for this purpose.
- Volunteer Programme to foster job integration by groups which encounter barriers to entering the ordinary job market.

MUNICIPALITIES AFFECTED BY NUCLEAR FACILITIES:

In accordance with Order IET/458/2015, of 11 March, which regulates allocations to municipalities in the vicinity of nuclear facilities, charged to the Fund to finance the activities outlined in the General Radioactive Waste Plan:

- Annual allocations to the Local Authorities around our Nuclear Facilities.
- Co-financing of local development activities which help preserve and improve the environment and, in all cases, generate jobs.
- The arrangement of Collaboration Agreements to finance activities that contribute to the socioeconomic development of the municipalities with a right to allocations for new facilities for which Enresa has requested authorisation to build which have yet to receive any other type of allocation.

ENRESA PERSONNEL:

- Health monitoring programme for all personnel, including specific prevention tests for the early detection of breast, prostate and colon cancer.
- Monitoring and dissemination of the Healthy Company programme with prevention activities aimed at the company's staff.
- An employee grant programme.
- Language training for employees.
- Improvements to the collective bargaining over what is legally established.
- Awareness raising and assistance with employee blood donation.
- 13 "Train by Informing" sessions were given to disseminate Enresa activities and train staff.

CUSTOMERS AND SUPPLIERS:

- Voluntary maintenance of ISO-9001 for the company's overall management.
- Voluntary maintenance of ISO-14001 for the El Cabril and Vandellós I facilities.

RESEARCH CENTRES:

- A collaboration agreement with CIEMAT to develop a personnel training programme on energy and the environment.
- A collaboration agreement with CIEMAT-UPM Higher School for Industrial Engineering for the "Radioactive Waste Management" course.

UNIVERSITIES AND TRAINING CENTRES:

- A collaboration agreement with the Universidad Autónoma de Madrid foundation to develop the Waste Management and Treatment master's programme.
- Enresa Chair at the Universidad de Cordoba (UCO).
- Enresa Chair at the Universidad de Castilla La Mancha (UCLM).
- The annual summer intern programme.
- Training internships at the El Cabril site for intermediate and upper secondary students.
- 161 training workshops at schools in Córdoba and surrounding areas taught by Enresa personnel with more than 3,670 students participating.
- Training workshops at the Vandellós I Mestral Technology Centre. More than 70 workshops have been taught by personnel from that centre with approx. 2,450 students attending in total.

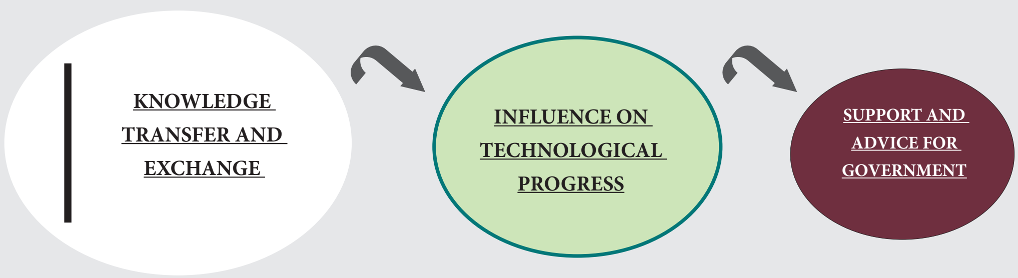
INTERNATIONAL ORGANIZATIONS AND RECOGNISED ORGANISATION:

- Technical assistance for third-country scientific and technical Organisations such as those from Slovenia (ARAO) and the Ukraine (SAMEZ).

5 International Cooperation

International participation and cooperation

GOALS



COLLABORATION CHANNELS

- ACTIVE PARTICIPATION IN INTERNATIONAL ORGANISATIONS
- MAINTENANCE AND RENEWAL OF BILATERAL COLLABORATION AGREEMENTS
- TECHNICAL COOPERATION AND ASSISTANCE

International Organisations

European Union

- Collaboration with ENSREG by delegation of MINETAD for the application of Directive 2011/70.
- Participation in several working groups related to decommissioning and financing aspects.

Nuclear Energy Agency/ OECD

- Collaboration in the Radioactive Waste Management Committee and associated Groups.
- Participation in other groups on economic aspects, nuclear law and radiological protection.

International Atomic Energy Agency

- Representation of Spain on the main Fuel Cycle Committees: Waste Technology Advisory Committee and Spent Fuel Management Options Committee.
- Participation in international networks: DISPONET on disposal;
IDN on decommissioning and LABONET on waste characterisation laboratories.
- Technical meetings in collaboration with MINETAD and the CSN.
- International Conference on Advancing the Global Implementation of Decommissioning and Environmental Remediation Programmes.

Bilateral Relations

Collaboration agreements

- New collaboration agreement with SOGIN, the Italian Radioactive Waste Management Agency.
- Renewal of the agreement with EDF, Electricité de France, on decommissioning.
- Monitoring of the current agreements with international radioactive waste management agencies: ANDRA (France); ONDRAF (Belgium); ANSTO (Australia); SKB (Sweden); COVRA (Holland) and CNEA (Argentina).

Technical Assistance

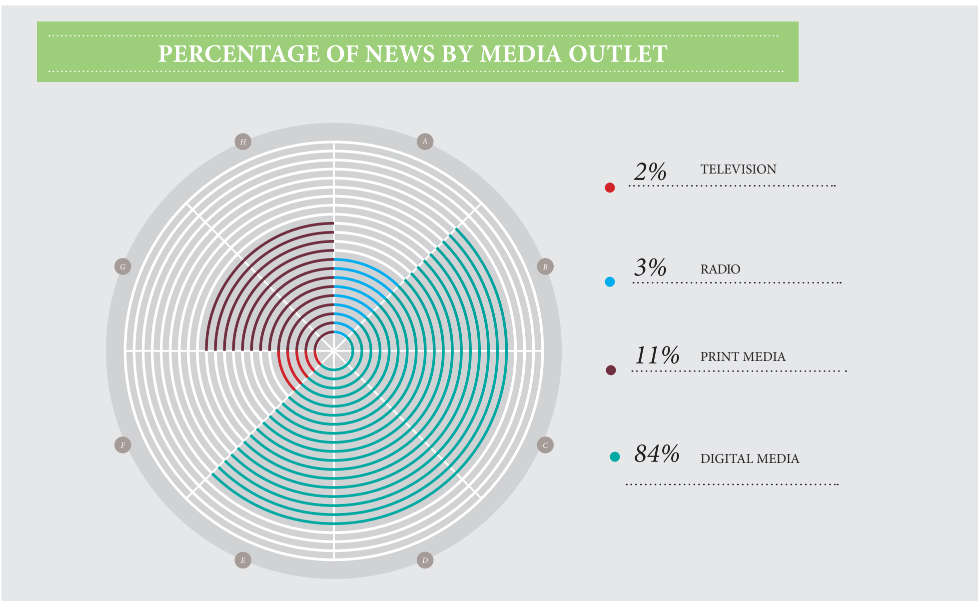
- "The Development of a Technical Design and Preliminary Safety Report for the LILW Disposal Facility in Bulgaria" project in collaboration with other Agencies, promoted by the European Bank of Construction and Development (EBCD).
- Projects to advise the government of the Ukraine on collaboration with other Agencies as part of the European Commission Instrument for Nuclear Safety Cooperation programme.


enresa

6

Communication

- **Enresa maintained a constant relationship with the media in 2016.**
- **Four press releases were issued.**
- **Three press conferences were organized.**
- **More than fifty requests for information.**



Digital media **5,063 news items**.

Print media **675 news items**.

Radio **179 news items**.

Television **97 news items**.

OVERALL TOTAL

6,014

Four new issues of the magazine Estratos were published in 2016, **113 to 116**, and **17** corporate information releases were published on the Enresa website.

161 educational activities were carried out at schools in the El Cabril area which made it possible to disseminate the Enresa mission to 3,672 students in the final Primary and Secondary cycles in Córdoba.

Communication participation in different events to disseminate information to various types of publics including the Public Information Meeting Exchange (PIME) held in February in Bucharest, the High Level Waste Management course in July at El Escorial and the travelling Information Centre at the annual meeting of the Spanish Nuclear Society held in September in Santander.

The 13th Annual Teachers Meeting was organized; this year it was held in Fuente-Obejuna.

VISITORS TO OUR INFORMATION CENTRES IN 2016: More than 9,000 people.

	No. OF VISITS	*No. OF VISITORS*
EL CABRIL	161	3,815
JOSÉ CABRERA NPP	59	832
VANDELLÓS I	97	2,624
CTS	16	88
MADRID	92	1,776
TOTAL	**425**	**9,135**

7

Information Media

Enresa maintains its commitment to informing society of the public service it offers. Therefore, it has several information channels to spread this information.

Enresa Magazines

ESTRATOS

The Enresa corporate magazine is markedly scientific in nature and combines general topics in this field with technical articles on radioactive waste management, decommissioning processes and R&D projects undertaken by Enresa.

PUBLISHED SINCE

1986

CIRCULATION

National (Spain)

FREQUENCY

Quarterly

ISSUES PUBLISHED IN 2016

4

PRINT RUN

8,000

DINAMO

More aimed at dissemination, the magazine *Dinamo* brings the Enresa reality closer to citizens from an educational perspective. Updates on the company's activities are combined with other current events and items of cultural interest to combine dissemination with entertainment.

- PUBLISHED SINCE
  2014
- CIRCULATION
  National (Spain)
- FREQUENCY
  Quarterly
- ISSUES PUBLISHED IN 2016
  4
- PRINT RUN
  4,500

Other Publications

INFORMATIVE BROCHURE ON DECOMMISSIONING AND ENVIRONMENTAL REMEDIATION

On the occasion of the International Conference on Advancing the Global Implementation of Decommissioning and Environmental Remediation Programmes held last May in Madrid, Enresa participated with a stand and a specially produced brochure with information relating to the company's projects.

RADIOLOGICAL PROTECTION MANUAL

The manual for the Basic Training Course on Radioactivity and Radiation Measurement for Personnel of Steel Producers, Foundry and Recovery Companies was published last year and handed out at courses taught by the Enresa Radiological Protection Technical Unit in the framework of the commitments acquired through the Protocol for Collaboration on Radiation Monitoring of Metallic Materials.

NEWSLETTER

This internal newsletter was created to spread awareness for the activities undertaken by the company's various departments and worksites.

ACTIVE SINCE
2014

INTERNAL DISTRIBUTION
To staff

FREQUENCY
Fortnightly

ISSUES PUBLISHED IN 2016
19

VISITS
3,210

Audiovisual

UPDATE TO THE VIDEO DISSEMINATION CONTENT

In an effort to spread awareness about Enresa among citizens, its video library was updated in 2016 with a selection of 5 multi-channel audiovisuals covering all branches of the company's business; they are accessible to the general public.

DISSEMINATION AND CORPORATE

Radioactivity and Radioactive Waste Management
This video takes a close look at the activities of the Spanish National Radioactive Waste Company and the public service it provides.

WASTE MANAGEMENT

Activities and Processes at El Cabril
It focuses on very low and low and intermediate level waste management.

Centralised Temporary Storage Project
It describes the main facilities of the Centralised Temporary Storage project as well as the processes carried out at each one of them.

FACILITY DECOMMISSIONING

Nuclear power plant Decommissioning
A detailed comparison of the two nuclear power plant decommissioning projects undertaken by Enresa at Vandellós I (Tarragona) and José Cabrera (Guadalajara).

Report on the decommissioning of the José Cabrera Nuclear power plant (Activities Undertaken 2010-2015)
It offers an account of outstanding activities as well as the end of the segmentation of the reactor vessel and the removal of the internal components from the primary circuit.

Website

The website www.enresa.es was updated in July 2016.

Intended audience

The site is aimed at society in general, whether LEGO users on the subject or sector experts, potential bidders, small producers, journalists or students.

TECHNICAL CHARACTERISTICS

COMPATIBLE

Responsive design compatible with all mobile devices

SYNTHESIZED AND FLEXIBLE

Improved browsing menus and re-organized information

MULTILINGUAL

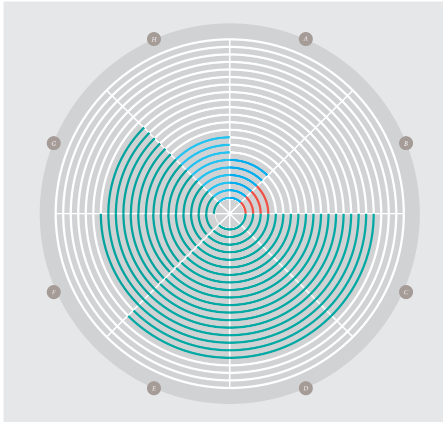
In Spanish and English (text and audio-visuals)

ACCESSIBLE

For the disabled and elderly
(Level AA, Standard UNE 139803/2012)

2016 Statistical graph	
Unique visitors	60,077 users
Visits	103,703 visits

SESSIONS BY TYPE OF DEVICE



MOBILE PHONES
18 %

TABLETS
3%

COMPUTERS
79%

SESSIONS BY GEOGRAPHIC LOCATION

COLOMBIA
2 %

USA
1%

MEXICO
2 %

UNITED KINGDOM
1%

SPAIN
84%

OTHERS
10%

8

Liquidation of Fundación Enresa

After it was closed in 2016, the Fundación Enresa continued the liquidation process, pursuant to Order HAP/1816/2013, of 2 October, publishing the Spanish Council of Ministers Resolution adopting measures to restructure and downsize the national public foundation and enterprise sector.

The process to close down the Foundation definitively ended on 22 December 2014, at which time the liquidation process began pursuant to the regulations outlined in Spanish Law 50/2002, of 26 December, on Foundations. On 15 December 2016, the Foundation Board, having been constituted as the liquidator, ended the liquidation process after having terminated the agreements with the Municipal Association of Tajo-Guadiela and the Almonacid de Zorita Municipal Council.

The liquidation resolution was notarised on 20 December 2016 and submitted to the Spanish Registry of Public Foundations on 18 January 2017.

The liquidation process was completed under the control of the Unique Foundation Protectorate following its entry into force on 2 December 2015.

Liquidation of the Enresa Foundation

ANNUAL REPORT
2016

Published by

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ANNUAL REPORT

2016

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www.enresa.es

GOBIERNO DE ESPAÑA

MINISTERIO DE ENERGÍA, TURISMO Y AGENDA DIGITAL

enresa