Urenco Limited

Interim Financial Statements

FOR THE 6 MONTHS ENDED 30 JUNE 2020

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The Urenco Group

Urenco is an international supplier of enrichment services and fuel cycle products with its head office based close to London, UK. With plants in Germany, the Netherlands, the UK and the USA, it operates in a pivotal area of the nuclear fuel supply chain which enables the sustainable generation of electricity for consumers around the world.

Using centrifuge technology designed and developed by Urenco, the Urenco Group provides safe, cost-effective and reliable uranium enrichment services for power generation within a framework of high environmental, social and corporate responsibility standards.

For more information, please visit www.urenco.com

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CORPORATE INFORMATION

Board of Directors

Non-executive Directors

Stephen Billingham	Chairman
Mel Kroon	Non-Executive
Frank Weigand	Non-Executive
Alan Bevan	Non-Executive
Miriam Maes	Non-Executive
Justin Manson	Non-Executive
Richard Nourse	Non-Executive

Executive Directors

Boris Schucht	Chief Executive Officer
Ralf ter Haar	Chief Financial Officer

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Summary

- Revenue down €187.3 million on H1 2019 (23.3% decrease) and EBITDA down €145.3 million (24.9% decrease) due primarily to lower levels of SWU deliveries to customers in the period.
- Net income (pre-exceptional item) down by €75.2 million on H1 2019 (27.5% decrease) and Net income (post-exceptional item) down by €100.8 million (36.9% decrease).
- Cash generation from operating activities remained robust at €498.5 million in H1 2020 (7.6% increase on H1 2019).
- Effective COVID-19 preparation, response and recovery plans, continuous plant operations and customer deliveries, while ensuring strong support to our employees and no assistance from Government employment schemes.
- No significant financial impact in the reporting period from COVID-19 pandemic, liquidity remains strong.
- Contract order book has an approximate value of €10.2 billion (€10.6 billion as at 31 December 2019), providing continued visibility and financial stability of future revenues.

Financial Highlights

	Six months to 30 June 2020 (unaudited) €m	Six months to 30 June 2019 (unaudited) €m
Revenue	**617.3**	804.6
EBITDA(i)	**437.6**	582.9
EBITDA margin - %	**70.9%**	72.4%
Income from operating activities (pre-exceptional item)	**321.8**	418.9
Exceptional item (pre-tax)(ii)	**(25.6)**	-
Income from operating activities (post-exceptional item)	**296.2**	418.9
Net income (pre-exceptional item)	**198.3**	273.5
Exceptional item (post-tax)(ii)	**(25.6)**	-
Net income (post-exceptional item)	**172.7**	273.5
Capital expenditure(iii)	**68.3**	54.2
Cash generated from operating activities	**498.5**	463.3

(i) EBITDA is earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and net costs of nuclear provisions. EBITDA is reconciled to income from operating activities on page 21.
(ii) Exceptional item comprises the increase in nuclear provisions for the USA operations as a result of lower discount rates (see Note 5).
(iii) Capital expenditure includes net cash flows from investing activities (excluding interest received) and capital accruals (included in working capital payables).

Boris Schucht, Chief Executive of Urenco Group, commenting on the half year results, said:

"Urenco's half year results for 2020 reflect a robust financial and operational performance during a time of significant disruption globally due to the COVID-19 pandemic.

Urenco acted quickly to mitigate the impact of the spread of the COVID-19 virus on our business. Our objective has been to ensure the safety and wellbeing of our employees, their families and the local communities and the continued safe operation of our sites. We have had a very low infection rate among our employees. We achieved continuous, smooth operations across all sites, and there was no interruption to either our supply chain or logistics. We maintained our 100% record of delivering to our customers on time. For this I extend a huge thank you to our employees and partner organisations.

Urenco's finances remain healthy despite the pandemic. We benefit from a strong balance sheet with more than €790 million in cash and short term deposits, as well as €750 million of undrawn bank facilities, which can help buffer and protect us from any potential longer term adverse consequences of the COVID-19 virus. Some of our customers are being impacted by a drop in electricity consumption, which may lead to a small reduction in deliveries for Urenco in the coming years. Our results in the past six months have remained in line with management expectations.

Sustainability is integral to everything Urenco does, in terms of the longevity of our company, our environmental impact and how we give back to society. The past six months has seen some very positive progress commercially, with new enrichment and nuclear stewardship contracts secured. In relation to environmental impact, the commissioning of our Tails Management Facility is progressing well and represents a significant investment in the responsible management of the by-product of our enrichment services. Our stable isotopes business has huge value for society, from diagnostics, therapy and pain relief to supporting the development of quantum computers. We are increasing its capacity and are looking forward to officially opening an enhanced facility next year following completion of commissioning.

During 2020, we are celebrating the 50th anniversary of our organisation's founding treaty – The Treaty of Almelo. Our success is due to the skill and commitment of our employees and the strong relationships we have with a wide variety of trusted and valued partners. This has been even more evident during the COVID-19 crisis and we look forward to continued collaboration to help ensure our industry continues to perform in these turbulent times."

COVID-19

Urenco has detailed procedures in place to ensure the safety and wellbeing of our employees, communities and key stakeholders, and our ability to keep our plants operating.

Dedicated teams have been managing the risk, closely monitoring local conditions and government advice, and delivering on comprehensive response plans. International business travel ceased quickly. Visitor tours of our sites were cancelled and employees who could work from home were required to do so. Increased hygiene measures were implemented at all sites. Guidance was issued to managers and supervisors and employees were updated daily on what actions needed to be taken.

We also worked closely with suppliers and business partners to mitigate the associated risks. Additional stock was put in place for critical components and we sourced alternative products where there were shortages of supply.

These measures will remain in place for the time being, with restrictions being eased gradually in line with Government guidance. We remain confident about our plans for managing COVID-19 and our resilience is further strengthened by our ability to provide services for our customers from our sites in mainland Europe, the UK and the USA.

Outlook

The COVID-19 crisis has impacted power markets and power demand globally, although it is increasingly apparent that nuclear output has remained a reliable source of energy during this time. Some markets are more impacted than others, with Europe seeing the largest fall in nuclear output compared to last year (between 10-15% lower in Q1 and Q2). While there may be a corresponding small reduction in deliveries in the coming years, many utilities are using the decreased demand as an opportunity to advance maintenance programmes.

During the first six months of 2020, SWU prices remain at similar levels to last year and uranium prices have increased to above $105/kg UF6 primarily as a result of the temporary closure of mines across the world in response to COVID-19. The historic levels of SWU pricing continue to be reflected in the value of our contract order book, which extends to the 2030s with a value as at 30 June 2020 of €10.2 billion based on €/$ of 1: 1.12 (31 December 2019: approximately €10.6 billion based on €/$ of 1: 1.12). However, the current and recent levels of long-term forecast market prices for SWU are much lower than the historic levels of our order book and those previously anticipated and this was the key driver which resulted in impairment charges being incurred on our US operations in both 2016 and 2019 totalling approximately €1.3 billion.
Future opportunities are created by the radical decarbonisation required to mitigate climate change and meet the commitments made in relation to the Paris Agreement. It is well established that in order to meet future emission targets, a mix of renewable and nuclear power is needed. It is vital for nuclear to complement renewables in the future energy mix as it is the only proven technology providing continuous low carbon power. The nuclear industry requires a cost effective and diverse supply of uranium enrichment services as an integral part of the nuclear fuel cycle. Urenco has a key role in providing this as a leading nuclear services technology company operating safely and reliably for 50 years.

We also continue to monitor the various political uncertainties that could impact our business.

We are prepared for the UK's full withdrawal from the European Union and EURATOM treaty, which is due to take place at the end of 2020.

In the United States, Urenco welcomed the US Department of Energy's publication of the Nuclear Fuel Working Group's report in April. Its recommendations included continuing to control the level of enriched uranium Russia can supply into the US. We also welcomed the recommendation on funding research and development of next generation fuels – a future market which Urenco is well-placed to serve.

REVIEW OF FINANCIAL RESULTS

Income Statement for the period ended 30 June 2020

Revenue for the six months ended 30 June 2020 was €617.3 million, a decrease of €187.3 million (23.3%) on the €804.6 million for the same period last year. SWU revenues were down in line with management expectations by €219.4 million due to lower volumes which more than offset the favourable impact from slightly higher realised hedged SWU prices. Uranium related sales were down by €24.1 million, with both volumes and prices lower than the same period last year.

Other net movements in revenue showed an increase of €56.2 million compared to the same period last year, of which €44.5 million relates to payments received associated with the settlement of claims filed by Urenco relating to the Chapter 11 bankruptcy of a US customer.

Overall, revenue for 2020 is expected to show that the second half of the year will account for a greater proportion of the total, which contrasts slightly with 2019 when sales were more broadly split across the first and second halves of the year.

EBITDA for the first half of 2020 was €437.6 million, a decrease of €145.3 million (24.9%) from the same period last year (H1 2019: €582.9 million), corresponding to an EBITDA margin of 70.9% (H1 2019: 72.4%). The decrease in EBITDA is principally due to the margin impact from decreased revenue together with an increase in the net costs of nuclear provisions (excluding exceptional item) of €18.9 million, despite other operating and administrative expenses being lower by €60.9 million.

€ million (periods ending 30 June)	**2020**	**2019**	% movement
Income from operating activities – pre-exceptional item	**321.8**	**418.9**	(23.2%)
Adjustment for depreciation in inventories, SWU assets and nuclear provisions	(33.4)	(6.3)	
Add: depreciation and amortisation	150.4	171.4	
Adjustment for share of results of joint venture	(1.2)	(1.1)	
EBITDA	**437.6**	**582.9**	(24.9%)

The net costs of nuclear provisions (including exceptional item) were €62.5 million for the six months ended 30 June 2020, an increase of €44.5 million (H1 2019: €18.0 million) primarily as a result of higher net costs for tails provisions.

The net costs for tails provisions (including exceptional item) in the first half of 2020 were €50.8 million higher than those for the same period last year with the increase due to a reduction in certain applicable discount rates and the relative impact of the reduction in higher assay tails associated with enrichment services contracts. The impact of the reduction in certain applicable discount rates relates to the US and the Netherlands businesses resulted in a charge of €32.4 million (H1 2019: nil), of which the €25.6 million associated with the US discount rate change has been treated as an exceptional item. The Group's policy on exceptional items requires separate disclosure for certain items of financial performance, due to their size, nature and incidence, so as to assist in understanding the underlying financial performance achieved by the Group. As the Group's assumptions for the US business discount rate has remained unchanged for many years and the impact of the change is material, it has been treated as an exceptional item due to its size, nature and incidence.

€ million (periods ending 30 June)	**2020**	**2019**	increase/ (decrease)
Net costs for nuclear provisions in the period – total	62.5	18.0	44.5
Net costs for tails provisions in the period – exceptional item	25.6	-	25.6
Net costs for nuclear provisions in the period – ordinary course	36.9	18.0	18.9

The net costs for decommissioning provisions in the first half of 2020 increased by €2.6 million driven by reduced discount rates in the Netherlands (€1.3 million), lower cylinder provision releases (€2.5 million), offset by other impacts relating to changes in assumptions (€1.2 million). The net costs for other nuclear provisions in the first half of 2019 decreased by €8.9 million as a result of optimisation of the operations and changes to the forecasts for future re-enrichment of low assay feed.

REVIEW OF FINANCIAL RESULTS continued

Income Statement for the period ended 30 June 2020 continued

Other operating and administrative expenses in H1 2020 were lower by €60.9 million (H1 2020: €142.8 million, H1 2019: €203.7 million). This movement reflects a lower average unit cost of sales as a result of the sales mix realised in the period and the continued management of costs across our business. In addition, Other expenses is also net of the release of a provision of €17.4m initially recognised in 2018 associated with the potential clawback of revenues by a US customer as a result of Chapter 11 bankruptcy proceedings which have now been completed.

Depreciation and amortisation for the six months ended 30 June 2020 was €150.4 million, compared to €171.4 million for the half year 2019, primarily reflecting lower depreciation on the US operations as a result of the impairment taken at the end of 2019.

Net finance costs for the six months ended 30 June 2020 were €44.0 million, compared to €51.4 million for the same period last year. The net finance costs on borrowings (including the impact of interest rate/cross currency interest rate swaps) were lower at €34.6 million (H1 2019: €45.0 million) due to the premium of €9.9 million paid in January 2019 on the early redemption of certain bonds due in February 2021, with the underlying costs reflecting the lower levels of net debt in the first half of 2020. Where practicable, relevant loan balances are swapped using cross currency swaps and these swaps are placed in accounting hedge relationships. Where this is not possible the retranslation of the relevant unhedged loan balances (denominated in US dollars and euros but held by a sterling functional currency entity) generate gains/losses as a result of foreign exchange movements in the period. In H1 2020 the impact of this was a loss of €4.8 million (H1 2019: loss of €0.6 million) reflecting relevant unhedged balances and movements in foreign exchange rates. The other key elements of net finance costs were capitalised interest of €32.7 million (H1 2019: €30.1 million) and the unwinding of discounting on provisions of €34.9 million (H1 2019: €34.3 million).

In the first half of 2020 the tax expense was €79.5 million (an effective tax rate (ETR) of 31.5%), a decrease of €14.5 million over the tax expense of €94.0 million for H1 2019 (ETR: 25.6%). The decrease in tax expense arose primarily as a result of the decrease in accounting income before tax (including the impact of the exceptional item which resulted in a net tax credit of €nil million), together with a deferred tax valuation allowance release, partially offset by changes in the amount of foreign exchange financing gains and losses that are excluded from tax under the UK Disregard Regulations and a non-recurring tax expense for revaluing the Group's UK deferred tax liability following an increase in UK tax rate to 19%.

In the first six months of 2020 net income post-exceptional item was €172.7 million, a decrease of €100.8 million (36.9%) compared to net income of €273.5 million in the same period of 2019. The decrease in net income post-exceptional item reflects the impact of lower EBITDA, despite the favourable impacts from lower depreciation, net finance costs and tax expenses. Net income pre-exceptional items was €198.3 million (27.5% decrease on H1 2019).

The net income margin for H1 2020 was 28.0% post-exceptional item and 32.1% pre-exceptional item (H1 2019: 34.0%).

€ million (periods ending 30 June)	**2020**	**2019**	increase/ (decrease)
Net income – pre-exceptional item	198.3	273.5	(75.2)
Exceptional item – change in US discount rate	(25.6)	-	(25.6)
Net income – post-exceptional item	**172.7**	**273.5**	(100.8)

Cash Flow Statement for the period ended 30 June 2020

Operating cash flow before movements in working capital was €465.6 million (H1 2019: €593.1 million) and cash generated from operating activities was €498.5 million (H1 2019: €463.3million). The higher cash flows from operating activities primarily reflect the impact of lower revenues being more than offset by a favourable movement in working capital compared to H1 2019.

Tax paid in the period was €93.5 million (H1 2019: €112.2 million) with the decrease principally driven by lower tax payments in the UK and the Netherlands.

Accordingly, net cash flow from operating activities after tax was €405.0 million compared to €351.1 million in H1 2019.

In the first six months of 2020 the Group invested a total of €68.3 million (H1 2019: €54.2 million), of which the investment in the Tails Management Facility (TMF) represented €17.3 million (H1 2019: €20.6 million). The level of investment spend in H1 2020 was higher than H1 2019 but lower than anticipated by management for both core enrichment assets and the TMF primarily as a result of COVID-19 and the corresponding restrictions on our ability to safely carry out work.

Net cash outflow from financing activities in H1 2020 was €257.6 million compared to €753.2 million in H1 2019. The figure for 2020 includes the termination of €95.1 million of short term deposits. The figure for 2019 includes the placement of €175.0 million in short term deposits (the majority of which matured in March 2020) and the repurchase of €215.6 million of our €750.0 million bond due in February 2021 for a total amount including accrued interest of €230.5 million. In March 2020, €300.0 million in dividends for the year ended 31 December 2019 were paid to shareholders (2019: €300.0 million).

Statement of Financial Position as at 30 June 2020

The book value of property, plant and equipment decreased by €163.0 million in the first half of the year. This mainly relates to depreciation (€147.3 million) and foreign exchange translation losses, mainly on UK assets that are denominated in pound sterling and held in GBP functional currency entities (€144.6 million) offset by capital additions (€128.9 million).

Inventories increased in the six months ended 30 June 2020 by €18.3 million to €147.1 million (31 December 2019: €128.8 million). SWU assets increased in the six months ended 30 June 2019 by €76.0 million to €365.5 million (31 December 2019: €289.5 million).

Total provisions as at 30 June 2020 were €2,224.8 million (31 December 2019: €2,187.0 million) of which €6.4 million (31 December 2019: €9.2 million) was included in current liabilities. In H1 2020, additional provisions and the unwinding of discounts were €247.9 million, while utilisation and release of provisions (including exchange differences) were €210.1 million. Nuclear liabilities and the associated provisions, together with underlying macro-economic assumptions and the required funding capability, are kept under constant review by Urenco.

As at 30 June 2020, the Group held cash and cash equivalents of €422.6 million (31 December 2019: €323.2 million) and short term deposits of €369.0 million (31 December 2019: €464.1 million). Net debt was €923.6 million (31 December 2019: €928.1 million), a decrease of €4.5 million from the year-end as the net cash inflow from operating activities was higher than the overall movement in cash outflows relating to capital expenditure, net interest paid, the impact of the movement in lease liabilities and the payment of the final dividend for 2019.

The Group has a €750.0 million medium term revolving credit facility which matures in 2023 and, as at 30 June 2012 the amount drawn down was €nil. The Company’s debt ratings were reconfirmed in April 2020 by Moody’s (Baa1/Stable) and S&P Global Ratings (BBB+/Stable).

Statement of Financial Position as at 30 June 2020 continued

Total equity decreased by €269.3 million with retained earnings decreasing by €135.6 million in the period since 31 December 2019. This is primarily due to the net income for H1 2020 of €172.7 million being lower than the dividend paid in March 2020 in respect of 2019 (€300.0 million). Cumulative losses in the hedging reserve (including cost of hedging reserve and excluding the restatement as at 1 January 2020) increased by €15.0 million to €29.9 million. The foreign currency translation reserve (excluding the restatement as at 1 January 2020) decreased by €118.7 million to €218.4 million principally due to foreign exchange losses on UK assets. The hedging reserve and foreign currency translation reserve as at 1 January 2019 and 1 January 2020 have been restated to reclassify current and deferred tax associated with gains/losses on hedging instruments in net investment hedges under IFRS 9. There is no impact on total equity as previously reported.

Events after the Balance Sheet Date

The Group repurchased and cancelled €95.0 million of the August 2022 Eurobonds for a price of 103.35% (€98.2 million). This transaction was completed on 6 July 2020 for a total amount of €100.1 million, which included €1.9 million of accrued interest on these Eurobonds. A nominal amount of €405.0 million remains outstanding. As the tender offer for the Eurobonds was not finalised until after the period end, Management has concluded that this constitutes a non-adjusting post balance sheet event and, therefore, it has not been recognised in the Group’s interim financial statements for the period ended 30 June 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of the Company as listed on page 4 hereby confirm that to the best of their knowledge the unaudited interim condensed consolidated set of financial statements has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Urenco Group.

On behalf of the Board

Boris Schucht
Chief Executive Officer

Ralf ter Haar
Chief Financial Officer

5 August 2020

INDEPENDENT REVIEW REPORT TO URENCO LIMITED

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprise the Interim Condensed Consolidated Income Statement, the Interim Condensed Consolidated Statement of Comprehensive Income, the Interim Condensed Consolidated Statement of Financial Position, the Interim Condensed Consolidated Statement of Changes in Equity, the Interim Condensed Consolidated Cash Flow Statement and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standard 34, “Interim Financial Reporting,” as adopted by the European Union.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Deloitte LLP
Statutory Auditor
London, UK

5 August 2020

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June 2020 Unaudited €m	Six months ended 30 June 2019 Unaudited €m	Year ended 31 December 2019 Audited €m
Revenue from sales of goods and services	3	**617.3**	804.6	1,804.5
Changes to inventories of finished goods and work in progress and SWU assets		**89.9**	30.2	(5.5)
Raw costs of materials and consumables used		**(6.4)**	(5.1)	(13.0)
Net costs of nuclear provisions[(i)]	13	**(62.5)**	(18.0)	(297.7)
Employee costs		**(82.9)**	(89.4)	(168.4)
Depreciation and amortisation	4	**(150.4)**	(171.4)	(356.2)
Impairment of USA Operations - exceptional item	5	**-**	-	(500.0)
Restructuring provision release		**-**	2.9	2.9
Other expenses		**(110.0)**	(136.0)	(264.8)
Share of results of joint venture		**1.2**	1.1	5.4
Income from operating activities		**296.2**	418.9	207.2
Finance income		**75.7**	39.9	74.3
Finance costs		**(119.7)**	(91.3)	(181.4)
Income before tax		**252.2**	367.5	100.1
Income tax expense	6	**(79.5)**	(94.0)	(92.5)
Net income for the period / year attributable to the owners of the Company		**172.7**	273.5	7.6
Earnings per share:		**€**	€	€
Basic earnings per share		**1.0**	1.6	0.1

(i) Net costs of nuclear provisions includes €25.6 million and €143.0 million for the periods ended 30 June 2020 and 31 December 2019 respectively classified as exceptional items. Refer to note 5 for further details.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2020 Unaudited	2019 Unaudited Restated(i)	Year ended 31 December 2019 Audited Restated(i)
	€m	€m	€m
Net income	**172.7**	273.5	7.6
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to the income statement			
Cash flow hedges – transfers to revenue	**22.1**	8.4	40.2
Cash flow hedges – mark to market losses	**(65.8)**	(45.9)	(23.6)
Movements on cost of hedging reserve	**(0.5)**	3.2	(15.6)
Deferred tax income/(expense) on financial instruments(i)	**16.8**	4.2	(2.9)
Current tax (expense)/income on financial instruments(i)	**(8.4)**	4.3	5.6
Exchange differences on hedge reserves	**20.8**	1.6	(12.2)
Total movements to hedging reserves(i)	**(15.0)**	(24.2)	(8.5)
Exchange differences on foreign currency translation of foreign operations	**(6.4)**	2.3	48.3
Net investment hedge – mark to market (losses)/gains	**(128.7)**	(18.2)	39.7
Deferred tax income on financial instruments(i)	**4.6**	0.7	2.6
Current tax income/(expense) on financial instruments(i)	**12.0**	1.5	(6.2)
Share of joint venture exchange difference on foreign currency translation of foreign operations	**(0.2)**	-	0.1
Total movements to foreign currency translation reserve(i)	**(118.7)**	(13.7)	84.5
Items that will not be reclassified subsequently to the income statement			
Actuarial losses on defined benefit pension schemes	**(8.1)**	(8.1)	(16.9)
Deferred tax income on actuarial losses	**0.5**	1.6	1.8
Current tax income on actuarial losses	**1.1**	-	1.3
Share of joint venture actuarial losses on defined benefit pension schemes	**(0.3)**	(1.2)	(3.8)
Exchange differences	**(1.5)**	3.0	-
Total movements to retained earnings	**(8.3)**	(4.7)	(17.6)
Other comprehensive (loss)/income	**(142.0)**	(42.6)	58.4
Total comprehensive income relating to the period/year attributable to the owners of the Company	**30.7**	**230.9**	66.0

(i) To appropriately present the deferred tax and current tax on the accumulation of gains/losses of hedging instruments in net investment hedges in the foreign currency translation reserve under IFRS 9 Financial Instruments, deferred tax and current tax of €33.6 million as at 31 December 2019 and of €48.1 million as at 30 June 2019 have been removed from the hedging reserve and recognised in the foreign currency translation reserve. Further details of both are shown in note 11.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2020 Unaudited €m**	31 December 2019 Audited Restated[(i)] €m	30 June 2019 Unaudited Restated[(i)] €m
ASSETS				
Non-current assets				
Property, plant and equipment	8	**4,407.8**	4,570.8	4,922.6
Investment property		**6.0**	6.5	6.0
Intangible assets		**20.8**	24.5	31.3
Investments including joint venture		**17.0**	21.2	18.9
Restricted cash		**1.6**	3.5	5.2
Derivative financial instruments	12	**76.2**	145.3	166.1
Deferred tax assets		**176.0**	183.1	133.9
Contract assets		**-**	5.2	-
		4,705.4	4,960.1	5,284.0
Current assets				
Inventories		**147.1**	128.8	139.3
SWU assets		**365.5**	289.5	284.4
Contract assets		**12.6**	11.1	-
Trade and other receivables		**121.4**	263.2	215.6
Derivative financial instruments	12	**107.1**	7.1	3.6
Income tax recoverable		**124.7**	89.0	108.5
Short term deposits	9	**369.0**	464.1	175.0
Cash and cash equivalents	10	**422.6**	323.2	109.5
		1,670.0	1,576.0	1,035.9
TOTAL ASSETS		**6,375.4**	6,536.1	6,319.9
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		**237.3**	237.3	237.3
Additional paid in capital		**16.3**	16.3	16.3
Retained earnings		**1,174.4**	1,310.0	1,588.8
Hedging reserves[(i)]	11	**(29.9)**	(14.9)	(30.6)
Foreign currency translation reserve[(i)]		**218.4**	337.1	238.9
Total equity		**1,616.5**	1,885.8	2,050.7
Non-current liabilities				
Interest bearing loans and borrowings	12	**1,161.1**	1,693.4	1,691.6
Trade and other payables		**37.9**	-	-
Lease liabilities		**18.2**	19.6	19.2
Provisions	13	**2,218.4**	2,177.8	1,804.4
Contract liabilities		**52.3**	53.5	62.0
Derivative financial instruments	12	**151.1**	142.7	174.5
Deferred tax liabilities		**89.4**	99.4	96.5
Retirement benefit obligations	14	**65.5**	65.2	61.6
		3,793.9	4,251.6	3,909.8
Current liabilities				
Interest bearing loans and borrowings	12	**534.1**	-	-
Trade and other payables		**209.1**	250.6	245.7
Lease liabilities		**1.8**	2.4	2.4
Provisions	13	**6.4**	9.2	6.0
Contract liabilities		**44.6**	59.6	27.0
Derivative financial instruments	12	**130.5**	36.1	44.3
Income tax payable		**38.5**	40.8	34.0
		965.0	398.7	359.4
Total liabilities		**4,758.9**	4,650.3	4,269.2
TOTAL EQUITY AND LIABILITIES		**6,375.4**	6,536.1	6,319.9

(i) Amounts in the hedging reserve in respect of current and deferred tax on net investment hedges of €33.6 million as at 31 December 2019 and of €48.1 million as at 30 June 2019 have been removed from the hedging reserve and recognised in the foreign currency translation reserve. Total equity as at 31 December 2019 and 30 June 2019 remains unchanged. Further details of both are shown in note 11.

Registered Number 01022786
The financial statements were approved by the Directors and authorised for issue on 5 August 2020.

Boris Schucht
Chief Executive Officer

Ralf ter Haar
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Additional paid in capital	Retained earnings	Hedging reserves Restated[(i)]	Foreign currency translation reserve Restated[(i)]	Attributable to the owners of the Company
	€m	€m	€m	€m	€m	€m
As at 31 December 2019 (Audited)	237.3	16.3	1,310.0	18.7	303.5	1,885.8
Restatement[(i)]	-	-	-	(33.6)	33.6	-
Revised at 1 January 2020	237.3	16.3	1,310.0	(14.9)	337.1	1,885.8
Income for the period	-	-	172.7	-	-	172.7
Other comprehensive income	-	-	(8.3)	(15.0)	(118.7)	(142.0)
Total comprehensive income	-	-	164.4	(15.0)	(118.7)	30.7
Equity dividend paid	**-**	**-**	(300.0)	-	-	(300.0)
As at 30 June 2020 (Unaudited)	**237.3**	**16.3**	**1,174.4**	**(29.9)**	**218.4**	**1,616.5**

	Share capital	Additional paid in capital	Retained earnings	Hedging reserves Restated[(i)]	Foreign currency translation reserve Restated[(i)]	Attributable to the owners of the Company
	€m	€m	€m	€m	€m	€m
As at 31 December 2018 (Audited)	237.3	16.3	1,620.0	38.5	207.7	2,119.8
Restatement[(i)]	-	-	-	(44.9)	44.9	-
Revised as at 1 January 2019	237.3	16.3	1,620.0	(6.4)	252.6	2,119.8
Income for the period	-	-	273.5	-	-	273.5
Other comprehensive income[(i)]	-	-	(4.7)	(24.2)	(13.7)	(42.6)
Total comprehensive income	-	-	268.8	(24.2)	(13.7)	230.9
Equity dividend paid	**-**	**-**	(300.0)	-	-	(300.0)
As at 30 June 2019 (Unaudited)	237.3	16.3	1,588.8	(30.6)	238.9	2,050.7

(i) The hedging reserve and foreign currency translation reserve as at 1 January 2019 and 1 January 2020 have been restated to reclassify current and deferred tax associated with gains/losses on hedging instruments in net investment hedges under IFRS 9. Other comprehensive income for the six months ended 30 June 2019 has also been restated. The restatements have had no impact on total equity as previously reported. Further details of the restatements are shown in note 11.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and the parent entity into the euro presentational currency and the fair value movements on net investment hedges.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	**Six months ended 30 June 2020 Unaudited €m**	Six months ended 30 June 2019 Unaudited €m	Year ended 31 December 2019 Audited Re-presented(i) €m
Income before tax		**252.2**	367.5	100.1
Adjustments to reconcile Group income before tax to net cash inflows from operating activities:				
Share of joint venture results		**(1.2)**	(1.1)	(5.4)
Depreciation and amortisation	4	**150.4**	171.4	356.2
Impairment of US operations – exceptional item(i)	5	**-**	-	500.0
Finance income	4	**(75.7)**	(39.9)	(74.3)
Finance cost	4	**119.7**	91.3	181.4
Loss on write off of property, plant and equipment		**-**	0.2	1.2
Increase in provisions(i)		**20.2**	3.7	229.1
Operating cash flows before movements in working capital		**465.6**	593.1	1,288.3
(Increase)/decrease in inventories		**(27.9)**	1.1	(6.4)
Increase in SWU assets		**(73.4)**	(41.4)	(63.3)
Decrease/(increase) in receivables and other debtors		**133.6**	1.8	(39.9)
Increase/(decrease) in payables and other creditors		**0.6**	(91.3)	(84.4)
Cash generated from operating activities		**498.5**	463.3	1,094.3
Income taxes paid		**(93.5)**	(112.2)	(141.5)
Net cash flow from operating activities		**405.0**	351.1	952.8
Investing activities				
Interest received		**27.6**	29.6	47.9
Dividends received from joint venture		**5.0**	-	-
Purchases of property, plant and equipment		**(68.3)**	(54.2)	(142.1)
Purchase of intangible assets		**-**	-	(3.1)
Increase in investment		**-**	-	(0.1)
Net cash flow used in investing activities		**(35.7)**	(24.6)	(97.4)
Financing activities				
Interest paid		**(51.4)**	(66.0)	(124.9)
Proceeds in respect of settlement of debt hedges		**-**	4.2	4.6
Dividends paid to equity holders		**(300.0)**	(300.0)	(300.0)
Termination/(placement) of short term deposits		**95.1**	(175.0)	(464.1)
Repayment of borrowings		**-**	(215.6)	(215.6)
Repayment of lease liabilities		**(1.3)**	(0.8)	(1.8)
Net cash flow from financing activities		**(257.6)**	(753.2)	(1,101.8)
Net increase/(decrease) in cash and cash equivalents		**111.7**	(426.7)	(246.4)
Cash and cash equivalents at beginning of period/year		**323.2**	531.2	531.2
Effect of foreign exchange rate changes		**(12.3)**	5.0	38.4
Cash and cash equivalents at end of the period/year	10	**422.6**	109.5	323.2

(i) The Group has re-presented the cash flow statement for the year ended 31 December 2019 by splitting out the amount for Exceptional items of €643.0 million on two lines. An amount of €500.0 million has been presented as Impairment of USA operations – exceptional item and an amount of €143.0 million has been presented within Increase in provisions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Urenco Limited is a limited company incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 4. Urenco Limited is the ultimate holding company of the Urenco Group. The nature of the Group's operations and its principal activities are set out in note 4.

The Unaudited Interim Condensed Consolidated Financial Statements of the Group were authorised for issue by the Audit Committee on 5 August 2020, under an authority granted by the Board.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The annual financial statements of Urenco Limited are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report for the six months ended 30 June 2020 have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting', as adopted by the European Union.

The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2019 Annual Report and Accounts.

The financial information contained in this report is unaudited. The Interim Condensed Consolidated Income Statement, the Interim Condensed Consolidated Statement of Comprehensive Income, the Interim Condensed Consolidated Statement of Financial Position, the Interim Condensed Consolidated Statement of Changes in Equity and the Interim Condensed Consolidated Cash Flow Statement for the interim period to 30 June 2020 have been reviewed by the auditor. Their report to Urenco Limited is set out on page 13. The information for the year ended 31 December 2019 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and has been extracted from the statutory accounts for the year ended on that date, which have been filed with the Registrar of Companies. The report of the auditor on the statutory accounts for the year ended 31 December 2019 was unqualified and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

Significant accounting policies

The accounting policies adopted in the preparation of the Group's interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

The nature of the critical accounting judgements and key sources of estimation uncertainty made by management of the Group and applied in the accompanying condensed consolidated interim financial statements for the six months ended 30 June 2020 are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2019.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

Going concern

The Directors have assessed the latest forecast future cash flows, including appropriate sensitivities, which indicate that available cash and committed financing facilities in place are sufficient to cover the Group's cash needs for at least twelve months after the date of approval of these interim financial statements. They are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in accordance with IAS 34 in preparing the interim financial statements. The Directors have also considered the current COVID-19 outbreak, which is mentioned in more detail on page 5 and 6.

3. REVENUES AND SEASONALITY OF OPERATIONS

The large majority of the Group's revenue arises from enrichment services for customers. Deliveries of separative work do not accrue evenly throughout the year. Demand for SWU is mainly driven by the reload demand patterns of the nuclear power plants, which often stretch beyond a year and to some extent can be viewed as seasonal. 45% of the Group's full year revenue fell in the first six months of 2019, compared to 39% in 2018. Overall, the phasing of revenue between the first half and second half of 2020 is expected to show that the second half of the year will account for a greater proportion of the total, which contrasts slightly with 2019 when sales were more broadly split across the first and second halves of the year.

The Group's revenues are denominated in euros and dollars. Revenues largely relate to the sale of enrichment services, feed and EUP. Sales are predominantly in accordance with long-term fixed price contracts and therefore the order book of existing contracts is not significantly impacted by changes in the market prices.

Following the Fukushima incident in 2011, there has been a global excess of SWU inventories. This has significantly impacted the current market price of SWU and has resulted in reductions in recent contracted SWU selling prices.

4. SEGMENT INFORMATION

The Urenco Group's principal activity is the provision of a service to enrich uranium to provide fuel for nuclear power utilities, by enriching uranium provided by customers.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Executive Directors. Operating segments have been identified based on the risk and returns of the Group's major operations. The risks and returns of the Group's operations are primarily determined by the nature of the different activities that the Group engages in, rather than by the geographical location of these operations.

The Group's operating segments are as follows:
- for the enrichment business: the provision of enrichment and associated services for the nuclear power industry and the construction of the Tails Management Facility at the UK site for deconversion of depleted UF_6 into U_3O_8.
- for construction of centrifuges: being Enrichment Technology Company Limited (ETC); the research, development, manufacture and installation of plant and equipment for the provision of enrichment services.
- other relates to Head Office and Urenco Nuclear Stewardship Limited (UNS) which provides uranium handling services at the Capenhurst facility; and Group accounting consolidation adjustments.

Segment performance is evaluated based on net income or loss which is calculated on the same basis as income or loss from operating activities in the consolidated financial statements. Finance costs and finance income are allocated to the segments in accordance with underlying liabilities and assets. The accounting policies for the reportable segments are the same as the Group's accounting policies.

Urenco also measures and discloses EBITDA, which is a non-IFRS defined financial measure, to assess the Group's overall and segment performance. EBITDA is also used by investors and analysts to evaluate the financial performance of Urenco and its peer companies. EBITDA is reconciled to the relevant IFRS financial measure, Income/ (loss) from operating activities in this note.

4. SEGMENT INFORMATION continued

Segment information for these businesses for the six months ended 30 June 2020 and 2019 respectively, and for the year ended 31 December 2019, is presented below:

Six months ended 30 June 2020 – Unaudited	Enrichment business €m	ETC €m	Other (i) €m	**Consolidated €m**
Revenue				
External sales	603.1	-	14.2	**617.3**
Total Revenue	603.1	-	14.2	**617.3**
Result				
Income/(loss) from operating activities	302.9	1.2	(7.9)	**296.2**
Finance income	4.2	-	71.5	**75.7**
Finance costs	(31.0)	-	(88.7)	**(119.7)**
Income/(loss) before tax	276.1	1.2	(25.1)	**252.2**
Income tax	(80.7)	-	1.2	**(79.5)**
Net income/(loss) for the period	195.4	1.2	(23.9)	**172.7**
Other information				
Depreciation and amortisation	151.5	-	(1.1)	**150.4**
Depreciation recognised in increased inventories and SWU assets	(33.2)	-	-	**(33.2)**
Depreciation expenses within net costs of nuclear provisions	(0.2)	-	-	**(0.2)**
Depreciation and amortisation for EBITDA calculation	118.1	-	(1.1)	**117.0**
Income/(loss) from operating activities (post-exceptional items)	302.9	1.2	(7.9)	**296.2**
Exceptional items	25.6	-	-	**25.6**
Income/(loss) from operating activities (pre-exceptional items)	328.5	1.2	(7.9)	**321.8**
Depreciation and amortisation for EBITDA calculation	118.1	-	(1.1)	**117.0**
Joint venture results	-	(1.2)	-	**(1.2)**
EBITDA(ii)	446.6	-	(9.0)	**437.6**
Capital additions:				
Property, plant and equipment	126.4	-	2.5	**128.9**
Intangible assets	-	-	-	**-**
Contract assets	-	-	-	**-**
Segment assets	5,306.9	15.6	1,052.9	**6,375.4**
Segment liabilities	2,880.5	-	1,878.4	**4,758.9**

(i) Other comprises the corporate Head Office, Urenco Nuclear Stewardship Limited and Group accounting consolidation adjustments.
(ii) EBITDA is earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and net costs of nuclear provisions.

4. SEGMENT INFORMATION continued

Six months ended 30 June 2019 – Unaudited	Enrichment business €m	ETC €m	Other (i) €m	Consolidated €m
Revenue				
External sales	786.5	-	18.1	804.6
Total Revenue	786.5	-	18.1	804.6
Result				
Income/(loss) from operating activities	429.9	1.2	(12.2)	418.9
Finance income	5.5	-	34.4	39.9
Finance costs	(29.2)	-	(62.1)	(91.3)
Income/(loss) before tax	406.2	1.2	(39.9)	367.5
Income tax	(84.9)	-	(9.1)	(94.0)
Net income/(loss) for the period	321.3	1.2	(49.0)	273.5
Other information				
Depreciation and amortisation	172.4	-	(1.0)	171.4
Depreciation recognised in increased inventories and SWU assets	(12.2)	-	-	(12.2)
Depreciation expenses within net costs of nuclear provisions	5.9	-	-	5.9
Depreciation and amortisation for EBITDA calculation	166.1	-	(1.0)	165.1
Income/(loss) from operating activities (post-exceptional items)	429.9	1.2	(12.2)	418.9
Exceptional items	-	-	-	-
Income/(loss) from operating activities (pre-exceptional items)	429.9	1.2	(12.2)	418.9
Depreciation and amortisation for EBITDA calculation	166.1	-	(1.0)	165.1
Joint venture result~~s~~	-	(1.2)	0.1	(1.1)
EBITDA(ii)	596.0	-	(13.1)	582.9
Capital additions:				
Property, plant and equipment	88.1	-	20.7	108.8
Intangible assets	0.1	-	-	0.1
Contract assets	-	-	-	-
Segment assets	5,757.7	17.5	544.7	6,319.9
Segment liabilities	3,016.2	-	1,253.0	4,269.2

(i) Other comprises the corporate Head Office, Urenco Nuclear Stewardship Limited and Group accounting consolidation adjustments.
(ii) EBITDA is earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and net costs of nuclear provisions.

4. SEGMENT INFORMATION continued

Year ended 31 December 2019 – Audited	Enrichment business €m	ETC €m	Other (i) €m	Consolidated €m
Revenue				
External sales	1,770.2	-	34.3	1,804.5
Total Revenue	1,770.2	-	34.3	1,804.5
Result				
Income/(loss) from operating activities	198.8	5.9	2.5	207.2
Finance income	9.8	-	64.5	74.3
Finance costs	(59.3)	-	(122.1)	(181.4)
Income/(loss) before tax	149.3	5.9	(55.1)	100.1
Income tax	(105.6)	-	13.1	(92.5)
Net income/(loss) for the year	43.7	5.9	(42.0)	7.6
Other information				
Depreciation and amortisation	358.3	-	(2.1)	356.2
Depreciation recognised in increased inventories and SWU assets	(1.5)	-	-	(1.5)
Depreciation expenses within net costs of nuclear provisions	20.1	-	-	20.1
Depreciation and amortisation for EBITDA calculation	376.9	-	(2.1)	374.8
Income from operating activities (post-exceptional items)	198.8	5.9	2.5	207.2
Exceptional items	643.0	-	-	643.0
Income from operating activities (pre-exceptional items)	841.8	5.9	2.5	850.2
Depreciation and amortisation for EBITDA calculation	376.9	-	(2.1)	374.8
Joint venture results	-	(5.9)	0.5	(5.4)
EBITDA(ii)	1,218.7	-	0.9	1,219.6
Capital additions:				
Property, plant and equipment	254.9	-	30.3	285.2
Intangible assets	0.3	-	-	0.3
Contract assets	5.2	-	-	5.2
Segment assets	5,489.4	19.8	1,026.9	6,536.1
Segment liabilities	3,149.0	-	1,501.3	4,650.3

(i) Other comprises the corporate Head Office, Urenco Nuclear Stewardship Limited and Group accounting consolidation adjustments.
(ii) EBITDA is earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and net costs of nuclear provisions.

5. EXCEPTIONAL ITEMS

Exceptional items are those items of financial performance that due to their size, nature and incidence, the Group believes should be separately disclosed to assist in understanding the underlying financial performance achieved by the Group. The appropriate classification of exceptional items involves subjective judgement by management including whether the item is truly exceptional and non-recurring. Items that are exceptional due to their nature and incidence should only be reported as exceptional per the Group's exceptional item policy when they exceed an absolute amount of €25.0 million on a pre-tax basis.

The exceptional items recognised in H1 2020 and presented within Net costs of nuclear provisions on the face of the Interim condensed consolidated income statement were a charge of €25.6 million (H1 2019: nil) on a pre and post-tax basis. While the exceptional expense did give rise to a potential deferred tax asset of €6.6 million (H1 2019: nil), this remains unrecognised due to there being insufficient future profits against which it can reverse. Consequently, an offsetting exceptional valuation allowance expense of €6.6 million (H1 2019: nil) arises, resulting in no net tax impact being attributable to the exceptional US provision increase.

In light of continued downward pressure on interest rates, management has concluded that the previous real discount rates of 1.96% for the US and 1.23% for The Netherlands are no longer appropriate, and reductions to 1.22% and 0.98% respectively are appropriate. Management has also concluded that the real discount rates for the other entities continue to be reasonable.

Urenco reviews its discount rate and inflation assumptions at each period end. Given the substantially long term nature of the Group's decommissioning cash flows, the associated forecasting uncertainty and the disconnect from short term observable rate movements, the Group calculates a reasonable assumption range for each jurisdiction. Historically, the Group's assumptions had remained unchanged for many years. Accordingly, the material adjustments to the European discount and inflation rates at 31 December 2019 were considered exceptional in nature, but only the current material adjustment to the US rates (and not the Dutch rates as this was updated at the 2019 year-end) is considered exceptional in nature.

The reduction in the real discount rate for the US has increased the nuclear provisions by €40.3 million, of which €25.6 million is associated with tails and €14.7 million with decommissioning. The tails impact of €25.6 million has been charged to the Interim condensed consolidated income statement while the €14.7 million has been recognised as an increase in decommissioning assets.

The gross amounts allocated to each type of provision and its impact on the Interim condensed consolidated income statement have been disclosed in note 13.

The table below summarises the impact of the exceptional items on income from operating activities, income tax, net income and earnings per share.

5. EXCEPTIONAL ITEMS continued

Impact of exceptional items

	Six months ended 30 June		Year ended 31 December
	2020	2019	2019
	Unaudited	Unaudited	Audited
	€m	€m	€m
Income from operating activities – pre-exceptional items	**321.8**	418.9	850.2
Exceptional items – impairment of US operations	**-**	-	(500.0)
Exceptional items – net costs of nuclear provisions	**(25.6)**	-	(143.0)
Income from operating activities	**296.2**	418.9	207.2
Income tax expense – pre-exceptional items	**(79.5)**	(94.0)	(178.3)
Exceptional items	**-**	-	85.8
Income tax expense	**(79.5)**	(94.0)	(92.5)
Net income for the period/year attributable to the owners of the Company – pre-exceptional items	**198.3**	273.5	564.8
Exceptional items	**(25.6)**	-	(557.2)
Net income for the period/year attributable to the owners of the Company	**172.7**	273.5	7.6
Basic earnings per share – pre-exceptional items	**€1.2**	€1.6	€3.4
Exceptional items	**€(0.2)**	-	€(3.3)
Basic earnings per share	**€1.0**	€1.6	€0.1

6. INCOME TAX

The major components of income tax expense in the consolidated income statement are:

	Six months ended 30 June		Year ended 31 December
	2020 Unaudited €m	2019 Unaudited €m	2019 Audited €m
Current income tax			
UK corporation tax	**8.1**	6.5	(4.9)
Foreign income tax	**46.7**	49.9	108.6
Adjustments in respect of prior periods	**(0.1)**	(0.6)	6.8
Total current tax	**54.7**	55.8	110.5
Deferred income tax			
Origination and reversal of temporary differences	**20.5**	38.1	(84.3)
Adjustments in respect of prior periods	**-**	0.1	(11.6)
Movement in unrecognised deferred tax	**(6.2)**	-	76.7
Impact of change in tax rate on deferred tax	**10.5**	-	1.2
Total deferred tax expense/(income)	**24.8**	38.2	(18.0)
Income tax expense reported in the consolidated income statement	**79.5**	94.0	92.5

The Group's ETR for the 2020 interim period is 31.5%, which is higher than the 2019 interim period rate of 25.6%. The increase in ETR is driven by a revaluation of opening UK deferred tax following an increase in tax rate from 17.0% to 19.0% together with the impact of changes in non-taxable and non-deductible amounts, including foreign exchange financing gains and losses that are excluded from tax under the UK Disregard Regulations. This is partially offset by a release of valuation allowance held against US deferred tax assets.

The UK corporation tax charge has increased by €1.6 million to €8.1 million tax charge (H1 2019: €6.5 million charge) and the foreign income tax charge has decreased by €3.2 million to €46.7 million (H1 2019: €49.9 million).

The movement in unrecognised deferred tax of €6.2 million income (H1 2019: €nil) consists of a €12.8 million income (H1 2019: €nil) in relation to non-exceptional items offset by a €6.6 million expense (H1 2019: €nil) in relation to exceptional items.

During 2016, a reduction in the UK mainstream corporation tax rate from 19.0% to 17.0%, effective from 1 April 2020, was enacted. In the second half of 2019, the UK Government announced their intention to cancel the remaining enacted UK tax rate reduction to 17.0%, and this cancellation was substantively enacted on 17 March 2020. As a result, the Group revalued its net UK deferred tax liability to a 19.0% tax rate, which resulted in a €10.5 million (H1 2019: €nil) expense through the consolidated income statement. The average annual UK corporation tax rate for the year ending 31 December 2020 will be 19.0% (2019: 19.0%). The Group's UK deferred tax assets and liabilities have been valued using a 19.0% tax rate (H1 2019: 17.0%).

During 2018, reductions in the Netherlands mainstream corporation tax rate from 25.0% to 22.55%, effective 1 January 2020, and to 20.5%, effective 1 January 2021, were enacted. During the second half of 2019, the previously enacted reductions were amended such that a single reduction would arise from 25.0% to 21.7%, effective from 1 January 2021. Consequently, the Group's Dutch deferred tax assets and liabilities have been predominantly valued using a 21.7% tax rate (H1 2019: 20.5%). The 2020 annual Dutch corporation tax rate remains at 25.0% (2019: 25.0%).

6. INCOME TAX continued

Urenco assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities. Inherent uncertainties exist in estimates of tax contingencies due to the complexities of interpretation and changes in tax laws. Whilst Urenco believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

7. DIVIDENDS PAID AND PROPOSED

	Six months ended 30 June		Year ended 31 December
	2020	2019	2019
	Unaudited	Unaudited	Audited
	€m	€m	€m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2019: 178.57 cents per share, €300.0 million paid in March 2020	**300.0**	-	-
Final dividend for the year ended 31 December 2018: 178.57 cents per share, €300.0 million paid in March 2019	**-**	300.0	300.0

The final proposed dividend of €300.0 million for the year ended 31 December 2019 was approved by shareholders on 11 March 2020. €300.0 million was paid to shareholders on 18 March 2020. No interim dividend has been proposed or paid.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets and capitalised costs with a value of €128.9 million (six months ended 30 June 2019: €108.8 million; year ended 31 December 2019: €263.0 million), relating to property, plant and equipment. The majority of this cost relates to assets for the enrichment plants and for the Tails Management Facility.

See also note 15 for capital commitments.

9. SHORT TERM DEPOSITS

	At 30 June		At 31 December
	2020	2019	2019
	Unaudited	Unaudited	Audited
	€m	€m	€m
Short term deposits	**369.0**	175.0	464.1

Short term deposits comprise deposits with an original maturity of more than three months and with an end date less than 12 months from the date of the statement of financial position.

10. CASH AND CASH EQUIVALENTS

	At 30 June		At 31 December
	2020	2019	2019
	Unaudited	Unaudited	Audited
	€m	€m	€m
Cash	**83.4**	92.1	85.4
Cash equivalents	**339.2**	17.4	237.8
Cash and cash equivalents	**422.6**	109.5	323.2

Cash comprises cash at bank and in hand. Cash at bank earns or pays interest at floating rates based on the banks’ current account rates. Cash equivalents comprise on demand deposits, together with short term highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates to their fair value.

11. HEDGING RESERVES

Hedging reserve - summary

	Period ended 30 June		Year ended 31 December
	2020	2019	2019
	Unaudited	Unaudited Restated(i)	Audited Restated(i)
	€m	€m	€m
As at 31 December	**(4.1)**	35.3	35.3
Restatement(i)	**-**	(44.9)	(44.9)
Revised as at 1 January	**(4.1)**	(9.6)	(9.6)
Other comprehensive income/(expense):			
Cash flow hedges – transfers to revenue	**22.1**	8.4	40.2
Cash flow hedges – mark to market losses	**(65.8)**	(45.9)	(23.6)
Deferred tax income/(expense) on financial instruments	**14.1**	4.6	(4.2)
Current tax (expense)/income on financial instruments	**(8.4)**	4.3	5.6
Exchange differences	**20.1**	1.6	(12.5)
Other comprehensive (expense)/income	**(17.9)**	(27.0)	5.5
Carried forward as at 30 June/31 December	**(22.0)**	(36.6)	(4.1)

Cost of hedging reserve - summary

	At 30 June		At 31 December
	2020	2019	2019
	Unaudited	Unaudited	Audited
	€m	€m	€m
As at 31 December	**(10.8)**	3.2	3.2
Other comprehensive income/(expense):			
Movements before tax	**(0.5)**	3.2	(15.6)
Deferred tax income/(expense)	**2.7**	(0.4)	1.3
Exchange differences	**0.7**	-	0.3
Other comprehensive income/(expense)	**2.9**	2.8	(14.0)
Carried forward as at 30 June/31 December	**(7.9)**	6.0	(10.8)

Hedging reserves - totals

Carried forward as at 30 June/31 December	**(29.9)**	(30.6)	(14.9)

(i) To appropriately present the deferred tax and current tax on the accumulation of gains/losses of hedging instruments in net investment hedges in the foreign currency translation reserve under IFRS 9 Financial Instruments, deferred tax and current tax of €44.9 million has been removed from the hedging reserve and recognised in the foreign currency translation reserve as at 1 January 2019, for the six months ended 30 June 2019 and for the year ended 31 December 2019. The reserves prior to and after this restatement are shown below.

Hedging reserve

The hedging reserve is a separate component of equity used to record changes in the fair values of cash flow hedging instruments.

Cost of hedging reserve

The cost of hedging reserve is a separate component of equity used to record changes in the fair value of the currency basis spread as included in the fair value of financial instruments that are in a hedge relationship and the changes in the fair value of the forward points of forward foreign exchange contracts that are hedging future revenue.

11. HEDGING RESERVES continued

The impact of the restatement between hedging and foreign currency translation reserves, described in footnote (i) on the previous page, are set out below.

Hedging reserve – Restatement of H1 2019

	Unaudited	Period ended 30 June 2019	Unaudited
	Restated €m	Hedging to foreign currency translation reserve Restatement €m	As reported €m
Carried forward as at 31 December 2018	35.3	-	35.3
Restatement	(44.9)	(44.9)	-
Revised as at 1 January 2019	(9.6)	(44.9)	35.3
Other comprehensive income/(expense):			
Cash flow hedges – transfers to revenue	8.4	-	8.4
Cash flow hedges – mark to market losses	(45.9)	-	(45.9)
Deferred tax income/(expense) on financial instruments	4.6	(0.1)	4.7
Current tax income/(expense) on financial instruments	4.3	(3.1)	7.4
Exchange differences	1.6	-	1.6
Other comprehensive expense	(27.0)	(3.2)	(23.8)
Carried forward as at 30 June 2019	(36.6)	(48.1)	11.5

Hedging reserve – Restatement of 2019

	Audited	Year ended 31 December 2019	Audited
	Restated €m	Hedging to foreign currency translation reserve Restatement €m	As reported €m
Carried forward as at 31 December 2018	35.3	-	35.3
Restatement	(44.9)	(44.9)	-
Revised as at 1 January	(9.6)	(44.9)	35.3
Other comprehensive income/(expense):			
Cash flow hedges – transfers to revenue	40.2	-	40.2
Cash flow hedges – mark to market losses	(23.6)	-	(23.6)
Deferred tax expense on financial instruments	(4.2)	(0.1)	(4.1)
Current tax income/(expense) on financial instruments	5.6	11.4	(5.8)
Exchange differences	(12.5)	-	(12.5)
Other comprehensive income/(expense)	5.5	11.3	(5.8)
Carried forward as at 31 December 2019	(4.1)	(33.6)	29.5

11. HEDGING RESERVES continued

Foreign currency translation reserve – Restatement of H1 2019

	Period ended 30 June 2019		
	Unaudited		Unaudited
	Restated €m	Hedging to foreign currency translation reserve Restatement €m	As reported €m
Carried forward as at 31 December 2018	207.7	-	207.7
Restatement	44.9	44.9	-
Revised as at 1 January	252.6	44.9	207.7
Exchange differences on foreign currency translation of foreign operations	2.3	-	2.3
Net investment hedge – mark to market losses	(18.2)	-	(18.2)
Deferred tax income on financial instruments	0.7	0.1	0.6
Current tax income/(expense) on financial instruments	1.5	3.1	(1.6)
Share of joint venture exchange difference on foreign currency translation of foreign operations	-	-	-
Other comprehensive (expense)/income	(13.7)	3.2	(16.9)
Carried forward as at 30 June 2019	238.9	48.1	190.8

Foreign currency translation reserve – Restatement of 2019

	Year ended 31 December 2019		
	Audited		Audited
	Restated €m	Hedging to foreign currency translation reserve Restatement €m	As reported €m
Carried forward as at 31 December 2018	207.7	-	207.7
Restatement	44.9	44.9	-
Revised as at 1 January	252.6	44.9	207.7
Exchange differences on foreign currency translation of foreign operations	48.3	-	48.3
Net investment hedge – mark to market gains	39.7	-	39.7
Deferred tax income on financial instruments	2.6	0.1	2.5
Current tax (expense)/income on financial instruments	(6.2)	(11.4)	5.2
Share of joint venture exchange difference on foreign currency translation of foreign operations	0.1	-	0.1
Other comprehensive income/(expense)	84.5	(11.3)	95.8
Carried forward as at 31 December 2019	337.1	33.6	303.5

12. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Hedging activities and derivatives

Revenue related hedges
The Group maintains a rolling portfolio of forward foreign exchange contracts (“FFECs”) designated as cash flow hedges against forecast revenues receipted in foreign currencies. This is in order to hedge contracts denominated in euros and US dollars to the underlying European enrichment entities’ functional currencies, which are split between sterling and euro.

As at 30 June 2020, the net liability of the FFECs was €87.9 million (31 December 2019: net liability of €49.4 million), with the movement driven principally by both US dollar and EUR forward rates strengthening against sterling in the first half of the year. The vast majority of FFECs are designated as cash flow hedges, with the gains and losses deferred in the hedge reserve and the cost of hedging reserve within equity.

During the period, €22.1 million of hedging losses (H1 2019: losses of €5.1 million) were recycled to revenues due to the maturing of contracts in effective hedging relationships.

Borrowing related hedges
The Group uses Cross Currency Interest Rate Swaps (“CCIRSs”) to hedge its euro and yen debt instruments into sterling as they are held by Urenco Limited, a sterling functional currency entity. The Group’s portfolio of CCIRSs help to manage the foreign exchange volatility which would be recognised through the income statement.

The CCIRSs are split into two legs, the first leg swaps foreign currency denominated debt into sterling, and is designated as a cash flow hedge, and the second leg swaps sterling into US dollar and is designated as a net investment hedge of the Group’s investment in US subsidiaries (Urenco USA Inc. and Louisiana Energy Services LLC).

As at 30 June 2020, the Group’s portfolio of CCIRSs was held at a liability of €23.7 million (31 December 2019: asset of €10.0 million). In January 2019, there was an early termination of some CCIRSs with nominal value of €100.0 million that resulted in cash proceeds of €4.2 million.

The notional value of currency swaps in a net investment hedge detailed above, total $1.0 billion (31 December 2019: $1.0 billion) and hedge the Group's investment in US subsidiaries (Urenco USA Inc. and Louisiana Energy Services LLC). Also included in loans at 30 June 2020 were borrowings of €0.6 billion (31 December 2019: €0.5 billion), which have been designated as hedges of the net investment in the Group's European subsidiaries. Gains or losses on the retranslation of these borrowings are transferred to other comprehensive income to offset any gains or losses on translation of the net investment in subsidiaries.

Uranium commodity contracts
Uranium commodity contracts are contracts to buy or sell uranium commodities that do not meet the own use exemption under IFRS 9. The fair value of such contracts was a net asset of €13.3 million as at 30 June 2020 (31 December 2019: net asset of €13.0 million). The fair value has increased mainly due to the unwinding of the discount.

Borrowing and repayment of debt
During the six months to 30 June 2020, the Group did not repay borrowings (H1 2019: €215.6 million).

The Group has an undrawn €750.0 million medium term revolving credit facility which matures in 2023.

As at 30 June 2020, total current interest bearing loans and borrowings were €534.1 million (31 December 2019: €nil), and total non-current interest bearing loans and borrowings were €1,161.1 million (31 December 2019: €1,693.4 million).

The Group repurchased and cancelled €95.0 million of the August 2022 Eurobonds for a price of 103.35% at an amount of €98.2 million. This transaction was completed on 6 July 2020 for a total amount of €100.1 million, which included €1.9 million of accrued interest on these Eurobonds. A nominal amount of €405.0 million remains outstanding.

12. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

Borrowing and repayment of debt continued

The calculation of net debt as at 30 June 2020 and 31 December 2019 is set out below:

	At 30 June 2020 €m	At 31 December 2019 €m
Non-current interest bearing loans and borrowings	**1,161.1**	1,693.4
Non-current lease liabilities	**18.2**	19.6
Current interest bearing loans and borrowings	**534.1**	-
Current lease liabilities	**1.8**	2.4
Less: Short term deposits	**(369.0)**	(464.1)
Less: Cash and cash equivalents	**(422.6)**	(323.2)
Net debt	**923.6**	928.1

Fair value disclosures

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Derivative financial instruments are initially recognised, categorised as Level 2 and are subsequently re-measured at fair value. The fair value on initial recognition is the transaction price unless part of the consideration given or received is for something other than the instrument itself. The fair value of derivative financial instruments is subsequently calculated using discounted cash flow techniques or other appropriate pricing models. The chosen method is used consistently for similar types of instruments. All valuation techniques take into account assumptions based upon market data. The fair value of forward contracts is the present value of the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional foreign currency amount. Fair value of interest rate swaps is the net present value of all expected future cash flows based on current market rates taking due account of counterparty credit risk and own credit risk. Fair value of commodity contracts is the risk adjusted present value of the difference between the contract price and the current forward price multiplied by the volume of the agreed sales or purchases.

12. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

As at 30 June 2020, the Group held the following financial instruments, measured at fair value, all at a Level 2 hierarchy:

	At 30 June 2020 €m	At 31 December 2019 €m
Financial assets at fair value		
Forward Foreign Exchange Contracts – hedged	**12.9**	23.5
Forward Foreign Exchange Contracts – non hedged	**1.0**	0.6
Cross Currency Interest Rate Swaps – hedged	**149.7**	111.5
Commodity contracts at fair value– non hedged	**19.7**	16.8
Total assets measured at fair value	**183.3**	152.4
Financial liabilities at fair value		
Forward Foreign Exchange Contracts – hedged	**(95.1)**	(67.8)
Forward Foreign Exchange Contracts – non hedged	**(6.7)**	(5.7)
Cross Currency Interest Rate Swaps – hedged	**(173.4)**	(101.5)
Commodity contracts at fair value– non hedged	**(6.4)**	(3.8)
Total liabilities measured at fair value	**(281.6)**	(178.8)
Net FFEC liability	**(87.9)**	(49.4)
Net CCIRS (liability)/asset	**(23.7)**	10.0
Net commodity assets at fair value	**13.3**	13.0
Total net liability	**(98.3)**	(26.4)

13. PROVISIONS

Six months ended 30 June 2020	Tails €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Other €m	Total €m
As at 1 January 2020 – Audited	**1,270.5**	**712.9**	**159.4**	**44.2**	**2,187.0**
Additional provision	**122.2**	**43.8**	**42.5**	**4.5**	**213.0**
Unwinding of discount	**22.0**	**11.6**	**1.3**	**-**	**34.9**
Utilisation of provision	**(18.2)**	**(2.5)**	**(46.2)**	**(7.7)**	**(74.6)**
Release of provision	**(52.8)**	**(5.8)**	**-**	**(17.6)**	**(76.2)**
Exchange difference	**(41.4)**	**(15.3)**	**(1.7)**	**(0.9)**	**(59.3)**
As at 30 June 2020 – Unaudited	**1,302.3**	**744.7**	**155.3**	**22.5**	**2,224.8**
Included in current liabilities					**6.4**
Included in non-current liabilities					**2,218.4**
					2,224.8

Six months ended 30 June 2019	Tails €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Other €m	Total €m
As at 1 January 2019 – Audited	1,001.7	611.9	114.8	48.1	1,776.5
Additional provision	85.4	0.4	48.1	2.8	136.7
Unwinding of discount	21.2	12.0	1.1	-	34.3
Utilisation of provision	(10.8)	(2.2)	(42.9)	(7.5)	(63.4)
Release of provision	(66.8)	(6.1)	-	(3.3)	(76.2)
Exchange difference	1.2	0.7	0.3	0.3	2.5
As at 30 June 2019 – Unaudited	1,031.9	616.7	121.4	40.4	1,810.4
Included in current liabilities					6.0
Included in non-current liabilities					1,804.4
					1,810.4

Year ended 31 December 2019	Tails €m	Decommissioning of plant and machinery €m	Re-enrichment of low assay feed €m	Other €m	Total €m
As at 1 January 2019 - Audited	1,001.7	611.9	114.8	48.1	1,776.5
Additional provision	323.8	83.6	125.7	9.9	543.0
Unwinding of discount	42.3	24.8	2.1	-	69.2
Utilisation of provision	(42.5)	(8.9)	(85.0)	(10.1)	(146.5)
Release of provision	(88.8)	(9.7)	-	(5.3)	(103.8)
Transfers	1.4	-	-	-	1.4
Exchange difference	32.6	11.2	1.8	1.6	47.2
As at 31 December 2019 - Audited	1,270.5	712.9	159.4	44.2	2,187.0
Included in current liabilities					9.2
Included in non-current liabilities					2,177.8
					2,187.0

13. PROVISIONS continued

The net costs of nuclear provisions of €62.5 million (H1 2019: €18.0 million, FY 2019: €297.7 million) recognised in the income statement are set out below:

Six months ended 30 June 2020

	Tails disposal €m	Decommissioning of plant and machinery €m	Re-enrichment low assay feed €m	Total €m
Additional provision for the period	**89.8**	**1.3**	**42.5**	**133.6**
Change in discount rates – ordinary course	**6.8**	**1.3**	**-**	**8.1**
Change in discount rates – exceptional	**25.6**	**-**	**-**	**25.6**
Release of provision	**(52.8)**	**(5.8)**	**-**	**(58.6)**
Utilisation of provision	**-**	**-**	**(46.2)**	**(46.2)**
Charged/(credited) to income statement H1 2020	**69.4**	**(3.2)**	**(3.7)**	**62.5**

Six months ended 30 June 2019

	Tails disposal €m	Decommissioning of plant and machinery €m	Re-enrichment low assay feed €m	Total €m
Additional provision for the period	85.4	0.3	48.1	133.8
Change in discount rates – ordinary course	-	-	-	-
Change in discount rates – exceptional	-	-	-	-
Release of provision	(66.8)	(6.1)	-	(72.9)
Utilisation of provision	-	-	(42.9)	(42.9)
Charged/(credited) to income statement H1 2019	18.6	(5.8)	5.2	18.0

Year ended 31 December 2019

	Tails disposal €m	Decommissioning of plant and machinery €m	Re-enrichment low assay feed €m	Total €m
Additional provision in the year	212.5	-	125.7	338.2
Change in discount rates – ordinary course	-	-	-	-
Change in discount rates – exceptional	111.3	31.7	-	143.0
Release of provision	(88.8)	(9.7)	-	(98.5)
Utilisation of provision	-	-	(85.0)	(85.0)
Charged to income statement 2019	235.0	22.0	40.7	297.7

Discount rates for tails and decommissioning provisions

Management has considered the applicable inflation rate and the risk free discount rate and concluded that these should be calculated on a jurisdiction specific basis as follows:

	Inflation Rate		Nominal Discount Rate		Real Discount Rate	
	30 Jun 2020	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**
USA	2.10%	2.00%	3.35%	4.00%	1.22%	1.96%
UK	2.00%	2.00%	3.50%	3.50%	1.47%	1.47%
Germany	1.50%	1.50%	3.00%	3.00%	1.48%	1.48%
The Netherlands	1.75%	1.75%	2.75%	3.00%	0.98%	1.23%

At 30 June 2019 the applicable rates in all jurisdictions were 2.00% inflation, 4.00% nominal discount rate and 1.96% real discount rate.

13. PROVISIONS continued

Provision for tails

The enrichment process generates depleted uranium ('tails'). Provision has been made on a discounted basis for the eventual safe disposal of the tails. The costs take account of conversion to a different chemical state, intermediate storage, transport and safe disposal and include the depreciation of capital cost of the facility that will perform these tasks.

The final amount of the provision is currently uncertain but is evaluated based upon the planned operational activity involved in successfully achieving safe disposal in accordance with regulatory requirements. The planned costs are based on historic experience, operational assumptions, internal cost forecasts and third party contract prices for the relevant parts of the disposal cycle. A key area of uncertainty remains the unit cost of deconversion in Europe which will remain uncertain until such time that the TMF project has been completed and the deconversion plant has been commissioned. The availability and cost of a repository suitable for the final disposal of depleted U_3O_8 is a key judgement and the level of uncertainty varies widely across the four countries in which Urenco operates. These costs are escalated where appropriate based on current expectations of inflation and discounted to provide a present value cost per unit, or tails rate, which is applied to the quantity of tails held at the statement of financial position date.

During the period the tails provision increased by €122.2 million (year to 31 December 2019: €323.8 million) due to tails generated in that period, an increase in the applied tails rate and a change in discount rates. Of the impact due to discount rates of €32.4m, €25.6m has been treated as an exceptional item in the Income Statement. Expenditure incurred during the period for the safe deconversion, storage and disposal of tails of €18.2 million (year to 31 December 2019: €42.5 million) have been utilised against the provision. A provision release of €52.8 million (year to 31 December 2019: €88.8 million) was recorded reflecting the impact of a review of various key underlying assumptions, an optimisation of operations and the impact of the reduction in higher assay tails, associated with enrichment service contracts.

It is expected that €519.4 million of the tails provision will be used within the next 10 years, €535.7 million of the provision will be used within the next 10 to 30 years and €247.2 million will be used within the next 30 to 100 years. The tails provisions held at 30 June 2020 comprised €912.1 million (31 December 2019: €889.8 million) of discounted future cash flows and €390.2 million (31 December 2019: €380.7 million) of discounted future depreciation of assets currently at cost held for the purpose of meeting tails liabilities.

Provision for decommissioning of plant and machinery

The Directors intend to decommission plant and machinery as soon as practicably possible after it is taken out of use. The enrichment plants will be disassembled, declassified, decommissioned and the sites returned to 'greenfield' or 'brownfield' status. Uranium containers will be cleaned, dismantled and scrapped. To meet these eventual costs of decommissioning, provisions are recognised in the financial statements, for all plant and machinery in operation, at amounts considered to be adequate for the purpose.

The final amount of the provision is currently uncertain but is evaluated based upon the planned operational activity involved in successfully achieving full decommissioning of any plant or equipment used in enrichment activities, in accordance with the Directors' intention and regulatory requirements. The planned costs are based on historic experience and price estimates for the relevant activities and processes of the decommissioning cycle, which include deconstruction, decontamination and disposal of all materials involved in the enrichment process. These costs are escalated based on current expectations of inflation and discounted to provide a present value cost based on the expected useful life of the asset in use and timing of subsequent decommissioning activity.

During the period the decommissioning provision increased by €43.8 million (year to 31 December 2019: €83.6 million) due to the installation of additional plant and machinery of €18.4 million (year to 31 December 2019: €13.6 million), additional container purchases of €3.9 million (year to 31 December 2019: €3.7 million) and €21.5 million due to revised assumptions surrounding the decommissioning of plant and machinery (year to 31 December 2019: €66.3 million). Of the €21.5 million (year to 31 December 2019: €66.3 million) resulting from revised assumptions, €2.6 million (year to 31 December 2019: €31.7 million) has been expensed to the Income Statement and €18.9 million (year to 31 December 2019: €34.6 million) has been recognised in decommissioning assets. A provision release of €5.8 million (year to 31 December 2019: €9.7 million) was recorded reflecting the impact of a review of various key underlying assumptions and the disposal of some cylinders used for storage of uranium.

13. PROVISIONS continued

Provision for decommissioning of plant and machinery continued

The addition to the decommissioning provision associated with the installation of plant and machinery and additional container purchases has been recognised as an equivalent addition to the decommissioning asset in the statement of financial position.

It is expected that this provision will be used over the next 50 years.

Re-enrichment of low assay feed

Provisions for the future re-enrichment of low assay feed are calculated using assumptions on the amount of separative work that will be required in the future and the cost of providing enrichment capacity to perform that work. This cost includes the safe disposal of any resultant tails material. During the period, the provisions relating to the future re-enrichment of low assay feed increased by €42.5 million (year to 31 December 2019: €125.7 million) due to the creation of low assay feed and reduced by €46.2 million (year to 31 December 2019: €85.0 million) due to expenditure incurred on the re-enrichment of low assay feed. Both the increase and reduction are reported within net nuclear provision movements.

Other provisions

These comprise provisions relating to restructuring provisions and other personnel provisions. The other provisions include an amount of €2.3 million (year to 31 December 2019: €4.0 million) for restructuring costs, mainly relating to expected severance payments to be made. During the period €1.4 million of the restructuring provisions was utilised for severance payments and no amounts were released. Uncertainties exist around the exact amount and timing of cash outflows as elements of the restructuring programme are subject to employee consultation procedures. Of the total amount it is estimated that €1.3 million will be paid within one year and the remainder of €1.0 million after one year.

During the period a provision of €17.4 million that had been initially recognised in 2018 has been reversed. This provision related to the potential clawback of monies received from sales to a US customer as a result of Chapter 11 bankruptcy proceedings which have now been completed.

It is expected that all other provisions will be used over the next ten years. These other provisions are not materially sensitive to discount rates.

14. RETIREMENT BENEFIT OBLIGATIONS

The Group operates pension schemes in the UK, Germany, the Netherlands and the USA. Some are defined benefit schemes (two in total); others are defined contribution schemes and are funded externally. The defined benefit schemes comprise both funded and unfunded schemes. No other post-retirement benefits are currently provided by the Group. ETC forms part of the Urenco's defined benefit pension schemes. Assets and liabilities are allocated on a notional basis by employee to enable correct accounting across the subsidiaries.

There was a €0.3 million increase in the overall Group pension liability during the six month period ended 30 June 2020 (30 June 2019: €15.6 million increase; 31 December 2019: €19.2 million increase). This small increase for the first six months in 2020 represents the net impact of increases of both the UK and German pension liabilities due to reductions in discount rates, substantially offset by a reduction in the net pension liability for the UK pension scheme driven by positive investment returns on pension assets and by foreign exchange gains on the net pension liability.

During the period, Group companies contributed €7.9 million (30 June 2019: €8.4 million) for the benefit of employees into post-employment benefit plans.

The most recent actuarial assessments for the UK defined benefit scheme were carried out at 5 April 2018. The Group continues to make deficit repair payments of £6.6 million per annum and this is expected to continue until 2022.

The Group closed the UK defined benefit pension scheme for further accrual from 5 April 2017 for most Group employees.

14. RETIREMENT BENEFIT OBLIGATIONS continued

In the first half of 2019 the assets and liabilities of the Dutch defined benefit pension scheme were transferred to Pensioenfonds Grafische Bedrijven (“PGB”), a multi-employer pension scheme. This transfer had no financial impact on retained earnings. However, it resulted in a gain of €6.9 million to other comprehensive income, representing the recognition of the surplus net pension assets that were previously not recognised and a loss of €6.9 million to the income statement. This loss comprised the curtailment gain of €14.9 million offset by a settlement loss of €21.8m and has been presented as pension costs within employee costs. The PGB has all the features of a defined contribution pension scheme and therefore accounting for this scheme following the transfer has been done on that basis.

15. COMMITMENTS AND CONTINGENCIES

Contingent Assets

The Group has made claims for compensation of loss of future revenue from a customer who went into Chapter 11 bankruptcy proceedings in 2018. The Group’s assessment as at the 2019 year end was that it was probable that a maximum amount of approximately €43.0 million would be received in due course following approval of these claims by the Bankruptcy Court and approval of the customer reorganisation plan in October 2019; however, the receipt of this income was not virtually certain at 31 December 2019 and was then dependent on a number of substantive conditions precedent to be met which were not under the control of the Group or the customer. Subsequent to year end, the Bankruptcy Court issued a notice confirming these conditions precedent had been met on 27 February 2020. Accordingly, as the conditions precedent had not been met at year end, the claim had not been recognised in the Group’s 2019 financial statements.

Since the year end, the Group has received two distributions totalling €44.5 million and has recognised this amount as revenue in H1 2020. The difference between this amount and the expected total distribution of €43.0 million is mainly due to favourable foreign exchange movements.

Contingent Liabilities

No material contingent liabilities have been identified as at 30 June 2020 (30 June 2019: None; 31 December 2019: None).

Capital commitments

At 30 June 2020 the Group had capital commitments of €35.8 million (30 June 2019: €15.5 million; 31 December 2019: €39.5 million) relating to property, plant and equipment principally in relation to cascades, equipment and buildings.

16. RELATED PARTY TRANSACTIONS

During the period, Group companies entered into the following transactions with the following related parties who are not members of the Group. The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 30 June 2020 and 30 June 2019 (both Unaudited) and the balances with related parties at 30 June 2020 (Unaudited) and at 31 December 2019 (Audited):

	Sales of Goods & Services Period ended		**Purchases of Goods & Services Period ended**		**Amounts Owed by Related Parties Period ended**		**Amounts Owed to Related Parties Period ended**	
	30/06/20 €m	30/06/19 €m	**30/06/20 €m**	30/06/19 €m	**30/06/20 €m**	31/12/19 €m	**30/06/20 €m**	31/12/19 €m
BEIS	**14.1**	21.0	**-**	-	**-**	3.0	**-**	-
E.ON	**-**	4.9	**6.8**	-	**-**	**-**	**-**	
RWE	**-**	-	**0.2**	7.6	**-**	**-**	**-**	-
ETC[i]	**-**	-	**30.4**	33.0	**0.2**	0.2	**57.5**	63.0

(i) These amounts are 100% of the sales/purchases and amounts due from/to the Enrichment Technology Company Limited.

The Department for Business, Energy & Industrial Strategy (BEIS), E.ON SE (E.ON) and RWE AG (RWE) are related parties of the Group because of their indirect shareholdings in Urenco Limited. BEIS is a department of the UK government and the amounts reported under BEIS include transactions with the NDA. Enrichment Technology Company Limited is a related party due to the Group's 50% shareholding in the joint venture. Sales of goods and services to related parties and purchases of assets, goods and services from them were made under the Group's normal trading terms.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. The amounts due by related parties represent the net amount after deduction for a loss allowance for expected credit losses.

The Enrichment Technology Company Limited pension scheme is administered as part of the Urenco pension scheme. Included in Urenco's share of Joint Venture results and Investments is 50% of the Enrichment Technology Company Limited Income Statement charges and liabilities arising from retirement benefit obligations. Included in the amount in the share of Joint Venture results in respect of the defined benefit schemes is a charge of €0.7 million relating to the Joint Venture (30 June 2019 €0.8 million charge). Included in the share of net assets of the Joint Venture as a liability is €25.3 million relating to the Joint Venture (31 December 2019: €25.9 million).

During the period, Group companies contributed €7.9 million (30 June 2019: €8.4 million) for the benefit of employees into post-employment benefit plans.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Six months ended 30 June		Year ended 31 December
	2020 Unaudited €m	2019 Unaudited €m	2019 Audited €m
Short-term employee benefits	**1.4**	1.3	3.0
Long-term incentive benefits	**0.4**	0.4	0.5
	1.8	1.7	3.5

Directors' transactions

None of the directors has had a loan from the Company or any other transaction with the Company other than remuneration for his services as a Director, covered above.

17. EVENTS AFTER THE BALANCE SHEET DATE

The Group repurchased and cancelled €95.0 million of the August 2022 Eurobonds for a price of 103.35% at an amount of €98.2 million. This transaction was completed on 6 July 2020 for a total amount of €100.1 million, which included €1.9 million of accrued interest on these Eurobonds. A nominal amount of €405.0 million remains outstanding. As the transaction completed post period end this is considered a non-adjusting subsequent event and has not been recognised in the interim financial statements.

As of 5 August 2020, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the unaudited interim condensed consolidated financial statements.

DEFINITIONS

Capital Expenditure – Reflects investment in property, plant and equipment plus the prepayments in respect of fixed asset and intangible asset purchases for the period.

EBITDA – Earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results (or income from operating activities plus depreciation and amortisation, plus joint venture results). Depreciation and amortisation are adjusted to remove elements of such charges already included in changes to inventories and net costs of nuclear provisions.

Net Costs of Nuclear Provisions – The net costs charged to the income statement associated with the creation and release of provisions for tails, decommissioning and re-enrichment of low assay feed.

Net Debt – Loans and borrowings (current and non-current) plus obligations under leases less cash and cash equivalents and short term deposits.

Net Finance Costs – Finance costs less finance income net of capitalised borrowing costs and including costs/income of non-designated hedges and charges/reversals of expected credit losses on financial assets.

Net Income – Income for the period attributable to equity holders of the parent.

Order Book – Contracted and agreed business estimated on the basis of “requirements” and “fixed commitment” contracts.

Other Operating and Administrative Expenses – Expenses comprising Changes to inventories, Raw materials and consumables, Employee costs, Restructuring charges, and Other expenses, but excluding the Net costs of nuclear provisions and any associated elements of depreciation.

Revenue – Revenue from sale of goods and services and net fair value gains/losses on commodity contracts.

Separative Work Unit (SWU) – The standard measure of the effort required to increase the concentration of the fissionable U_{235} isotope.

Tails (Depleted UF_6) – Uranium hexafluoride that contains a lower concentration than the natural concentration (0.711%) of U_{235} isotope.

Uranium related sales – Sales of uranium in the form of UF_6, U_3O_8 or the UF_6 component of EUP.