Grupo Empresarial San José, S.A. and Subsidiaries

Report on Limited Review

Half-Yearly Condensed Consolidated Financial Statements and Interim Directors' Report for the six-month period ended 30 June 2020

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Grupo Empresarial San José, S.A., at the request of the Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Grupo Empresarial San José, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet as at 30 June 2020, the condensed consolidated income statement, condensed consolidated statement of recognized income and expenses, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2020 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

Emphasis of Matters

We draw your attention to the Note 2.8, that describes the uncertainty related to the results and the effects that the COVID 19 crisis may have on the future operations of the Group. Our conclusion is not modified in respect of this matter.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

In addition, we draw attention to Note 2.1 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2020 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2020. Our work was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Grupo Empresarial San José, S.A. and Subsidiaries.

Other Matters

This report was prepared at the request of the Board of Directors of Grupo Empresarial San José, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Pedro Luis Hernando

29 July 2020

Grupo Empresarial San José, S.A. And Subsidiaries

Consolidated Condensed Half-Yearly Financial Statements and Consolidated Half-Yearly Director's Report for the period ending 30 June 2020.

Translation into English of the Condensed Consolidated half-year Financial Statements for the period ending 30 June 2020 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiairies

Condensed consolidated balance sheet at 30 June 2020 and 31 December 2019

(Thousand of Euros)

ASSETS	Note	30-6-2020	31-12-2019	EQUITY AND LIABILITIES	Note	30-6-2020	31-12-2019
NON-CURRENT ASSETS:				**EQUITY:**			
Intangible assets	6	**16,959**	**17,577**	**Share capital**		**1,951**	**1,951**
Goodwill on consolidation	6.1	**9,984**	**9,984**	**Issurance premium**		**155,578**	**155,578**
Property, plant and equipment	7	**75,843**	**76,948**	**Reserves**		**(143,292)**	**(196,736)**
Investment property	8	**8,767**	**9,542**	**Reserves in consolidated companies**		**169,042**	**59,712**
Investments in associates and joint ventures	9.1	**19,927**	**20,295**	**Translation differences**		**(53,582)**	**(47,564)**
Equity investments in associates		19,927	20,295	**Equity-Valuation adjustments**		**260**	**232**
Long-term financial investments	9.1	**16,158**	**51,294**	**Profit for the year attributable to the parent company**		**7,551**	**162,774**
Equity instruments		2,580	2,329	**Equity attributable to Parent shareholders**		**137,508**	**135,947**
Loans to third parties		13,008	48,068	**Minority interests**		**26,605**	**27,123**
Other financial assets		570	897	**TOTAL EQUITY**	11	**164,113**	**163,070**
Deferred tax assets		**34,658**	**34,462**				
TOTAL NON-CURRENT ASSETS		**182,296**	**220,102**	**NON-CURRENT LIABILITIES:**			
				Long-term provisions	12	**43,653**	**44,774**
				Long-term debt	13	**110,875**	**133,002**
				Bonds and other securities		-	32,995
				Bank loans and overdrafts		15,567	5,447
				Other financial liabilities		95,308	94,560
				Deferred tax liabilities		**23,599**	**24,261**
				Long-term advances		**815**	**864**
				TOTAL NON-CURRENT LIABILITIES		**178,942**	**202,901**
				CURRENT LIABILITIES:			
				Short-term provisions	12	**33,302**	**32,932**
				Current bank borrowings	13	**49,466**	**55,951**
CURRENT ASSETS:				Bonds and other securities		30,269	32,653
Inventories	10	**97,310**	**109,879**	Bank loans and overdrafts		15,797	18,170
Trade and other receivables		**346,508**	**350,634**	Other financial liabilities		3,400	5,128
Trade receivables for sales and services	9.3	296,023	310,944	**Payable to related companies**	17	**241**	**-**
Related companies receivables	17	2,407	3,243	**Trade and other payables**		**504,492**	**539,634**
Sundry accounts receivable		2,757	2,602	Trade payables		356,147	380,921
Public administrations		45,321	33,845	Sundry creditors		19	4,463
Investments in associates and joint ventures	17	**349**	**1,129**	Staff, remuneration payable		5,782	6,133
Short-term investments	9.2	**59,173**	**81,632**	Tax payables		21,872	14,300
Short-term accruals		**3,556**	**3,851**	Advances from customers	9.3	120,672	133,817
Cash and cash equivalents		**247,308**	**233,045**	**Short-term accruals**		**5,944**	**5,784**
TOTAL CURRENT ASSETS		**754,204**	**780,170**	**TOTAL CURRENT LIABILITIES**		**593,445**	**634,301**
TOTAL ASSETS		**936,500**	**1,000,272**	**TOTAL EQUITY AND LIABILITIES**		**936,500**	**1,000,272**

Accompanying Notes 1 to 18, as well as the Appendix I, II and III, are part of the condensed consolidated balance sheet as 30 June 2020.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiairies

Condensed consolidated Income Statement half year 2020 and year 2019

(Thousands of euros)

	Note	30-6-2020	30-6-2019
CONTINUING OPERATIONS			
Revenue	5	**438,706**	**440,068**
Change in inventories of finished goods and work	10	**(1,717)**	**2,396**
Procurements		**(300,092)**	**(302,620)**
Cost of raw materials and other consumables used		(87,451)	(109,941)
Works performed by other companies		(211,120)	(193,045)
Impairment of goods held for resale, raw materials and other supplies		(1,521)	366
Other operating income		**8,845**	**8,603**
Non-core and other current income		8,845	8,603
Staff costs		**(66,385)**	**(66,652)**
Other operating expenses		**(61,585)**	**(53,233)**
Impairment losses and changes in provisions for trade		(7,128)	(661)
Other operating expenses		(54,457)	(52,572)
Depreciation and amortisation charge	6,7 y 8	**(4,729)**	**(5,590)**
Subsidies for property, plant and equipment and other		**25**	**-**
Excessive provisions		**851**	**14**
Impairment and gains or losses on disposal of non-current assets	7 y 8	**(15)**	**(58)**
PROFIT FROM OPERATIONS		**13,904**	**22,928**
Finance income	16.2	**3,592**	**6,060**
Finance costs		**(5,307)**	**(9,704)**
Change in fair value of financial instruments		**(75)**	**22**
Exchange differences		**1,526**	**691**
Adjustment for inflation in hyperinflationary economies	2.3	**(1,478)**	**(612)**
Impairment and gains or losses on disposal of financial instruments	9.1 y 9.2	**(516)**	**118**
FINANCIAL PROFIT		**(2,258)**	**(3,425)**
Profit/(Loss) of companies accounted for using the equity method	9.1	**(259)**	**(508)**
PROFIT/ (LOSS) BEFORE TAXES		**11,387**	**18,995**
Income Tax	15	(3,937)	(4,147)
PROFIT/ (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**7,450**	**14,848**
PROFIT / (LOSS) ATTRIBUTABLE TO EXTERNAL PARTNERS		**(101)**	**1,845**
PROFIT / (LOSS) FOR THE YEAR		**7,551**	**13,003**

Accompanying notes 1 to 18 to the Annual Report and Appendix I, II and III form an integral part of the Condensed Consolidated Income Statement at 30 June 2020.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES
FOR HALF YEAR 2020 AND YEAR 2019
(Thousand of Euros)

	Note	30/06/2020	30/06/2019
CONSOLIDATED PROFITS / (LOSSES) OF THE YEAR		**7,450**	**14,848**
Income and expenses recognised directly in equity		**(6,438)**	**(1,248)**
-For cash flow hedges		3	(18)
-Translation differences		(6,451)	(1,269)
-Other		27	44
-Tax effect		(17)	(5)
Transfer to income statement		**31**	**37**
-For cash flow hedges		68	78
-Translation differences		-	-
-Other		(25)	(29)
-Tax effect		(12)	12
TOTAL RECOGNISED INCOMES / (EXPENSES)		**1,043**	**13,637**
a) Attributable to Parent		1,561	14,357
b) Attributable to minority interests		(518)	(720)

Accompanying notes 1 to 18 form an integral part of the condensed consolidated statement of recognized income and expenses at 30 June 2020.

Translation into English of the Condensed Consolidated half-year Financial Statements for the period ending 30 June 2020 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR HALF YEAR 2020 AND YEAR 2019

(Thousand of Euros)

	Note	Share Capital	Issurance premium	Legal Reserve	Other reserve of the parent	Consolidated Reserves: In consolidated companies	Consolidated Reserves: In associated companies	Translation differences	Equity Adjustments	Profit of the year	Total Equitty attributable to parent	Minority interests	Total Equity
Balance at December 31, 2018		**1,951**	**155,578**	**263**	**(197,489)**	**47,325**	**(321)**	**(51,053)**	**154**	**13,198**	**(30,394)**	**24,262**	**(6,132)**
Distribution of profit for year 2018:													
-To reserves		-	-	-	490	12,620	88	-	-	(13,198)	**-**	-	**-**
-Dividend payment		-	-	-	-	-	-	-	-	-	**-**	(449)	**(449)**
Total recognized income/expenses year 1H-2019		-	-	-	-	-	-	1,319	35	13,003	**14,357**	(720)	**13,637**
Balance at June 30, 2019		**1,951**	**155,578**	**263**	**(196,999)**	**59,945**	**(233)**	**(49,734)**	**189**	**13,003**	**(16,037)**	**23,093**	**7,056**
Distribution of profit for year 2018:													
-Dividend payment		-	-	-	-	-	-	-	-	-	**-**	(597)	**(597)**
Variation of the consolidation perimeter		-	-	-	-	(2,624)	2,624	-	-	-	**-**	99	**99**
Other equity movements		-	-	-	-	1,321	(1,321)	-		-	**-**	-	**-**
Total recognized income/expenses 2H-2019		-	-	-	-	-	-	2,170	43	149,771	**151,984**	4,528	**156,512**
Balance at December 31, 2019		**1,951**	**155,578**	**263**	**(196,999)**	**58,642**	**1,070**	**(47,564)**	**232**	**162,774**	**135,947**	**27,123**	**163,070**
Distribution of profit for year 2019:													
-To reserves		-	-	127	53,317	113,485	(4,155)	-	-	(162,774)	**-**	-	**-**
Total recognized income/expenses at 1H-2020		-	-	-	-	-	-	(6,018)	28	7,551	**1,561**	(518)	**1,043**
Balance at June 30, 2020		**1,951**	**155,578**	**390**	**(143,682)**	**172,127**	**(3,085)**	**(53,582)**	**260**	**7,551**	**137,508**	**26,605**	**164,113**

Accompanying notes 1 to 18 form an integral part of the consoslidated financial statements and the consolidated statement of changes in equity at 30 June 2020.

Translation into English of the Condensed Consolidated half-year Financial Statements for the period ending 30 June 2020 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR HALF YEARS 2020 Y 2019

(Thousand of Euros)

	Note	At 30 of June of 2020	At 30 of June of 2019
Cash flows from operating activities:			
(+) Profit (Loss) before tax		11,387	18,995
(+) Depreciation and amortisation charge		4,729	5,590
(+/-) Changes in operating allowances		7,721	267
(-) Financial income		(3,592)	(6,060)
(+) Financial costs		5,307	9,704
(+/-) Exchange differences		(48)	(79)
(+/-) Result of changes in value of financial instruments		75	(22)
(+/-) Result of companies accounted for using the equity method		259	508
(+/-) Result of companies accounted for using the equity method		516	(118)
(+/-) Other gains or losses		(621)	(3,651)
Total Cash Flows from operating activities		**25,733**	**25,134**
Other adjustments			
(-) Income tax paid in the year		(3,516)	(2,419)
(+/-) (Increase) / Decrease in working capital			
Current Assets			
a) (Increase) / Decrease in inventories		1,131	3,163
b) (Increase) / Decrease in debtors and other receivables		(13,817)	(57,723)
c) (Increase) / decrease in other non financial current assets			553
Current Liabilities			
a) (Increase) / Decrease in trade payables		(9,670)	7,947
b) (Increase) / decrease in other non financial current liabilities			532
(+/-) Other collections / (payments) due to operating activities		(3,496)	(270)
1. TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		**(3,635)**	**(23,083)**
Investments:			
(-) Intangible assets		(3)	(702)
(+) Property, plant and equipment		(1,290)	(3,016)
(-) Shares and other financial assets		(293)	(5,481)
Total Investments		**(1,586)**	**(9,199)**
Dividends received		**-**	**-**
Disposals:			
(+) Intangible assets		-	-
(+) Property, plant and equipment		-	367
(+) Shares and other financial assets		58	268
Total Disposals		**58**	**635**
Other collections / (payments) due to financing activities		**50,563**	**25,233**
2. TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		**49,035**	**16,669**
		-	**(449)**
Increase / (decrease) in borrowings		**(25,321)**	**(56,176)**
Non Current		10,017	(1,053)
Current		(35,338)	(55,123)
Net interests:		**(1,432)**	**(1,474)**
Received		1,976	3,596
Paid		(3,408)	(5,070)
Other collections / (payments) due to financial activities		**-**	**1**
3. TOTAL NET CASH FLOWS FROM FINANCIAL ACTIVITIES		**(26,753)**	**(58,098)**
4. TRANSLATION EFFECT		**(4,384)**	**3,423**
TOTAL CASH FLOWS FOR THE YEAR		**14,263**	**(61,089)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**233,045**	**283,434**
Changes in the year		14,263	(61,089)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**247,308**	**222,345**

Accompanying notes 1 to 18 form an integral part of the Condensed Consolidated Cash Flow Statement at 30 June 2020.

Grupo Empresarial San José, S.A. and Subsidiaries

Notes to the Consolidated Condensed Half-Yearly Financial Statements for the period ending 30 June 2020.

1. Activities of the Group

Grupo Empresarial San Jose, S.A. (hereinafter "the Parent") was incorporated on 18 August 1987 for an unlimited period of time by virtue of a public deed executed in Pontevedra in the presence of Pontevedra notary, Rafael Sanmartin Losada, under number 1539 of his protocol.

At the Ordinary and Extraordinary General Shareholders Meeting of the Company held on 17 June 2008, it was agreed to change the corporate name from "Udra, S.A." into "Grupo Empresarial San Jose S.A.", which was duly formalised by means of a public deed dated 17 July 2009.

The Parent is registered in the Mercantile Register of Pontevedra on sheet 88 of the Companies book 586, entry no. 1 on page no. 8119. It holds tax identification number A-36.046.993.

Registered office is located in Pontevedra, at Rosalia de Castro street, 44.

Activities

The activities carried on by the Parent and its investees (Grupo San Jose) are classified into the following business units:

1. Development of all forms of real estate construction.

2. Performance of all manner of public or private construction work, mainly buildings, road networks and hydraulic works.

3. Purchase and sale, administration, operation and any other similar activities in relation to all manner of rural or urban property.

4. Lease of all manner of assets.

5. Design, construction and management of electricity and renewable energy facilities.

6. Storage, distribution, purchase and sale and import of manufactured products.

7. Management and recruitment of personnel for all types of company, association and organisation.

8. Study, design, development and purchase and sale of all manner of electronic, computer, telecommunications and audio-visual components, products and systems.

9. Full maintenance of hospital facilities, maintenance of operating theatres and electro medical equipment, and manufacture and sale of integrated systems for operating theatres, ICUs and patient rooms.

10. Study, design and installation of air conditioning, heating, industrial cooling and plumbing facilities; purchase and sale or manufacture of all kinds of related mechanisms; to sell and act as representative for third-party products.

11. Healthcare: construction of hospital facilities and public and private healthcare maintenance services; electro medicine and gas facilities and maintenance.

12. Facilities and services: integral installation work, electrical, mechanical and hydraulic installation work, turnkey projects and special installation work, as well as the maintenance of all manner of other facilities not related to the healthcare industry such as industrial facilities, other properties, etc.

13. Infrastructure and transport: performance of infrastructure and transport studies, projects and installation work, including those relating to airports, ports, railways and other types of transport infrastructure.

14. Energy and environment: performance of studies and projects focused on the production and sale of energy and industrial maintenance, waste water treatment, installation of water treatment plants and other environmental activities.

Under no circumstances shall the company object be deemed to include activities the performance of which requires any type of administrative authorisation which the Company does not hold.

Also, the Parent may subscribe to, purchase or acquire by any other means shares and/or other equity interests in other public and private limited companies, even if the company object differs from that of "Grupo Empresarial San Jose, S.A.", and may form new public or private limited companies with other legal entities or individuals, whatever valid purpose or activity the newly formed companies may have.

Furthermore, Grupo Empresarial San Jose, S.A. is the Parent of the San Jose Group. Its main object is the management and control of all the business activities performed by the companies in which it has a material and lasting ownership interest.

The San Jose Group's activities are led by Grupo Empresarial San Jose, S.A. (holding company), which in turn mainly participates in: “Constructora San José, S.A.” (construction activity), “San José Energía y Medio Ambiente, S.A.” (energy activity), “San José Concesiones y Servicios, S.A.” (services) and “Desarrollos Urbanísticos Udra, S.A.” (urban developments).

The Group companies, whose business activities have to meet certain environmental requirements, have adopted the relevant environmental measures in order to comply with current legislation in this connection. Since the costs relating to these requirements are not considered to be material with respect to equity, financial position and results of these companies, no specific disclosures are included in these notes to the financial statements.

2. Basis of presentation of the Consolidated Summary Half-Yearly Financial Statements

2.1 Accounting principles

The Consolidated Financial Statements of “Grupo Empresarial San José, S.A.” and Subsidiaries (Grupo SANJOSE or “the Group”) for the year ending 31 December 2019 were elaborated by the Directors of the Parent at the meeting of the Board of Directors which took place on 27 February 2020 and passed by resolution of the General Meeting held on 29 July 2020, pursuant to the provisions under the International Financial Information Regulations adopted by the European Union, in compliance with Regulations (CE) No 1606/2002 of the European Parliament and the Board (hereinafter “NIIF-UE”, detailed on Notes 2-4 of the accompanying consolidated notes to the financial statements), taking into considerations the accounting regulations and standards and assessment criteria of the NIIF-UE, so that they provide a true and exact image of the equity and financial situation of Grupo SANJOSE at 31 December 2019 and its transactions, and the changes net equity and in the consolidated cash flow statement during the year ending on said date.

These Summary Half-Yearly Financial Statements comply with IAS 34 on Interim Financial Information and have been drafted by the Directors of the Parent on 29 July 2020, pursuant to provisions under Article 12 of Royal Decree 1362/2007.

The interim financial information is prepared with the sole purposes of updating the content of the latest annual financial statements prepared by the Group, with special emphasis on new activities, events and circumstances that occurred during the first half of 2020 and not duplicating the information released previously in the consolidated financial statements for the year 2019. Therefore, for a proper understanding of the information included in these

Summary Half-Year Financial Statements, they should be read in conjunction with the financial statements of the Company for the year 2019.

The Directors of the Parent consider that, due to the nature of the business of the Group and within its international level, the effect of seasonality is null.

Grupo San Jose's consolidated financial statements were prepared according to the accounting records of the Parent and the other Group entities. Each company prepares its individual financial statements in accordance with the accounting principles and rules in force in the country in which it operates and, accordingly, the required adjustments and reclassifications were made on consolidation to unify the policies used and to make them compliant with EU- IFRSs.

The accounting policies and method applied in the elaboration of these Summary Half-Year Financial Statements are the same as those applied to the consolidated financial statements for year 2019.

Enforcement of new accounting standards:

During the first half of year 2020 the following standards and interpretations, compulsory as from year 2020 onwards and adopted by the European Union, became in force and have been applied by the Group in the elaboration of the accompanying interim consolidated summary financial statements:

New standards, amendments and interpretations compulsory for year starting as of 1 January 2020:

Adopted for use within the EU		**Compulsory application as from**:
Amendments and/or understanding		
Amendments AIS 1 and AIS 8. Definition of materiality (published in October 2018)	Modifications of both standards in order to align the definition of materiality with that contained in the conceptual framework.	1 January 2020
Amendment of IFRS 9, IAS 39 and IFRS 7 Reform of reference interest rates (Published in September 2019)	Modifications related to the ongoing reform of the benchmarks.	1 January 2020
Amendment of IFRS 3 Definition of business (published in October 2018)	Classification of business.	1 January 2020

The enforcement of these standards and regulations has not had any significant impact on the accompanying consolidated summary financial statements.

Non applicable issued standards and interpretations

As of the date of issue of these consolidated financial statements, the following standards had been published by the IASB, yet their application was not compulsory either because the effective date is subsequent to the date of issue of these statements or because they had not been adopted by the EU.:

Non-adopted for use within the EU		**Compulsory application as from**:
New standards		
IFRS 17 Insurance Contracts (released in May 2017)	It replaces IFRS 4 and reflects the principles of registration, valuation, presentation and disclosure of insurance contracts so that the entity provides relevant and reliable information for allowing users to determine the effect that contracts have on financial statements.	01 January 2021
Amendments and/or understanding		

Amendment of IFRS 16 Leasing - rent improvement (released in May 2020)	Modifications to facilitate tenants accounting for rental improvements related to COVID-19.	1 June 2020
Amendment of IAS 1 Classification of liabilities as current or non-current (published in January 2020)	Clarifications regarding the presentation of liabilities as current or non-current.	1 January 2023

2.2 Responsibility for the information and use of estimates

Consolidated results and the determination of consolidated equity are sensitive to accounting principles and policies, valuation and estimation criteria followed by the Parent Company's Directors for the preparation of the Consolidated Condensed Financial Statements. Main accounting principles and policies and assessment criteria are detailed on Note 4 to the consolidated financial statements for year 2019.

In the preparation of the accompanying consolidated summary financial statements, estimates were occasionally made by management of the Group and of the consolidated companies to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimations have been made according to the nest available information regarding:

1. The corporate tax expense that, in accordance with IAS 34, is recognised in interim periods based on the best estimate of the weighted average tax rate that the Group expects for the annual period

2. The useful life of the property, plant and equipment and intangible assets.

3. Measurement of goodwill arising on consolidation.

4. The budgetary estimates which are considered for the recognition of results on contracts to which the percentage of completion method is applied (construction and industrial areas).

5. Assessment of potential impairment losses by independent professionals at 30 June 2020. These valuations are carried out pursuant to the method of discount of cash flows for equity for rent and the dynamic residual method for real estate stocks, methods that comply with the criteria established by The Royal Institution of Chartered Surveyors (RICS).

6. The probability of occurrence and the amount of uncertain or contingent liabilities.

7. The fair value of certain non-listed assets.

8. The fair value of certain financial instruments.

9. The fair value of assets and liabilities resulting from business combinations.

10. The probability of recovery of financial loans.

11. Management of financial risk.

12. Covid-19 (see note 2.8)

Although these estimates were made on the basis of the best information available at the date of analysis, events that might take place in the future might make it necessary to significantly change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the consolidated income statements for the years affected.

During the first half of 2020 no significant changes are expected in accounting assessments and forecasts used by the Group at the end of the consolidated financial statements for year 2019.

2.3 Currency

These Summary Half-Year Financial Statements are presented in Euros, since this is the functional currency of the main economic environment where the Group operates. Foreign operations are recognised in accordance with the policies established under (Note 4.13) of the financial statements for year 2019.

The breakdown of the closing and average exchange rates of the period used to prepare the Summary Half-Year Financial Statements at 30 June 2020 is as follows:

Country	Currency	Year-end exchange rate	Average exchange rate
The United States	US Dollar (USD)	1.1198	1.1062
Argentina	Argentine Peso (ARS)	79.2675	-
Mexico	Mexican Peso	25.8808	23.7268
Cape Verde	Cape Verde Escudo	110.2650	110.265
Panama	Panamanian Balboa	1.1198	1.1062
Uruguay	Uruguayan Peso	46.8563	44.5731
Paraguay	Guaraní	7,670.99	7,170.75
Peru	Peruvian Sol	3.9762	3.7958
Chile	Chilean Peso (CLP)	922.7300	899.2457
Brazil	Brazilian Real	6.1332	5.3942
India	Indian Rupee	84.6658	81.627
Nepal	Nepalian Rupee	136.7300	132.0243
United Arab Emirates	UAE Dirham	4.1306	4.0652
Colombia	Colombian Peso	4,212.35	4,056.87
Morocco	Morocco Dirham	10.8032	10.6757
Bolivia	Boliviano	7.5762	7.4382

None of these countries, with the exception of Argentina, are considered to be hyper-inflationary economies as defined by IAS 29.

Hyper-inflationary economy

On 1 July 2018, as a result of reaching cumulative inflation in the year exceeding 100% during the last three years, Argentina has been declared a hyper-inflationary economy. Thus, terms under IAS 29 rule.

Criteria followed in the application of IAS 29 for the year ending 31 December 2019 is described under Note 2.3 of the notes to the financial statements of Grupo SANJOSE for the year ending 31 December 2019.

Inflation considered for this calculation in year 2020 has been 11.99%. This index is extracted from the information published by the National Institute of Statistics and Censuses (INDEC), a public body, through the publication of the Consumer Price Index that measures the variation in the prices of goods and services representative of consumer spending of homes.

Breakdown for the last years is as follows:

	31.12.2016	31.12.2017	31.12.2018	31.12.2019	1S-2020
Price Index	100	124.8	184.3	283.5	317.5
Changes	n/a	24.8%	47.7%	53.8%	11.99%

Re-expression profits/(loss) recorded in the financial statements of companies with Argentine peso functional currency are included in the consolidated income statement under “Adjustment for inflation in hyper-inflationary economies". The effect on profit/(loss) of the adjustments for inflation of Group companies with Argentine peso functional currency, corresponding to the first half of year 2020, amounts to a loss of EUR 1,478 thousand.

The effect on equity of the revaluation of non-monetary items, as well as the translation differences generated when the restated financial statements of subsidiaries in Argentina are converted into Euros, are recorded under "Translation differences in consolidated companies" under consolidated net assets of the Group.

2.4 Provisions and contingent liabilities

Information on provisions, contingent liabilities and guarantees given to third parties during 2019 is provided in notes 15 and 21 of the consolidated notes to the Financial Statements of the Group for year 2019. In addition to that discussed in Note 12, during the first half of 2020 no significant changes regarding the information contained in the consolidated financial statements of the Group for year 2019 have taken place.

2.5 Relative importance

In determining the information to be disclosed in these Notes on the sundry items of the Consolidated Condensed Financial Statements or other matters, the Group has, in accordance with IAS 34, taken into account the materiality principle.

2.6. Consolidated Condensed cash flow statement

The following terms are used in the consolidated cash flow statement:

1. Cash flows: inflows and outflows of cash and cash equivalents.

2. Operating activities: activities that constitute the main source of revenue of the Company and other activities that cannot be classified as investment or financing

3. Investing activities: acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

4. Financing activities: activities that produce changes in the size and composition of the equity capital and borrowings of the Company.

For the purpose of elaborating the consolidated summary cash flow statements, cash in hand and deposits held at call with banks have been classified as "cash and cash equivalents" , as well as short term highly liquid investments that are easily convertible into amounts of cash and which are subject to an insignificant risk of changes in value.

2.7 Comparison of information

Information recorded on the Summary Half-Year Financial Statements for the period ending 30 June 2020 and 31 December 2019 is provided for comparison purposes only with that provided for the sex-month term ended 30 June 2020.

2.8 Covid-2019

On 11 March 2020, the World Health Organisation elevated the public health emergency situation caused by the SARS-CoV-2 virus (COVID19) to an international pandemic. The rapid development of events on an international scale has led to an unprecedented health, social and economic crisis. To deal with this situation, among other measures, the Government of Spain declared the state of alarm by publishing Royal Decree 463/2020 as of 14 March, and approving a series of extraordinary urgent measures to deal with to the expected economic and social impact of COVID-19, through Royal Decree-Law 8/2020, as of 17 March.

The SANJOSE Group, in a coordinated manner in all the Group companies, has followed and analysed the situation and its evolution in order to apply the appropriate contingency plans, always within the framework of the recommendations established by the health authorities, having as a priority objective to guarantee the safety of employees and all those who may have a relationship with the Group, as well as to ensure the continuity of activities in a situation of maximum normality, in the current context. To date, despite the fact that the state of alarm in Spain was ended on 21 June, and the measures adopted in other countries in which the Group operates have been relaxed, maximum concern remains in order to avoid possible future relapses.

Due to the Group's diversification in activity and geography, the impact in the first half has been limited, mainly reflecting a reduction in activity and margins with respect to expectations. However, the scale of the economic measures adopted by the governments, as well as the potential reactivation measures that are envisaged, has led to the need to act on the main estimates contemplated in the preparation of the semi-annual condensed consolidated financial statements for the first semester of year 2020, as well as in these explanatory notes.

In particular, it should be noted:

- Regarding the level of activity, the impact of the Covid-19 crisis on Grupo SANJOSE has been limited, since there were no relevant interruptions in activity. Regarding the construction activity, as a general rule, the works have remained active. The temporary interruption and / or cancellation of contracts has existed, but in a totally exceptional way and agreed with the clients, having an insignificant impact on the net amount of the turnover for the semester and without, in general, new legal claims against third parties.

- The pandemic has generated some inefficiencies in the supply chain and availability of productive resources, circumstances that inevitably have an impact on project costs, as well as on delivery times, which, despite being of little relevance, the Group has taken measures to adapt costs to new levels of activity. The Group estimates the recovery of execution and certification rates in the coming months to enable it to meet the initially expected returns.

- The financial situation as of 31 December 2019 was very positive, having contracted new lines of financing during the first half of 2020. Thus, so far, the pandemic has not had a negative reflection on the Group's financial situation, and liquidity stress situations are not expected even in negative evolution scenarios (See note 13).

- The Group includes in its estimates that affect the financial statements for the first semester of 2020 the effect of COVID-19:

    - No further deterioration of the registered goodwill is foreseen.

    - The Group evaluates the recoverability of its real estate assets (property, plant and equipment, real estate investments and real estate inventories) based on valuation reports from independent experts (see Note 7,8 and 10). Further, during the first half of year 2020, a higher income tax, amounting to EUR 1,525 thousand, was recorded.

    - The recoverable value of the main financial assets recorded as of 30 June 2020 has also been reviewed, with special attention to investments accounted for using the equity method (see Note 9.1). Likewise, in relation to trade accounts receivable, no significant default problems have been identified. There are no accounts receivable for materials of doubtful recoverability that are not impaired. Collection periods are kept in line with previous periods.

    - Regarding the recorded deferred taxes, the assumptions about the recoverability of said assets have been updated as of 31 December 2019. The Covid-19 effect has had no impact on the recoverability of registered tax credits.

    - The Group considers that the level of provisions recorded as of 30 June 2020 is adequate to cover all the risks considered probable.

For all of the above, taking into account the limited impact, the measures to ensure the assets undertaken as well as the existing liquidity gaps, the Group has prepared its consolidated six-monthly financial statements summarized under the going concern principle.

2.9 Events after the reporting period

The Directors of the Parent Company at their meeting on 25 June 2020 have proposed the following equity transaction related to the Parent Company, being approved by the Annual General Meeting held on 29 July 2020:

-Application of the issue premium and voluntary reserves, for amounts of € 155,578 and € 155,255 thousand, to fully offset losses from previous years (see Note 11.2).

-Distribution of dividends with charge to voluntary reserves. The distribution of a gross dividend of 0.10 euros / share, for a total amount of EUR 6,502.6 thousand, has been approved (see Notes 4 and 11.4).

In reference to the ongoing inspection process carried out by the Tax Agency since 2018, mainly of company tax and VAT of the companies that make up the consolidated tax whose parent company is "Grupo Empresarial San José, SA", dated 7 July 2020, minutes have been drafted and partially signed by the Company in agreement (see Note 15).

There are not significant events occurring after 30 June 2020 which could impact the Consolidated Condensed Half-Yearly Financial Statements and the accompanying Notes to the same.

3. Changes in the compositions of the Group

Note 2.4 and Exhibits I, II and III to the consolidated financial statements for year ending on 31 December 2019 provide relevant information on Group companies consolidated at that date and on the companies accounted for using the equity method.

During the first half of 2020, no significant changes have taken place within the consolidation scope: However, it should be noted that, on 25 March, the Governing Council of the Community of Madrid approved the Madrid Nuevo Norte urban development, which will be carried out by the company “Distrito Castellana Norte, SA”, where Grupo SANJOSE has a 10% stake. Said milestone opens a new stage in the urban development of the capital city of Spain.

4. Distribution of the Parents' loss

The proposed distribution of the parent’s profit for year 2019, prepared by the Directors of the Parent Company, at its meeting held on 27 February 2020, has been approved by the General Meeting of Shareholders held on 29 July 2020, being the details as follows:

	Thousands of Euros
Distribution basis:	
Profit for the year	53,444
Distribution:	
To legal reserve	127
To offset losses from previous years	53,317

Additionally, the Directors of the Parent Company at their meeting on 25 June 2020 have proposed the distribution of dividends charged to voluntary reserves, for a gross amount of 0.10 euros / share, amounting to a total of EUR 6,502.6 thousand, being approved by the AGM held on 29 July 2020 (see Notes 2.9 and 11.4).

5. Segment information

Note 6 to the consolidated financial statements of the Group for year ending on 31 December 2019, details the criteria used by the Company to define its operational segments. There have been no changes in the segmentation criteria.

Information on main segments:

Next, information by activity segments for the first half of 2020 and 2019 is provided:

30 June 2020:

	Thousands of Euros					
	Construction	**Real estate and property development**	**Energy**	**Concessions and Services**	**Adjustments and other**	**TOTAL**
External sales	398,906	3,793	3,832	22,947	9,228	**438,706**
Inter-segment sales	3,545	-	-	560	(4,105)	-
Net Revenues:	**402,451**	**3,793**	**3,832**	**23,507**	**5,123**	**438,706**
EBITDA	**19,954**	**(232)**	**1,097**	**2,331**	**3,199**	**26,349**
Amortisation	(3,666)	(10)	(538)	(205)	(310)	**(4,729)**
Provisions	(7,797)	79	23	-	(6)	**(7,701)**
Impairment and Profit/(Loss) after disposal	(15)	-	(28)	29	(1)	**(15)**
PROFIT/(LOSS) FROM OPERATIONS	**8,476**	**(163)**	**554**	**2,155**	**2,882**	**13,904**
Financial income	1,530	2,102	-	2,299	(2,339)	**3,592**
Financial costs and similar expenses	(3,191)	(929)	(167)	(1,383)	363	**(5,307)**
Translation differences and other	908	537	-	83	(2,071)	**(543)**
Profit/(loss) from associates	325	(570)	-	-	(14)	**(259)**
Profit/(Loss) before tax	**8,048**	**977**	**387**	**3,154**	**(1,179)**	**11,387**

30 June 2019:

	Thousands of Euros					
	Construction	**Real estate and property development**	**Energy**	**Concessions and Services**	**Adjustments and other**	**TOTAL**
External sales	394,313	5,058	4,799	24,649	11,249	**440,068**
Inter-segment sales	6,878	-	-	475	(7,353)	-
Net Revenues:	**401,191**	**5,058**	**4,799**	**25,124**	**3,896**	**440,068**
EBITDA	**18,410**	**634**	**1,437**	**1,768**	**6,563**	**28,812**
Amortisation	(4,051)	(230)	(596)	(318)	(395)	**(5,590)**
Provisions	(335)	138	27	(22)	(44)	**(236)**
Impairment and Profit/(Loss) after disposal	-	-	(58)	-	-	**(58)**
PROFIT/(LOSS) FROM OPERATIONS	**14,024**	**542**	**810**	**1,428**	**6,124**	**22,928**
Financial income	4,998	431	-	4,351	(3,719)	**6,060**
Financial costs and similar expenses	(5,742)	(15)	(222)	(2,485)	(1,241)	**(9,704)**
Translation differences and other	434	(112)	1	(127)	25	**220**
Profit/(loss) from associates	665	(1,173)	-	-	-	**(508)**
Profit/(Loss) before tax	**14,379**	**(328)**	**589**	**3,166**	**1,189**	**18,995**

Sales between segments take place at market prices and consist mainly in construction, real estate and urban development transactions.

Information regarding the amount of assets and liabilities contributed to the Group by the defined segments is as follows:

30 June 2020:

	Thousands of Euros					
	Construction	**Real estate and property development**	**Energy**	**Concessions and Services.**	**Adjustments and other**	**TOTAL**
Balance sheet:						
Non-current assets:						
Intangible assets	3,294	1,601	15,246	707	6,095	**26,943**
Property, plant and equipment	18,621	5	9,082	361	47,774	**75,843**
Real estate investments	-	8,764	-	-	3	**8,767**
Deferred tax assets	17,660	1,840	1,566	3,174	10,418	**34,658**
Other	12,866	14,582	8	7,968	661	**36,085**
Current assets:						
Inventories	18,096	72,121	110	-	6,983	**97,310**
Receivables	303,201	2,605	1,290	12,702	26,710	**346,508**
Other current assets	2,739	45	18	725	29	**3,556**
Short-term financial investments	5,644	16	1	53,833	28	**59,522**
Cash and cash equivalents	201,420	18,801	3,928	15,810	7,349	**247,308**
Total Assets						
In Spain	290,311	19,323	31,249	6,440	83,658	**430,981**
In foreign countries	293,230	101,057	-	88,840	22,392	**505,519**
Total Assets	**583,541**	**120,380**	**31,249**	**95,280**	**106,050**	**936,500**
Non-current liabilities:						
Long-term payables	5,476	90,446	4,450	80	10,423	**110,875**
Deferred tax liabilities	7,804	4,390	1,417	10,799	(811)	**23,599**
Other non-current liabilities	27,479	646	1,913	12,015	2,415	**44,468**
Current liabilities:						
Short-term debts	23,813	2,076	1,050	30,382	(7,855)	**49,466**
Trade payables	486,720	4,279	1,369	6,310	5,814	**504,492**
Other current liabilities	25,085	3,533	917	4,898	5,054	**39,487**
Total Liabilities						
In Spain	332,833	90,079	11,116	4,462	8,815	**447,305**
In foreign countries	243,544	15,291	-	60,022	6,225	**325,082**
Total Liabilities	**576,377**	**105,370**	**11,116**	**64,484**	**15,040**	**772,387**
Additions to fixed assets:						
In Spain	1,121	-	79	30	904	**2,134**
In foreign countries	1,619	(84)	-	359	425	**2,319**
	2,740	**(84)**	**79**	**389**	**1,329**	**4,453**

31 December 2019:

	Thousands of Euros					
	Construction	**Real estate and property development**	**Energy**	**Concessions and Services.**	**Adjustments and other**	**TOTAL**
Balance sheet:						
Non-current assets:						
Intangible assets	1,581	1,601	15,551	1,323	7,505	**27,561**
Property, plant and equipment	19,293	6	9,227	624	47,798	**76,948**
Real estate investments	561	8,979	-	-	2	**9,542**
Deferred tax assets	17,890	1,600	1,611	2,269	11,092	**34,462**
Other	12,022	15,230	3	35,164	9,170	**71,589**
Current assets:						
Inventories	26,860	75,059	-	7	7,953	**109,879**
Receivables	310,457	2,288	1,384	13,804	22,701	**350,634**
Other current assets	3,277	106	44	366	58	**3,851**
Short-term financial investments	25,186	481	105	56,171	818	**82,761**
Cash and cash equivalents	180,206	25,374	3,406	15,509	8,550	**233,045**
Total Assets						
In Spain	268,132	56,082	31,331	10,097	45,794	**411,436**
In foreign countries	329,201	74,642	-	115,140	69,853	**588,836**
Total Assets	**597,333**	**130,724**	**31,331**	**125,237**	**115,647**	**1,000,272**
Non-current liabilities:						
Long-term payables	2,526	89,567	5,620	33,437	1,852	**133,002**
Deferred tax liabilities	6,351	4,754	1,411	10,141	1,604	**24,261**
Other non-current liabilities	26,142	1,340	1,319	4,679	12,158	**45,638**
Current liabilities:						
Short-term debts	17,291	2,955	1,020	32,910	1,775	**55,951**
Trade payables	517,346	4,045	1,448	8,374	8,421	**539,634**
Other current liabilities	26,141	4,428	983	5,563	1,601	**38,716**
Total Liabilities						
In Spain	304,462	91,230	11,801	6,700	22,457	**436,650**
In foreign countries	291,335	15,859	-	88,404	4,954	**400,552**
Total Liabilities	**595,797**	**107,089**	**11,801**	**95,104**	**27,411**	**837,202**
Additions to fixed assets:						
In Spain	7,906	-	428	1,020	28	**9,382**
In foreign countries	8,118	-	-	6	268	**8,392**
	16,024	**-**	**428**	**1,026**	**296**	**17,774**

There are no significant non-operating assets.

Information on secondary segments:

The following table provides breakdown on several consolidated balances of the Group according to geographical distribution of arising entities:

	Thousands of Euros					
	Net Revenue		Total asets		Additions to property, plant and aquipment and real state investments	
	Jun.-20	Jun.-19	Jun.-20	Dec.-19	Jun.-20	Jun.-19
Spain	267,986	233,812	430,980	411,438	2,134	587
Portugal	57,652	46,012	56,251	48,391	1,255	234
Cape Verde	11,114	21,686	26,630	31,256	206	412
Argentina	3,279	4,206	32,723	30,596	74	457
Paraguay	1,901	4,031	48,892	55,638	425	1,579
Bolivia	-	-	11	7	-	-
The United States	-	-	1,928	1,557	-	-
Peru	4,567	22,447	58,030	68,343	-	23
Brazil	-	-	5,660	5,257	-	-
Panama	-	-	45	50	-	-
France	-	-	229	232	-	-
Germany	-	-	27	32	-	-
Chile	30,308	27,881	143,094	187,428	359	198
India	406	4,971	6,911	9,234	-	(5)
Abu Dhabi	60,275	72,996	116,789	138,969	-	231
Nepal	-	-	2,938	3,155	-	-
Timor	-	-	1	13	-	-
Morocco	-	-	75	76	-	-
Mozambique	-	-	75	86	-	-
Colombia	-	-	-	-	-	-
Mexico	1,218	2,026	4,610	7,886	-	2
Malta	-	-	601	628	-	-
TOTAL	**438,706**	**440,068**	**936,500**	**1,000,272**	**4,453**	**3,718**

Note 2.3 details the main foreign currencies of the countries where the Group operates. From total assets as of 30 June 2020 and 31 December 2019, EUR 448,412 thousand and EUR 539,551 thousand, respectively, correspond to assets in a currency other than the Euro. Likewise, from total revenue for the first half of year 2020 and year 2019, the activity developed in said countries amounts to EUR 113,068 thousand and EUR 160,244 thousand, respectively.

6. Intangible assets

Breakdown of intangible assets within the consolidated balance sheet at 30 June 2020 and 31 December 2019 as follows:

	Thousands of Euros	
	30.06.2020	**31.12.2019**
Goodwill on consolidation (Note 6.1)	9,984	9,984
Concession agreements (Note 6.2)	14,028	14,040
Other intangible assets (Note 6.3)	2,931	3,537
Total	**26,943**	**27,561**

6.1 Consolidation goodwill

The breakdown of the item "Consolidation goodwill" of the summary half-year balance sheets for 30 June 2020 and 31 December 2019, by company, is as follows:

	Thousands of Euros	
	30.06.2020	**31.12.2019**
Cartuja Inmobiliaria, S.A.U.	600	600
San José Perú Inmobiliaria, S.A.	1,601	1,601
Constructora San José, S.A.	7,662	7,662
Other	121	121
Total	**9,984**	**9,984**

During the first half of year 2020 no significant changes have been recorded under this item in the accompanying condensed consolidated balance sheet. Likewise, no significant change has loss has been recorded due to impairment of assets.

According to the estimates and projections available to the Directors of the Group, updated (see Note 2.8), the estimated revenue attributable to the Group of these companies adequately supports the carrying amount of goodwill allocated to the relevant registered CGUs.

6.2 Concession agreements

This item mainly includes investments made with regards to concession agreements, for which the consideration received by the Group consists of the right to charge a fixed and a variable stake, which is based on market rates and other parameters established by applicable regulations, as well as the degree of use of the facilities, assuming the risk of recovery of the investment made (assuming the risk of demand). Further, it includes costs incurred into by the Group for the achievement of administrative and other licenses and permits.

Breakdown of this item for the first half of year 2020 is as follows:

	Thousands of Euros		
	Cost	Accumulated depreciation	Net
Balance at 31 December 2019	**24,319**	**(10,279)**	**14,040**
Additions	-	(501)	(501)
Disposals	-	-	-
Transfers	508	(19)	489
Balance at 30 June 2020	**24,827**	**(10,799)**	**14,028**

During the first semester of 2020, the Group has classified the total amount of EUR 508 thousand as assets under the “Concession agreements” item, recorded as of 31 December 2019 as “Other intangible assets”, to the extent they are associated with concession contracts.

At 30 June 2020 there are no significant investment commitments in intangible assets.

6.3 Other intangible assets

Breakdown of this item for the first half of year 2020 is as follows:

	Thousands of Euros		
	Cost	Accumulated depreciation	Net
Balance at 31 December 2019	**7,891**	**(4,354)**	**3,537**
Additions	3	(60)	(57)
Disposals	-	-	-
Transfers	(534)	93	(441)
Translation differences	(204)	96	(108)
Balance at 30 June 2020	**7,156**	**(4,225)**	**2,931**

The main movement in the first semester of 2020 corresponds to the reclassification of assets under “Concession agreements” as a higher amount for a net amount of EUR 489 thousand (see Note 6.2).

7. Property, plant and equipment

Breakdown of this item for the first half of year 2020 is as follows:

	Thousands of Euros			
	Cost	Accumulated depreciation	Impairment	Net
Balance at 31 December 2019	**139,595**	**(62,625)**	**(22)**	**76,948**
Additions	4,340	(4,146)	(16)	178
Disposals	(1,984)	(1,984)	-	-
Transfers	(2,062)	2,015	-	(47)
Translation differences	(1,500)	279	(15)	(1,236)
Balance at 30 June 2020	**138,389**	**(62,493)**	**(53)**	**75,843**

During the first semester of the 2020, there have been maturities and / or cancellations, as well as new contracts related to the lease contracts contemplated under IFRS 16, showing additions and depreciations in the period, for amounts of EUR 3,160 thousand and EUR 2,566 thousand, respectively.

The Group takes out insurance policies to cover the possible risks to which its investment property is subject. The Parent's directors consider that the insurance coverage arranged is sufficient.

At 30 June 2020 the Group does not hold any purchase commitments of property, plant and equipment.

Fair value of items of property, plant and equipment

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property. At 30 June 2020 and 31 December 2019, said studies were conducted by "Instituto de Valoraciones, S.A.". Such valuations were performed on the basis of the sale value and lease value of the property on the market (which consists of capitalising the net income from each property and discounting future flows), as defined by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC), which group together international and European asset valuation institutions. The fair value was calculated using the discount rates acceptable to a prospective investor and in line with those applied by the market for properties of similar characteristics in similar locations.

According to the above-mentioned study, both, during the first half of 2020 and during year 2019, no significant changes have been recorded in the assessment of real estate investments.

At 30 June 2020 and 31 December 2019, the fair value of the Group 's inventories based on the aforementioned study amounted to EUR 23,1 million and EUR 23.4 million, respectively. This reduction is partly justified by the new macroeconomic scenario (See note 2.8)

8. Investment property:

Breakdown and details of this item for the first half of year 2020 are as follows:

	Thousands of Euros			
	Cost	Accumulated depreciation	Impairment	Net
Balance at 31 December 2019	**31,337**	**(21,770)**	**(25)**	**9,542**
Additions	110	(22)	-	88
Disposals	-	-	-	-
Translation differences	(2,656)	1,793	-	(863)
Transfer and other	-	-	-	-
Balance at 30 June 2020	**28,791**	**(19,999)**	**(25)**	**8,767**

8.1 Mortgaged investment property

At 30 June 2020 and 31 December 2019 the Group does not have real estate assets as collateral for mortgage investments.

8.2. Fair value of financial instruments

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property at the balance sheet date. At 30 June 2020 and 31 December 2019, said studies were conducted by "Instituto de Valoraciones, S.A.". Such valuations were performed on the basis of the sale value and lease value of the property on the market (which consists of capitalising the net income from each property and discounting future flows), as defined by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC), which group together international and European asset valuation institutions. The fair value was calculated using the discount rates acceptable to a prospective investor and in line with those applied by the market for properties of similar characteristics in similar locations.

According to the above-mentioned study, both, during the first half of 2020 and during year 2019, no significant changes have been recorded in the assessment of real estate investments.

At 30 June 2020 and 31 December 2019, the fair value of the Group 's inventories based on the aforementioned study amounted to EUR 82,0 million and EUR 83.7 million, respectively. Said amount, at 30 June 2020 and 31 December 2019, includes EUR 44.6 million and EUR 44.3 million, respectively, corresponding to real estate investments of investees according to the Groups' ownership interest.

8.3 Insurance policy

The Group takes out insurance policies to cover the possible risks to which substantially all its inventories are subject. Directors consider that contracted coverage insurance at 30 June 2020 is sufficient.

9. Financial Assets

9.1. Non-current financial assets

The detail of the non-current financial assets of the Company at 30 June 2020 is as follows:

	Thousands of Euros				
	Other financial assets	Investments available for sale	Loans and receivables	Investments until maturity	Total
Equity instruments	19,927	2,580	-	-	**22,507**
Credit and loans	-	-	-	-	-
Other financial assets	-	-	-	13,578	**13,578**
Total	**19,927**	**2,580**	**-**	**13,578**	**36,085**

Investments accounted for using the equity method

The Group's most significant investments in associates at 30 June 2020 and 31 December 2019 were as follows:

	Thousands of Euros	
	30.06.2020	31.12.2019
Distrito Castellana Norte, S.A. (DCN)	14,305	14,510
Panamerican Mall, S.A. (PM)	351	696
Pinar de Villanueva, S.L.	398	498
Cresca, S.A.	338	307
CSJ GVK Projects ´n Technical SS. P.L	4,535	4,284
Net total	**19,927**	**20,295**

The breakdown under this item in the consolidated condensed financial statements for the first half of 2020 is as follows:

	Thousands of Euros
Balance at 31 December 2019	**20,295**
Profit/loss	(259)
Translation differences	(109)
Balance at 30 June 2020	**19,927**

The associate “Desarrollos Urbanísticos Chamartín, S.A.” has as main business activity the urban development of the plat of land comprising the area of the “Extension of the Castellana” in Madrid., at is operation. Since its incorporation on 25 November 1993 up to now, the activity of this company has consisted in the development of any activities necessary for the acquisition of land property of the Administrator of Railway Infrastructures (ADIF) and Renfe-Operadora, for its urban development after its disuse for railway purposes within the real estate plan APR 08.03 and APE 05.27, in the municipal term of Madrid.

During year 2019, the investee has agreed on a capital increase for EUR 22,000 thousand. The Group has subscribed and paid up according to its participation percentage the capital increase. Additionally, on 31 October 2019, the Group has formalised a purchase and sale agreement with third parties, for which it has transferred ownership of shares representing 14.46% of the capital of the investee. As of 30 June 2020, the Group holds a 10% stake in the capital of the company, as well as significant influence, to the extent that it maintains representation in its management body.

On 25 March 2020, the Governing Council of the Community of Madrid has definitively approved what will be the most important urban action in the coming years, both in Spain and in Europe. After the approval of the Community, the Madrid City Council has endorsed on 29 May the clarifications proposed by the Community so that "Distrito Castellana Norte, S.A." has received the approval of the Administrations so as to move on to the next stage of the project.

Appendix II to the consolidated financial statements of the Group for the year ending 31 December 2019 includes a list of the main ownership interests in associates, detailing name, country and participation percentage. The Group does not consider very relevant the impact on assets, profit or net equity of its participation in these companies. However, next is listed financial information of the main associates of the Group:

At 30 June 2020

	Millions of Euros		
	DCN	**PM**	**GSJ GVK**
Non-current assets	7.1	251.9	0.0
Current assets	150.8	7.7	11.2
Total Assets	**157.9**	**259.6**	**11.2**
Non-current liabilities	8.1	65.8	0.0
Current liabilities	6.6	15.0	2.2
Total Liabilities	**14.7**	**80.8**	**2.2**
Income from ordinary activities	0.0	3.1	1.7
Profit/(Loss) from continued operations	(2.0)	(1.3)	0.6
Profit/(Loss) for the year	(2.0)	(1.3)	0.6

At 31 December 2019

	Millions of Euros		
	DCN	**PM**	**GSJ GVK**
Non-current assets	6.3	266.9	0.0
Current assets	155.2	8.1	25.9
Total Assets	**161.5**	**275.0**	**25.9**
Non-current liabilities	10.2	76.8	0.0
Current liabilities	6.1	17.0	17.8
Total Liabilities	**16.3**	**93.8**	**17.8**
Income from ordinary activities	0.0	12.4	22.5
Profit/(Loss) from continued operations	(4.9)	11.5	(0.7)
Profit/(Loss) for the year	(4.9)	11.5	(0.7)

A summary of the financial information of the main investees included within the accounting records of the Group is provided next:

At 30 June 2020

	Millions of Euros		
	DCN	**PM**	**GSJ GVK**
Total net equity	143.2	178.8	9.0
% ownership of Grupo SANJOSE	10.00%	20.00%	50.00%
Net carrying amount of the stake (NCV)	14.3	35.8	4.5
Amendments of the NCV and other	-	(35.4)	-
Cost of the Groups' stake	**14.3**	**0.4**	**4.5**

At 31 December 2019

	Millions of Euros		
	DCN	**PM**	**GSJ GVK**
Total net equity	145.2	181.2	8.1
% ownership of Grupo SANJOSE	10.00%	20.00%	50.00%
Net carrying amount of the stake (NCV)	14.5	36.2	4.2
Amendments of the NCV and other	-	(35.5)	-
Cost of the Groups' stake	**14.5**	**0.7**	**4.2**

Investments available for sale

The financial assets presented above basically represent investments in equity securities of unlisted entities. These ownership interests are stated at the underlying carrying amount. In the event of listed companies, the lower quoted value at the end of the financial year or the average quotation of the last quarter is taken as reference of the recoverable value.

Net cost at which interest ownership of the Group is recorded, by associate, at 30 June 2020 and 31 December 2019 is as follows:

	Thousands of Euros	
Company	**30.06.2020**	**31.12.2019**
Bodegas Altanza, S.A.	736	736
Oryzon Gernomics, S.A. (*)	812	844
Others	1,032	749
	2,580	**2,329**

(*) company listed in the Stock Exchange Market

Non-current investments held until maturity

This item includes mainly loans and receivables due to certifications issued by Group company "Sociedad Concesionaria San José-Tecnocontrol, S.A.", for a total amount of EUR 34,534 thousand at 31 December 2019, as payment of the execution works of the Hospitals of Maipu and La Florida, in compliance with IFRIC12 (see Note 4.3 to the consolidated financial statements for year 2019) for concessions with no demand risk.

The payment of the Chilean Ministry of Public Works is arranged into 8 annual instalments of UF 1.1 million each, having collected instalments on 31 March 2014, 2015, 2016, 2017, 2018, 2019 and 2020. As of the current date, the last instalment is pending collection, with maturity on 31 March 2021. Further, at 30 June 2020 and 31 December 2019, "Current financial assets" records a short-term receivable amounting to EUR 32,872 thousand and EUR 36,825 thousand, respectively (see Note 9.2).

Changes in this item for the first half of year 2020 are as follows:

- Short-term transfer of receivables in March 2021 for amounts of EUR 32,917 thousand.

- Finance income arising from the update of said items amounting to EUR 1,219 thousand (see Note 16.2).

- Record of exchange differences due to fluctuations between the exchange rate of the UF with respect to the euro, insofar the nominal amount of the collection right is in UF currency, resulting in a EUR 2,836 thousand increase.

Likewise, “Other non-current financial assets” includes the Group's collection right against customers, derived from long-term debt renegotiation procedures, or due to discrepancies outstanding the resolution in a judicial or arbitration proceeding. Special mention deserves the following:

- Collection right for a total amount of EUR 8,987 thousand and EUR 9,877 thousand, as of 30 June 2020 and 31 December 2019, respectively, against the Chilean Ministry of Public Works, as a result of the termination of the contract and execution of the guarantees at the first request, which it was maintained with the company of the Group "Sociedad Concesionaria San Jose Rutas del Loa, SA", in Chile.

  Based on the analysis of the recoverability of said debt carried out by the Group, under the framework of IFRS 9, taking into consideration of counterparty’s risk, the associated impairment recorded at 30 June 2020 and 31 December 2019 amounts to EUR 1,641 thousand and EUR 1,803 thousand. Further, as of 30 June 2020 and 31 December 2019, the Group has recorded a provision for possible liabilities that may arise from this contract, amounting to EUR 7,957 thousand and EUR 8,745 thousand, respectively.

- Right of collection for a total amount of EUR 12,378 thousand and EUR 13,217 thousand, as of 30 June 2020 and 31 December 2019, respectively, against the Civil Aviation Authority of Nepal (CAAN), as a result of the unilateral termination of the contract by the client and execution of the guarantees at the first request, referred to the construction contract for the improvement of the infrastructures in the Simikhot and Rara airports, in Nepal

  Based on the analysis of the recoverability of said debt carried out by the Group, under the framework of IFRS 9, taking into consideration of counterparty’s risk, the associated impairment recorded at 30 June 2020 and 31 December 2019 amounts to EUR 10,546 thousand and EUR 11,261 thousand, respectively. Further, as of 30 June 2020 and 31 December 2019, the Group has recorded a provision for possible liabilities that may arise from this contract, amounting to EUR 1,028 thousand and EUR 1,098 thousand, respectively.

The Group considered that the reasons alleged by the client lacked a legal basis, setting in motion all the mechanisms contemplated in the contract for the effective defence of its interests. Its resolution is not expected in the short-term.

9.2. Current financial assets

The detail of the non-current financial assets of the Company at 30 June 2020 is as follows:

	Thousands of Euros		
	Investments until maturity	**Derivatives hedges**	**Total**
Credit and loans	33,095	-	**33,095**
Derivatives	-	2	**2**
Other financial assets	26,425	-	**26,425**
Total	**59,520**	**2**	**59,522**

Current investments held until maturity

This item includes deposits at banks, short-term deposits and other receivables maturing in over three months.

At 30 June 2020, it mainly includes the following:

- the amounts derived from short-term deposits, amounting to EUR 26,406 thousand.

- Further, it includes short-term payments to be collected from the Ministry of Public Works of Chile, for the certificates issued by the Group company "Sociedad Concesionaria San Jose-Tecnocontrol, S.A.", for a total value of EUR 32,872 thousand and EUR 36,825 thousand at 30 June 2020 and 31 December 2019 for the construction of the Hospitals of Maipu and La Florida, in Santiago de Chile. During the first half of year 2020 and year 2019, finance income arising from the update of said items amounting to EUR 1,207 thousand and EUR 1,896 thousand, respectively, were recorded (see Note 16.2).

9.3 Trade receivables and customer advances

The detail of "Trade receivables for sales and services" at 30 June 2020 and 31 December 2019 is as follows:

	Thousands of Euros	
	30.06.2020	**31.12.2019**
Progress billings receivable and trade receivables for sales and provision of services	185,810	200,267
Executed works pending billing (OEPC)	66,162	63,931
Retentions for guarantees	63,511	47,876
Customers, discounted instruments	8,042	27,344
Impairment	(27,502)	(28,474)
Total	**296,023**	**310,944**
Advances	(120,672)	(133,817)
Total net accounts receivable	**175,351**	**177,127**

The Group management considers that the carrying amount of trade and other receivables approximates their fair value.

The item “Executed works pending billing - OEPC” includes executed works pending certification for construction contracts of the Group amounting to EUR 66,162 thousand. This amount includes the differences between the production units executed, valued at sale price, and the certification made to date under the current contract.

At 30 June 2020 is included as executed works pending billing (OEPC) the amount of 3,496 thousand of euros due to the works done regarding the termination of the Checca-Mazocruz Road Improvement Contract in Peru. During the month of February 2020, the Group has received notification from the client regarding the termination of the Checca-Mazocruz Road Improvement Contract. The Group considers that the reasons alleged by the client for the termination of the contract are unfounded, and intends to request the initiation of the arbitration procedure provided for in the contract itself. The directors of the Parent Company consider that the possible costs and contingencies that may arise from said claim process are adequately included in these consolidated financial statements as of 30 June 2020.

"Trade payables" under current liabilities on the consolidated condensed balance sheet at 30 June 2019 and 31 December 2019, includes EUR 119,775 thousand and EUR 133,817 thousand, respectively, corresponding to "Advances from customers" for work certified in advance and advances received for a total amount of EUR 35,801 thousand and EUR 83,974 thousand, respectively, at 30 June 2019 (EUR 51,670 thousand and EUR 82,147 thousand, respectively, at 31 December 2019). Work certified in advance is recognised as a lower income of the Group, according to the application of the method of recognition of income by progress of work (see Note 4.11 of the accompanying notes to the consolidated financial statements for the year ended 31 December 2019).

10. Inventories

The detail of this item at 30 June 2020 and 31 December 2019 is as follows:

	Thousands of euros	
	30.06.2020	**31.12.2019**
Acquired property	8,393	8,393
Land and plots of land	66,771	64,003
Raw materials and other supplies	4,087	6,444
Inventories under construction	19,996	21,304
Completed construction works	6,560	8,471
Advances to suppliers	8,656	18,525
Impairment losses on inventories	(17,154)	(17,261)
	97,310	**109,879**

Borrowing costs for financing the development of property inventories incurred in the year are capitalised by the Company only when they are associated with those inventories whose production cycle is longer than a year. During the first half of 2020 and 2019, no financial expense has been recorded.

At 30 June 2020 and 31 December 2019, the Group has inventories used as collaterals for mortgage loans or developer loans granted by financial entities for an amount drawn of EUR 6,705 thousand and EUR 8,184 thousand (see Note 13.3).

During the first half of 2020 and according to the valuation of real estate assets carried out by the independent expert (see Note 10.3), EUR 1,525 thousand have been recorded as impairment.

10.1 Land purchase commitments

At 30 June of 2020 and 31 December 2019, the Group had entered into various memorandums of understanding or agreements with purchase options for land totalling approximately EUR 2.4 million, of which the Group had paid EUR 651 thousand, amount recognised under "Advance payments to suppliers" in the accompanying consolidated balance sheet.

In connection with the advances associated with commitments or promises of sale, the Group has no obligation to buy any of them, may proceed with the execution or reject them at the option of the Group.

10.2 Commitments to sell property developments in progress and completed buildings

At 30 June 2020 and 31 December 2019, the Group had entered into private agreements and reservation documents for the sale of property developments in progress and completed buildings at that date, for a total amount of EUR 11,638 thousand and EUR 8,797 thousand. At said date, the Group had received advances from the related customers totalling EUR 4,469 thousand and 4,070 thousand, respectively.

10.3 Impairment losses on inventories

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property at the end of the year. At 30 June 2020 and 31 December 2019, said studies were conducted by "Instituto de Valoraciones, S.A.". Such valuations were performed on the basis of the sale value of the property on the market, as defined by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC), which group together international and European asset valuation institutions.

The comparison method (for finished products) and the static and dynamic residual method (basically for plots of land and developments under construction) were used to calculate the fair value. Under the Residual Method, the residual value of property is obtained by discounting the cash flows calculated on the basis of projected expenses and income at the established rate by taking into account the period until these flows are realised. The total cash receipts deemed to have been received prior to the valuation date are added to this amount in order to obtain the total value. The discount rate used is that which represents the average annual return on the project, without taking borrowings into account, that an average developer would obtain from a development similar to that analysed.

This discount rate is calculated by adding the risk premium (determined by evaluating the risk of the development, taking into account the property asset to be constructed, its location, liquidity, construction period and investment required) to the risk-free interest rate. When the determination of the cash flows takes into account borrowings, the aforementioned risk premium is increased in proportion to the percentage of the borrowings (degree of leverage) attributed to the project and the habi1tual interest rates in the mortgage market.

At 30 June 2020 and 31 December 2019, the fair value of the Group 's inventories based on the aforementioned study amounted to EUR 155,8 million and EUR 157.6 million, respectively. This reduction is partly justified by the new macroeconomic scenario (See note 2.8)

10.4 Insurance policy

The Group takes out insurance policies to cover the possible risks to which substantially all its inventories are subject. The Parent's Directors consider insurance coverage arranged to be sufficient.

10.5 Issuance rights

“Inventories” includes the greenhouse gas emission rights of the “Poligeneració Parc de l´Alba ST-4, SA” Group company, with the total cost at 30 June 2020 of EUR 122 thousand, being fully allocated to emissions made during the year.

Additionally, as of 30 June 2020, the Group has recorded a short-term provision amounting to EUR 110 thousand, corresponding to the emissions made during year 2019 for which, at that date, it did not have purchased emission rights.

During year 2020, the Group has proceeded to the redemption before the Public Administration of the emission rights corresponding to the CO2 emissions of year 2019, for a total amount of EUR 577 thousand.

11. Net equity

11.1 Share capital

At 30 June 2020 and 31 December 2019, share capital of the Parent was represented by 65,026,083 shares of EUR 0.03 par value each.

At 20 July 2009, Parent Company shares can be listed on the Continuous Market, with a market value of EUR 12.86 per share.

The closing and average quote for the last quarter of 2019 has been EUR 6 and EUR 6.72, respectively. The closing quote at 30 June 2020 and the average quote for the second quarter of year 2018 has been EUR 4.73 and EUR 4.39, respectively.

At 30 June 2020, the Group holds an ownership interest of 10% of the company's share capital. Mr. Jacinto Rey Gonzalez, with direct and effective ownership interest of 24.95% and 48.32%, respectively,

11.2 Issuance premium

The Consolidated Spanish Companies Law expressly permits the use of the share premium account balance to increase the capital of the entities at which it is recognised and does not establish any specific restrictions as to its use. On 29 July 2020, the AGM approved the full application of the Parent Company's issue premium to offset losses from previous years. Likewise, and in order to fully offset losses from previous years, the application of voluntary reserves for the amount of EUR 155,255 thousand has been approved (see Note 2.9).

11.3 Legal reserve

Under the Consolidated Spanish Companies Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

As of the current date, the legal reserve is fully constituted.

11.4 Distribution of dividends

The Parent Company has not distributed dividends in the last five years.

Additionally, the Directors of the Parent Company at their meeting on 25 June 2020 have proposed the distribution of dividends charged to voluntary reserves, for a gross amount of 0.10 euros / share, amounting to a total of EUR 6,502.6 thousand, being approved by the AGM held on 29 July 2020 (see Notes 2.9 and 4).

11.5 Valuation adjustments

This item of the consolidated half-yearly financial statements includes mainly the net amount of variations in fair value of certain derivative instruments (see Note 13.4), under the provisions of IAS 9.

11.6 Shares of the Parent

At 30 June 2020 the Parent did not hold any treasury shares neither had executed transactions with treasury shares during the first half of 2020.

11.7 Property status of the Parent

At 30 June 2020, the Company records a negative net equity amounting to EUR 15,386 thousand.

11.8 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Group (after tax and minority interests) by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held in the year. Accordingly:

	At 30 June 2020	**At 30 June 2019**	**Changes**
Net profit/(loss) for the year attributable to the Parent (thousands of Euros)	7,551	13,003	(5,452)
Weighted average number of shares (shares)	65,026,083	65,026,083	-
Basic profit/(loss) per share (Euros/Share)	0.12	0.20	(0.08)

At 30 June 2019 the diluted profit/(loss) per share was 0,17 EUR/Share because of the warrants effect at that time.

12. Current and non-current provisions

Changes in the first half of year 2020 in the balance sheet were as follows:

	Thousand of Euros	
	Long term provisions	**Short term provisions**
Balance at 31 December 2019	**44,774**	**32,932**
Period provisions	1,778	9,007
Reversals	(790)	(5,771)
Applications	(602)	(2,894)
Translation differences	(1,507)	28
Balance at 30 June 2020	**43,653**	**33,302**

12.1. Non-current provisions:

This item mainly includes provisions to cover possible contingencies that may affect Group SANJOSE, arising from litigation and court proceedings (see Note 9.1).

Note 15 to the consolidated financial statements for year 2019 describes the main litigation and court proceedings and other risks provisions at said date.

During the first half of year 2020, no significant changes with regards to current claims have been recorded.

12.2. Current provisions:

Current provisions classified under "Short-term provisions" include estimated amounts to face possible business contingencies. Likewise, this item includes the margin expected for completing those contracts were a negative result has been forecast.

13. Financial Liabilities

Breakdown of this item within the consolidated balance sheet at 30 June 2020 and 31 December 2019 as follows:

30 June 2020:

	Thousands of Euros		
	Debts and accounts payable	**Derivatives** (Note 13.5)	**Total**
Non-current financial liabilities:			
Obligations and other securities (Note 13.1)	-	-	-
Bank borrowings (Note 13.2)	15,463	-	**15,463**
Derivatives (Note 13.5)	-	104	**104**
Other financial liabilities	95,308	-	**95,308**
Total non-current	**110,771**	**104**	**110,875**
Current financial liabilities:			
Obligations and other securities (Note 13.1)	30,269	-	**30,269**
Bank borrowings (Note 13.2)	15,855	-	**15,855**
Derivatives (Note 13.5)	-	33	**33**
Other financial liabilities	3,309	-	**3,309**
Total current	**49,433**	**33**	**49,466**

31 December 2019:

	Thousands of Euros		
	Debts and accounts payable	**Derivatives** (Note 13.5)	**Total**
Non-current financial liabilities:			
Obligations and other securities (Note 13.1)	32,995	-	**32,995**
Bank borrowings (Note 13.2)	5,278	-	**5,278**
Derivatives	-	169	**169**
Other financial liabilities	94,560	-	**94,560**
Total non-current	**132,833**	**169**	**133,002**
Current financial liabilities:			
Obligations and other securities (Note 13.1)	32,653	-	**32,653**
Bank borrowings (Note 13.2)	18,170	-	**18,170**
Derivatives	-	-	-
Other financial liabilities	5,128	-	**5,128**
Total current	**55,951**	-	**55,951**

"Other long-term financial liabilities" at 30 June 2020 mainly include the amount of financial debt granted by the company "Merlin Properties Socimi, S.A." as part of the purchase price agreed in the partial sale transaction of the Group's stake in its investee "Distrito Castellana, Norte, S.A.", for a total amount of EUR 87,568 thousand (EUR 1,171 thousand are included in this amount, corresponding to accrued financial expenses, pending payment as of 30 June 2020. This is a loan amounting to EUR 86,397 thousand, signed on 31 October 2019, with a single maturity at 20 years and a fixed annual interest rate of 2%, payable at maturity, having provided as a guarantee the 10 % stake owned by the Group in the company "Distrito Castellana Norte, SA".

"Other current financial liabilities" and "Other current financial liabilities:" include, mainly, the debt arising from the application of IFRS 16, amounting to EUR 3,311 and EUR 3,881, respectively, at 30 June 2020 (see Note 2.1).

13.1 Obligations and other securities

On 24 March 2015 the Group issued bond in the capital market of Chile, through its associate "Sociedad Concesionaria San José-Tecnocontrol, S.A." relying on Banco Itaú Chile as finance advisor. Total emission amounted to EUR 6,302 thousand UF (nearly EUR 223,684 thousand). Said bonds were used for the early repayment of the syndicated loan granted to the Group in Chile in 2011 for the financing of the construction of the hospitals of Maipú and La Florida in Chile. It is repaid on an annual basis by equal instalments of 1,014 thousand UF, with maturity on 30 June 2021, with an average interest rate amounting to 3.1%. Said transaction had been guaranteed, with an average annual rate of 4.0%.

There are no other additional guarantees from said financing transaction.

At 30 June 2020, the Group has paid the sixth instalment. The outstanding principal of these loans at 30 June 2017 matures approximately as follows:

Thousand of Euros	
Year 2021	**Total**
30,269	**30,269**

(*) Gross amounts prior to deducing borrowing costs, amounting to EUR 779 thousand at 30 June 2020.

13.2 Bank borrowings

Breakdown of this item within the consolidated balance sheets as follows:

	Thousand of Euros	
	30.06.2020	31.12.2019
Non-current:		
Finance leasing	92	119
Bank loans and credit facilities	15,371	5,159
Total non-current	**15,463**	**5,278**
Current:		
Finance leasing	58	59
Payables from discounted notes and bills	11,645	13,089
Bank loans and credit facilities	1,370	1,292
Total mortgage loans secured by inventories (Notes 13.3)	2,782	3,730
Total current	**15,855**	**18,170**
TOTAL	**31,318**	**23,448**

All these loans bear interest at a rate tied to EURIBOR plus a market spread.

At 30 June 2020, “Non-current bank borrowings and loans" under non-current liabilities includes mainly:

- EUR 5,251 thousand corresponding to Project finance, granted for the construction, commissioning and operation of the Plant and the facilities of the Group company Poligeneraci Parc de LAlba ST-4, S.A.'s Policy Project (see Note 6.2). Said plant acts as collateral for credit facilities, without recourse for the Group.

- On June 18, 2020, the Group company "Constructora San José, SA", has signed a guarantee loan from the ICO for an amount of 10,000 thousand euros with a maturity of three years and with a grace period of one additional year at a variable interest rate referenced to the Euribor plus a market differential. The outstanding principal of these loans at 30 June 2020 matures approximately as follows:

Thousands of Euros				
Year 2020	Year 2021	Year 2022	Year 2023	Total
-	2,467	5,000	2,533	**10,000**

During the month of November 2019, the Group has contracted multi-group discount policies, including the main national Group companies, for a total amount of EUR 13,000 thousand, with a 1-year maturity, and at a variable interest rate referenced to the Euribor plus a market differential. At 30 June 2020 the amount made available amounts to EUR 11,514 thousand. Further, through the JVs in which it participates, the Group has additional discount policies, having a balance available at 30 June 2020 for an amount of EUR 131 thousand.

13.3 Mortgage loans

The Groups records as collateral to mortgage loans, real estate assets for a net cost amounting to EUR 6,705 thousand at 30 June 2020, not recording significant changes during the first half of year 2020 (see Note 8 and 10).

Mortgage loans secured by inventories

All the bank borrowings associated with "Inventories" (regardless of the maturity thereof) are recorded in the consolidated balance sheet under "Current Liabilities".

These mortgage loans bear annual floating interest at a market rate, which in 2019 ranged from 2.11% to 2.89%.

The outstanding principal of these loans at 30 June 2020 matures approximately as follows:

Thousands of Euros				
Year 2020	Year 2021	Year 2022	Year 2023 y ss	Total
124	266	270	2,122	**2,782**

13.4 Derivative financial instruments

The Group contracts OTC derivative financial instruments with national and international high credit rating banks.

To determine the fair value of interest rate derivatives (Fixed Rate Swaps or structures with options), the Group uses cash flow discounts based on assumptions established by the Euro interest rate curve according to market conditions at the date of measurement.

At 30 June 2020, derivative financial instruments of Grupo SANJOSE are mainly Interest Rate Swaps and cross-currency swaps. During the first half of year 2020, no significant changes with regards to contracted derivatives by the Group.

For determining the fair value of interest rate derivatives and currency swaps, the Group applies an assessment method based on the discount of flows under implicit forward curve rates.

Interest rate derivatives contracted by the Group and effective at 30 June 2020 and 31 December 2019, together with their fair value at said date, are the following:

At 30 June 2020

	Thousands of Euros				
	Financial Instrum.	Maturity	Initial par value	Remaining par value at 30.06.2020	Balance at 30.06.2020 (Note 13)
Effcient Hedges:					
Trendy King, S.A.U.	CCS-gbp	15/09/2020	116	116	(6)
Trendy King, S.A.U.	CCS-gbp	13/10/2020	118	118	(8)
Trendy King, S.A.U.	CCS-usd	13/10/2020	1,080	1,080	(16)
Trendy King, S.A.U.	CCS-gbp	15/02/2021	108	108	2
Trendy King, S.A.U.	CCS-gbp	15/03/2021	112	112	(3)
Poligeneració Parc de l'Alba ST-4, S.A.	IR Swap	15/12/2021	15,451	1,959	(104)
			16,985	**3,493**	**(135)**

At 31 December 2019

	Thousands of Euros				
	Financial Instrum.	**Maturity**	**Initial par value**	**Remaining par value at 31.12.2019**	**Balance at 31.12.2019** (Note 13)
Effcient Hedges:					
Trendy King, S.A.U.	CCS-gbp	20/02/2020	179	179	10
Trendy King, S.A.U.	CCS-gbp	04/05/2020	167	167	10
Trendy King, S.A.U.	CCS-gbp	15/09/2020	116	116	1
Poligeneració Parc de l'Alba ST-4, S.A.	IR Swap	15/12/2021	15,541	2,451	(169)
			16,003	**2,913**	**(148)**

Assets and liabilities as hedge financial instruments include the changes in the measurement of fair value of hedge financial instruments. At 30 June 2020, instruments hold by the Group company "Poligeneració Parc De L'Alba, S.A. (ST4)" and the commercial subgroup are Interest Rate Swaps and cross-currency swaps linked to assets and liabilities of the consolidated balance sheet, as well as to potential transactions in compliance with requirements established by IFRS 9 so as to be classified as hedge accounting.

Assets and liabilities as non-hedge financial instruments include the measurement of fair value of non-hedge financial instruments.

The Group records as equity the change in fair value of hedge accounting financial instruments. At 30 June 2020 and 31 December 2019, the change in fair value of Derivative Financial Instruments allocated as Hedge Elements for their effective portion accumulated in Equity amounts to EUR 72.9 thousand and EUR 79,5 thousand, respectively

During the first half of 2020 and during year 2019, EUR 68 thousand and EUR 78 thousand have been recycled from equity to interest costs as greater financial interest, respectively, as interests being hedged pursuant to allocated Hedging Relationships were recorded.

Classification of financial instruments

Regarding assets and liabilities measured at fair value, the Group follows hierarchy set out by IFRS 13 for their classification pursuant to input used for their measurement and market conditions:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

According to IFRS 13, the hierarchy categorises the inputs used in valuation techniques of assets and liabilities into three levels. (Level 1, Level 2, Level 3). The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs

Derivatives of the Group are classified as Level 2. On a residual basis, as of 30 June 2020, the Group classified as Level 1 the investment made in shares of an investee (see Note 9.1).

No transfers from Level 1 to Level 2 have taken place during the first half of year 2020. Neither had taken place inputs or outputs of Level 3 at 31 December 2019.

Sensitivity analysis of interest rate and exchange rate

Changes in the fair value of interest rate derivatives arranged by the Group depend on:

a) Changes in the long-term Euro interest rate and Swaps curve and CLP interest rate curve.

b) Changes in the Group currency swaps depend on the average exchange rate of Unidades de Fomento (UF) and Chilean Pesos (CLP).

At 30 June 2020, changes in the value of financial instruments of the Group due to changes in interest rates are not significant.

14. Guarantee commitments to third parties

At 30 June 2020 and 31 December 2019, the Group had received from banks and insurance companies guarantees provided to third parties amounting to EUR 380 million and EUR 399 million, respectively (mainly project and definite tender and performance bonds to public and private bodies), of which EUR 0.04 million correspond to the Parent at both dates, and the remaining to subsidiaries.

Of the total of guarantees provided to third parties by the Group, EUR 254 million (approximately 67%) relate to the international activity of the Group, mainly in Abu Dhabi and India, amounting to EUR 113 million and EUR 43 million, respectively

Said guarantees related to the Parent and Associates correspond mainly to bid bonds and performance guarantees granted to public and private entities, mainly, Banks and insurance companies.

Parent Directors do not consider any liability arising in connection to the committed guarantees.

15. Taxation

Directors of Grupo SANJOSE, for the preparation of this condensed consolidated financial statements at 30 June 2020, have taken into consideration the standards applicable during year 2019 up to now, without recording significant modifications with regards to the tax situation of the Group.

Years open for review by the tax authorities

Note 20.1 to the financial statements for year 2019 details the years open for review, as well as the main activities of the inspection.

On 16 May 2018, a review by the Tax Agency for VAT and withholdings for the periods between April 2014 and December 2017 of the companies of "Grupo Empresarial San José, SA" and "Constructora San José, SA" and on Income Tax on Companies of Tax Consolidation Group for years 2013 to 2017, both inclusive. At 7 July 2020, (see Note 2.9) the Spanish Tax Agency has finished the inspection, being the following inspection proceedings signed:

- Corporate tax of the consolidated tax group 02/06, corresponding to years 2013 to 2016, both inclusive. Partially signed in agreement.
- VAT of the consolidated tax group 111/12, corresponding to years 2014 to 2017, both inclusive. Proven and compliant.
- Income tax withholdings mod.111 / 112 of the Parent Company and the Group company "Constructora San José, S.A.", corresponding to years 2014 to 2017, both inclusive. Proven and compliant.

The Inspection has not proposed a sanctioning file.

The act partially signed in agreement refers mainly to a lower tax cost of financial participations considered by the Inspection in sundry corporate transactions carried out by the Group between years 2005 to 2010, the effect of which is a reduction in the negative tax bases pending offset of the Group for a total amount of EUR 66.7 million. The minutes signed in disagreement refers to the different understandings of the Inspection regarding the calculations made by the Group in the application of article 62.2 of the Corporate Tax Law regarding the restriction of losses obtained in the transfer of shares in 2015, the main effect of which would be a further reduction of the recorded negative tax bases. The Group, following the opinion expressed by its tax advisers, considers that the probability of obtaining a favourable result in the ongoing administrative claim is high.

The Parent Company's Administrators consider that no significant additional liabilities will be derived as a consequence of the aforementioned inspection process, nor of the verifications, if applicable, of the remaining years open for inspection.

16. Other disclosure

16.1. Average workforce

The average workforce by professional category is as follows:

	30/06/2020		31/12/2019	
Category	**Men**	**Female**	**Men**	**Female**
University graduates	440	115	600	177
University three-year degree graduates	572	143	479	98
Clerical staff	134	102	188	176
Officers and technical personnel	2,236	121	2,179	90
	3,382	**481**	**3,446**	**541**

The average workforce at 30 June 2020 amounted to 3,837, of which 3,360 were men and 477 women

The average number of people employed in the course of the year with a disability greater than or equal to 33% amounted to 13 workers at 30 June 2020, being mainly diploma graduates. The Company, taking into account the specific risk involved in its activity, has recognised the exception of hiring disabled workers, fulfilling it by contracting services with different special employment centres. These contracts are on an annual basis, incurring into an average expense higher than the minimum required by law.

16.2. Financial income

The consolidated income statement for the first half of 2020 includes, in addition to interest accrued by the Group's liquidity positions, the financial income associated with the account receivable from the Ministry of Public Works of Chile for the construction of Hospitals of Maipu and La Florida in Chile (see Note 9.1), amounting to EUR 1,219 thousand (EUR 1,944 thousand in the first half of 2019), as well as deferred interest amounting to EUR 271 thousand (EUR 373 thousand in the first half of 2019).

17. Balances and transactions with non-consolidated associates and joint ventures

All the material balances at year-end between the consolidated companies and the effect of the transactions performed between them during the year were eliminated on consolidation. The detail of the most significant balances between the Group and the non-consolidated associates and joint ventures and the effect of the transactions performed with them on the consolidated income statements are as follows:

	Thousand of Euros					
	Loans to third parties 9.2)	Payables	Trade receivables	Financial costs	Financial income	Servicies received
Panamerican Mall, S.A.	-	-	-	-	-	-
Cresca, S.A.	-	-	-	-	-	-
Pinos Altos XR, S.L.	-	241	-	-	-	-
CSJ-GVK Projects and Thecnical SS.	-	-	1,548	-	-	-
JV Partners and other	349	-	859	20	-	96
Total	**349**	**241**	**2,407**	**20**	**-**	**96**

18. Remuneration

18.1 Remuneration of Directors

The detail of the remuneration of all kinds earned in 2020 and 2019 by the Directors of Grupo Empresarial San José, S.A., for any reason and by any group company, jointly controlled entity or associate obliged to pay such remuneration are as follows:

Type of Directors	Thousands of euros 30.06.2020	Thousands of euros 30.06.2019
Executive board members	1,660	940
Independent board members	193	108
Other external board members	27	18
Total	**1,880**	**1,066**

At 30 June 2020 and 31 December 2019, no advances, loans or other types of guarantees had been granted to the former or current directors and there were no additional pension or life insurance obligations to them. In addition, the Group does not have any other kind of transactions with related parties.

The directors of the Company are covered by the "Corporate Liability Insurance Policies of Directors and Officers" contracted by the parent company of Grupo SANJOSE , in order to cover possible damages that may be claimed, and that they arise as a result of an error of management committed by its managers or directors, as well as those of its subsidiaries, in the exercise of their positions (see Note 24.1 on Notes to the accompanying consolidated financial statements of the Group for the year ended 31 December 2019).

18.2 Remuneration and other benefits of senior executives

Total remuneration of all kinds of Directors of the Parent and people discharging similar duties, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above), is summarised as follows:

Number of people	Thousands of euros
At june 2019:	
10 directors	889
At june 2020:	
12 directors	804

Neither the Parent, not any other company of the Group, have any pension or life insurance obligations to these directors.

GRUPO EMPRESARIAL SAN JOSE, S.A. and Subsidiaries

Consolidated Directors' Report for the first half of year 2020

1. Situation of the Company

1.1. Organisational Structure

Grupo SANJOSE is arranged as a group of companies operating in different sectors. Since its foundation, the main business activity of the Group is construction, strengthening its activity in the last years.

The main lines of activity developed by Grupo SANJOSE are the following:

- Construction
- Concessions and Services.
- Energy and Environment
- Engineering & Project Management

Likewise, due to the diversification policy of the Group, the Group is present in other lines of activity, such as real estate, trade, stockbreeding and agriculture.

1.2. Performance

The business model of the Group is to create a diversified group regarding both, geographic distribution and lines of activity as a way of being less exposed to the risk inherent to a single activity. The Group has a clear international vocation, becoming increasingly important activities developed overseas, with a higher significance in the turnover of the Group. In the first half of year 2020, 39% total revenue of the Group comes from overseas.

The Group is present in more than 20 countries all around the world, especially in the Middle East and Latin America.

The main objective of the Group is to continue balancing the turnover, taking the construction activity as the main engine, increasing its activity in the international arena –boosting development in the countries where we are already present and in those of future penetration–, maintaining quality standards and satisfaction of customers and suppliers that have positioned Grupo SANJOSE as a benchmark in the market, analysing and encouraging the application of innovation and technological progress, and maintaining a reduced cost level that guarantees the profitability of projects.

2. Evolution of the market

2.1. Economic framework

After the period of recession following the economic-financial crisis of 2007, Spain is framed in a context of economic uncertainty due to the health crisis caused by COVID.19.

The previous situation reflected some economic stability despite the slowdown shown in the economies of developed countries. In Spain, according to information published by the National Statistics Institute (INE), in 2019 macroeconomic data from recent years had been consolidated with a rise in Gross Domestic Product (GDP) of 2% year-on-year.

For its part, the International Monetary Fund (IMF) estimated an increase of up to 1.6% for the Spanish economy at its first meeting in 2020 held in the Swiss city of Davos. At this meeting, same 1.6% growth is foreseen for year 2021 in Spain. This forecast relies mainly on a decrease in domestic demand and exports. The Spanish economy continues to make up lost ground during the crisis, although it points out that the pace of growth will be moderated in the coming years to converge with the growth of potential GDP, above which it has been growing in recent years.

Globally, the International Monetary Fund has also revised the growth perspective for 2020 and 2021, leaving these forecasts at 3.3% and 3.4%, respectively. This forecast is mainly supported by the lower than expected growth data produced in India, and below the projected growth of emerging economies such as Brazil, Mexico, Russia and Turkey during year 2019.

Within the developed economies, a 1.6% growth is projected for years 2020 and 2021, due mainly to the downward revisions of the growth of the United States, motivated by protectionist policies that it has been implementing, and of the advanced economies of Asia, especially in China due to political protests in Hong Kong and worldwide due to trade taxes and fees.

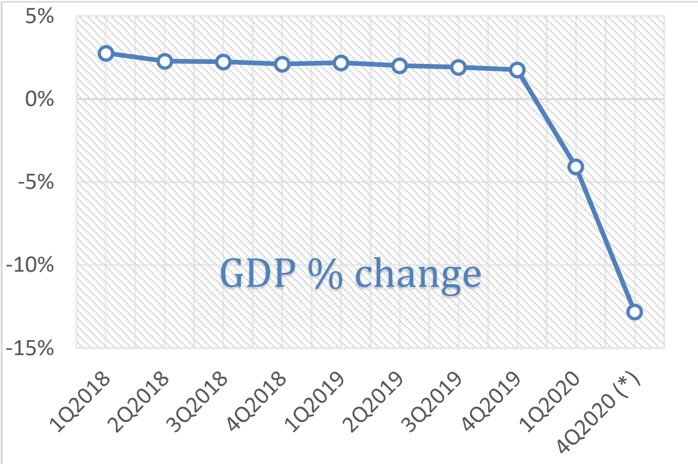
Current estimates are more pessimistic and vary depending on the evolution of the pandemic and the organism that emits them. In this way, the Bank of Spain evaluates two possible scenarios for the national economy, the first a rapid recovery to 2019 levels, in which the 2020 GDP would drop by 9% to rise in 2021 to 7.7%. The second scenario, with a slower recovery, estimates a decrease of 11.6% for this year and a more abrupt recovery of 9.9% in 2021.

Macroeconomic projections bank of Spain

		June projections bank of Spain					
		Early Recovery			**Gradual recovery**		
	2019	2020	2021	2022	2020	2021	2022
GDP	2.0	-9.0	7.7	2.4	-11.6	9.1	2.1
Amortized Consumer Price Index (ACPI)	0.8	-0.1	1.3	1.6	-0.2	1.2	1.5
Employment per hours worked	1.5	-10.1	7.3	2.3	-12.6	8.5	2.3
Unemployment rate	14.1	18.1	18.4	17.1	19.6	18.8	17.4

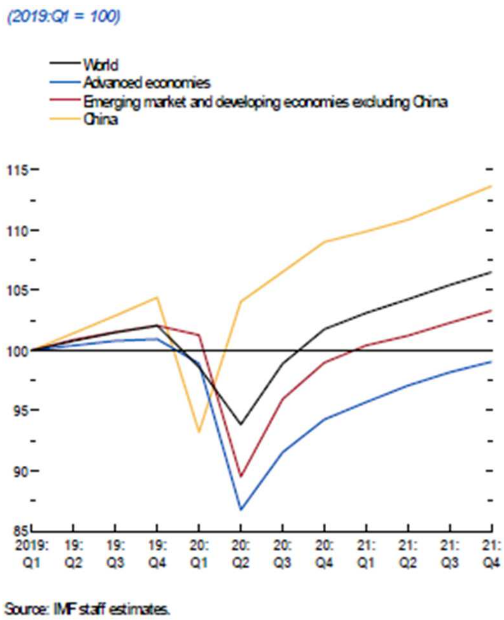
source: Banco de España

In line with the Bank of Spain, the IMF has considerably lowered expectations for year 2020. Thus, it predicts a drop in GDP in Spain of 12.8%, more than one percentage point below the average in the Euro zone, mainly motivated by the sharp drop in demand for goods and services, especially in the tourism and the automobile industry, two of the main engines of the national economy.



source: INE & IMF
(*) data forecast by IMF

Globally, economic estimates by the IMF and Central Banks have also been modified as the pandemic advanced. In its latest report in June, the IMF predicted a drop of 4.9% in the world economy, with advanced economies being the most affected, with falls of up to 8%



With respect to other markets where the Group is present, the falls for this 2020 are expected to be less pronounced than those of the European area, with falls of 4.2% in Latin America and 1.9% in the Middle East and Central Asia.

The IMF report allows for a future upward revision of the estimates based on the latest positive data on the recovery of public investment and the service sector in China, the good employment data issued in the United States or medical advances to treat COVID19.

GDP Projections of SANJOSE Group main markets (2020-2022)

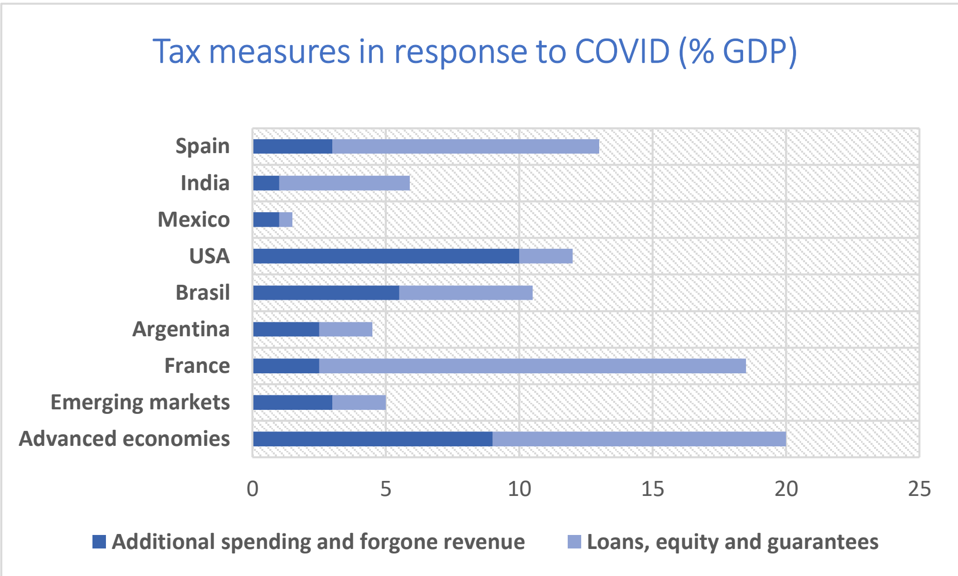
		June projections International Monetary Found			
		Estimation of April 2020		Estimation of June 2020	
	2019	2020	2021	2020	2021
Spain	2.0	-4.8	2.0	-12.8	6.3
Latin America and Caribbean	0.1	-4.2	0.3	-9.4	3.7
Middle East and Central Asia	1.0	-1.9	-0.7	-4.7	3.3
World	2.9	-1.9	-0.4	-4.9	5.4

source: IMF

After the first stage of spread, the measure adopted by most governments was the lockdown of society to avoid a massive contagion, which reduced production in almost all economic sectors, as well as consumption, until reaching record levels only seen during the Great Depression and overcoming those of the 2008 financial crisis.

The recovery plan of the European Central Bank (ECB), "Pandemic Emergency Purchase Programme" PEPP for its acronym in English updated on 4 June includes a package of aid for a total amount of EUR 1,350 billion that represents more than 10 % of the GDP of the Eurozone and which aims to reduce the indebtedness of the member states and provide liquidity mainly through the purchase of corporate bonds and public debt. The horizon of asset purchases will remain the same until at least June 2021 and in the words of the President of the ECB, the focus will be on the purchase of "green bonds" or, in other words, bonds that finance sustainable energy activities.

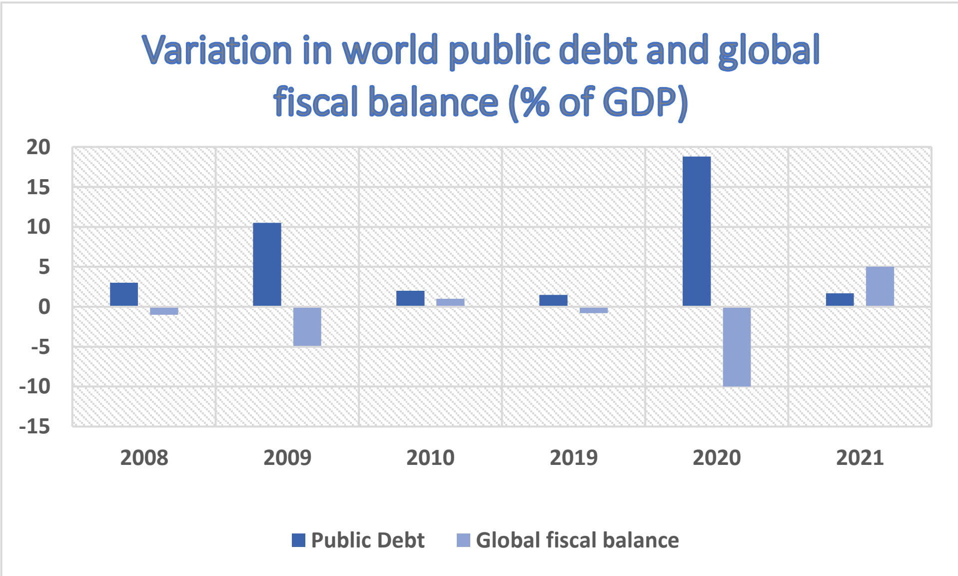
In addition to central banks, more than two thirds of governments worldwide have increased their fiscal support since April to try to save jobs and the business fabric. Measures include stimuli of EUR 9,823 billion, half of which will be directed to additional expenses and loss of income that directly affect public budgets, and the other half correspond to liquidity support such as loans, capital injections and guarantee. The following graph shows the proportion of aid as a percentage of the GDP of some of the markets where Grupo SANJOSE is present.



source: IMF

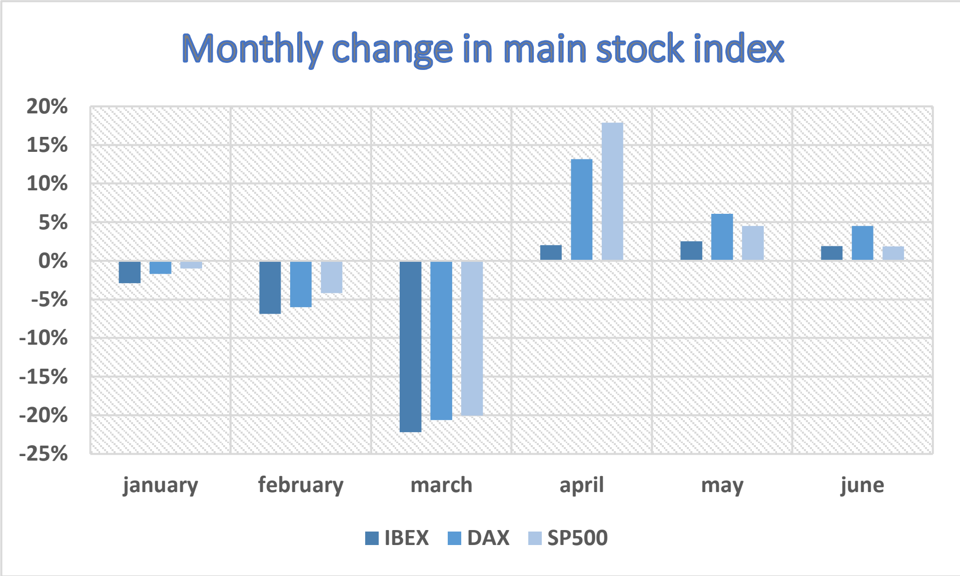
The European Union, through the agreement on the recovery fund reached on 20 July, has granted member countries a total of EUR 750,000 million, of which EUR 360,000 million will be used for low interest rate loans and EUR 390,000 million to subsidies. Of this package, Spain will be allocated EUR 140,000 million of which 72,700 million were outright grants.

The sharp contraction in production and the consequent fall in income, together with considerable discretionary support, have led to an increase in debt and public deficits. In the baseline scenario, the International Monetary Fund forecasts that global public debt will reach a record high of over 101% of GDP in the period 2020–21, an increase of 19 percentage points compared to 2019. Furthermore, the average global fiscal deficit is projected to increase to 14% of GDP in 2020, 10 percentage points more than in 2019. Beyond discretionary fiscal measures, automatic tax stabilisers and social protection are estimated to help cushion declining household incomes during the recession, but also contribute to a third of the increase in deficits in average. The following graph compares the evolution of public debt and the fiscal balance in the periods of the financial crisis and the current crisis.



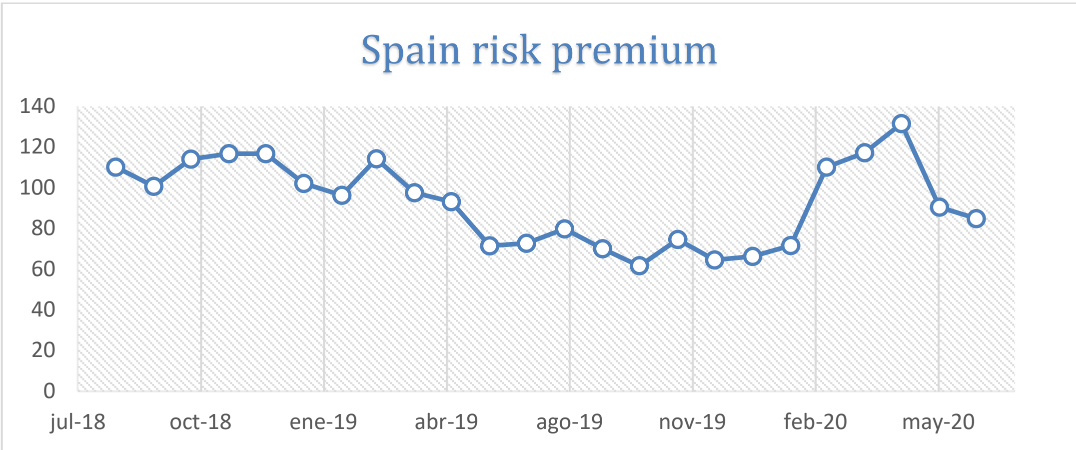
Source: IMF

Financial markets, considered as a thermometer of the economic situation, reflect disparate data depending on the geographical area. Thus, the Standar & Poor's 500 index, considered the most representative indicator of the value of US companies, has gone from 3,257 points at the beginning of the year to 3,100 points at the end of June (4.84% depreciation), the German DAX 30 has varied from 13,385 points to 12,310 points (8.03% depreciation) and the IBEX 35 has gone from 9,646 points at the beginning of the year to 7,231 points (25.04% depreciation).



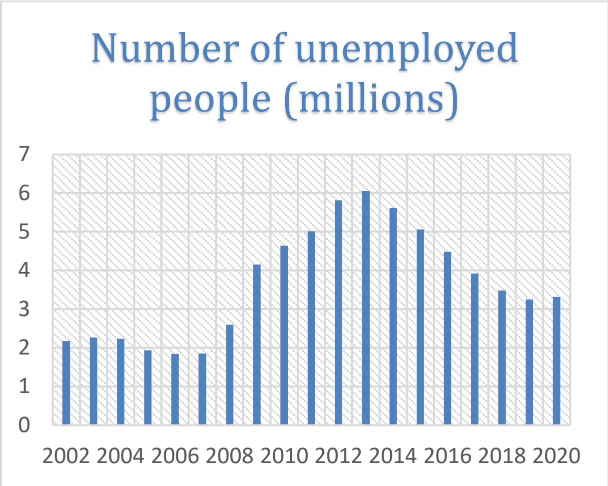
source: IMF

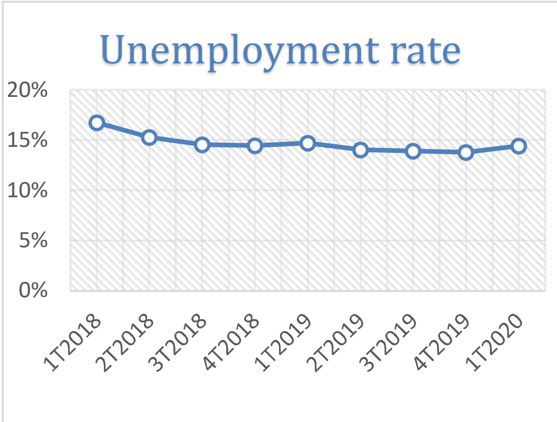
In contrast, the indicator that measures the perception of risk of the foreign investor, which translates into the risk premium (the differential of the Spanish 10-year bond with the German title "bund" at the same term) has recovered more quickly than the stock market. This ratio, which had closed the 2019 financial year at one of its lowest levels in recent years with 65 points, has experienced a period of high volatility in 2020, coinciding with the evolution of the pandemic in Spain. Thus, during the first month of lockdown it has risen more than 50% to 131.5 points at the end of May. After this peak it has decreased by 31.18% in June, coinciding with the opening of the economy and with the "new normal lifestyle".



source: Investing.com

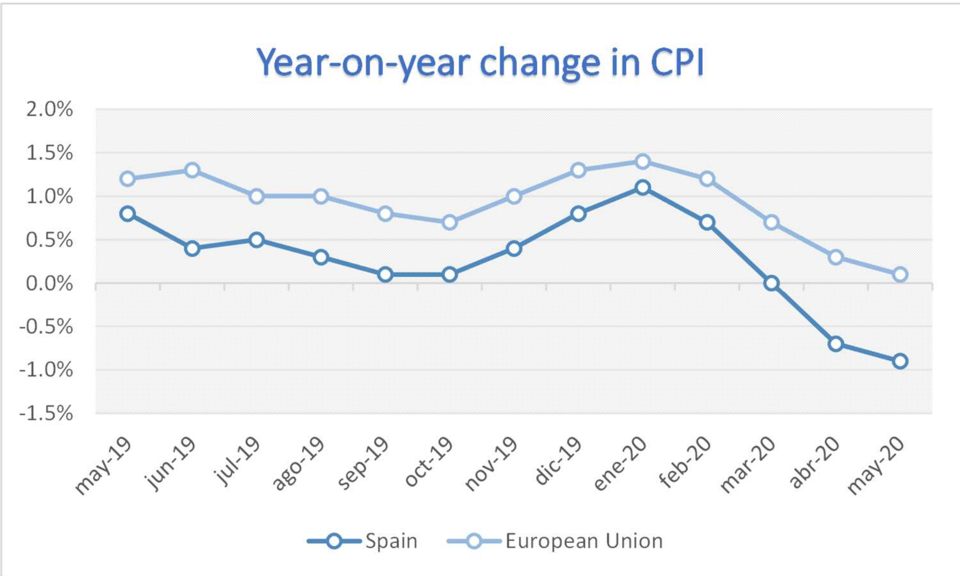
On the other hand, the number of unemployed people is still well below the levels reached in the financial crisis, when it reached 6 million unemployed in 2013. This is due in part to the temporary employment regulation (ERTE) files that have allowed companies to adjust the workforce to their low production without having to assume the entire wage cost and allowing workers to keep part of their working conditions. Such aid is expected to continue until at least September of this year to compensate for losses in the most affected sectors such as tourism.





source: INE

Record liquidity injections along with a sharp decline in economic activity have led the consumer price index (CPI) to a sharp drop which, according to Christine Lagarde in her 8 July Financial Times interview, is expected to drop. Keep in Europe during 2020, even leading to a deflationary trend.

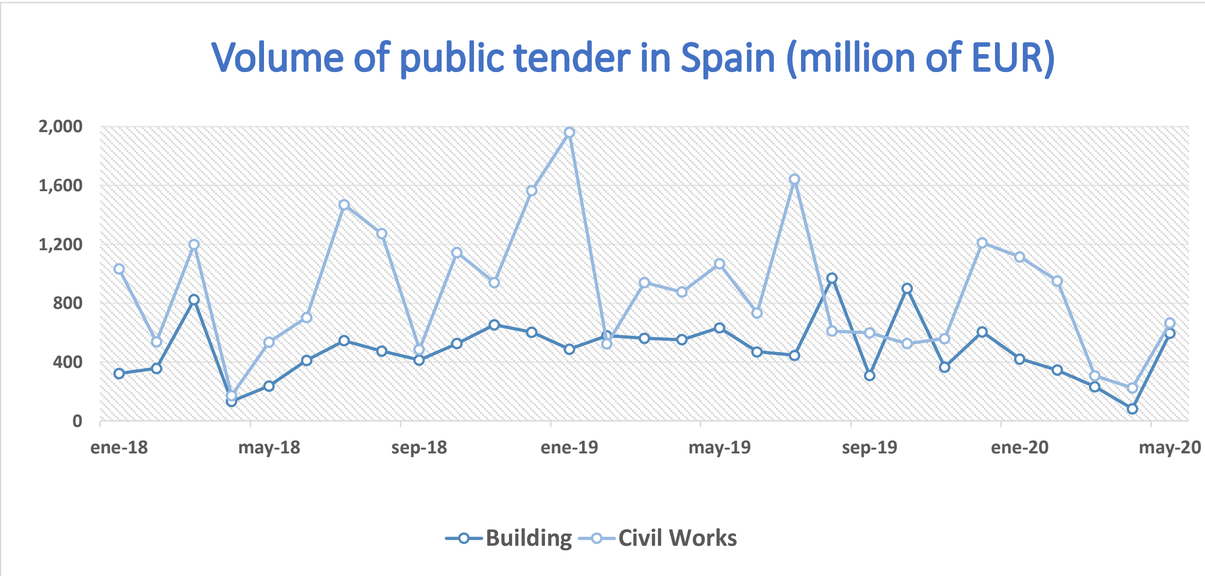


source: EPA and ECB

CONSTRUCTION is the segment that contributes the most to the Group's turnover with a percentage of 91.8% and Spain has consolidated itself as the most important geographical area with 61% of the total. In addition to domestic market, Grupo SANJOSE is present in the Middle East, South America and Asia. At the end of the first semester of 2020, the foreign business volume stood at 39% of the Group's total turnover compared to 47,9% in 1H-2019.

At a general level, the volume of public bidding in Spain had indicated signs of a slight recovery in the second half of 2019, but the current crisis is expected to reduce levels of investment in infrastructure again. On the other hand, injections of liquidity from Central Banks to alleviate the crisis can cushion the fall in private investment as long as the evolution of the pandemic is favourable.

Within public investment, the two segments that receive the most financing from the State, non-residential building and transportation, have seen their investment cut in May by 41.1% and 49.9% respectively compared to year. 2019, according to Seopan data. The following graph shows the evolution of the tender volume in Spain divided into civil works and building.

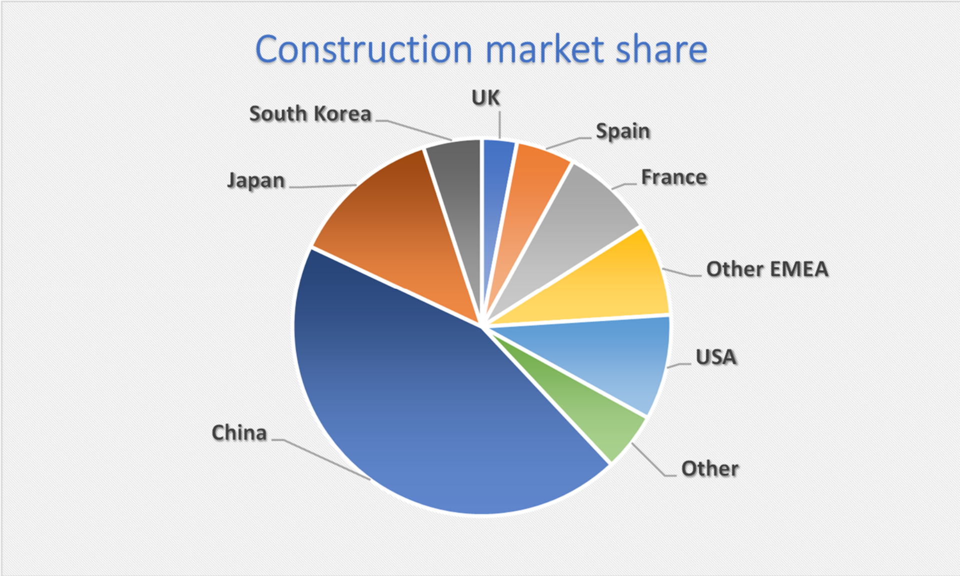


source: SEOPAN

The following graph exemplifies how the volume tendered by all Administrations in Spain has not recovered since the 2008 crisis despite the rebound started in mid-2017.

source: SEOPAN

Globally, Spanish construction companies have established themselves as a power in the sector, occupying sixth and fifth place in the world ranking by turnover and market capitalisation respectively, according to Deloitte's "Global Powers of Construction" report.



source: Global Powers of Construction by Deloitte

By 2020, global construction sector production will decrease 1.5% followed by a 2% rebound in 2021. This estimate included in Deloitte's Global Powers of Construction report contrasts with the previous one at the end of 2019, which predicted an increase of 3.6%. This is because, despite being one of the sectors that has best survived the "lockdown" stage, the health crisis will increase the fiscal deficit by reducing income and increasing expenses, which will be translated into weak public investment in construction by 2020.

In an increasingly competitive environment, new technologies are presented as one of the keys to business success. The application of "Big Data" to analyse cost deviations or optimise the profitability of the assigned resources will be vital for construction companies to undertake projects with higher margins. According to the report published by the specialised company Mckinsey & Company, the profitability of labour and materials used have increased in recent years by 2.8% and 3.6% respectively thanks to the introduction of new technologies.

Within the **CONCESSIONS and SERVICES** segment, the Group has a solid presence in Spain with long-term contracts and whose main activity is the maintenance of buildings, sports facilities, gardens and hospitals, among others. Similarly, the SANJOSE group has had hospital concessions in Chile for several years. The Concessions and Services segment has contributed 23.5 million to the Group's turnover in the first half of 2020, which represents 5.4% of total billed.

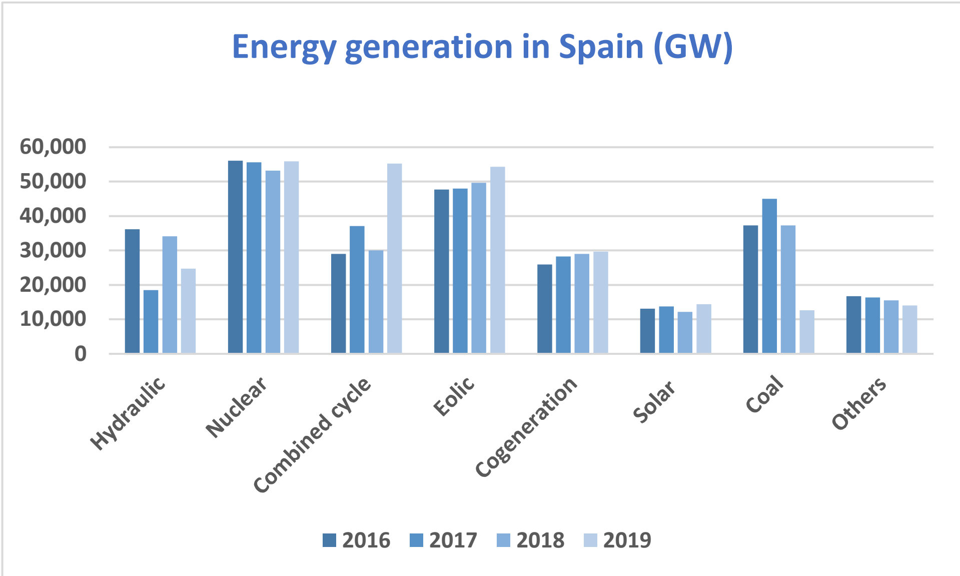
In these difficult times, the Group is especially committed to the service provided to hospitals and its workers, paying special attention to staff carrying out their activities in conditions of maximum safety and hygiene.

The SANJOSE Group has the goal of consolidating and expanding the contracts in this segment, which are a stable source of income, as well as maintaining its commitment to respect the environment in carrying out the activities developed.

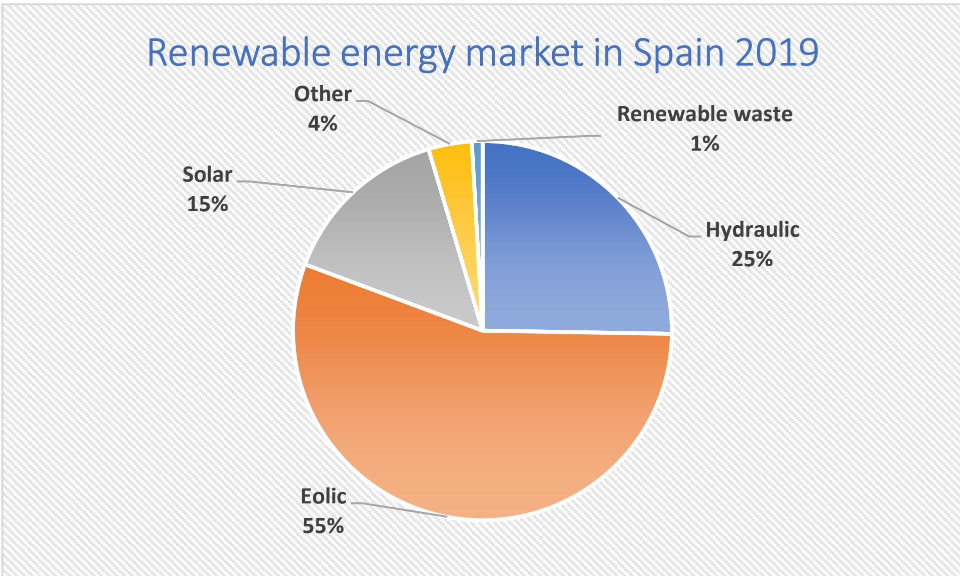
The energy sector has been constantly evolving towards clean energy for years, proof of this has been that the Greens / ALE party has obtained fourth place in the 2019 European Parliament elections, its best result ever, as well as Excellent results in the last local elections in France and Germany where they had the support of the young vote.

In the words of the President of the ECB, a large part of the asset purchases to overcome the current economic situation will be focused on projects that are environmentally sustainable. Similarly, the World Bank is positioned, which since 2010 has not invested in projects that generate a carbon footprint and has also invested 5.3 billion dollars (4.7 billion euros) in energy-efficient projects.

The following graphs show the market share for energy in Spain over the last four years and the market share within renewable energies during 2019.



source: Red Eléctrica de España (REE)



source: REE

The SANJOSE Group's **ENERGY** segment has projects for the generation of solar and wind energy and an energy polygeneration plant, among others, which provide a backlog worth EUR 388 million at the end of the first half of 2020. All of them respectful with the environment and in line with current legislation on climate change.

With this macroeconomic situation, the Group's basic lines of activity are the effort to improve profitability, being flexible in adapting its structure to the reality existing in Spain, and strengthening its intention to present a business with a diversification and growing internationalization. As well as trying to apply new technologies in its different business lines, thus improving operating margins and business volume.

The Group carries on its activities in industries, countries and socio-economic and legal environments that entail different levels of risk. The Group controls these risks in order to avoid decreased shareholder returns or difficulties for its customers. For this control task, it has instruments that make it possible to identify them sufficiently in advance or to avoid them while minimising risks, thanks to which the SANJOSE Group is facing the macroeconomic environment described above with a strong treasury position and a balanced equity position.

2.2. Main figures of the GROUP

Main consolidated figures of Grupo SANJOSE for the first semester of year 2020 are as follows:

Consolidated Balance Sheet

Thousands of euros

	Jun. 20		Dic. 19		
	Amount	%	Amount	%	Var.
Intangible assets	16,959	1.8%	17,577	1.8%	-3.5%
Property, plant and equipment	75,843	8.1%	76,948	7.7%	-1.4%
Real state investments	8,767	0.9%	9,542	1.0%	-8.1%
Investments accounted for using the equity method	19,927	2.1%	20,295	2.0%	-1.8%
Long term finantial investments	16,158	1.7%	51,294	5.0%	-68.5%
Deferred taxes assets	34,658	3.7%	34,462	3.4%	0.6%
Goodwill on consolidation	9,984	1.1%	9,984	1.0%	0.0%
TOTAL NON-CURRENT ASSETS	**182,296**	**19.5%**	**220,102**	**22.0%**	**-17.2%**
Inventories	97,310	10.4%	109,879	11.0%	-11.4%
Trade and other receivables	346,508	37.0%	350,634	35.1%	-1.2%
Other short term finantial investments	59,522	6.4%	82,761	8.3%	-28.1%
Short-term accruals	3,556	0.4%	3,851	0.4%	-7.7%
Cash and cash equivalents	247,308	26.4%	233,045	23.3%	6.1%
TOTAL CURRENT ASSETS	**754,204**	**80.5%**	**780,170**	**78.0%**	**-3.3%**
TOTAL ASSETS	**936,500**	**100.0%**	**1,000,272**	**100.0%**	**-6.4%**

Thousands of euros

	Jun. 20		Dic. 19		
	Amount	%	Amount	%	Var.
Equity attributable to shareholders of the parent	137,508	14.7%	135,947	13.6%	1.1%
Minority interest	26,605	2.8%	27,123	2.6%	-1.9%
TOTAL EQUITY	**164,113**	**17.5%**	**163,070**	**16.3%**	**0.6%**
Long term provisions	43,653	4.7%	44,774	4.5%	-2.5%
Long term finantial liabilities	110,771	11.7%	132,833	13.3%	-16.6%
Long term derivative finantial contracts	104	0.0%	169	0.0%	-38.2%
Deferred taxes liabilities	23,599	2.5%	24,261	2.4%	-2.7%
Long-term accruals	815	0.1%	864	0.1%	-5.6%
TOTAL NON CURRENT LIABILITIES	**178,942**	**19.1%**	**202,901**	**20.3%**	**-11.8%**
Short term provisions	33,302	3.6%	32,932	3.3%	1.1%
Short term finantial liabilities	49,707	5.3%	55,951	5.6%	-11.2%
Trade accounts and other current payables	510,436	54.5%	545,418	54.6%	-6.4%
TOTAL CURRENT LIABILITIES	**593,445**	**63.4%**	**634,301**	**63.5%**	**-6.4%**
TOTAL EQUITY & LIABILITIES	**936,500**	**100.0%**	**1,000,272**	**100.0%**	**-6.4%**

Consolidated Management Income Statements

Thousands of euros

	Grupo SANJOSE				
	Jun. 20		Jun. 19		
	Amount	%	Amount	%	Variac.
Revenue	**438,706**	**100.0%**	**440,068**	**100.0%**	**-0.3%**
Other operating income	8,845	2.0%	8,574	1.9%	3.2%
Change in i nventories	-1,787	-0.4%	2,382	0.5%	--
Procurements	-298,571	-68.1%	-302,986	-68.8%	-1.5%
Staff costs	-66,385	-15.1%	-66,652	-15.1%	-0.4%
Other operating expenses	-54,457	-12.4%	-52,572	-11.9%	3.6%
EBITDA	**26,349**	**6.0%**	**28,812**	**6.5%**	**-8.5%**
Amortisation chargue	-4,729	-1.1%	-5,590	-1.3%	-15.4%
Imparment on inventories	-1,444	-0.3%	380	0.1%	--
Changes in trade provisions and other imparment	-6,271	-1.4%	-675	-0.2%	829.1%
EBIT	**13,904**	**3.2%**	**22,928**	**5.2%**	**-39.4%**
Ordinary finantial results	-1,716	-0.4%	-3,645	-0.8%	-52.9%
Changes in fair value for finantial instruments	-75	0.0%	22	0.0%	-
Foreign exchangue results and others	48	0.0%	79	0.0%	-38.8%
Impartment and profit/(loss) from disposal of finacial instruments	-516	-0.1%	118	0.0%	--
NET FINANTIAL RESULT	**-2,258**	**-0.5%**	**-3,425**	**-0.8%**	**-34.1%**
Results on equity method	-259	-0.1%	-508	-0.1%	-48.9%
PROFIT BEFORE TAX	**11,387**	**2.6%**	**18,995**	**4.3%**	**-40.1%**
Income tax	-3,937	-0.9%	-4,147	-0.9%	-5.1%
CONSOLIDATED PROFIT	**7,450**	**1.7%**	**14,848**	**3.4%**	**-49.8%**

Alternative Performance Measures (APM):

In the consolidated financial statements at 30 June 2020, the Group presents its results in accordance with generally accepted accounting standards (IFRS - see Note 2.1 of the accompanying consolidated notes to the year ending on 31 December 2019). However, directors believe that certain alternative performance measures (MARs) reflect the true and fair view of its financial information and provide useful additional financial information used in the management of the business and that shall be considered to adequately assess performance of the group.

Among others, the Group identifies the following APMs:

- EBITDA: defining it as the gross operating result, calculated from operating income, excluding depreciation, provisions and impairment provided or reverted during the period, as well as the result from disposal of fixed assets.

Net financial debt (NFD): total amount of bank and non-bank financial debt, including finance lease creditors and the valuation of obligations associated with financial derivative instruments, discounting the amount recorded under "Other current financial assets" And "Cash and cash equivalents" under current assets in the balance sheet.

- Backlog: total amount of sales contracted by Group companies with customers, discounting items made and recognised as income under the income statement, In concession contracts, the total amount of sales is identified with the best estimate carried out by the Group, which is included in the economic-financial business plan of the concessionaire.

Revenue:

Net revenue of Grupo SANJOSE for 1H1H-2020 stands at EUR 438.7 million.

The main activity of Grupo SANJOSE is Construction, which currently represents more than 91.8% of the total turnover for the Group in the period (89.6% in 1H-2019), and accounts for 70% of the Group's total portfolio at the end of the 2020.

Revenue of Grupo SANJOSE by type of activity is as follows:

Thousands of euros

Revenues by activity	Grupo SANJOSE				
	Jun. 20		Jun. 19		Var.(%)
Construction	402,451	917%	394,313	89.5%	2.1%
Real estate and property development	3,793	0.9%	5,058	11%	-25.0%
Energy	3,832	0.9%	4,799	11%	-20.2%
Concessions and services	23,507	5.4%	24,649	5.6%	-4.6%
Adjustment and other	5,123	12%	11,249	2.6%	-54.5%
TOTAL	**438,706**		**440,068**		**-0.3%**

Net turnover of Grupo SANJOSE corresponding to the first semester of year 2020 stands at EUR 438.7 million, almost without any change with respect to the same period of 2019.

Regarding the detail of diversification at the geographical level of the turnover, in the national market, maintaining the trend of the last quarters, a notable growth of 14.6% of the turnover is observed with respect to the data of a year earlier, reaching in this period 1H-2020 the EUR 268 million. While the international market contributes 39% to the total turnover.

Thousands of euros

Revenues by geography	Grupo SANJOSE				
	Jun. 20		Jun. 19		Var.(%)
National	267,985	61%	233,811	53%	14.6%
International	170,721	39%	206,257	47%	-17.2%
TOTAL	**438,706**		**440,068**		**-0.3%**

Profit:

The EBITDA of Grupo SANJOSE for the 1H-2019 amounts to EUR 26.3 million, with a 6% margin on net revenue.

EBITDA of the construction activity amounts in the 1H-2020 to EUR 20 million, representing 76% total EBITDA of the Group and experimenting an 8.4% increase and 76% total EBITDA of the Group (63.9% in the same period of the previous year). EBITDA breakdown by activity is as follows:

The Net Operating Income (EBIT) of the SANJOSE Group for the year 2019 stands at EUR 13.9 million.

Despite the widely reported adverse circumstances caused by the COVID-19 health crisis, the net result in the first half of 2020 for the SANJOSE Group is a profit amounting to EUR 7.45 million.

Thousands of euros

EBITDA by activity	Grupo SANJOSE Jun. 20		Jun. 19		Var.(%)
Construction	19,954	75.8%	18,410	64.0%	8.4%
Real estate and property development	-232	-0.9%	634	2.2%	-136.6%
Energy	1,097	4.2%	1,437	5.0%	-23.7%
Concessions and services	2,331	8.8%	1,768	6.0%	31.8%
Adjustment and other	3,199	12.1%	6,563	22.8%	-51.3%
TOTAL	**26,349**		**28,812**		**-8.5%**

Backlog

Grupo SANJOSE's backlog, indicating the business contracted in the future by the Group, amounts to EUR 1,787 million as of 30 June 2020, the detail being as follows:

Millions of euros

BACKLOG by segment	Grupo SANJOSE Jun. 20		Mar. 20		Var.(%)
Construction	**1,259**	**70%**	**1,241**	**70%**	**1.5%**
Civil works	212	11.8%	215	12.2%	-1.5%
Non residential building	720	40.2%	670	37.8%	7.5%
Residential building	309	17.3%	341	19.3%	-9.3%
Industrial	18	1.0%	15	1.2%	20.5%
Energy	**388**	**22%**	**389**	**22%**	**-0.4%**
Concessions and services	**140**	**8%**	**146**	**8%**	**-3.8%**
Maintenance	21	1.2%	22	1%	-7.8%
Concessions	119	7.7%	123	7%	-3.1%
TOTAL BACKLOG	**1,787**	**100%**	**1,776**	**100%**	**0.6%**

Millions of euros

BACKLOG by geography	Grupo SANJOSE Jun. 20		Mar. 20		Var.(%)
National	**1,195**	**67%**	**1,134**	**64%**	**5.4%**
International	**592**	**33%**	**642**	**36%**	**-7.9%**
TOTAL BACKLOG	**1,787**		**1,776**		**0.6%**

Millions of euros

BACKLOG by client	Grupo SANJOSE Jun. 20		Mar. 20		Var.(%)
Public client	**625**	**35%**	**660**	**37%**	**-5.4%**
Private client	**1,162**	**65%**	**1,116**	**63%**	**4.2%**
TOTAL BACKLOG	**1,787**		**1,776**		**0.6%**

At the end of the first semester of the financial year 2020, the Group's total portfolio amounted to EUR 1,787 million, observing a slight increase compared to that existing at the end of the previous quarter.

The Construction area portfolio, the main activity of Grupo SANJOSE, stands at EUR 1,259 million at the end of the 1H-2020 and represents 70% of the Group's total portfolio

Contracting in the domestic market has had a positive performance, having increased by 5.4% in the quarter.

As has already been revealed in previous quarters, there is a shift in contracting towards the private client (65% of the total portfolio).

2.3. Performance by sector

a) Construction

This line of activity has generated a revenue for EUR 402.45 million during 1H- 2020, what represents a 2.1% increase regarding the same period of the previous year.

In 1H-2020, EBITDA has reached EUR 20 million, representing an 8.4% increase compared to the same period of the previous year.

The EBITDA / Income margin for the 1H-2020 in the line of construction activity stands at 5% (4.7% for the same period of the previous year).

At the end of the first quarter of 2020, the volume of the construction portfolio contracted by the Group amounted to EUR 1,259 million.

Thousands of euros

	Grupo SANJOSE		
CONSTRUCTION	**Jun. 20**	**Jun. 19**	**Var.(%)**
Revenue	402,451	394,313	2.1%
Earnings before interest, taxes, D&A (EBITDA)	19,954	18,410	8.4%
EBITDA margin	5.0%	4.7%	
Earnings before interest and taxes (EBIT)	8,476	14,024	-39.6%
EBIT margin	2.1%	3.6%	
Earnings before tax	8,048	14,379	-44.0%

Breakdown of revenue of this line of activity of Grupo SANJOSE, classified by main project type and geographic area, is as follows:

Thousands of euros

DETAIL OF CONSTRUCTION REVENUES	**National**		**Internac.**		**Total**	
Civil works	22,558	9.2%	2,719	1.7%	25,277	6.3%
Non residential building	104,455	42.7%	114,046	72.2%	218,501	54.3%
Residential building	104,614	42.7%	38,555	24.3%	143,170	35.6%
Industrial	8,079	3.3%	0	0.0%	8,079	2.0%
Others	5,062	2.1%	2,363	1.5%	7,425	1.8%
TOTAL	**244,769**	**61%**	**157,683**	**39%**	**402,451**	

International construction revenue for the first quarter of year 2020 stands at EUR 157.7 million and it accounts for 39% of the total of this line of activity.

Domestic sales stand at EUR 244.8 million versus the EUR 208 million recorded for the same period of the previous year, recording a 17.7% increase.

B) Real estate

The income figure corresponding to the SANJOSE Group's Real Estate business comes mostly from the real estate activity that the Group has been carrying out during the last quarters, and corresponds to the development, marketing and delivery of housing units in the "Condominio Nuevavista" residential development in Lima, Peru. The works of this project began in 2018, and the construction of a total of 1,104 housing units is planned, which will be distributed in 10 buildings.

Stages III and IV of the aforementioned residential development are currently in execution (128 and 96 housing units respectively), presenting to this date, very satisfactory degrees of sales and their delivery is expected for the end of this year 2020, although the delivery of stage IV could be delayed as a consequence of the stoppage of activity due to the COVID-19 health crisis.

Income contributed during the 1H-2020 by the real estate activity stood at EUR 3.8 million, obtaining in the period a result before taxes of EUR 1 million.

Thousands of euros

	Grupo SANJOSE		
REAL ESTATE AND PROPERTY DEVELOPMENT	**Jun. 20**	**Jun. 19**	**Var.(%)**
Revenue	3,793	5,058	-25.0%
Earnings before interest, taxes, D&A (EBITDA)	-232	634	--
EBITDA margin	-6.1%	12.5%	
Earnings before interest and taxes (EBIT)	-163	542	--
EBIT margin	-4.3%	10.7%	
Earnings before tax	977	-328	--

c) Energy

As in the first quarter of year 2020, the turnover of Grupo SANJOSE corresponding to the line of activity of Energy was slightly affected by the effects of the COVID-19 health crisis, impact which has continued during the second quarter of the year and which has translated into some reduction in demand and energy prices in that period.

Sales in the period reached an amount of EUR 3.8 million, with EBITDA corresponding to this line of activity for 1H-2020 at EUR 1.1 million, representing a margin on sales of 28.6%.

Thousands of euros

	Grupo SANJOSE		
ENERGY	**Jun. 20**	**Jun. 19**	**Var.(%)**
Revenue	3,832	4,799	-20.2%
Earnings before interest, taxes, D&A (EBITDA)	1,097	1,437	-23.7%
EBITDA margin	28.6%	29.9%	
Earnings before interest and taxes (EBIT)	554	810	-31.6%
EBIT margin	14.5%	16.9%	
Earnings before tax	387	589	-34.3%

Grupo SANJOSE has a total contract backlog for this line of activity amounting to EUR 388 million for the first quarter of year 2020, which shall be translated as more activity of the group during a period of 25 years.

d) Concessions and Services

During the first half of 2020 and comparing the data with that obtained in the same period of the previous year, a small decrease in the figure of income for the activity of Concessions and Services is observed. Notwithstanding the foregoing, the net amount of turnover for this activity, corresponding to the first half of year 2020, stands at EUR 23.5 million (decrease of 4.6% compared with the same period in 2019).

EBITDA for 1H-2020 increased by 31.8% compared to the same period of the previous year, amounting to EUR 2.3 million, representing a 9.9% margin on sales (7.2% in -1H-2019).

Thousands of euros

CONCESSIONS AND SERVICES	Grupo SANJOSE		
	Jun. 20	Jun. 19	Var.(%)
Revenue	23,507	24,649	-4.6%
Earnings before interest, taxes, D&A (EBITDA)	2,331	1,768	31.8%
EBITDA margin	9.9%	7.2%	
Earnings before interest and taxes (EBIT)	2,155	1,428	50.9%
EBIT margin	9.2%	5.8%	
Earnings before tax	3,154	3,166	-0.4%

2.4. Average payment term to suppliers

During the first half of 2020 no significant variations have taken place in the average payment term to suppliers. During year 2019, the Group has paid supplies within an average term of 40 days upon the provision of services. This figure is within the average legal period established by law 15/2010 which is 30 days, extended to 60 days in those cases with agreements between the parties.

A significant part of the Group's transactions is with public sector customers, such as States, Autonomous Communities, City Halls, Local Agencies and other public authorities, which usually pay in longer periods than the established by Law. Due to this, the Group sometimes has payment deadlines which exceed the payment periods set out by law. However, the Group follows the overall practices within the sector, following common sense and not abusing their powers pursuant to Article 3 Act 3/2004.

3. Liquidity and capital resources

Liquidity

The Group pursues the prudent management of the liquidity risk based on the maintenance of sufficient cash and marketable securities, availability of financing through s sufficient level of committed credit facilities and sufficient capacity to settle market positions. The Group calculates its cash requirements through a 12-month cash budget.

Liquid assets are administered centrally within Grupo SANJOSE in order to optimise resources through "cash pooling" systems. In the event of cash surplus, short-term investments are held in safe highly liquid deposits.

During the first half of year 2020, net position has changes as follows:

Thousands of euros

NET CASH POSITION	Jun. 20 Amount	%	Dic. 19 Amount	%	Var.
Other short term finantial investments	59,522	19.4%	82,761	26.2%	-28.1%
Cash and cash equivalents	247,308	80.6%	233,045	73.8%	6.1%
Total cash	**306,831**	**100%**	**315,806**	**100%**	**-2.8%**
Long term finantial liabilities (*)	110,771	69.0%	132,833	70.3%	-16.6%
Long term derivative finantial contracts	104	0.1%	169	0.1%	-38.2%
Short term finantial liabilities	49,707	31.0%	55,951	29.6%	-11.2%
Total debt	**160,582**	**100%**	**188,952**	**100%**	**-15.0%**
TOTAL NCP	**146,248**		**126,853**		**15.3%**

The net treasury position at the end of the second quarter of 2020 is placed in a positive box for EUR 146.2 million, compared to EUR 126.9 million recorded at the end of 2019, what represents a 15.3% improvement in the net treasury position, highlighting a reduction of current financial debt.

The 15% reduction observed in the liability positions is mainly derived from the annual regular amortisation of the bond issue that the Group has in Chile.

Financial debt also includes the financing of project finance without recourse for a total value of EUR 35.5 million at 30 June 2020 (EUR 71.4 million at 31 December 2019).

Capital resources

At 30 June of 2020 there was any significant change with respect to the capital and debt structure at 31 December 2019.

During 2020, it is foreseeable the dividend distribution of an amount of 6,502.6 thousand of euros, and also the accountant reorganization of equity attributable to Parent Company items.

Further, The Company does not expect any material change in its structure, including equity and debt, or the relative cost of capital resources during year 2020.

Future contractual obligations

The main obligations which the Group is exposed to are those deriving from financing agreements, as well as the intrinsic obligations of construction and service contracts with clients. There are no future commitments of investment or purchase of assets for significant amounts.

4. Main risks and uncertainties

The Group operates in sectors, countries and socio-economic and legal environments that involve the assumption of different levels of risk. The Company manages these risks in order to avoid involving a loss of profitability for its shareholders or cause trouble to customers by: i) identification ii) measurement; iii) control; iv) monitoring and, v) assessment of the different types of risk from an integrated and global perspective

Operational risks

In addition to macroeconomic risk, explained on Note 2 due to COVID-19 health crisis and the arising uncertainty in worldwide economy, main risks arising from the Group's activity are market risks (those related to the sufficiency of demand for services and products), regulatory and political risks, labour, environmental, quality maintenance and adaptation to what is established under contractual framework with clients, etc.

In the stage of acceptance of projects, and in order to guarantee its realisation according to the established contractual parameters, with maximum quality standards, guaranteeing customer satisfaction and meeting the minimum profitability levels required, an individualised study is made of each project.

Likewise, the Group has an International Legal and Tax Department, which analyses the impact of the different regulatory frameworks on the Group's activity, the fiscal framework, etc., given its growing international presence, as a way to avoid local regulatory risks.

Financial risks

Due to its activity, the Group faces the following risks arising from payment and collection rights of business transactions:

Interest rate risk: This is the main risk which the Group is exposed to as a result of the bank borrowings described in the notes to the consolidated financial statements, considerably reduced due to the amortisation of the syndicated loan in year 2019. Further, the Financial Management of Grupo SANJOSE in order to minimise exposure to this risk has arranged cash flow hedges to protect the Company against foreseeable interest rate increases in the future.

Foreign currency risk: The Group's policy is to borrow in the same currency as that of the cash flows of each business. Consequently, there is currently no significant foreign currency risk. However, noteworthy in this connection are the exchange rate fluctuations arising in translating the financial statements of foreign companies whose functional currency is not the Euro. In view of the Group's geographical expansion over the last few years, exposure to foreign currency risk may arise in the future. Should this risk arise, the best solution will be analysed in order to minimise it by arranging hedges, provided such instruments conform to the Group's corporate criteria.

Credit risk: rick which arises from customer defaults, is managed by means of the preventive assessment of the solvency rating of the Group's potential customers at the beginning of the relationship and throughout the duration of the contract, evaluating the credit rating of the outstanding amounts receivable and reviewing and segregating the estimated recoverable receivables from doubtful receivables.

Liquidity risk: dealt with on Note 3 of this report herein.

5. Events after the reporting period

The Directors of the Parent Company at their meeting on 25 June 2020 have proposed the following equity transaction related to the Parent Company, being approved by the Annual General Meeting held on 29 July 2020:

-Application of the issue premium and voluntary reserves, for amounts of € 155,578 and € 155,255 thousand, to fully offset losses from previous years.

-Distribution of dividends with charge to voluntary reserves. The distribution of a gross dividend of 0.10 euros / share, for a total amount of EUR 6,502.6 thousand, has been approved

In reference to the ongoing inspection process carried out by the Tax Agency since 2018, mainly of company tax and VAT of the companies that make up the consolidated tax whose parent company is "Grupo Empresarial San José, SA", dated 7 July 2020, minutes have been drafted and partially signed in compliance and whose main effect is to reduce the recognised negative tax bases.

There are not significant events occurring after 30 June 2020 which could impact the Consolidated Condensed Half-Yearly Financial Statements and the accompanying Notes to the same.

6. Future outlook

The health crisis caused by COVID-19 has caused great uncertainty in the Spanish and world economy, with construction being one of the sectors that has best supported the impact of the lockdown and the fall in production.

The Company has focused its activity on the construction sector and the provision of services, without neglecting real estate opportunities, related to real estate assets owned.

The main lines of action of the Group's business plan are:

- To keep the procurement level in the domestic market.
- To continue with the international activity, through a geographic diversification, and by business line:
    - Taking advantage of the value acquired in countries where it is present (Abu Dhabi, Chile, Mexico, etc.) to increase its presence.
    - Taking advantage of new opportunities for expansion.

In recent years, the Group has been increasing and consolidating, not only the activity figure, but also the portfolio figure, standing at 30 June 2020 at a total of EUR 1,787 million.

The Group has a diversified backlog, in terms of business/activity and geographic location of projects, what means stability is assured, foreseeing to maintain the average size of the projects, trying to take advantage of public bidding opportunities, both in national territory and in foreign countries, especially in those in which it has presence and expertise.

The current situation is presented as an opportunity to consolidate the line of action that has given the Group sustainable growth in previous years, allowing it to obtain a balanced financial and equity situation to overcome existing risks.

7. **R&D&I Activities**

Grupo SANJOSE, aware of the importance that represent the activities of Research, Development and Innovation for competitiveness and business success, develops and collaborates in R &D&I trying to offer innovative technical solutions that meet the demands and needs of its customers. In order to facilitate the detection of opportunities, generating innovative ideas and the development of R&D activities, a R&D Management System following the guidelines set out in the standard UNE 166002 and having obtained the AENOR recognition through certification in the following companies has been implemented:

In an increasingly competitive environment, new technologies applied to the production environment are a differential value that allows both winning contract tenders and improving operating margins, which is why the Group invests resources in creating new development models that allow you to improve competitiveness in the long term.

R&D&i issues are widely developed in the non-financial information and diversity Report of Grupo Empresarial San José, S.A. and subsidiaries for the year ending 31 December 2019, prepared by the Group and accompanying the consolidated financial statements for the year ending 31 December 2019.

8. Treasury share transactions

Grupo SANJOSE did not have treasury shares at 30 June 2020 and 31 December 2019 nor had it carried out transactions involving treasury shares during said periods.

9. Other Information of Interest

Stock exchange information

The shares of Grupo SANJOSE trade on the Madrid Stock Exchange with ticker GSJ. The main indicators and the evolution of the shares are as follows:

	2020 until 24/07	2019
Capitalisation * *(thousands of euros)*	299,445	390,156
Shares *(x 1,000)*	65,026	65,026
Period Close Price *(euros)*	4.6050	6.0000
Period Last Price *(euros)*	4.6050	6.0000
Period High Price *(euros)*	6.8600	9.3300
Period Low Price *(euros)*	2.7550	4.5850
Volume *(thousands of shares)*	15,928	41,113
Turnover *(thousands of euros)*	80,831	291,797

* Capitalisation is calculated with shares admitted to trading and does not include shares issued from extensions that have not yet been listed.

source: Bolsas y Mercado Españoles (BMEX)

Dividend policy

Following the proposal of the Directors of the Parent Company at their meeting on 25 June 2020 approved in the Annual General Meeting held on 29 July 2020, a dividend will be distributed with charge to voluntary reserves by a gross amount of 0,10 EUR/Share, reaching a total amount of 6.502,6 thousand of euros.

Proposed distribution of profit

The Directors of the Parent Company will propose the AGM the application of the EUR 53,444 thousand profit to offset any losses from previous years in EUR 53,317 thousand and EUR 127 thousand to Legal Reserve, having been approved by the AGM on 29 July 2020.

10. Non-Financial Information

According to the new Law 11/2018 on non-financial information and diversity information amending the Code of Commerce, the consolidated restated text of the Companies Act passed by Royal Decree-law 1/2010, of 2 July, and Act 22/2015, of 20 July, on Accounts Auditing, in terms of non-financial information and diversity information (deriving from Royal Decree-law 18/2017). Information of this nature is developed in the consolidated non-financial information statement of Grupo Empresarial San José, S.A. and subsidiaries for the year ended 31 December 2019, accompanying the financial statements of the Parent.

DIRECTORS' SIGNATURES

The Consolidated Condensed Financial Statements for the six-month term ending on 30 June 2020 of “Grupo Empresarial San José, S.A. and Subsidiaries”, comprising the consolidated condensed balance sheet at 30 June 2020, the income statement, the statement of changes in equity and the consolidated condensed cash flow statement, as well as Notes to the same, for the six-month term ending on 30 June 2020, and the accompanying Consolidated Directors' Report, issued on 64 sheets of regular paper on one side only, have been prepared by the Board of Directors of “Grupo Empresarial San José, S.A.” on 29 July 2020.

For the purposes of R.D. 1362/2007 on 19 October (Article 8.1.b and Article 10), the undersigned Directors of ”Grupo Empresarial San José, S.A." hereby make the following statement of liability:

That, to the best of their knowledge, the condensed consolidated financial statements prepared in accordance with applicable accounting standards provide a true and fair view of the equity, the financial position and the outcome of the issuer and its consolidated companies taken as a whole and that the Directors' Report includes an accurate analysis of business development and its outcome, the position of the issuer and the companies included within its consolidation scope taken as a whole, together with a description of the main risks and uncertainties which they face.

In proof of their agreement, the Directors attending the meeting sign below:

Mr. Jacinto Rey González

Mr. Jacinto Rey Laredo

Mr. Sunil Kanoira

Mr. Enrique Martín Rey

Ms. Altina de Fátima Sebastián González

Mr. Ramón Barral Andrade

Mr. José Manuel Otero Novas

Mr. Roberto Alvarez Álvarez

Mr. Javier Rey Laredo

Mr. Nasser Homaid Salem Ali Alderei

Mr. José Luis González Rodríguez

Motivated by the health crisis of COVID-19, and following the recommendations established in Royal Decree-Law 8/2020, as of 17 March, on extraordinary urgent measures to face the economic and social impact of COVID-19, at the request of the Chairman, the meeting of the board of directors today has been held electronically, via video conferencing.

The meeting was attended by all the directors except for Mr. Nasser Homaid Salem Ali Alderei, who has not expressed any discrepancy regarding the formulation of this financial information.

In accordance with the minutes of the meeting, and in accordance with article 109 a) of the Trade Registry Regulations, I state that the preparation of these consolidated condensed financial statements and explanatory notes, as well as the attached consolidated management report, corresponding to the first semester of 2020, has been carried out with the unanimous approval of all of them.

JAVIER ALONSO LOPEZ
Deputy Secretary to the Board of Directors