2004
Annual Report and Accounts

Enriching the future

Urenco's operational profile

Urenco is organised around two distinct principal business activities: enrichment of uranium and the supply of enrichment technology.

The Enrichment Group (UEC) is responsible for operating centrifuge enrichment plants and marketing the enriched uranium to nuclear utilities worldwide. Urenco supplies these customers from plants in Germany, The Netherlands and the United Kingdom and is currently applying for a licence for a new enrichment plant, the National Enrichment Facility (NEF) in the United States.

The Technology Group (ETC) owns the world-leading centrifuge technology which has consistently proved to be the most efficient in the market. ETC provides enrichment capacity to UEC and in future will also supply capacity to Areva, the French nuclear Group and the National Enrichment Facility.

UEC
Enrichment

Capenhurst, UK
Almelo, The Netherlands
Gronau, Germany
NEF – New Mexico, USA*

* Licence application in progress

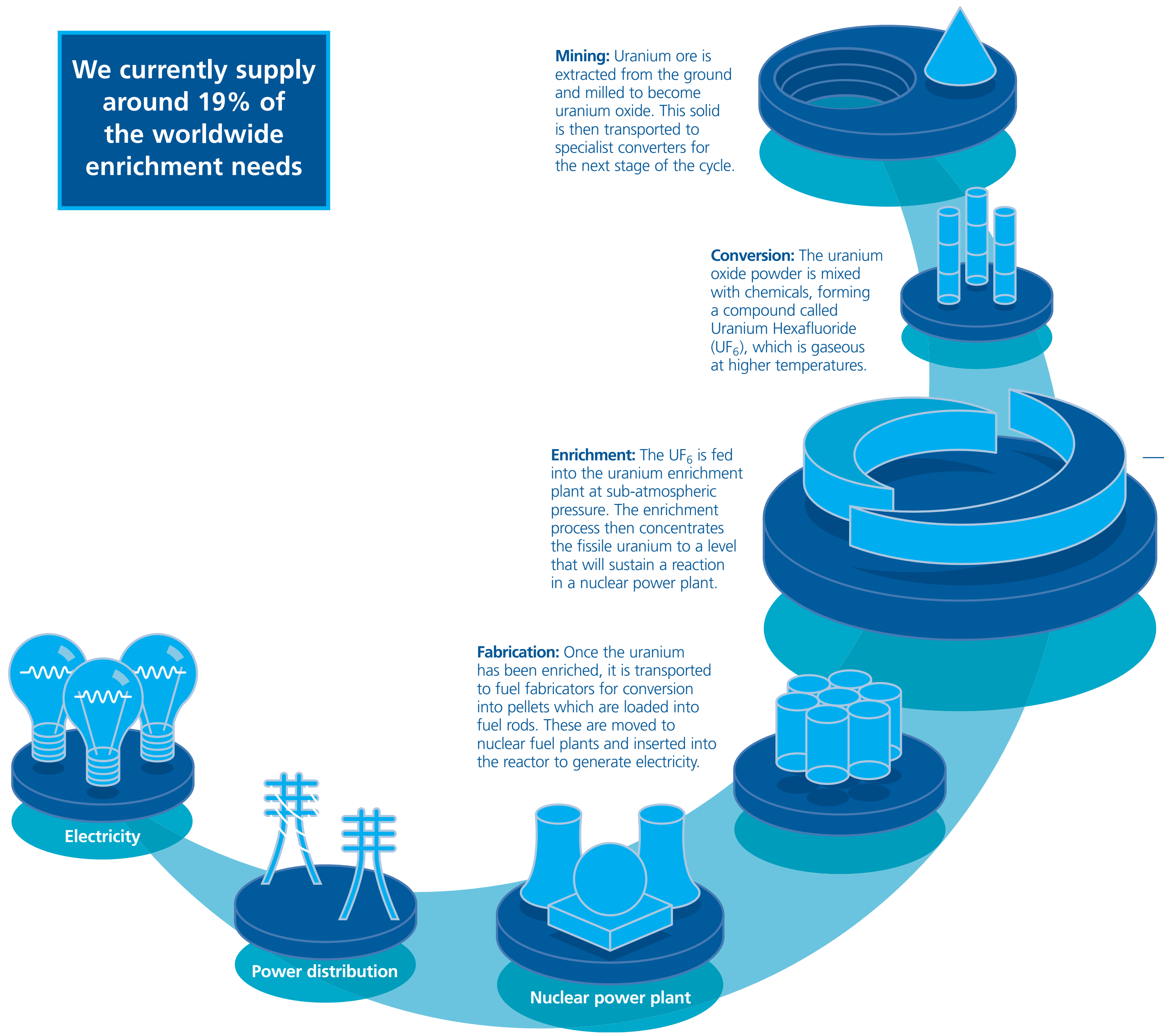
ETC
Technology

Almelo, The Netherlands
Capenhurst, UK
Jülich, Germany

Contents

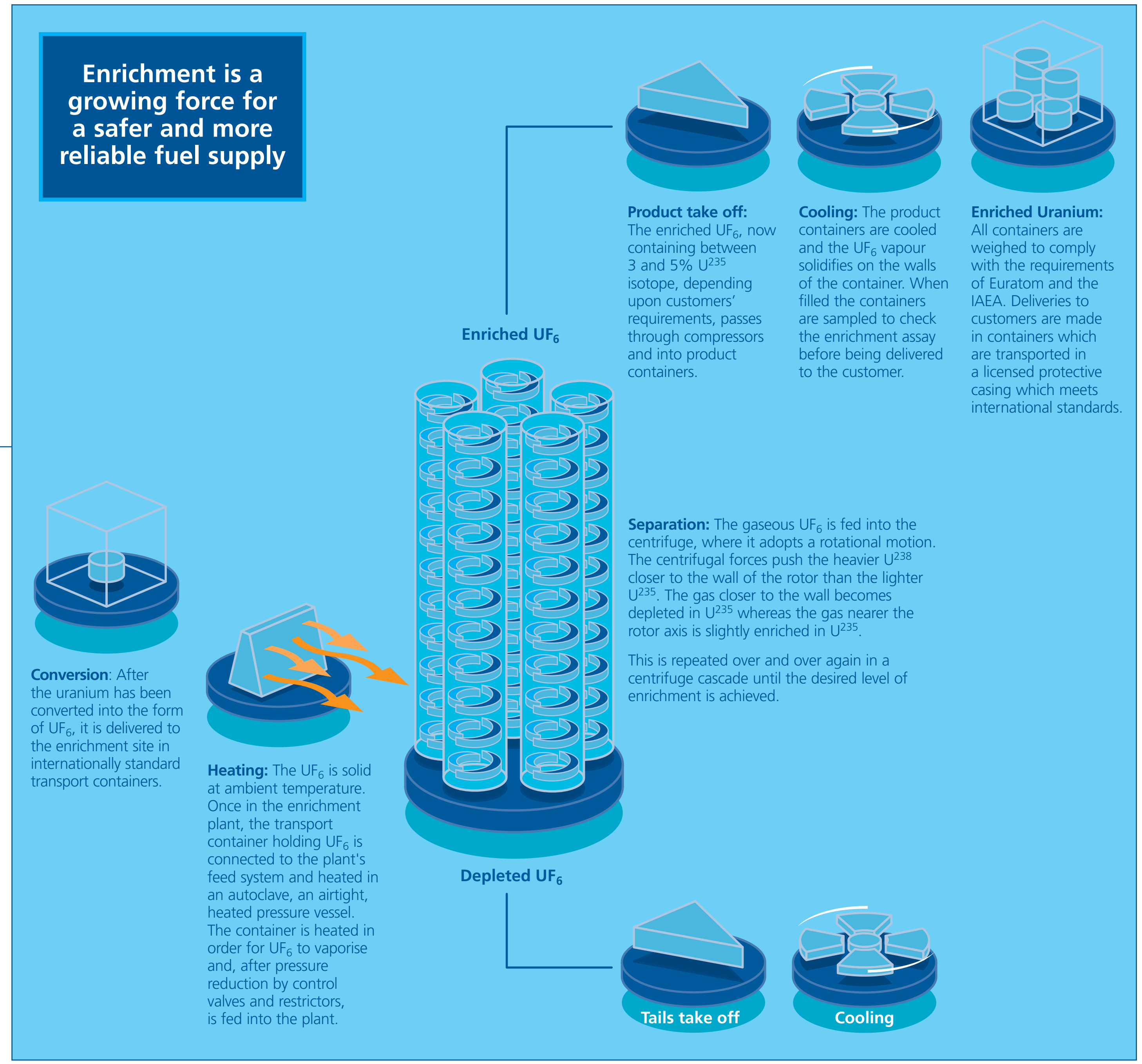
Urenco: At the heart of the world's nuclear fuel supply

Urenco operates in a pivotal area of the nuclear fuel supply chain for the generation of electricity for consumers around the world. With its industry-leading centrifugal technology and 19% global market share, Urenco is firmly positioned in the highest added value segment at the front end of the fuel supply chain.



Urenco: Enriching the future

Nuclear power is increasingly seen as the number one commercial choice for a sustainable energy supply, free from the uncertainty and inherent environmental dangers of the diminishing fossil-based fuel alternatives. "Enriching the future" embodies Urenco's objectives for employees, shareholders, customers and other stakeholders in both environmental and commercial terms.



Urenco is an independent, global energy and technology group with production from plants in Germany, The Netherlands and the United Kingdom, using Urenco's own centrifuge technology. Focus is on providing safe, cost effective and reliable uranium enrichment services for civil power generation within a framework of high environmental, social and corporate responsibility standards. Our goal is to further increase worldwide market share while maintaining high profitability and to become the leading supplier in the extended global enrichment market.

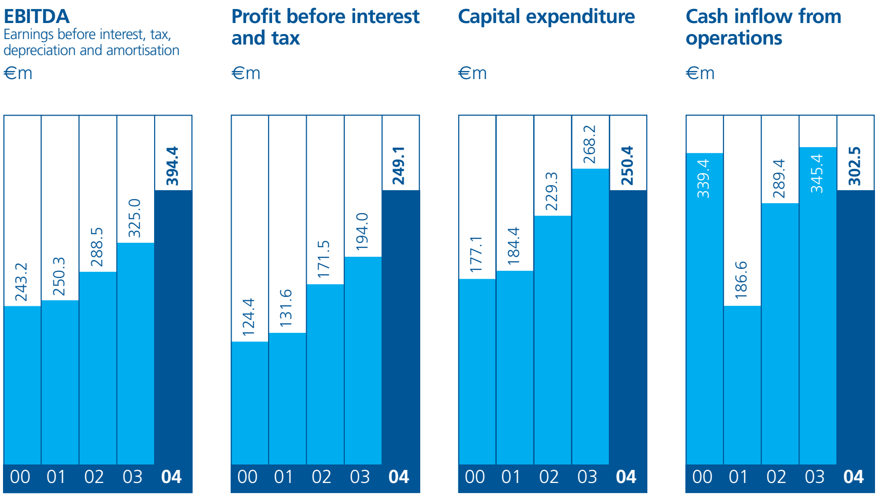
Financial highlights

	2000 €m	2001 €m	2002 €m	2003 €m	**2004 €m**
Turnover	606.5	519.7	632.0	727.1	**707.3**
Earnings before interest, tax, depreciation and amortisation	243.2	250.3	288.5	325.0	**394.4**
Profit before interest and tax	124.4	131.6	171.5	194.0	**249.1**
Profit after tax and minorities	66.7	64.8	87.3	107.9	**133.8**
Capital expenditure	177.1	184.4	229.3	268.2	**250.4**
Cash inflow from operations	339.4	186.6	289.4	345.4	**302.5**

Key ratios

Net asset turnover	1.74	1.38	1.55	1.70	**1.50**
Return on sales	11.0%	12.5%	13.8%	14.8%	**18.9%**
Return on equity	19.1%	17.2%	21.4%	25.2%	**28.5%**

Financial highlights



Statement of the Chairman

This has been another good year for Urenco, with net profit up 24% at €134 million (2003: €108 million).

Performance in 2004

All our plants achieved better than targeted production; all operated safely throughout the year, although further improvements will continue to be sought. New enrichment capacity was added ahead of target and within expected costs. Costs continue to be well controlled and all deliveries to our customers were completed on time. In 2004, for the first full year, the Group operated under its new structure, with the technology activities (ETC) now separated from the enrichment activities (UEC).

During the year significant progress was made towards the granting of a licence along with further preparations for the proposed plant in the United States, with our minority partner Westinghouse Electric Company.

Urenco's agreement with Areva, which will allow Areva to share ownership in ETC, has continued to make progress through the political approvals. ETC and Areva will then work together to construct a centrifuge enrichment plant in Tricastin, France.

Business environment

Demand for energy will continue to increase as the economies in the developed world expand and significant growth is predicted from the emerging economies, particularly in Asia. This will potentially lead to a gap between supply and demand.

International conflict and political tension in fossil fuel producing regions, coupled with volatile prices for oil and gas, have already raised concerns about security of supply for energy sources.

Nuclear power provides a secure long-term alternative and an important carbon-free energy source which helps support development and growth in the world without contributing to the causes of global warming. I therefore expect new initiatives in the nuclear sector and growing demand for Urenco's products and services.

Looking forward, Urenco's order book is robust, as is its financial position. The profitability outlook is good. Our international workforce is committed to the highest standards of efficiency and quality and the Group is totally committed to applying the principles of good corporate governance: transparent reporting, accountable management with independent and expert supervision. Urenco's management and Board of Directors are at all times guided by best practice in this vital area of corporate activity.

Concerns continue however over the exchange rate developments as our enrichment prices are largely denominated in US dollars. Continuing US dollar weakness will make us feel the pressure. We thus need to be circumspect in the business we take on. We shall also watch carefully for the development of unfair trade practices threatening our markets.

We continue to be concerned at developments in weapons proliferation. Urenco is committed, (indeed we are required by the Treaty of Almelo), to confine our activities to the peaceful, civil application of our technology. All our plants are subject to international safeguard inspections and we cooperate fully with the International Atomic Energy Agency, Euratom and other international authorities in their mission to deter weapons proliferation.

As part of our positioning in the international community, Urenco plays an active role in relevant international institutions such as the World Energy Council, the European Nuclear Council and the Transatlantic Nuclear Energy Forum.

Board matters

On Board personnel matters, I am pleased that we were able to appoint, at the end of 2004, a new Chief Executive, thus allowing Urenco to split the roles of Chairman and Chief Executive. Helmut Engelbrecht has been promoted within the Company and before joining us in early 2003 had many years experience working in our market. I wish him every success and confidently expect that he will make a major contribution.

Theo Gremmen retired after nine years as our Finance Director and our thanks and good wishes go with him. I am pleased to welcome his successor, Bart Le Blanc, who came to us from the international banking sector.

Pat Upson stood down from the Board to assume the role of Managing Director of the ETC Group from Gustav Meyer-Kretschmer on his retirement. I would like to express my sincere gratitude to Gustav for a long and outstanding contribution to Urenco.

As part of the streamlining of our Board, it was agreed with our shareholders that the shareholder-nominated directors be reduced from nine to six. I wish to record my thanks to those directors retiring in consequence, Ted Williams (BNFL), Antonius Voss (Uranit) and Willem Kooijman (UCN).

Conclusion

I should like to thank my fellow Directors and executive colleagues for their personal support to me throughout the year. On behalf of the Company I also wish to thank all our stakeholders, especially our loyal customers and committed employees. Urenco's pre-eminent position in the international uranium enrichment market is due to the efforts and support they all continue to give us.

Neville Chamberlain CBE
Chairman

Statement of the Chief Executive

In this my first report as Chief Executive Officer of the Urenco Group, I would like to explain why the future holds such potential for the Group.

Introduction

Urenco operates in the global uranium enrichment market. Uranium enrichment forms part of the nuclear fuel cycle that leads to the generation of electricity by our customers. Urenco is committed to supporting sustainable energy generation and nuclear energy is, in my view, the obvious commercial choice to provide a sustainable energy supply to cover increasing global demand.

The success of Urenco has been built on our world leading centrifuge enrichment process. This major competitive advantage results from the technical expertise and commitment of our employees. They ensure that our plants continue to employ world leading technology, but this is only one aspect of Urenco's past success and future potential. We also have considerable experience in operating enrichment plants.

These plants provide a reliable low cost uranium enrichment service that ensures our customers receive secure supplies at predictable prices under long term contracts. In 2004, a survey of our customers by MORI confirmed our position in the market as the industry standard setter. My aim is to build on these successes, so that Urenco becomes the leading supplier in the global enrichment market.

Urenco must be ready to respond to the demands of its customers and continue to add value for its shareholders. In this context we are currently designing and licensing a plant in the United States that will supply enrichment services directly to the North American market.

Urenco aims for high levels of openness and transparency. The Group is striving to meet the challenges of explaining this complex industry and its role in the industry to a wider audience. I want to ensure that our communications meet the highest standards and live up to international best practice. I hope that this will be seen from the changes in content, tone and style of this year's Annual Report.

I look forward to contributing to Urenco's future. I believe we have the skills and ambition to implement our clearly defined strategy. Our commitment at all levels of the organisation to service our customers, our industry and all our stakeholders is clear. The opportunities are great and I am dedicated to making certain that Urenco seizes them.

Key achievements in 2004

Urenco's strategy remains focused on its enrichment and technology businesses. Market share has continued to grow for our enrichment services and reached 19% in 2004, enrichment production capacity increased by 14% and our ability to provide lower cost enrichment capacity continues to improve. This has led to greater profitability in the year, with Group profit increasing by 24% compared to 2003.

In last year's annual report, a number of initiatives were identified. I would like to take this opportunity to report on the progress achieved in 2004.

- The reorganisation into enrichment and technology business units that was undertaken in 2003 is now showing significant benefits. Greater emphasis has been placed on optimising the business processes in both businesses, increasing the profitability of each.

- Corporate responsibility and social performance continue to be a high priority for the Group. With the continued growth in our operations, health, safety and environmental awareness remain our uppermost priority.

- The Enrichment Group, UEC continues to build enrichment capacity on plan, on time and within budget.

- The Technology Group, ETC has made considerable progress in improving its manufacturing processes in the year, thereby driving down the cost of additional enrichment capacity for UEC and for ETC's future customers.

- The technology joint venture between Urenco and Areva in ETC, which was signed in 2003, has received European Commission competition clearance. The closure of the deal is expected in 2005, once governmental clearances have been obtained. This will allow Areva to build a centrifuge enrichment plant to replace its ageing gaseous diffusion facility and give ETC a firm order book for its centrifuges into the next decade.

- The licensing process for the National Enrichment Facility (NEF) in the United States has progressed well in 2004, with all timing milestones being met. The Group expects to receive a licence for the plant by spring 2006. This will give Urenco a strategic foothold in the important US market.

This has been another challenging year for the Group. I would like to thank all of Urenco's employees on behalf of the Executive Team, for their continued support and commitment.

The future

The future for Urenco remains very promising, with the expectation that there will be growth in the demand for nuclear power and therefore Urenco's uranium enrichment services. Our growth strategy supports this, with the continued build up of capacity in our European plants along with the project to build the first centrifuge enrichment facility in the United States.

We will continue to respond to changes in the market. This will be achieved through a combination of engaging closely with our customers, reflecting their changing needs while reacting to market dynamics and responding to competitor challenges.

Urenco's message for the future is that we expect our growth to continue and that we will seek and pursue strategic opportunities in the nuclear fuel supply chain that create value for our shareholders.

Helmut Engelbrecht
Chief Executive Officer

Future milestones for the Group include:

- **New licences to be received in 2005 for both Gronau and Almelo for further increases in enrichment capacity**
- **The completion of the Urenco/Areva joint venture in the near future**
- **The granting of the licence to build the National Enrichment Facility in the United States in the first half of 2006**
- **New capacity brought on line in Gronau in 2007**
- **The construction phase of the NEF plant in mid 2007**
- **First production from NEF at the end of 2008**
- **Urenco's European enrichment capacity of around eight million SWU by 2007**
- **The NEF facility completed by 2013, with a production capacity of three million SWU**

Operating and financial review
Urenco Group

From an operational perspective, 2004 was a highly successful year with all major financial and technical targets being met. This review includes analysis of the Group's financial position and highlights key performance indicators.

Introduction
Urenco's strategic objectives are presented in this Operating and Financial Review. This is set against the backdrop of the main risks and uncertainties in the business environment and the relevant markets, of which Urenco is fully aware and responds to in business and risk management policies. The review includes analysis of the Group's financial position and highlights a number of key performance indicators.

Urenco's strategy
Urenco's strategy develops along two lines:

- It will continue to invest in the expansion of long-term enrichment capacity near to its growing and diversified client base – in addition to European expansion, it plans to build capacity in the US in a new €1.2 billion plant for which a licence is expected in the near future.
- It will safeguard and continue to invest in its leading technology and seek to work with key partners where the application of its technology will generate value for the Group – the proposed joint venture between Urenco and Areva is committed to replacing French gas diffusion enrichment plants.

These strategic investment projects have been prepared after robust analysis and are expected to add economic value to the Group and its shareholders; with continuing investment in Europe and the US, market share will continue to grow as will our earnings.

LEFT TO RIGHT: Bart Le Blanc, Sheila Graves, Helmut Engelbrecht and Pat Upson.

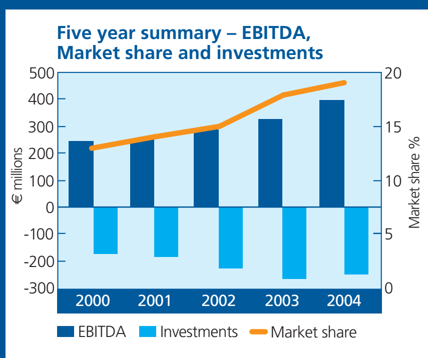
Key milestones in 2004

From an operational perspective, 2004 was a highly successful year with all major financial and technical targets being met. These include:

- **Group net profit in the year was €134 million, an increase of 24% over 2003. A dividend of €49 million is proposed**
- **The Group generated cash from its operating activities of €303 million**
- **Investments continue to be made to expand the enrichment plants and develop ETC manufacturing capability. In 2004, investments of €250 million were made**
- **No major environmental management or health and safety events occurred at any of our sites**
- **At the end of 2004, the Group employed 1,881 people**

The Group's five year results show significant progress in all key business ratios: EBITDA, Market share and investments.

The graph below shows the Group's increasing Market share which has risen from 13% in 2000 to 19% in 2004. This has led to a significant increase in EBITDA, which has grown to €394 million in 2004. This increase in EBITDA has funded a large part of the Group's long-term investment strategy, with investments in the five year period of over €1.1 billion.



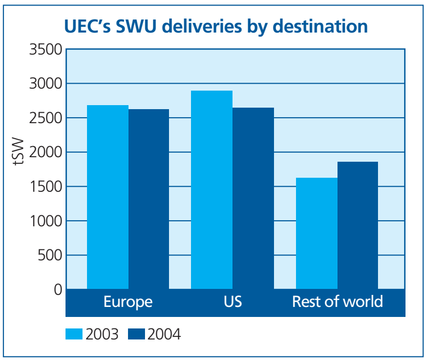
Operating and financial review
Urenco Enrichment Company (UEC)

Already one of the world's leading enrichers, it is looking for opportunities to widen its involvement whilst safe-guarding the interests of its stakeholders.

Market analysis
From a global perspective, the enrichment market can be characterised as being relatively static, balancing economic supply and demand. Over the next ten years, it is anticipated that the market will grow gradually from the present level of 40 million SWU/a to 45 million SWU/a by 2014.

The Group relies on growth in market share in each of the major market areas. Growth is expected in the Asia Pacific region where countries have programmes under way to build new power stations. Further growth is anticipated in the United States, where plans for additional power plants are being considered. In Europe, the realisation that nuclear energy needs to be an integral part of any future energy mix, is leading to a re-appraisal of nuclear power as a viable option.

UEC operates in all the major markets with around 35% of deliveries being made to Europe in 2004, 39% to the United States and 26% to the rest of the World, this is illustrated in the chart below:



Economic pressures are also making themselves felt. The price of natural uranium ("feed") is increasing for a number of reasons. These pressures have already driven customers to change their requirements. Lower volumes of feed are being supplied giving rise to a demand for a higher quantity of enrichment. This is leading UEC to take a more integrated approach to supplying customers' needs.

For UEC to build on its previous success, it needs to respond to both the expected growth in the market and the change in feed prices. By fostering closer links with its customers, a greater appreciation of their requirements in terms of volume, timing and type of services required, UEC will be well placed to react more effectively to customer needs.

Four significant market risks have been identified:

- UEC's major competitors in France and the United States are modernising their capacity by changing the employed technology from gas diffusion to centrifuges. This will significantly improve their competitiveness. The Russian enrichment industry, which already utilises centrifuge technology, is increasing capacity.

- UEC can no longer rely solely on its superior technology to maintain its competitive advantage. It must drive greater efficiencies in production costs, lower overheads and also capitalise on its operational experience, reliability and production diversity. UEC believes it will maintain its leading position.

- Recent improvements in market prices have been more than offset by the weakening of the US dollar. This gives an advantage to UEC's US dollar based competition, leading to downward pressure on price in terms of the euro.

  However, the enrichment industry as a whole must generate sufficient returns to justify much needed new capacity investment and prices must increase in the medium term to take account of this.

- Political and trade regulations continue to impact the nuclear industry, with the enrichment segment being no exception. In the Trade Case between Urenco and USEC, the Court of International Trade (CIT) ruled that dumping regulations did not apply to enrichment contracts, but subsidy regulations applied to any import of low enriched uranium. The dumping

Operating and financial review

Urenco Enrichment Company (UEC) continued

KEY ACHIEVEMENTS

- UEC's global market share increased from 18% in 2003 to 19% in 2004, with a significant presence in all major markets.
- Customer research poll by MORI indicated that Urenco's service levels were considered to be the industry standard.
- All of UEC's deliveries to customers were to specification and on time.
- UEC's forward order book remains strong with over 45 million SWU contracted at a value of €4 billion, this running beyond 2010.
- UEC's production capacity increased to around 7.4 million SWU, an increase of around 14% in the year.
- UEC's increased production capacity was brought on line as planned and within expected cost and timescale.

decision was appealed by USEC to the Court of Appeals for the Federal Circuit (CAFC), and was upheld by the CAFC in March 2005.

Meanwhile, following the first Administrative Review covering imports made in 2001/2002, Urenco received a significant refund of the duties deposited. A zero deposit rate now applies to all Urenco importations into the United States, which is a vindication of the company's efforts to refute the allegations made by USEC in December 2000. In early 2005, the US Commerce Department has also preliminarily found a zero rate for Urenco's 2003 imports.

Urenco is continuing to take all steps necessary to repudiate USEC's claims.

Operations

Safety remains an absolute priority for UEC's operations. A process of continuous review is in place to ensure that existing safety regulations are incorporated into the working culture and practices of the company and that every opportunity is taken to improve standards. All three enrichment plants have operated safely and within their licensing constraints throughout 2004.

In 2004, capital investments of €222 million have been made at UEC's three enrichment facilities, with enrichment capacity increasing to a level of 7,400 tSW by the end of the year. The increase in capacity has been accompanied by a continuing reduction in unit cost per SWU, as efficiencies are realised from the reorganisation.

Throughout 2004, licence applications were progressed for capacity increases at both Almelo and Gronau. Subsequently, early in 2005 the licence was approved in Germany for an additional capacity of 2,700t SWU at the Gronau site. However, expansion will only be undertaken if an economic case can be made based on the market environment.

UEC is working towards gaining a licence for the building of a tails deconversion facility at the Urenco Capenhurst site. The initial safety case is in preparation, with a view to beginning the licence application process towards the end of 2005. If successful, the plant will be operational by 2010. Strategically, this will put UEC in a much stronger position as regards tails management in the coming years.

UEC manages its operational risks in a structured and appropriate manner. There are a number of issues regarding upstream and downstream components in nuclear fuel supply that need to be addressed:

- There is uncertainty about the availability of conversion from uranium ore into uranium feed material (UF_6). This is affected by two main factors: operational issues at a major converter in North America, along with the earlier announced closure of some conversion facilities in the United Kingdom. This has emphasised the dependence of the nuclear fuel cycle on a small number of converters. Security of supply of feed material is essential for UEC and the nuclear industry as a whole. Partnerships and joint ventures will be considered by UEC in order to ensure a secure supply of feed for the future.
- Controls on shipping nuclear material have increased year by year, causing a number of transporters to leave the market. This has reduced overall capacity. UEC recognises the need to work with the nuclear transporters to ensure that sufficient supply is available at an economic cost. This is of paramount importance for its own operations and those of our customers.
- UEC makes full provision for final disposal of UF_6 tails and decommissioning of plant once it has reached the end of its useful economic life.

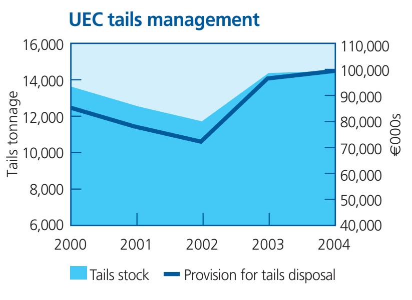
UF_6 tails are held on UEC's sites at levels substantially below site licence limits. Urenco has a number of strategies in place to ensure that the volume of tails held is controlled. These include re-enrichment of tails by a third party, and the deconversion of the UF_6 tails to U_3O_8 by a third party and then subsequent long-term storage. In The Netherlands the COVRA facility is utilised. Nevertheless, further solutions are being sought including, the proposed construction of an Urenco owned and operated deconversion plant and policy support from the governments in the United Kingdom and Germany of long-term storage facilities similar to COVRA in The Netherlands.

Decommissioning provisions are based on UEC's historic experience of decommissioning plants, along with assumptions on future cost escalation.

The following chart shows the five year development of tails volumes, along with the financial provision held to cover the expected cost of deconversion and

Operating and financial review
National Enrichment Facility (NEF)

storage of tails. It demonstrates Urenco's policies of providing for evolving future liabilities, with increases in provisions higher than increases in tails volumes over the last years.



Future milestones

UEC's major milestones for the future are:

- **To anticipate market requirements, thereby extending the range of products and services offered, either by organic growth, internal investment or partnership opportunities. This must be in the context of an economic business model.**
- **Complete the licensing phase for further plant expansion at Almelo.**
- **To increase its future order book beyond 45 million tSW by 2007.**
- **To increase capacity to 8,000 tSW by 2007.**
- **To conclude the initial marketing effort for the National Enrichment Facility in conjunction with the licence application timescales.**

UEC sees a strong and growing role for itself in the nuclear fuel cycle. Already one of the world's leading enrichers, it is looking for opportunities to widen its involvement whilst safe-guarding the interests of its stakeholders.

Urenco is engaged in a strategic project with a minority partner (24.5%), Westinghouse Electric Company, to build an enrichment facility in the United States.

The project to build this National Enrichment Facility (NEF) is moving forward rapidly. The licensing process is on schedule, with the expectation of a licence being granted by the US Nuclear Regulatory Commission (NRC) by the spring of 2006.

In September 2004, the NRC issued its Draft Environmental Impact Statement. This determined that NEF will have minimal environmental impact on the region and a positive social and economic impact, particularly as regards local employment. The NRC is expected to issue its Final Environmental Impact Statement and Safety Evaluation Report this summer.

Local support for NEF continues to be strong. Throughout 2004, residents of Lea County and the surrounding areas demonstrated their support through significant participation at various meetings. Tremendous support at the local and federal level has been instrumental in moving the licence process forward.

The project is strategically important for Urenco, as it will create a production foothold in the US market (which currently accounts for 40% of Group turnover). It will establish an alternative domestic supplier for US utilities who have demonstrated their support by placing firm contractual commitments.

Construction planning is underway with an emphasis on maximising United States equipment content and controlling capital costs, in particular in view of the current euro – US dollar exchange rate. To this end, the finance organisation of the project has been strengthened and sound methods of financing will be investigated. Assuming that the NEF licence is granted early next year, plant construction is expected to begin in 2007, with initial production in late 2008 and full production by the end of 2013.

LEFT TO RIGHT: Robert Parkes, Helmut Engelbrecht and Maurice Lenders.

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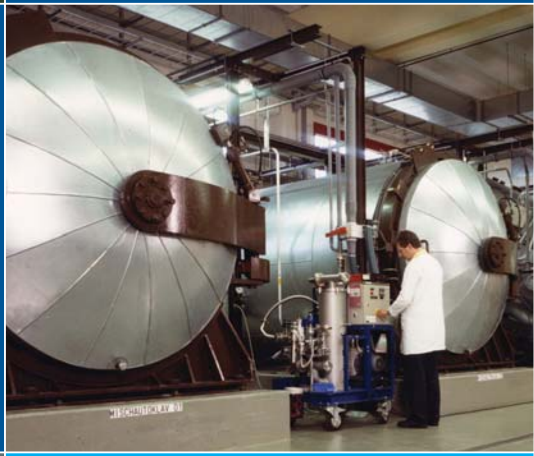
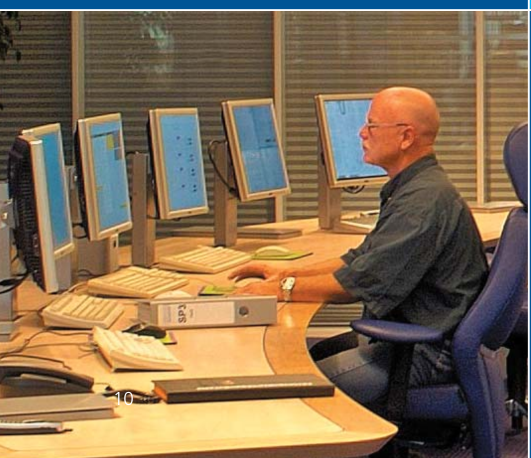


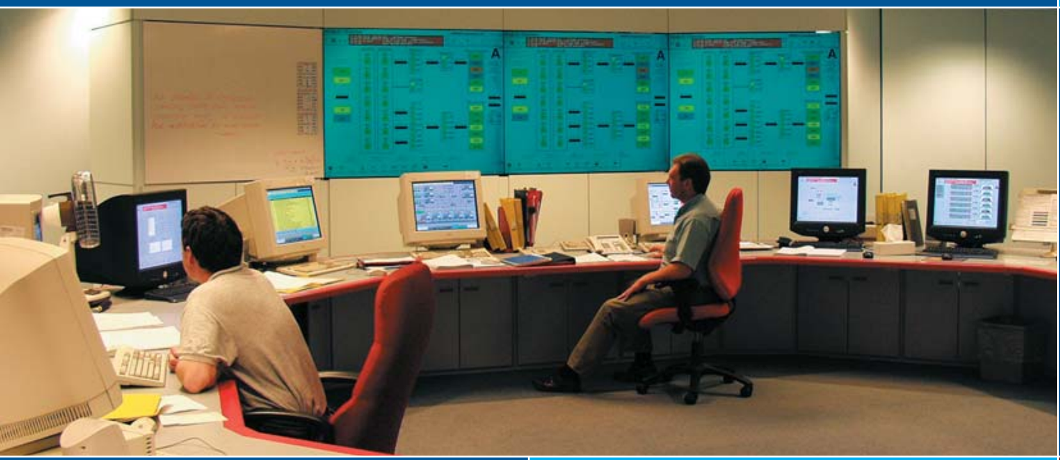
"We believe that nuclear power is increasingly seen as the number one commercial choice for a sustainable energy supply."



"Our impressive workforce makes us ideally placed to support the nuclear industry by providing secured supplies at predictable prices."

"In a recent independent market research poll, customers indicated their satisfaction with Urenco's uranium enrichment services."

Urenco is at the heart of the world's uranium enrichment,
with a global market share of 19%.



"We operate in a pivotal area of the nuclear supply chain which ends with the generation of electricity for consumers around the world."

Operating and financial review

Enrichment Technology Company (ETC)

ETC is currently recognised as the world leader in centrifuge enrichment technology. This is maintained by continued Research and Development, which aims to retain the current technological advantage.

Market analysis

ETC currently supplies UEC with cascades of centrifuges for uranium enrichment. Following the reorganisation the business relationship between ETC and UEC has been developed on an arms length basis. Contracts are in place to build enrichment capacity for UEC until 2010, when enrichment capacity is planned to reach over 9,000 tSW.

In the near future ETC will begin manufacture for other customers, firstly Areva, which is expected to become a joint venture partner in ETC in 2005. Draft agreements are in place to build a 7,500 tSW/a facility as a replacement for Areva's Georges Besse gas diffusion plant in Tricastin, France. Secondly, NEF will become a contracted customer for ETC once the plant licence is granted. This is anticipated to be in spring of 2006 and will lead to an order for 3,000 tSW/a capacity.

ETC continues to seek opportunities to take advantage of its world leading centrifuge technology as the market develops further.

ETC's market risks fall into two specific areas.

Firstly, the political and legal environment in which ETC operates. Before enrichment capacity can be supplied, governmental approval is required together with the appropriate licences to build and operate the future enrichment plants. For both the Areva joint venture and the NEF project, these remain to be finalised. The granting and timing of these are not within the control of ETC and therefore carry an element of uncertainty.

Secondly, ETC is currently recognised as the world leader in centrifuge enrichment technology. This is maintained by continued Research & Development, which aims to retain the current technological advantage. Challenges to ETC's technological lead are likely to come from two sources. Firstly, from the American enricher, USEC, which is investing in Research and Development in order to develop a viable centrifuge and secondly from Russian technology. ETC will continue to track developments in both of these competitive threats.

Products and operations

ETC manufactures two types of centrifuge, the TC12 and the newly qualified TC21. The TC12 is an established product that has been in manufacture for over ten years. The TC21 offers customers a new generation of machine with greater performance. ETC anticipates its customers will gradually change their supply requirements from TC12 to TC21 over the coming years.

In 2004, ETC's manufacturing philosophy fundamentally changed. Rather than being driven by maximising production rates, a more customer-orientated approach has been adopted. This has led to greater efficiency, as work in progress has been reduced with deliveries being sourced from stock rather than from new production. The effect of this will become more pronounced from 2005, as ETC's current and future customers require their new enrichment capacity delivered in an increasingly flexible manner.

Research & Development has continued to show returns, with the qualification work on new centrifuge types leading to the successful advance of the TC21 centrifuge into full series production. Focus has also been placed on generating efficiency improvements for manufacturing processes and cost reduction through value engineering for both the TC12 and TC21.

The Plant Design & Projects team made a significant contribution ensuring that enrichment plant capital investment programmes were delivered on time and within budget. ETC's future customer in France relied on the Plant Design team for services to obtain construction and operating licences for their enrichment plants.

There are three key factors that affect ETC's ability to manufacture without interruption. These are control of the supply chain, management of health, safety and the environment and management of the technical risk associated with further developments in centrifuges.

The supply chain for ETC is crucial from two perspectives, security of supply and quality of materials and services, ETC

KEY ACHIEVEMENTS

- ETC successfully commissioned all of its planned cascades to UEC. All cascades came on-line on time or ahead of schedule and are operating above planned performance levels.
- ETC's manufacturing costs for 2004 were below planned levels. This was driven by changes in manufacturing processes.
- ETC's safety record remains excellent.
- The next generation of centrifuge, the TC21, was successfully qualified for series manufacture. Further improvement in the TC12 design was put into full-scale operational testing.
- ETC took major steps in the year in order to focus its efforts on its core centrifuge technology. This included the sale of its composites activity in Germany and the separation of the Aerospace activities by incorporating them into Urenco Aerospace BV in The Netherlands.

LEFT TO RIGHT: Guus Waals, Pat Upson and Volker Dannert.

Other activities

Urenco Aerospace BV activities continued to suffer from a flat market and the weakness of the US dollar. At the year end, a review of Aerospace assets was undertaken. This indicated that the carrying value of the assets would not be recovered out of future earnings and accordingly the carrying values were reduced.

In 2004, it was decided to close the Power Technologies activity, as it had not proved possible to secure adequate market prospects for its products at an acceptable return rate. The closure was completed by the end of 2004 and closure costs have been fully accounted for in this year's financial statements.

actively manages both. It ensures that for critical materials and services competing suppliers are utilised, thereby providing alternative options. ETC enforces strict qualification controls on all materials that are critical to the manufacturing process.

ETC is a manufacturing supplier to the nuclear fuel supply chain and is therefore part of the nuclear industry. However, it is not exposed to significant nuclear environmental risks. It does, however, demand the highest level of compliance with health, safety and the environmental standards associated with the nuclear industry. The protection of employees, contractors and visitors to its sites is paramount. In 2004, ETC recorded only two lost-time accidents by its employees, neither of which related to serious injury.

Managing technological risk is an essential part of ETC's operations. These risks may relate to employee safety, logistical processes or ensuring that the plant that is manufactured meets with customer life-time expectations. The focus of Research & Development is not only on new centrifuge manufacturing technology, but also on examining the operational processes to identify where risks can be reduced.

ETC will continue to monitor and proactively manage these risks in close cooperation with its customers.

Future milestones

ETC's major milestones for the future are:

- **To bring all ordered cascades on-line in time and under stringent cost and quality targets.**
- **Following governmental approval for the entry of Areva as a shareholder, supply plant design and cascades to the Georges Besse II plant at Tricastin, France, for commissioning from 2008.**
- **To supply plant design and cascades for an enrichment plant in the United States, once the licence has been approved for the National Enrichment Facility (NEF).**
- **The increase in manufacturing volume of the TC21 will further enhance ETC's ability to service customer requirements and provide them with a choice of different proven centrifuge designs.**

After 30 years of continuous development, Urenco's storehouse of centrifuge technology provides a vital contribution to the future of the nuclear industry.

"The success of our world leading technology results from the technical expertise and commitment of our employees."

"The engineering skills of our technicians have earned us recognition as the global leader in advanced gas centrifuge technology."

"We took major steps in the year in order to focus efforts on our core centrifuge technology."

"Uranium enrichment harnesses cost-effective technology and is a growing force for a safer and more reliable fuel supply."

"Our use of the centrifuge method of enrichment means that plant capacity can be expanded on a modular basis."

Urenco is firmly positioned in the highest value segment of the fuel supply chain where the technology employed creates around 40% of the overall value.

"The centrifuge process operated by our highly skilled technical staff has the important advantage of low energy consumption."

Operating and financial review
Group finance

Urenco's financial position is strong and provides a healthy basis for future growth and increasing market share. This growth requires investments in technology and centrifuge manufacturing and in enrichment capacity renewal and expansion.

Urenco's continued growth is reflected in a strong financial performance in 2004, with a significant increase in profit compared to 2003:

- **Net profit was 24% higher at €134 million.**
- **Cash flow from operating activities was €303 million and was the main funding source for capital expenditure.**
- **Capital base increased by €78 million to €509 million being 33% of total assets less current liabilities.**

As a result, the Group's financial position is strong and provides a healthy basis for future growth and increasing market share. This growth requires continuing investments in technology and centrifuge manufacturing and in enrichment capacity renewal and expansion. To fund these investments the Group needs to have access to long-term finance from various sources in different financial markets.

In its financial policies, Urenco is therefore guided by:

- **Focus on its core activities and their efficiency.**
- **Strong capital base and credit rating.**
- **Internal controls and management accountability.**
- **Prudent provisioning for future liabilities.**

The Group strives to align itself with best market practice in reporting and disclosures. International Financial Reporting Standards (IFRS) will be adopted in 2005.

Strong financial results for 2004
The uranium enrichment market is dominated by US dollar contracts. Urenco had hedged its 2004 overall net US dollar exposure at a rate of €1=$1 or better. The impact of the weakening US dollar on turnover has thus been largely offset against hedging and the results for 2004 are comparable to 2003 on a consistent foreign exchange basis. Without hedging,

LEFT TO RIGHT: Kate Durham, Bart Le Blanc, Liz Snowden and John Napper.

income for 2004 would have been around €58 million lower.

Urenco continues to focus on efficiency and cost control. The unit cost per SWU within UEC decreased by around 4% in the year thereby improving margins. It also relied on its own production to a much greater extent. In ETC, manufacturing efficiencies improved, in particular by reducing work in progress and by reductions in overhead. This has led to lower centrifuge prices and lower capital investment costs in UEC.

Other activities had an overall negative impact on the result. As Urenco is in the process of disengaging from these other activities, this will not recur.

Urenco holds four distinct types of provision on its balance sheet. These are:

- **Tails provisions – relating to the storage and final disposal of depleted uranium generated by the enrichment process.**
- **Decommissioning provisions – relating to the eventual decommissioning of enrichment plants once they have come to the end of their operating life.**
- **Deferred taxation – provisions made in line with UK accounting standard – FRS 19.**
- **Other provisions – relating to pensions in Germany and other personnel provisions across the Group.**

In 2004, a total charge to profit of €103 million was made predominantly relating to tails and decommissioning (€83 million) with the balance relating to other provisions of €19 million and deferred tax €1 million.

Provision releases in 2004 were €73 million, largely resulting from tails provision releases of €62 million.

As with any assessment of future liabilities, management has exercised judgement in assessing the adequacy of provisions. The Group's provisions are based on the best technical assessment for tails and decommissioning, FRS19 for deferred tax and in accordance with FRS12 for other provisions.

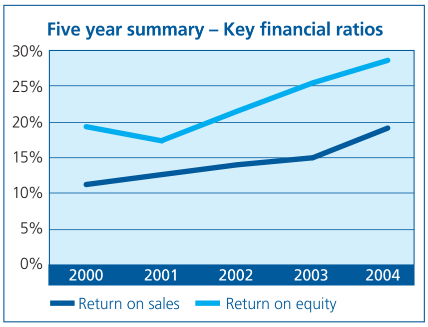
Group profit before interest and tax was €249 million, compared to €194 million in 2003, an increase of 28%.

Interest payable for 2004 was €31 million (€26 million in 2003). The increase can be attributed to a slightly higher average rate of interest (4.0% in 2004 vs. 3.8% in 2003) caused by higher UK rates on sterling loans and higher average funding requirements of €640 million in 2004 against €550 million in 2003.

The tax charge for 2004 was €85 million, compared to €65 million for 2003 in line with the increase in pre-tax profit. The effective tax rate for the two periods has remained unchanged at 39% for the Group. This reflects a number of factors including higher statutory rates of tax in The Netherlands and Germany than in the UK, permanent differences and non-recognition of certain deferred tax assets.

Profit for the financial year (after minority interests) was €134 million. This compares with the result in 2003 of €108 million, an increase of 24%.

The key financial ratios for 2000 – 2004 are presented below. Return on Equity and Return on Sales have both improved significantly with overall profitability increasing at a higher pace in the recent years driven by efficiencies from production (greater economies of scale and efficiency) and reducing overheads:

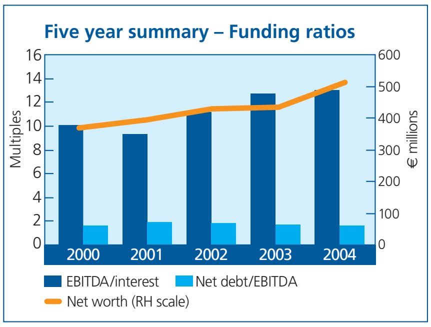


Robust capital base

At the end of 2004, the Group's capital base was €509 million (share capital €237 million and reserves €272 million), against €431 million in 2003.

At the end of 2004, the Group had a gearing ratio of 56% debt to 44% equity (2003: 57% debt to 43% equity).

Interest cover remained strong in 2004, with EBITDA/interest cover at 13.0 which is a slight improvement on 2003, which was 12.7. Net debt to EBITDA reduced to 1.6 at the end of 2004, an improvement on 2003 which was 1.7.



The Group has always been conservative in its leveraging policies in view of its long term investment financing needs. The ratio of EBITDA to net debt was broadly constant and the Group's net worth increasing over time. As a result, EBITDA/interest cover has improved over the last five years.

A dividend has been proposed for 2004 of €49 million. An additional dividend of €35 million will be proposed on the closure of the joint venture between Urenco and Areva.

Continuing investments

Urenco continues to invest in both its enrichment capacity and its cascade manufacturing technology. Total investments in 2004 were €250 million, around the same level as the previous year (2003: €268 million). UEC invested at all of its three sites in new enrichment capacity to a total of €222 million. ETC invested in improving its manufacturing facilities in The Netherlands and Germany to an amount of €18 million. The balance of investments of €10 million related to licence application costs capitalised for the NEF enrichment plant in the United States and other small investments across Urenco's other activities.

Operating and financial review
Group finance continued

The Group continues to invest in its enrichment capacity and cascade manufacturing facilities. Total investments in 2004 were €250 million.

Strong cashflow
The Operating profit for the year amounted to €249 million which, after adding back depreciation and amortisation of €145 million, gave an EBITDA of €394 million.

Working capital movements absorbed cash of €121 million, reflected by an increase in stock of €58 million, debtors of €58 million and lower creditors of €5 million. Provisions increased by €29 million.

This gave net cash inflow from operating activities of €303 million. From this, interest payments of €28 million, capital expenditure of €250 million, taxation of €66 million and dividends of €40 million resulted in an external funding requirement for the Group of an additional €82 million.

Financing of the Group
Investment financing in 2004 was primarily sourced from strong operational cashflow, which was supplemented by additional external borrowings of €82 million.

The Group in 2004 was externally financed from three principal sources. Firstly via private placements in both Europe and the United States that account for €390 million of funds, which mature in the period 2006 – 2012. Secondly, a bank "Club" facility, with the Group's five relationship banks which provides an additional €350 million of funding; this facility expires in mid 2006. Thirdly, short-term facilities give flexibility to the Group's funding position of an additional €109 million. In total, these provided the Group with funding facilities of up to €849 million in 2004.

At the end of the year, the Group was utilising all the private placement borrowings along with €255 million of the Group's bank facility.

The average utilisation of the facilities in 2004 was as follows:

- **The private placements were 100% utilised throughout the year.**
- **The committed bank facilities were on average utilised at 88%.**
- **The short term facilities were used at an average level of €6 million.**

Financial instruments
Urenco uses financial instruments for risk management purposes and does not enter into speculative derivative transactions. The instruments relate to hedging contracts for currency exposure, interest rate swaps and cross currency swap agreements. In this report, full disclosures are made in relation to financial instruments held in line with FRS 13.

The Group holds hedging contracts which sell forward future net US dollar receipts into euros and sterling. The Group's policy is to hedge forward three years in full and then a minimum of 50% in year four and 25% in year five. The impact of any hedging that matures in a financial year is taken to the profit and loss account under Turnover. Any hedges that are in place but have not matured in the financial year are not recorded in the profit and loss account or balance sheet of the Group. However, the impact on the Group's financial position based on fair value at the balance sheet date is reflected in note 22 to the financial statements.

Urenco has also entered into a number of interest rate swaps. The purpose of these is to change the interest terms associated with borrowings from fixed to floating rates. The Group's policy of maintaining the majority of its borrowings at floating rates as opposed to fixed rates is continuously reviewed.

The cross currency swap agreements held by the Group are to cover US dollar denominated loans swapped into euros or sterling. These match the maturity dates of the loans.

RISK MANAGEMENT AND INTERNAL CONTROLS

- Given the nature of its business, Urenco attaches the highest importance to risk management and internal controls. The Group's system of internal control is kept under continuous review and a strong control culture is embedded in its operational activities. In 2003, an internal audit function was established. Its responsibility is to carry out reviews on internal controls and to report to management and the Audit Committee on its findings, including recommendations for implementing improvements.
- It is the responsibility of management to identify and manage risk across the Group. Issues associated with the management of risk are reported to the Board and the Audit Committee. This includes any major events or changes in risk appetite for the Group. A programme of evaluating major enterprise risk is currently in progress. A risk map is in production that identifies the probability of risks occurring and the impact they would have on the business. Risk policies will be reviewed to ensure that risks with a high probability and high impact are being managed effectively and will remain the focal point of internal control.
- Urenco is looking to strengthen the organisational structure for risk management with a view to further raising risk awareness throughout the Group and to help identify the interdependencies of risk.

Adoption of International Accounting Standards (IFRS)

From 2005, European Union companies listed on a recognised exchange are required to prepare their Group financial statements under International Financial Reporting Standards (IFRS). Although Urenco is not a listed entity, the Group believes that adoption of IFRS, will lead to greater transparency and comparability. This will allow users of our financial statements to better understand Urenco's performance against comparable investments and industries.

In preparation for adoption in 2005, training has been provided and external assistance sought to facilitate the transition to IFRS. The major areas of potential impact that adoption of IFRS, and the consequent need to adopt 'fair value', will have on the Group's financial statements are:

- the recognition and measurement of financial instruments at fair value in the balance sheet and, unless the instrument is an effective hedge, in the profit and loss account
- review of contracts to ascertain whether they contain embedded derivatives. Any embedded derivatives that are identified will need to be accounted for at fair value through the profit and loss account
- the recognition of pension fund surpluses and deficits in full in the balance sheet.

By the nature of the requirements of IFRS, increased volatility will be seen in the Group's results.

Preparation for conversion to IFRS is well advanced. It is anticipated that the 2004 accounts under IFRS will be completed and audited by the middle of 2005, and will be published as comparative figures in the Annual Report and Accounts 2005, together with reconciliations to the amounts reported in these 2004 Accounts under UK accounting standards.

"Our sponsorship activity covers projects and initiatives in culture, education, sport and charitable work."

"Urenco regularly provides opportunities for young people to pursue engineering and scientific careers."

Our sites in Germany, The Netherlands and the UK are all actively involved in projects to enrich their local communities.

"In addition to our contribution to local economies, our employees play an active role as responsible members of the community."

Urenco's sites supply the communities in which they operate with long-term jobs in a stimulating, technical environment.

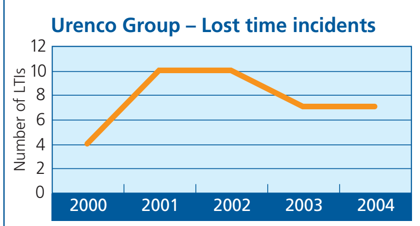
"In fulfilling our corporate responsibilities, we have an absolute commitment to safety and environmental protection in all our plant operations."

"Urenco interacts with local schools and colleges to encourage and nurture an interest in science and engineering through workshops and student award programmes."

"Urenco liaises closely with local schools and charities to gain an understanding of community needs."

Corporate responsibility and social performance

Urenco recognises that the environment is to be protected, and goes beyond its formal obligations to ensure that its impact on the surroundings and the people who live there is a positive one.



Corporate responsibility and social performance

Nuclear energy is a carbon-free energy source and with its strict safety policies, Urenco is proud to be a participant in this sustainable and environmentally-friendly part of the energy sector. It is important for Urenco to act, and to be seen to act, as a competent and responsible member of the community. Urenco recognises that the environment must be protected, and goes beyond its formal obligations to ensure that its impact on its surroundings and the people who live there is a positive one.

Urenco promotes good contact with its neighbours and welcomes their input as a means of monitoring the wider public's reaction to both our business and our industry. All sites have local liaison groups to ensure we have excellent channels of communication with our local communities and to ensure we involve our neighbours in the decisions we make.

Compliance review

Transparency and communication are essential to the process of involving the local communities in our activities.

Each of the operations produces site-specific material which is widely available to interested parties, including via our websites. The reports outline such areas as emission levels, accidents resulting in lost time, reportable incidents and energy usage.

In 2004, the Group had seven lost-time incidents (incidents to employees on-site that resulted in days away from work) among the average of 1,899 employees. Full investigations are always carried out and awareness campaigns launched to ensure we learn from them.

The chart below records the Group performance over the last five years:

Strategy for environment and social performance

Urenco also works very closely with the regulatory and licensing authorities, to continually improve the health, safety and environmental standards.

In October 2004, the UK Health and Safety Executive (HSE) published a review of the decommissioning strategy for the Urenco Capenhurst nuclear site. HM Nuclear Installations Inspectorate (NII) undertook a comprehensive review, in consultation with the Environment Agency. The review considered the strategy for decommissioning the nuclear licensed site in relation to regulatory guidance, the underlying assumptions made and whether the plans submitted are comprehensive and appropriate.

The review concluded that Urenco Capenhurst has a well-developed and comprehensive set of site-specific strategies for the management of its redundant facilities and for the process by-product of uranium enrichment.

The report also highlighted areas where improvement could be made. Urenco's policy that enrichment facilities be decommissioned as soon as they become redundant is consistent with HSE expectations. However, the report stated that the site needs to provide

further justification for certain aspects of its waste management strategy including the long-term future management of the site.

Group health and safety highlights

- **Group participation in HSE European Week for Safety and Health at Work.**
- **Introduction of the UEC procedure for the reporting of incidents and occurrences, including the identification of learning points.**
- **Campaign to improve occupational health.**
- **Introduction of a policy on provision of information to the press on HSE incidents and occurrences.**
- **Urenco Capenhurst wins the Brian Redhead award for environmental sustainability (Excellence North West).**
- **Introduction of an 'environment' site on Group website.**

Urenco in the community

Our wish is to be a responsible neighbour, investing in and protecting that relationship. Urenco supports many community programmes, covering activities ranging from direct sponsorships and charitable donations to allowing employees time away from normal duties to support local educational activities. Protecting this relationship involves delivering on promises to meet environmental performance targets and assurance through monitoring beyond our boundaries.

Urenco fosters good community relations with its neighbours. The aim is to be a valued asset within the community. Urenco recognises that by setting and achieving high standards of conduct and performance, Urenco will be able to convey to its neighbours the level of importance it places on this relationship.

The promotion of an open and positive dialogue with stakeholders is enhanced by regular contacts with community groups and site visits.

Across the Group, there are many site-led initiatives to promote involvement within the community:

Environment

Urenco Capenhurst is involved with a number of environmental groups in the local area including the Cheshire Wildlife Trust which advises on the site's flora, fauna and ecological issues.

Culture

Urenco Nederland is a major contributor to the Almelo Culture Fund. This fund sponsors a wide range of classical concerts and performances in the local community.

For more than 15 years Urenco Deutschland has been one of the supporters of Gronau's classical concerts and its famed annual jazz festival.

Similarly, Urenco Capenhurst has a sponsorship programme with the Royal Liverpool Philharmonic Orchestra. The partnership arrangement provides classical music workshops for pupils and family music concerts for communities near Capenhurst.

Sport

A children's cycling competition in Almelo, sponsored by Urenco Nederland, was a typical example of Urenco's local commitment to sport. The event received enthusiastic support from the local community.

Education

Across Urenco, education provision embraces funding, use of on-site facilities and employee time to facilitate seminars. Workshops and other activities have been organised by Urenco, which give students and other external groups an awareness of industry, business and enterprise.

In addition to these, each site also commits itself to a wide range of charitable concerns, at both local and national levels, with the enthusiastic and dedicated support of its staff. Urenco is proud to continue this tradition.

Urenco fosters good community relations with its neighbours. The aim is to be a valued asset within the community. By setting and achieving high standards of conduct and performance, Urenco will convey to its neighbours the level of importance it places on this relationship.

Financial statements

For the year ended 31 December 2004

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Corporate information

At 31 December 2004

Board of Directors

Neville Chamberlain	Chairman (Non-Executive)
Walter Hohlefelder	Deputy Chairman (Non-Executive)
George Verberg	Deputy Chairman (Non-Executive)
Helmut Engelbrecht	Chief Executive Officer
Bart Le Blanc	Chief Financial Officer
John Edwards	(Non-Executive)
Victor Goedvolk	(Non-Executive)
Gerd Jaeger	(Non-Executive)
Michael Parker	(Non-Executive)

Company Secretary

Sheila Graves

Registered office

Urenco Limited
18 Oxford Road
Marlow
Buckinghamshire SL7 2NL

Registered No.1022786

Web site

www.urenco.com

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Directors' report

The Directors present their Report and Accounts for the year ended 31 December 2004.

Principal activity

The Urenco Group's principal activity is providing a service by enriching uranium for nuclear power utilities. The Group has two principal subsidiaries, Urenco Enrichment Company Limited (UEC) and Enrichment Technology Company Limited (ETC). UEC mainly provides a service by enriching uranium for nuclear power utilities on a toll basis using customers' uranium. ETC provides centrifuges and centrifuge technology for uranium enrichment including plant design and research and development activities.

Urenco Limited is the ultimate holding company and provides strategic support for the Urenco Group.

Results and dividends

Net profit for the year amounted to €133.8 million (2003: €107.9 million).

The Directors propose a final dividend for the year of €49 million (2003: €40 million and dividend in specie relating to the 2003 reorganisation of €52.8 million).

Appointments and resignations

The Directors as at 31 December 2004 are listed on page 25 of this report. The following changes in Directors occurred in 2004:

- Bart Le Blanc was appointed to the Board on 29 September 2004
- Theo Gremmen retired from the Board on 29 September 2004
- Willem Kooijman resigned from the Board on 16 December 2004
- Ted Williams resigned from the Board on 16 December 2004
- Patrick Upson resigned from the Board on 16 December 2004
- Antonius Voss resigned from the Board on 16 December 2004

Directors' interests

The Directors held no interests in the issued share capital of Urenco Limited either beneficially or otherwise at 31 December 2004 or at any other time during the year. No Director had a material interest during the year in any contract which is significant in relation to the Company's business.

Corporate governance

Urenco's policy is to develop a corporate governance structure that meets with the principles of good governance, taking into account Urenco's private ownership structure.

Directors and the Board: responsibilities

The Board manages overall control of the Group's affairs and is responsible for Company policies and strategic direction. It meets on a regular basis to consider matters specifically reserved for its decision. These include the approval of financial statements, major acquisitions and disposals, authority levels for expenditure, treasury policies, risk management and major policies in respect of environmental, health and safety issues.

The Board recognises the need for a reasonable balance between Executive and Non-Executive directors in providing judgement and advice in the process of decision-making. It has established two committees: an Audit committee and a Remuneration committee.

During 2004 the Board has reviewed its composition. The decision was taken to reduce the number of directors from four Executive Directors to two and from nine Non-Executive Directors to six with an independent chair. The roles of Chairman and Chief Executive were combined in the recent period but have since been separated. The new arrangements are effective from 1 January 2005.

Each shareholder has the right to appoint two Non-Executive Directors as its representatives on the Board.

Integrity of financial information

Together with the Executive team a decision was taken to broaden the information provided by management in order to allow Non-Executive Directors a better understanding of the overall performance of the Company.

The consolidated financial statements have been discussed with the external auditors at a closing meeting prior to them being reviewed by the Audit Committee.

Accountability and audit: internal controls and risk management

The Board has overall responsibility for internal controls, including risk management, and sets appropriate policies having regard to the objectives of the Group. The Executive Directors have the responsibility for the identification, evaluation and management of both financial and non-financial risk and the implementation and maintenance of control systems in accordance with Board policies.

The Group operates an objective-driven approach aimed at satisfying its core targets set out in a strategic business plan. The annual objectives are set out in an annual budget which is approved by the Board. Management reports for the Group are prepared on a quarterly basis and reviewed by the Board. The plans and reports cover both revenue and expenditure (including capital) and financing.

The Board has reviewed the effectiveness of the systems of internal control for the financial year and the period to the date of approval of the financial statements. It should be understood that such systems are designed to provide management with reasonable and not absolute assurance against the risk of failure of business objectives.

During 2004, the Group's internal auditor, BDO Stoy Hayward performed audits within ETC companies that focused on purchasing, personnel and stock accounting. No significant issues were raised with management or the Audit Committee.

A programme of communication exists and continues to be developed, to ensure that all staff are aware of the parameters constituting acceptable business practice and expectations of the Board in managing risk.

Audit Committee

The Board has an Audit Committee, chaired in 2004 by Ted Williams and consisting entirely of Non-Executive Directors. The Committee met three times in 2004. The other Committee members in the year were Victor Goedvolk and Antonius Voss. The Chief Executive Officer and the Chief Financial Officer are invited to attend Committee meetings. The Committee's primary responsibilities include monitoring the financial statements of the Group, along with monitoring the systems of internal control and providing a forum for reporting by the Group's external and internal auditors.

The Audit Committee also reviews annually the performance of the Company's auditors to ensure an objective, professional and cost-effective relationship is maintained.

Remuneration Committee

The Remuneration Committee met three times in 2004. It is composed entirely of Non-Executive Directors. The members of the Remuneration Committee in 2004 were:

George Verberg (Chairman)	–	Full year 2004
Michael Parker	–	Full year 2004
Walter Hohlefelder	–	Full year 2004

The Chief Executive Officer is invited to attend Committee meetings. The Committee determines the remuneration packages of Executive Directors.

The policy of the Company is designed to attract, motivate and retain Executive Directors by providing appropriate remuneration to achieve this purpose.

Total remuneration

In line with the principles referred to above, the total remuneration levels of the Executive Directors are reviewed annually by the Remuneration Committee having regard to remuneration levels of directors of comparable companies.

The total remuneration package of Executive Directors comprises the following components:

- Base salary – This is determined for each Director by the Remuneration Committee taking into account the performance of the individual and information from independent sources on the levels of salary for similar jobs in a selected group of comparable companies.
- Bonus – Performance related bonuses for Executive Directors are at the discretion of the Remuneration Committee.
- Contracts of service – The Directors' service agreements provide for discretionary reviews of salary and for termination on twelve months' notice by either party.
- Pensions – The Executive Directors are members of the Group pension scheme which provides a pension of up to two thirds base salary on retirement, normally between the ages of 60 and 65 and dependent on length of service. The scheme also provides for dependants' pensions and lump sums on death in service. The scheme is a defined benefit pension scheme, which is approved by the Inland Revenue.

Other benefits for each Executive Director include:

- Private medical insurance, the provision of a company car including fuel for private mileage or equivalent salary allowance.

Directors' report continued

Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Board as a whole on the recommendation of the Chief Executive Officer with the approval of the Remuneration Committee. Non-Executive Directors are appointed and removed by each of the shareholders of the Company. Non-Executive Directors receive a fee and no other remuneration from the Company.

Details of Directors' remuneration are included in the table below:

Directors' remuneration (audited)	Basic salary and fees €	Benefits €	Performance related bonuses €	Total 2004 €	Total 2003 €
Executive Directors:					
Neville Chamberlain	**331,922**	**11,512**	**62,838**	**406,272**	277,576
Helmut Engelbrecht	**314,023**	**106,751**	**68,925**	**489,699**	321,765
Pat Upson	**287,923**	**28,563**	**57,437**	**373,923**	362,749
Theo Gremmen	**639,923**	**28,887**	**49,485**	**718,295**	435,049
Bart Le Blanc	**103,706**	**10,998**	**23,334**	**138,038**	–
Non-Executive Directors:					
Walter Hohlefelder	**–**	**–**	**–**	**–**	–
George Verberg	**29,455**	**–**	**–**	**29,455**	–
Laurens de Leur	**–**	**–**	**–**	**–**	27,576
Victor Goedvolk	**23,564**	**–**	**–**	**23,564**	15,877
John Edwards*	**23,564**	**–**	**–**	**23,564**	10,885
Willem Tieleman	**–**	**–**	**–**	**–**	5,894
Willem Kooijman	**23,564**	**–**	**–**	**23,564**	21,771
Ted Williams*	**23,564**	**–**	**–**	**23,564**	21,771
Norman Askew*	**–**	**–**	**–**	**–**	10,885
Michael Parker*	**23,564**	**–**	**–**	**23,564**	10,885
Gerd Jaeger	**23,564**	**–**	**–**	**23,564**	21,771
Charlie Pryor*	**–**	**–**	**–**	**–**	10,885
Antonius Voss	**23,564**	**–**	**–**	**23,564**	18,102
	1,871,900	**186,711**	**262,019**	**2,320,630**	1,573,441

Benefits paid to Executive Directors include provision of motor vehicles, medical insurance and overseas living expenses.

In the event that payments are made in sterling the average rate is adopted for translation purposes; this was set at £0.679 to €1 for 2004 (2003: £0.689 to €1).

* Payments for these Non-Executive Directors were made directly to their employer, BNFL Limited.

Pensions

The Executive Directors of Urenco Limited are entitled to become members of the Company's pension scheme. Neville Chamberlain is not a member of the scheme. Details of the pension entitlement earned by the current Executive Directors are shown below:

	Accrued pension at 31/12/2004 €	Accrued pension at 31/12/2003 (revalued to 31/12/2004) €	Value of accrued pension at 31/12/2004 €	Value of accrued pension at 31/12/2003 €
Helmut Engelbrecht	**107,109**	**103,648**	**960,976**	847,000
Bart Le Blanc	**801**	**–**	**9,922**	–

Auditors

A resolution to reappoint Ernst & Young LLP as auditors for the coming year will be put to the Annual General Meeting on 4 May 2005.

By order of the Board

Sheila Graves
Company Secretary

4 May 2005

Statement of Directors' responsibilities in respect of the accounts

Company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' report to the members of Urenco Limited

We have audited the Group's financial statements for the year ended 31 December 2004, which comprise the Consolidated profit and loss account, Consolidated balance sheet, Company balance sheet, Consolidated statement of total recognised gains and losses, Reconciliation of consolidated shareholders' funds, Consolidated statement of cash flows and the related Notes 1 to 29. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As described in the Statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Group is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London

4 May 2005

Consolidated profit and loss account

For the year ended 31 December

	Notes	**2004 €000**	2003 €000
Turnover	2	**707,278**	727,109
Own work capitalised		**140,166**	166,439
		847,444	893,548
Raw materials and consumables		**(100,180)**	(212,146)
Other external charges		**(196,007)**	(189,914)
Staff costs	6	**(148,036)**	(143,364)
Depreciation and amortisation		**(145,308)**	(130,979)
Other operating charges		**(8,801)**	(23,143)
Operating profit	4	**249,112**	194,002
Interest receivable		**941**	751
Interest payable and similar charges	7	**(31,209)**	(26,333)
Profit on ordinary activities before taxation		**218,844**	168,420
Tax on profit on ordinary activities	8	**(85,274)**	(64,893)
Profit on ordinary activities after taxation		**133,570**	103,527
Minority interests		**258**	4,368
Profit for the financial year		**133,828**	107,895
Dividends	9	**(49,000)**	(92,765)
Profit retained for the year	21	**84,828**	15,130
Dividend per share	9	**29.17c**	23.81c
Earnings per share	10	**79.66c**	64.22c

The profit for the financial year of the Parent Company amounts to €85.8 million (2003: €47.9 million).

Group balance sheet

At 31 December

	Notes	**2004 €000**	2003 €000
Fixed assets			
Tangible assets	11	**1,186,406**	1,087,361
Investments	12	**8**	8
		1,186,414	1,087,369
Current assets			
Stocks	13	**272,162**	213,839
Debtors – amounts falling due within one year	14	**226,732**	174,280
Cash at bank and in hand		**15,075**	14,443
		513,969	402,562
Creditors			
Amounts falling due within one year	15	**174,605**	148,608
Net current assets		**339,364**	253,954
Total assets less current liabilities		**1,525,778**	1,341,323
Creditors			
Amounts falling due after one year	16	**626,028**	551,120
Provisions for liabilities and charges	17	**327,640**	298,772
Deferred income	18	**9,992**	10,058
Minority interest – equity	19	**52,633**	50,832
		509,485	430,541
Capital and reserves			
Called up share capital	20	**237,288**	238,299
Reserves	21	**272,197**	192,242
		509,485	430,541

Company balance sheet

At 31 December

	Notes	2004 €000	2003 €000
Fixed assets			
Tangible assets	11	**3,266**	3,571
Investments	12	**295,510**	288,919
		298,776	292,490
Current assets			
Debtors – amounts falling due within one year	14	**235,658**	122,778
Debtors – amounts falling due after one year	14	**84,746**	85,106
Cash at bank and in hand		**4,141**	1,190
		324,545	209,074
Creditors			
Amounts falling due within one year	15	**64,610**	78,899
Net current assets		**259,935**	130,175
Total assets less current liabilities		**558,711**	422,665
Creditors			
Amounts falling due after one year	16	**254,573**	153,632
		304,138	269,033
Capital and reserves			
Called up share capital	20	**237,288**	238,299
Reserves	21	**66,850**	30,734
		304,138	269,033

Signed by:

Helmut Englebrecht
Chief Executive Officer

Bart Le Blanc
Chief Financial Officer

4 May 2005

Consolidated statement of total recognised gains and losses

For the year ended 31 December

	2004 €000	2003 €000
Profit for the financial year	**133,828**	107,895
Exchange difference on retranslation of net assets of subsidiary undertakings	**(4,873)**	9,562
Total recognised gains relating to the year	**128,955**	117,457

Reconciliation of consolidated shareholders' funds

At 31 December

	2004 €000	2003 €000
Total recognised gains	**128,955**	117,457
Reorganisation – dividend	**–**	(52,765)
Dividends – final	**(49,000)**	(40,000)
Exchange difference on share capital	**(1,011)**	(20,108)
Total movements during the year	**78,944**	4,584
Shareholders' funds as at 1 January	**430,541**	425,957
Shareholders' funds as at 31 December	**509,485**	430,541

Consolidated statement of cash flows

For the year ended 31 December

	Note	2004 €000	2003 €000
Net cash inflow from operating activities	26	**302,509**	345,442
Returns on investments and servicing of finance	27	**(27,609)**	(23,191)
Taxation		**(65,991)**	(57,617)
Capital expenditure – payments to acquire tangible fixed assets		**(250,449)**	(268,191)
Net cash outflow before financing		**(41,540)**	(3,557)
Equity dividends paid		**(40,000)**	(39,000)
Financing	28	**82,172**	21,561
Increase/(decrease) in cash	28	**632**	(20,996)

Notes to the accounts

31 December 2004

1 Accounting policies

The principal accounting policies which the Directors have adopted are set out below:

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The Group accounts consolidate the accounts of Urenco Limited, and all its subsidiary undertakings for the year ended 31 December 2004. No profit and loss account is presented for Urenco Limited, as permitted under section 230 of the Companies Act 1985.

Own work capitalised

Own work capitalised is credited to the profit and loss account at cost. Cost includes direct materials and labour, plus directly attributable overheads.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Taxation

The charge for taxation is based on the profit for the year, and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax with the exception of deferred tax assets. These are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

The results of the United Kingdom and United States entities are translated into euros at average rates of exchange and their assets and liabilities are translated at year-end rates. Exchange differences arising on the retranslation of net assets are taken to reserves.

All other translation differences are taken to the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are included at cost.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

- Freehold buildings – 40 years
- Plant and machinery – 3 – 15 years
- Office fixtures and fittings – 12 years
- Motor vehicles – 4 years
- Computer equipment – 4 years

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present condition and location, and net realisable value, being the estimated selling price less further costs expected to be incurred in completion and disposal, as follows:

- Raw materials and consumables – purchase cost, on a first-in, first-out basis.
- Work in progress – cost of direct materials and labour, plus directly attributable overheads.
- Finished goods and goods for resale – lower of cost and net realisable value.

Provisions for decommissioning and tails

The enrichment process generates depleted uranium (“tails”).

Provision has been made for all estimated costs and for the eventual disposal of tails. The costs take account of conversion to a different chemical state, intermediate storage, transport and safe disposal.

The Directors intend to decommission plant as soon as possible after it is shut down. To meet these eventual costs of decommissioning, provisions are charged in the accounts, for all plant in operation, at amounts considered to be adequate for the purpose.

The Group adheres to FRS12, which requires that once plant has been commissioned, the full discounted cost of decommissioning plant is recognised in the accounts as a provision. This is matched by capitalised decommissioning costs, which are included in tangible fixed assets under Plant and Machinery.

The amounts provided for both decommissioning and tails disposal costs are based on the best available technical assessments and are discounted to reflect the expected timing of expenditure in the future.

Notes to the accounts continued

1 Accounting policies continued

Financial instruments

The Group uses forward foreign currency contracts to reduce exposure to changes in foreign exchange rates and interest rate swaps to adjust interest rate exposures.

The purpose, for which a derivative instrument is used, is identified at inception. Derivatives are entered into in accordance with established policies and guidelines. These act to ensure that the instruments are effective in achieving the objective of reducing the Group's exposure to market movements in exchange and interest rates.

The Group considers its derivative instruments qualify for hedge accounting when certain criteria are met.

Forward foreign currency contracts

The criteria for forward foreign currency contracts are:

- the instrument must be related to a firm foreign currency commitment;
- it must involve the same currency as the hedged item; and
- it must reduce the risk of foreign currency exchange movements on the Group's operations.

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed future transaction, are not recognised until the transaction occurs.

Interest rate swaps

The Group's criteria for interest rate swaps are:

- the instrument must be related to an asset or a liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Amounts payable or receivable in respect of interest rate swap agreements are recognised in the net interest payable charge over the period of the contracts on an accruals basis. Interest rate swaps are not revalued to fair value or shown on the Group balance sheet at the year end. If they are terminated early, the gain/loss is spread over the remaining life of the original instrument.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Finance leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the period of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Pensions

Companies within the Group operate both defined benefit and defined contribution pension schemes for the benefit of all employees. The schemes, which are funded by contributions partly from the employees and partly from the companies, are administered independently. For the defined benefit schemes contributions to the funds are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives. For defined contribution schemes, contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

2 Turnover

Turnover is stated net of value added tax, and represents amounts receivable in respect of enrichment and other services provided to customers in the year. Turnover includes the result of hedging contracts, taken out to cover foreign currency exposures arising on US dollar sales. In 2004, €57.8 million of hedging gains were included in turnover (2003: €39.3 million).

3 Transactions with related parties

During the year, and in the normal course of business, the Group supplied goods and services to the value of €117.0 million (2003: €84.5 million) to related parties, and purchased services to the value of €15.6 million (2003: €13.9 million) from related parties. In this context, 'related parties' means those companies acting as principal or as agent which are associated with the shareholders of Urenco Limited (BNFL Enrichment Limited, Ultra-Centrifuge Nederland Limited and Uranit UK Limited).

At 31 December 2004, debtors and creditors included figures of €8.9 million (2003: €11.4 million) and €1.5 million (2003: €10.9 million) respectively, relating to those transactions.

Fees totalling €0.2 million (2003: €0.2 million) were paid in respect of Directors who were employees of companies related to Urenco Limited.

4 Operating profit is arrived at after charging/(crediting):

	2004 €000	2003 €000
Auditors' remuneration		
Ernst & Young LLP:		
– Audit services – UK	**420**	334
– Audit services – Overseas	**241**	240
– Non-audit services – UK	**1,415**	2,744
– Non-audit services – Overseas	**251**	201
Depreciation:		
– of owned tangible assets	**130,199**	121,134
– impairment of Aerospace business	**8,756**	–
– on capitalised decommissioning costs	**6,353**	4,593
Amortisation of intangible assets	**–**	661
Impairment of intangible assets	**–**	4,591
Loss on disposal of fixed assets	**1,164**	470
Research and development expenditure	**18,521**	20,486
Operating lease rentals:		
– land and buildings	**1,461**	523
– plant and machinery	**642**	238

Included in Audit services – UK above is €7,000 relating to Urenco Limited (2003: €5,000).

5 Directors' remuneration

	2004 €000	2003 €000
Emoluments	**2,321**	1,573
Company contributions paid to a defined benefit pension scheme	**108**	150
Members of defined benefit pension schemes	**3**	3

The amounts in respect of the highest paid Director are as follows:

	2004 €000	2003 €000
Emoluments	**718**	435
Accrued pension at end of year	**–**	161

The highest paid Director retired during the year and therefore there is no accrued pension at the end of the year.

6 Staff costs

	2004 €000	2003 €000
Wages and salaries	**118,619**	117,946
Social security costs	**13,202**	13,014
Other pension costs	**16,215**	12,404
	148,036	143,364

The average monthly number of employees during the year was made up as follows:

	2004 No.	2003 No.
Technical	**1,586**	1,530
Commercial	**40**	43
Administration	**273**	261
	1,899	1,834

Notes to the accounts continued

7 Interest payable and similar charges

	2004 €000	2003 €000
Bank loans	**13,105**	11,366
Other loans	**13,324**	10,315
Unwinding of discount on provisions	**4,780**	4,652
	31,209	26,333

8 Tax on profit on ordinary activities

(a) Analysis of tax charge in the year:

	2004 €000	2003 €000
Current tax:		
UK corporation tax on income for the period	**29,353**	19,345
Foreign tax	**54,190**	39,935
Adjustments in respect of prior periods	**2,783**	3,270
	86,326	62,550
Deferred tax:		
Origination and reversal of timing differences	**1,113**	3,208
Adjustments in respect of prior periods	**(2,165)**	(865)
	(1,052)	2,343
Total tax on profit on ordinary activities	**85,274**	64,893

(b) Factors affecting current tax charge:

The tax provision at the weighted average rate is calculated on the basis of pre-tax earnings in each country and the applicable statutory tax rates. The difference between the effective statutory rate and the actual current tax charge is reconciled as follows:

	2004 €000	2003 €000
Profit on ordinary activities before tax	**218,844**	168,420
Profit on ordinary activities multiplied by the applicable weighted average statutory rate of 33.45% (2003: 32.6%)	**73,203**	54,897
Expenses not deductible	**6,996**	7,101
Movements in deferred tax provision	**(1,113)**	(3,208)
Deferred tax not provided	**4,457**	490
Adjustment in respect of prior years	**2,783**	3,270
Total current tax	**86,326**	62,550

8 Tax on profit on ordinary activities continued

(c) Factors that may affect future tax charges

Deferred tax assets which have not been recognised are tax losses of €2.8m (2003: €1.6m), and depreciation in advance of capital allowances of €1.9m (2003: €0.4m) and other timing differences of €9.4m (2003: €8.0m), as there is insufficient certainty as to the availability of suitable future taxable profits.

(d) Deferred taxation

The movements in deferred taxation during the current year are as follows:

	€000
At 1 January 2004	35,313
Credit for the year	(1,052)
Exchange and other differences	150
At 31 December 2004	**34,411**

	2004 €000	2003 €000
Capital allowances in advance of depreciation	**54,847**	56,338
Other timing differences	**(12,954)**	(15,395)
Total liability (see note 17)	**41,893**	40,943
Other timing differences	**(7,482)**	(3,797)
Tax losses carried forward	**–**	(1,833)
Total asset (see note 14)	**(7,482)**	(5,630)
Net liability	**34,411**	35,313

9 Dividends

	2004 €000	2003 €000
Reorganisation dividend	**–**	52,765
Ordinary shares – final proposed	**49,000**	40,000
	49,000	92,765

A dividend of €35 million is contingent on the completion of the ETC joint venture transaction with Areva.

The reorganisation dividend in 2003 related to 71.8% distribution in specie of Urenco's technology assets as part of the 2003 reorganisation.

The calculation of dividend per ordinary share is based on dividends of €49.0 million and on 168 million ordinary shares, being the number of ordinary shares in issue throughout the year.

This gives dividends per share for 2004 of 29.17 cents per share (2003: 23.81 cents).

10 Earnings per ordinary share

The calculation of earnings per ordinary share is based on earnings of €133.8 million (2003: €107.9 million) and on 168 million ordinary shares, being the number of ordinary shares in issue throughout both 2004 and 2003.

This gives earnings per share for 2004 of 79.66 cents per share (2003: 64.22 cents).

Notes to the accounts continued

11 Tangible assets

Group	Freehold land and buildings €000	Plant and machinery €000	Fixtures and fittings €000	Motor vehicles €000	Assets under construction €000	Total €000
Cost 1 January 2004	190,061	1,707,249	48,584	4,968	245,005	2,195,867
Exchange adjustments	(250)	(4,301)	(47)	(5)	(4,276)	(8,879)
Additions	23,698	166,331	5,500	291	54,629	250,449
Transfers	7,970	99,408	322	(252)	(107,448)	–
Disposals	(895)	(1,278)	(1,345)	(482)	(14)	(4,014)
Cost 31 December 2004	220,584	1,967,409	53,014	4,520	187,896	2,433,423
Depreciation 1 January 2004	82,336	987,737	34,913	3,520	–	1,108,506
Exchange adjustments	(131)	(3,783)	(31)	(2)	–	(3,947)
Charge for the year	16,526	123,812	4,468	502	–	145,308
Transfers	210	(54)	–	(156)	–	–
Disposals	(336)	(959)	(1,223)	(332)	–	(2,850)
Depreciation 31 December 2004	98,605	1,106,753	38,127	3,532	–	1,247,017
Net book value 1 January 2004	107,725	719,512	13,671	1,448	245,005	1,087,361
Net book value 31 December 2004	**121,979**	**860,656**	**14,887**	**988**	**187,896**	**1,186,406**

Included in the above depreciation charge is an impairment write down relating to the Group's Aerospace business of €8.8 million.

Included in plant and machinery are the following amounts relating to capitalised decommissioning costs:

	2004 €000	2003 €000
Cost	**99,182**	88,972
Depreciation	**(68,546)**	(62,410)
Net book value 31 December	**30,636**	26,562

Company	Freehold land and buildings €000	Plant and machinery €000	Fixtures and fittings €000	Assets under construction €000	Total €000
Cost 1 January 2004	3,846	362	1,141	–	5,349
Exchange adjustment	(16)	(2)	(5)	–	(23)
Additions	–	42	81	445	568
Disposals	(728)	–	–	–	(728)
Cost 31 December 2004	3,102	402	1,217	445	5,166
Depreciation 1 January 2004	868	219	691	–	1,778
Exchange adjustment	(4)	(1)	(3)	–	(8)
Charge for the year	80	98	277	–	455
Disposals	(325)	–	–	–	(325)
Depreciation 31 December 2004	619	316	965	–	1,900
Net book value 1 January 2004	2,978	143	450	–	3,571
Net book value 31 December 2004	**2,483**	**86**	**252**	**445**	**3,266**

12 Investments

Group	€000
Cost	
At 1 January and 31 December 2004	**8**

The above relates to non-listed investments.

Company	Shares in Subsidiary undertakings €000
Cost and net book value	
At 1 January 2004	288,919
Additions	8,149
Exchange movement	(1,558)
At 31 December 2004	**295,510**

The Company investments principally comprise shareholdings in the following subsidiaries and partnerships:

	Country of registration	Company interest in ordinary shares %
Urenco Enrichment Company Limited	England	100
Urenco (Capenhurst) Ltd	England(i)	100
Urenco Power Technologies Limited	England	100
Urenco Deutschland GmbH	Germany(i)	100
Urenco Nederland BV	The Netherlands(i)	100
Urenco Investments, Inc.	USA	100
Urenco Inc.	USA(i)	100
Urenco Power Technologies Inc.	USA(i) (ii)	100
Louisiana Energy Services, Limited Partnership	USA(i)	75.5
Enrichment Technology Company Limited	England(i)	28.3
Enrichment Technology (UK) Limited	England(i)	28.3
Enrichment Technology Nederland BV	The Netherlands(i)	28.3
Urenco Aerospace BV	The Netherlands(i)	28.3

(i) Denotes companies/partnership whose shares are indirectly held by Urenco Limited.
(ii) UPT Inc. dissolved October 2004.

Shares in Enrichment Technology Company Limited are held 28.3% by Urenco Deutschland GmbH with the remaining shares held by Urenco Limited's shareholders on an equal basis. These are BNFL Enrichment Limited, Ultra-Centrifuge Nederland Limited and Uranit UK Limited.

The Group financial statements of Enrichment Technology Company Limited have been included in the consolidated financial statements on the basis that Urenco Deutschland GmbH, which is a wholly owned subsidiary of Urenco Limited, has the right to appoint all the directors of ETC and is therefore deemed to exercise control over its operation.

The Louisiana Energy Services LP is owned 75.5% by the Urenco Group and will be the investment vehicle for the National Enrichment Facility in the United States.

13 Stocks

Group	2004 €000	2003 €000
Raw materials and consumables	**56,578**	64,071
Work in progress	**67,813**	45,389
Finished goods and goods for resale	**147,771**	104,379
	272,162	213,839

Company
The Company does not hold any stocks.

Notes to the accounts continued

14 Debtors

Group	2004 €000	2003 €000
Trade debtors	**141,964**	95,470
Other debtors	**67,860**	41,421
Deferred taxation (see note 8d)	**7,482**	5,630
Corporation tax recoverable	**–**	7,255
Prepayments and accrued income	**9,426**	24,504
	226,732	174,280

Other debtors include €15.3 million (2003: €9.6 million) which are due after more than one year.

Company – amounts falling due within one year	2004 €000	2003 €000
Amounts due from subsidiary undertakings	**233,792**	117,697
Other debtors	**1,631**	4,959
Prepayments and accrued income	**235**	122
	235,658	122,778

Company – amounts falling due after more than one year	2004 €000	2003 €000
Amounts due from subsidiary undertakings	**84,746**	85,106

15 Creditors – Amounts falling due within one year

Group	2004 €000	2003 €000
Current instalments due on loans	**18,999**	3,654
Short-term bank borrowings	**900**	9,297
Trade creditors	**16,516**	18,477
Current corporation tax	**34,407**	21,477
Other taxes and social security costs	**3,397**	2,859
Other creditors	**19,579**	3,383
Accruals	**31,622**	49,461
Dividends payable	**49,000**	40,000
Obligations under finance leases	**185**	–
	174,605	148,608

Company	2004 €000	2003 €000
Short-term bank borrowings	**900**	–
Trade creditors	**143**	–
Amounts due to subsidiary undertakings	**654**	34,336
Other taxes and social security costs	**101**	176
Other creditors	**11,486**	626
Accruals	**2,326**	3,761
Dividend payable	**49,000**	40,000
	64,610	78,899

16 Creditors – Amounts falling due after more than one year

Group	2004 €000	2003 €000
Obligations under finance leases	**288**	–
Trade creditors	**159**	–
Bank loans	**305,871**	342,064
Other loans	**319,710**	209,056
	626,028	551,120

The bank and other loans are not secured on any of the assets of the Group.

	2004 €000	2003 €000
Urenco Group bank and other loans		
Amounts repayable:		
Between 1 and 2 years	**297,524**	18,709
Between 2 and 5 years	**257,859**	391,542
In more than 5 years	**70,198**	140,869
	625,581	551,120

Unsecured loans not wholly repayable within five years consist of:

	2004 €000	2003 €000
£49.7 million (2003: £66 million and €36.2 million) repayable in 2012 (2003: in the period 2009-2012) These loans are at floating rates of interest.	**70,198**	129,814
€11 million repayable at par of €11.3 million in 2009; the interest rate payable is 4.75% on the par value	**–**	11,055
	70,198	140,869

Company	2004 €000	2003 €000
Bank and other loans		
Between 2 and 5 years	**184,375**	59,972
In more than 5 years – £49.7 million at floating rates of interest (2003: £66 million)	**70,198**	93,660
	254,573	153,632

17 Provision for liabilities and charges

Group	Deferred taxation €000	Tails €000	Decom-missioning €000	Other €000	Total €000
At 1 January 2004	40,943	95,133	123,662	39,034	**298,772**
Arising in year	1,092	62,788	14,925	19,475	**98,280**
Unwinding of discount	–	1,901	2,879	–	**4,780**
Utilisation of provision	–	(61,646)	(1,325)	(10,304)	**(73,275)**
Exchange adjustment	(142)	(192)	(246)	(337)	**(917)**
At 31 December 2004	**41,893**	**97,984**	**139,895**	**47,868**	**327,640**

Other provisions contain personnel related items and provisions relating to disposal of containers.

The expected timing for the utilisation of the provisions is as follows:

Tails – it is expected that the provision for tails will be utilised over the next 30 years.

Decommissioning – it is expected that the decommissioning provision will be used over the next 30 years.

Other – it is expected that other provisions will be used over the next 7 years.

Company
There are no provisions in the Company.

Notes to the accounts continued

18 Deferred income

Group	2004 €000	2003 €000
Deferred income		
Opening balance at 1 January	**10,058**	19,777
Received during the year	**–**	3,902
Released during the year	**–**	(13,618)
Exchange difference	**(66)**	(3)
Closing balance at 31 December	**9,992**	10,058

Deferred income relates to advanced payments for contracted enrichment services, which will be supplied in future periods.

19 Minority interests

Minority interests consist of the 24.5% interest in the US National Enrichment Facility project held by Westinghouse Electric Company LLC together with the interest in ETC totalling 71.7%, held by the Urenco Limited shareholders in equal proportions as a result of the 2003 Group reorganisation.

20 Called up share capital

	2004 €000	2003 €000
Authorised		
Ordinary share capital, 240 million ordinary shares of £1 each:		
'A' ordinary shares	**112,994**	113,475
'B' ordinary shares	**112,994**	113,475
'C' ordinary shares	**112,994**	113,475
	338,982	340,425
Issued		
Allotted, called up and fully paid, 168 million ordinary shares of £1 each:		
'A' ordinary shares	**79,096**	79,433
'B' ordinary shares	**79,096**	79,433
'C' ordinary shares	**79,096**	79,433
	237,288	238,299

The A, B and C ordinary shares have identical voting rights.

21 Reserves

Group	2004 €000	2003 €000
At 1 January	**192,242**	162,663
Profit for the financial year	**133,828**	107,895
Reorganisation dividend	**–**	(52,765)
Final proposed dividend	**(49,000)**	(40,000)
Capital contribution	**–**	5,275
Exchange difference on retranslation of net assets	**(4,873)**	9,174
At 31 December	**272,197**	192,242

Company	2004 €000	2003 €000
At 1 January	**30,734**	1,202
Exchange difference on reserves	**(693)**	901
Profit for the financial year	**85,809**	47,896
Contribution of capital	**–**	22,518
Reorganisation dividend	**–**	(1,783)
Final proposed dividend	**(49,000)**	(40,000)
At 31 December	**66,850**	30,734

22 Derivatives and other financial instruments

An explanation of the Group's objectives criteria for the use of derivatives and other financial instruments in creating and changing the risks of the Group in its activities can be found in Note 1 to the Accounts. With the exception of the analysis of currency exposures, the disclosures below exclude short-term debtors and creditors.

Interest rate risk profile of financial liabilities

The interest rate risk profile of the financial liabilities of the Group as at 31 December is as follows:

	Total €000	Fixed rate financial liabilities €000	Floating rate financial liabilities €000
2004			
Euro	**418,036**	**33,367**	**384,669**
Sterling	**227,917**	**473**	**227,444**
Total	**645,953**	**33,840**	**612,113**
2003			
Euro	374,589	33,166	341,423
Sterling	189,482	–	189,482
Total	564,071	33,166	530,905

Also refer to Note 16 Creditors for further details.

	Fixed rate financial liabilities	
Currency	Weighted average interest rate %	Weighted average period for which rate is fixed Years
2004		
Euro	**5.44%**	**3.0**
Sterling	**1.93%**	**2.4**
2003		
Euro	5.48%	4.0

The amounts shown in the tables above take into account interest rate swaps used to manage the interest rate profile of financial liabilities.

The floating rate financial liabilities bear interest at rates based on LIBOR (£ sterling liabilities) and EURIBOR (euro liabilities).

Interest rate risk profile of financial assets

The interest rate risk profile of the financial assets of the Group as at 31 December is as follows:

	Total €000	Floating rate financial assets €000	Financial assets on which no interest is earned €000
2004			
Euro	**5,061**	**4,991**	**70**
Sterling	**1,003**	**672**	**331**
US dollar	**9,011**	**9,008**	**3**
Total	**15,075**	**14,671**	**404**
2003			
Euro	5,246	5,172	74
Sterling	704	444	260
US dollar	8,493	8,493	–
Total	14,443	14,109	334

Floating rate financial assets comprise cash deposits on money market deposit at call and monthly rates. The financial assets on which no interest is earned are the Group's bank current accounts and cash floats.

Notes to the accounts continued

22 Derivatives and other financial instruments continued

Currency exposures

The table below shows the Group's currency exposures; those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating (or 'functional') currency of the operating unit involved.

As at 31 December, these currency exposures are as follows:

	Net foreign currency monetary assets/(liabilities)			
Functional currency of Group operations	Sterling €000	US dollar €000	€000	Total €000
2004				
Euro	**1,637**	**46,196**	**–**	**47,833**
Sterling	**–**	**27,318**	**63,948**	**91,266**
Total	**1,637**	**73,514**	**63,948**	**139,099**
2003				
Euro	1,218	35,920	–	37,138
Sterling	–	31,501	15,993	47,494
Total	1,218	67,421	15,993	84,632

Borrowing facilities

The Group has various borrowing facilities available to it. The un-drawn committed facilities available at 31 December in respect of which all conditions precedent had been met at that date are as follows:

	2004 €000	2003 €000
Expiring in more than one year but not more than two years	**95,130**	–
Expiring in more than two years	**–**	62,936
	95,130	62,936

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of book values and fair values of the Group's financial assets and financial liabilities as at 31 December:

	Book value 2004 €000	Fair value 2004 €000	Book value 2003 €000	Fair value 2003 €000
Primary financial instruments:				
Short-term borrowings and current portion of long-term borrowings	**(19,899)**	**(19,899)**	(12,951)	(12,951)
Long-term borrowings	**(625,869)**	**(627,516)**	(551,120)	(552,644)
Cash and short-term deposits	**15,075**	**15,075**	14,443	14,443
Derivative financial instruments held to manage the interest rate profile:				
Interest rate swaps	**–**	**558**	–	952
Combined foreign currency and interest rate swaps (matching the maturity profile of the underlying debts)	**–**	**46,340**	–	16,267
Derivative financial instruments held to hedge the currency exposure on firm future commitments:				
Forward foreign currency contracts	**–**	**120,708**	–	127,558

Market values have been used to determine the fair value of interest rate swaps and forward foreign currency contracts. These have been determined by external financial institutions. The fair values of all other items have been calculated by discounting the expected future cash flows at prevailing interest rates.

22 Derivatives and other financial instruments continued

Hedges

The Group's policy is to hedge the following exposures:

- interest rate risk; and
- certain transactional currency exposures including currency exposures on future committed sales.

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains on financial instruments used for hedging are as follows:

	Total €000
2004	
Gains unrecognised at 31 December 2004	**167,606**
Of which:	
Gains expected to be recognised in the profit and loss account in 2005	**68,277**
Gains included in the profit and loss account that arose in previous years	**57,800**
2003	
Gains unrecognised at 31 December 2003	144,777
Of which:	
Gains expected to be recognised in the profit and loss account in 2004	52,361
Gains included in the profit and loss account that arose in previous years	39,337

23 Obligations under leases and hire purchase contracts

Amounts due under finance leases and hire purchase contracts:

Group	2004 €000	2003 €000
Amounts payable:		
Within one year	**194**	–
In two to five years	**301**	–
	495	–
Less: finance charges allocated to future periods	**(22)**	–
Total	**473**	–

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2004 €000	Land and buildings 2003 €000	Other 2004 €000	Other 2003 €000
Group				
Operating leases which expire:				
Within one year	**229**	–	**15**	36
In two to five years	**368**	641	**547**	605
In over five years	**845**	746	**–**	–
Total	**1,442**	1,387	**562**	641
Company				
Operating leases which expire:				
Within one year	**63**	–	**–**	–
In two to five years	**–**	94	**201**	201
Total	**63**	94	**201**	201

Notes to the accounts continued

24 Commitments and contingent liabilities

Capital commitments
Amounts contracted for but not provided for in the accounts amounted to €450.1 million (2003: €253.9 million).

Contingent liabilities

Group
The US Trade Cases brought by USEC against Urenco (and Cogema) in December 2000 continue both through the US courts and in the Commerce Department. In March 2005, the Court of Appeals for the Federal Circuit (CAFC) confirmed the Court of International Trade's (CIT) ruling that US dumping regulations do not apply to SWU contracts, and also held that Low Enriched Uranium (LEU) produced under such contracts was not subject to the anti-dumping law. The CAFC did not directly address the CIT's 2003 ruling that subsidy regulations applied to any import of LEU, whether under a SWU or LEU contract. The remaining issues before the CIT, arising from the Commerce Department's original investigations, will not be considered until after the CAFC decision becomes final. Urenco has also undergone the completed first Administrative Review of its Countervailing Duty position that resulted in no duty deposits being collected on imports after the middle of 2004, and the preliminary results of the second Administrative Review would, if adopted as the final results, cause the return (with interest) of all Countervailing Duty deposits posted for imports to the United States in 2003.

Taking these factors into account the Directors are confident that no further subsidy, or any anti-dumping duties will be payable and therefore no provision has been made in respect of the US Trade Cases.

Company
The Company is party to a number of composite guarantees of borrowings by certain of its subsidiaries which at the balance sheet date amounted to €390.7 million (2003: €402.0 million). The Directors do not expect any liability to arise under these guarantees.

25 Pension commitments

SSAP 24 disclosures
The Group operates a number of pension schemes in the UK, Germany, The Netherlands and the USA. Some are defined benefit schemes, others are defined contribution schemes and are funded externally. The pension cost relating to the defined benefit schemes is assessed in accordance with advice of independent, professionally qualified actuaries using the projected unit credit method.

The last full actuarial valuations of the schemes were between 5 April 2003 and 1 January 2004.

Main assumptions:
- Rate of return of investments – 5.0% – 7.5%
- Salary increases – 2.0% – 4.25%
- Pension increases – 1.0% – 2.75%
- Price inflation – 2.0% – 2.75%

Results:
- Level of funding – 83% – 86%

The market value of scheme assets at 31 December 2004 was €327.7 million (2003: €292.1 million).

Following the recommendations of the scheme actuary, contribution rates to one of the UK schemes have been increased from 1 January 2004 (employer from 10% to 15% of salary, employees from 7% – 7.5%), in order to eliminate the deficit in the scheme. None of the other Group schemes require additional contributions at the end of 2004.

FRS17 disclosures
The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuations and updated by the actuaries to take account of the requirements of FRS 17 in order to assess the liabilities of the schemes at 31 December 2004. Scheme assets are stated at their market values at the balance sheet dates.

Main assumptions:

	2004	2003
Discount rate	**4.5% – 6.0%**	5.0% – 6.0%
Salary increases	**2.5% – 4.0%**	3.0% – 4.0%
Pension increases	**1.5% – 2.8%**	1.5% – 2.7%
Price inflation	**1.5% – 2.8%**	2.0% – 3.0%

25 Pension commitments continued

The assets and liabilities of the schemes and the expected rates of return at 31 December are:

	Long term expected rate of return (pa) 2004 %	**Market value 2004 €000**	Long term expected rate of return (pa) 2003 %	Market value 2003 €000
Equities	**7.1**	**158,567**	7.2	143,503
Bonds	**4.9**	**160,593**	4.9	141,633
Other assets including cash	**4.9**	**8,587**	4.9	7,003
Total market value of scheme assets		**327,747**		292,139
Present value of scheme liabilities				
Funded schemes		**(394,666)**		(339,137)
Unfunded schemes		**(20,128)**		(18,785)
		(414,794)		(357,922)
Pension liability before deferred tax		**(87,047)**		(65,783)
Related deferred tax asset		**21,862**		15,005
Net pension liability		**(65,185)**		(50,778)

If the above liability was recognised in the accounts, the Group's net assets and reserves at 31 December 2004 would be as follows:

	Net assets €000	**Reserves €000**
Excluding pension liability	**509,485**	**272,197**
Add: SSAP 24 pension liability (net of deferred tax)	**23,378**	**23,378**
Less: FRS 17 pension liability	**(65,185)**	**(65,185)**
Including pension liability (net of deferred tax)	**467,678**	**230,390**

An analysis of the defined benefit cost for the year is as follows:

	2004 €000	2003 €000
Current service cost	**11,071**	9,437
Past service cost	**3,324**	2,390
Total operating charge	**14,395**	11,827
Expected return on pension scheme assets	**18,334**	16,874
Interest on pension scheme liabilities	**(19,414)**	(17,265)
Total other finance cost	**(1,080)**	(391)
Actual return less expected return on scheme assets	**9,221**	18,191
Experience gains and losses on liabilities	**(4,030)**	8,070
Changes in assumptions	**(30,046)**	(17,821)
Actuarial (loss)/gain recognised in STRGL	**(24,855)**	8,440

Analysis of movements in surplus/(deficit) during the year:

	2004 €000	2003 €000
At 1 January	**(65,783)**	(92,979)
Total operating charge	**(15,372)**	(11,827)
Total other finance cost	**(1,080)**	(391)
Actuarial (loss)/gain	**(24,855)**	8,440
Contributions	**19,817**	28,092
Exchange difference	**226**	2,882
At 31 December	**(87,047)**	(65,783)

Notes to the accounts continued

25 Pension commitments continued

History of experience gains and losses:

	2004 €000	2003 €000
Difference between actual and expected return on assets	**9,221**	18,191
– % of scheme assets	**2.8%**	6.2%
Experience gains/(losses) arising on scheme liabilities	**(4,030)**	8,070
– % of scheme liabilities	**(1.0%)**	2.3%
Total actuarial gain/(loss) recognised in STRGL	**(24,855)**	8,440
– % of scheme liabilities	**(6.0%)**	2.4%

26 Reconciliation of operating profit to net cash inflow from operating activities

	2004 €000	2003 €000
Operating profit	**249,112**	194,002
Movement on provisions	**27,918**	33,418
Exchange differences	**344**	20,356
Depreciation and amortisation	**145,308**	130,979
Loss on sale of tangible fixed assets	**1,164**	470
(Increase)/decrease in stocks	**(58,323)**	35,365
Increase in debtors	**(57,855)**	(32,684)
Decrease in creditors	**(5,159)**	(36,464)
Net cash inflow from operating activities	**302,509**	345,442

27 Returns on investment and servicing of finance

	2004 €000	2003 €000
Interest received	**1,214**	700
Interest paid	**(28,823)**	(23,891)
	(27,609)	(23,191)

28 Analysis of net debt

2004	At 1 Jan €000	Cash flows €000	Exchange difference €000	At 31 Dec €000
Cash in hand and at bank	14,443	632	–	**15,075**
Short-term bank borrowings	(9,297)	8,397	–	**(900)**
Debt due within one year	(3,654)	(15,345)	–	**(18,999)**
Debt due after one year	(551,120)	(75,224)	763	**(625,581)**
Total	(549,628)	(81,540)	763	**(630,405)**

29 Ownership

Urenco Limited is owned equally by UK registered subsidiary companies of Ultra-Centrifuge Nederland NV, Uranit GmbH and British Nuclear Fuels plc.

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Glossary of terms

Areva
Areva, the French energy and connectors Group.

Cascade
The arrangement of centrifuges connected in parallel and in series is termed a "cascade". In a uranium enrichment plant several cascades are operated in parallel to form an "operational unit" producing one U^{235} assay. Various operational units form one enrichment plant.

COVRA
Centrale Organisatie Voor Radioactief Afval – the Dutch company that treats and stores Nuclear waste from The Netherlands.

EBITDA
Earnings before interest, taxation, depreciation and amortisation.

Enrichment
The step in the nuclear fuel cycle that increases the concentration of U^{235} relative to U^{238} in order to make uranium usable as a fuel for nuclear power reactors.

ETC
Enrichment Technology Company Limited.

Euratom
European Atomic Energy Community.

Feed (natural uranium)
Natural or reprocessed uranium, previously converted to UF_6.

Gas centrifuge
A gas centrifuge consists of rapidly spinning cylinders containing UF_6 which separate the fissionable U^{235} isotope from the non-fissionable U^{238} isotope.

Gaseous diffusion
An uranium enrichment process using uranium hexafluoride, which is heated to a gas and passed repeatedly through a porous barrier to separate the U^{235} and U^{238} isotopes.

IAEA
International Atomic Energy Agency.

IFRS
International Financial Reporting Standards.

MORI
Market & Opinion Research International – the largest independently-owned market research company in Great Britain.

NEF
National Enrichment Facility – proposed enrichment plant in New Mexico, USA.

Nuclear fuel cycle/nuclear fuel supply chain
The multiple steps that convert uranium as it is extracted from the earth to nuclear fuel for use in power plants. Uranium enrichment is one step in the nuclear fuel cycle.

NRC
Nuclear Regulatory Commission – the United States Nuclear regulator.

SWU
Separative Work Unit. The standard measure of the effort required to increase the concentration of the fissionable U^{235} isotope.

SWU/a
Separative Work Units per annum.

Tails (depleted UF_6)
Uranium hexafluoride that contains a lower concentration than the natural concentration (0.711%) of the U^{235} isotope.

TC12
ETC's current series production centrifuge.

TC21
ETC's newly developed series production centrifuge.

Treaty of Almelo
In the early 1970s the German, Dutch and British Governments signed the Treaty of Almelo, an agreement under which the three partners would jointly develop the centrifuge process of uranium enrichment.

tSW
tons of Separative Work.

UEC
Urenco Enrichment Company Limited.

Uranium
A fairly abundant metallic element. Approximately 993 of every 1,000 uranium atoms are U^{238}. The remaining seven atoms are U^{235} (0.711%), which can be made to split, or fission, and generate heat energy.

Uranium Hexafluoride (UF_6)
The uranium contained in nuclear fuel must be enriched in fissile uranium 235.

In enrichment by gaseous centrifuge, the uranium is first converted into a gas called "uranium hexafluoride", or UF_6.

USEC
USEC Inc, based in the United States.

U^{235}
The fissionable isotope found in natural uranium.

U^{238}
The non-fissionable isotope found in natural uranium.

U_3O_8
The oxide concentrate known as uranium.

Westinghouse
Westinghouse Electric Company, LLC based in the United States.

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