

TENARIS SA  
Form 6-K  
April 30, 2012

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FORM 6 - K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Report of Foreign Private Issuer  
Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934

As of April 30, 2012

TENARIS, S.A.  
(Translation of Registrant's name into English)

TENARIS, S.A.  
46a, Avenue John F. Kennedy  
L-1855 Luxembourg  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12G3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_.

The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended. This report contains Tenaris' Consolidated Condensed Interim Financial Statements for the three-month period ended March 31, 2012.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 30, 2012

Tenaris, S.A.

By: /s/ Cecilia Bilesio  
Cecilia Bilesio  
Corporate Secretary

TENARIS S.A.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

March 31, 2012

29, Avenue de la Porte-Neuve – 3rd Floor.  
L - 2227 Luxembourg

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## CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

| (all amounts in thousands of U.S. dollars, unless otherwise stated)                 | Notes | Three-month period ended<br>March 31, |             |
|---|-------|---------------------------------------|-------------|
|   |       | 2012                                  | 2011        |
|   |       | (Unaudited)                           |             |
| Continuing operations   |       |                                       |             |
| Net sales   | 3     | 2,617,349                             | 2,323,965   |
| Cost of sales   | 3 & 4 | (1,611,097)                           | (1,445,679) |
| Gross profit  |       | 1,006,252                             | 878,286     |
| Selling, general and administrative expenses  | 3 & 5 | (444,143 )                            | (451,329 )  |
| Other operating income (expense), net   | 3     | 4,092                                 | 1,621       |
| Operating income  |       | 566,201                               | 428,578     |
| Interest income   | 6     | 9,583                                 | 7,687       |
| Interest expense  | 6     | (9,925 )                              | (13,041 )   |
| Other financial results   | 6     | 13,081                                | 1,058       |
| Income before equity in earnings of associated companies and income tax             |       | 578,940                               | 424,282     |
| Equity in earnings of associated companies  |       | 19,162                                | 24,285      |
| Income before income tax  |       | 598,102                               | 448,567     |
| Income tax  |       | (144,674 )                            | (124,370 )  |
| Income for the period   |       | 453,428                               | 324,197     |
| Attributable to:  |       |                                       |             |
| Equity holders of the Company   |       | 443,840                               | 319,374     |
| Non-controlling interests   |       | 9,588                                 | 4,823       |
|   |       | 453,428                               | 324,197     |
| Earnings per share attributable to the equity holders of the Company during period: |       |                                       |             |
| Weighted average number of ordinary shares (thousands)                              | 7     | 1,180,537                             | 1,180,537   |
| Continuing operations   |       |                                       |             |
| Basic and diluted earnings per share (U.S. dollars per share)                       | 7     | 0.38                                  | 0.27        |
| Basic and diluted earnings per ADS (U.S. dollars per ADS)                           | 7     | 0.75                                  | 0.54        |

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| (all amounts in thousands of U.S. dollars)                          | Three-month period<br>ended March 31, |          |
|---|---------------------------------------|----------|
|   | 2012                                  | 2011     |
|   | (Unaudited)                           |          |
| Income for the period   | 453,428                               | 324,197  |
| Other comprehensive income:   |                                       |          |
| Currency translation adjustment                                     | 62,506                                | 154,779  |
| Changes in the fair value of derivatives held as cash flow hedges   | 1,315                                 | 8,362    |
| Share of other comprehensive income of associates:                  |                                       |          |
| - Currency translation adjustment                                   | (15,806 )                             | 5,654    |
| - Changes in the fair value of derivatives held as cash flow hedges | 1,784                                 | 454      |
| Income tax relating to components of other comprehensive income (*) | (583 )                                | (1,887 ) |

|   |         |         |
|---|---------|---------|
| Other comprehensive income for the period, net of tax | 49,216  | 167,362 |
| Total comprehensive income for the period             | 502,644 | 491,559 |
| Attributable to:                                      |         |         |
| Equity holders of the Company                         | 479,333 | 478,725 |
| Non-controlling interests                             | 23,311  | 12,834  |
|   | 502,644 | 491,559 |

(\*) Relates to cash flow hedges

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2011.

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## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

| (all amounts in thousands of U.S. dollars)                        | Notes | At March 31, 2012<br>(Unaudited) |                   | At December 31, 2011 |                   |
|---|-------|----------------------------------|-------------------|----------------------|-------------------|
| <b>ASSETS</b>   |       |                                  |                   |                      |                   |
| <b>Non-current assets</b>   |       |                                  |                   |                      |                   |
| Property, plant and equipment, net                                | 8     | 4,184,142                        |                   | 4,053,653            |                   |
| Intangible assets, net  | 9     | 3,330,778                        |                   | 3,375,930            |                   |
| Investments in associated companies                               | 11    | 1,179,985                        |                   | 670,248              |                   |
| Other investments   |       | 2,574                            |                   | 2,543                |                   |
| Deferred tax assets   |       | 236,263                          |                   | 234,760              |                   |
| Receivables   |       | 137,042                          | 9,070,784         | 133,280              | 8,470,414         |
| <b>Current assets</b>   |       |                                  |                   |                      |                   |
| Inventories   |       | 2,864,315                        |                   | 2,806,409            |                   |
| Receivables and prepayments                                       |       | 273,638                          |                   | 241,801              |                   |
| Current tax assets  |       | 148,110                          |                   | 168,329              |                   |
| Trade receivables   |       | 1,957,577                        |                   | 1,900,591            |                   |
| Available for sale assets   | 13    | 21,572                           |                   | 21,572               |                   |
| Other investments   |       | 420,193                          |                   | 430,776              |                   |
| Cash and cash equivalents   |       | 1,076,803                        | 6,762,208         | 823,743              | 6,393,221         |
| <b>Total assets</b>   |       |                                  | <b>15,832,992</b> |                      | <b>14,863,635</b> |
| <b>EQUITY</b>   |       |                                  |                   |                      |                   |
| Capital and reserves attributable to the Company's equity holders |       |                                  | 10,985,560        |                      | 10,506,227        |
| Non-controlling interests   |       |                                  | 689,110           |                      | 666,716           |
| <b>Total equity</b>   |       |                                  | <b>11,674,670</b> |                      | <b>11,172,943</b> |
| <b>LIABILITIES</b>  |       |                                  |                   |                      |                   |
| <b>Non-current liabilities</b>                                    |       |                                  |                   |                      |                   |
| Borrowings  | 11    | 425,139                          |                   | 149,775              |                   |
| Deferred tax liabilities  |       | 797,324                          |                   | 828,545              |                   |
| Other liabilities   |       | 231,009                          |                   | 233,653              |                   |
| Provisions  |       | 74,353                           |                   | 72,975               |                   |
| Trade payables  |       | 1,727                            | 1,529,552         | 2,045                | 1,286,993         |
| <b>Current liabilities</b>  |       |                                  |                   |                      |                   |
| Borrowings  |       | 813,255                          |                   | 781,101              |                   |
| Current tax liabilities   |       | 386,261                          |                   | 326,480              |                   |
| Other liabilities   |       | 336,782                          |                   | 305,214              |                   |
| Provisions  |       | 24,096                           |                   | 33,605               |                   |
| Customer advances   |       | 156,888                          |                   | 55,564               |                   |
| Trade payables  |       | 911,488                          | 2,628,770         | 901,735              | 2,403,699         |
| <b>Total liabilities</b>  |       |                                  | <b>4,158,322</b>  |                      | <b>3,690,692</b>  |
| <b>Total equity and liabilities</b>                               |       |                                  | <b>15,832,992</b> |                      | <b>14,863,635</b> |

Contingencies, commitments and restrictions to the distribution of profits are disclosed in Note 10.

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2011.

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## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(all amounts in thousands of U.S. dollars)

|  | Attributable to equity holders of the Company |                   |                  |                                       |                   |                          | Total      | Non-controlling interests | Total<br>(Unaudited) |
|--|---|-------------------|------------------|---------------------------------------|-------------------|--------------------------|------------|---------------------------|----------------------|
|  | Share<br>Capital (1)                          | Legal<br>Reserves | Share<br>Premium | Currency<br>Translation<br>Adjustment | Other<br>Reserves | Retained<br>Earnings (2) |            |                           |                      |
| Balance at<br>January 1, 2012                              | 1,180,537                                     | 118,054           | 609,733          | (211,366)                             | 9,688             | 8,799,581                | 10,506,227 | 666,716                   | 11,172,943           |
| Income for the<br>period                                   | -   | -                 | -                | -                                     | -                 | 443,840                  | 443,840    | 9,588                     | 453,428              |
| Currency<br>translation<br>adjustment                      | -   | -                 | -                | 49,681                                | -                 | -                        | 49,681     | 12,825                    | 62,506               |
| Hedge reserve,<br>net of tax                               | -   | -                 | -                | -                                     | 67                | -                        | 67         | 665                       | 732                  |
| Share of other<br>comprehensive<br>income of<br>associates | -   | -                 | -                | (15,806 )                             | 1,551             | -                        | (14,255 )  | 233                       | (14,022 )            |
| Other<br>comprehensive<br>income for the<br>period         | -   | -                 | -                | 33,875                                | 1,618             | -                        | 35,493     | 13,723                    | 49,216               |
| Total<br>comprehensive<br>income for the<br>period         | -   | -                 | -                | 33,875                                | 1,618             | 443,840                  | 479,333    | 23,311                    | 502,644              |
| Acquisition of<br>non-controlling<br>interests             | -   | -                 | -                | -                                     | -                 | -                        | -          | (12 )                     | (12 )                |
| Dividends paid<br>in cash                                  | -   | -                 | -                | -                                     | -                 | -                        | -          | (905 )                    | (905 )               |
| Balance at<br>March 31, 2012                               | 1,180,537                                     | 118,054           | 609,733          | (177,491)                             | 11,306            | 9,243,421                | 10,985,560 | 689,110                   | 11,674,670           |

|                               | Attributable to equity holders of the Company |                   |                  |                                       |                   |                      | Total     | Non-controlling interests | Total<br>(Unaudited) |
|-------------------------------|---|-------------------|------------------|---------------------------------------|-------------------|----------------------|-----------|---------------------------|----------------------|
|                               | Share<br>Capital (1)                          | Legal<br>Reserves | Share<br>Premium | Currency<br>Translation<br>Adjustment | Other<br>Reserves | Retained<br>Earnings |           |                           |                      |
| Balance at<br>January 1, 2011 | 1,180,537                                     | 118,054           | 609,733          | 108,419                               | 15,809            | 7,869,807            | 9,902,359 | 648,221                   | 10,550,580           |



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|   |           |         |         |         |          |           |            |          |            |
|---|-----------|---------|---------|---------|----------|-----------|------------|----------|------------|
| Income for the period                             | -         | -       | -       | -       | -        | 319,374   | 319,374    | 4,823    | 324,197    |
| Currency translation adjustment                   | -         | -       | -       | 147,228 | -        | -         | 147,228    | 7,551    | 154,779    |
| Hedge reserve, net of tax                         | -         | -       | -       | -       | 6,015    | -         | 6,015      | 460      | 6,475      |
| Share of other comprehensive income of associates | -         | -       | -       | 5,654   | 454      | -         | 6,108      | -        | 6,108      |
| Other comprehensive income for the period         | -         | -       | -       | 152,882 | 6,469    | -         | 159,351    | 8,011    | 167,362    |
| Total comprehensive income for the period         | -         | -       | -       | 152,882 | 6,469    | 319,374   | 478,725    | 12,834   | 491,559    |
| Acquisition of non-controlling interests          | -         | -       | -       | -       | (539 )   | -         | (539 )     | (4,511 ) | (5,050 )   |
| Treasury shares held by associated companies      | -         | -       | -       | -       | (3,339 ) | -         | (3,339 )   | -        | (3,339 )   |
| Balance At March 31, 2011                         | 1,180,537 | 118,054 | 609,733 | 261,301 | 18,400   | 8,189,181 | 10,377,206 | 656,544  | 11,033,750 |

(1) The Company has an authorized share capital of a single class of 2.5 billion shares having a nominal value of USD1.00 per share. As of March 31, 2012 and 2011 there were 1,180,536,830 shares issued. All issued shares are fully paid.

(2) The Distributable Reserve and Retained Earnings as of December 31, 2011 calculated in accordance with Luxembourg Law are disclosed in Note 10.

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2011

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

| (all amounts in thousands of U.S. dollars)                                    | Note  | Three-month period<br>ended March 31,<br>(Unaudited) |            |
|---|-------|--|------------|
|   |       | 2012   | 2011       |
| Cash flows from operating activities  |       |  |            |
| Income for the period   |       | 453,428  | 324,197    |
| Adjustments for:  |       |  |            |
| Depreciation and amortization   | 8 & 9 | 138,159  | 129,384    |
| Income tax accruals less payments   |       | 49,495   | 31,760     |
| Equity in earnings of associated companies                                    |       | (19,162 )  | (24,285 )  |
| Interest accruals less payments, net  |       | (18,293 )  | (14,038 )  |
| Changes in provisions   |       | (8,131 )   | 18,017     |
| Changes in working capital  |       | (5,036 )   | (379,990 ) |
| Other, including currency translation adjustment                              |       | 14,237   | 80,610     |
| Net cash provided by operating activities                                     |       | 604,697  | 165,655    |
| Cash flows from investing activities  |       |  |            |
| Capital expenditures  | 8 & 9 | (196,395 )   | (210,620 ) |
| Acquisitions of subsidiaries and associated companies                         | 11    | (504,597 )   | -          |
| Proceeds from disposal of property, plant and equipment and intangible assets |       | 4,772  | 1,255      |
| Changes in investments in short term securities                               |       | 10,583   | 10,952     |
| Net cash used in investing activities   |       | (685,637 )   | (198,413 ) |
| Cash flows from financing activities  |       |  |            |
| Dividends paid to non-controlling interest in subsidiaries                    |       | (905 )   | -          |
| Acquisitions of non-controlling interests                                     | 11    | (12 )  | (5,050 )   |
| Proceeds from borrowings  |       | 545,779  | 309,280    |
| Repayments of borrowings  |       | (237,103 )   | (231,530 ) |
| Net cash provided by financing activities                                     |       | 307,759  | 72,700     |
| Increase in cash and cash equivalents   |       | 226,819  | 39,942     |
| Movement in cash and cash equivalents   |       |  |            |
| At the beginning of the period  |       | 815,032  | 820,165    |
| Effect of exchange rate changes   |       | 18,708   | 5,121      |
| Increase in cash and cash equivalents   |       | 226,819  | 39,942     |
| At March 31,  |       | 1,060,559  | 865,228    |
|   |       | At March 31,   |            |
| Cash and cash equivalents   |       | 2012   | 2011       |
| Cash and bank deposits  |       | 1,076,803  | 903,814    |
| Bank overdrafts   |       | (16,244 )  | (38,586 )  |
|   |       | 1,060,559  | 865,228    |

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2011.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

- 1 General information
  - 2 Accounting policies and basis of presentation
  - 3 Segment information
  - 4 Cost of sales
  - 5 Selling, general and administrative expenses
  - 6 Financial results
  - 7 Earnings and dividends per share
  - 8 Property, plant and equipment, net
  - 9 Intangible assets, net
  - 10 Contingencies, commitments and restrictions to the distribution of profits
  - 11 Other acquisitions
  - 12 Related party transactions
  - 13 Nationalization of Venezuelan Subsidiaries
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## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(In the notes all amounts are shown in U.S. dollars, unless otherwise stated)

### 1 General information

Tenaris S.A. (the "Company") was established as a public limited liability company (Société Anonyme) under the laws of the Grand-Duchy of Luxembourg on December 17, 2001. The Company holds, either directly or indirectly, controlling interests in various subsidiaries in the steel pipe manufacturing and distribution businesses. References in these Consolidated Condensed Interim Financial Statements to "Tenaris" refer to Tenaris S.A. and its consolidated subsidiaries. A list of the principal Company's subsidiaries is included in Note 31 to the audited Consolidated Financial Statements for the year ended December 31, 2011.

The Company's shares trade on the Buenos Aires Stock Exchange, the Italian Stock Exchange and the Mexican Stock Exchange; the Company's American Depositary Securities ("ADS") trade on the New York Stock Exchange.

These Consolidated Condensed Interim Financial Statements were approved for issue by the Company's Board of Directors on April 26, 2012.

### 2 Accounting policies and basis of presentation

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". The accounting policies used in the preparation of these Consolidated Condensed Interim Financial Statements are consistent with those used in the audited Consolidated Financial Statements for the year ended December 31, 2011. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and adopted by the European Union ("EU").

The preparation of Consolidated Condensed Interim Financial Statements in conformity with IFRS requires management to make certain accounting estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet dates, and the reported amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates.

Material inter-company transactions, balances and unrealized gains (losses) on transactions between Tenaris subsidiaries have been eliminated in consolidation. However, since the functional currency of some subsidiaries is its respective local currency, some financial gains (losses) arising from inter-company transactions are generated. These are included in the Consolidated Condensed Interim Income Statement under Other financial results.

Under Mexican law, the Company's Mexican subsidiaries are required to pay to their employees an annual benefit calculated on a similar basis to that used for local income tax purposes. Employee statutory profit sharing is recorded in current other liabilities in the consolidated statement of financial position. Effective January 1, 2012, the Mexican employee statutory profit sharing provision has been included as part of labor cost (approximately \$12.4 million in Cost of sales and \$1.7 million in Selling, general and administrative expenses respectively for the three-month period ended March 31, 2012).

The comparative amounts have been reclassified to conform to changes in presentation in the current year.

Starting January 1, 2012, the Company changed the functional currency of its Mexican, Canadian and Japanese subsidiaries, from their respective local currencies to the U.S. dollar.

In Mexico, following the start up of a new rolling mill for the production of seamless pipes at its subsidiary, Tubos de Acero de Mexico S.A., or Tamsa, the Company has concluded that the most appropriate functional currency for Tamsa is the U.S. dollar. The new added capacity is converting Tamsa into a major exporter of seamless steel pipes, as a great majority of its production will be exported to most major oil and gas markets with a U.S. dollar economic environment, in addition, seamless pipes sales are denominated and settled in U.S. dollars.

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In Canada, the Company has concluded that the most appropriate functional currency for its two major steel pipe production facilities (Algoma and Prudential) is the U.S. dollar, due to a significant increase in the level of integration of the local operations within Tenaris's international supply chain system, evidenced by a higher level of imports as well as a higher level of exports from the Canadian production facilities to the U.S. market.

The Company believes that due to the high level of integration in terms of sales and supply chain of its worldwide operations in the Tubes segment, the U.S. dollar is the currency that best reflects the economic environment in which it operates, which is consistent with that of the oil and gas industry.

As a result of these changes in functional currency, a majority of the Company's subsidiaries within the Tubes segment (other than its European manufacturing subsidiaries) have the U.S. dollar as their functional currency. In the Projects and Others segments, the Company maintains the Brazilian Real as the functional currency of its Brazilian subsidiaries.

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## Segment information

## Reportable operating segments

| (all amounts in thousands of U.S. dollars)   | (Unaudited) |            |            | Total       |
|--|-------------|------------|------------|-------------|
|  | Tubes       | Projects   | Other      |             |
| Three-month period ended March 31, 2012      |             |            |            |             |
| Net sales                                    | 2,288,732   | 140,065    | 188,552    | 2,617,349   |
| Cost of sales                                | (1,383,036) | (94,408 )  | (133,653 ) | (1,611,097) |
| Gross profit                                 | 905,696     | 45,657     | 54,899     | 1,006,252   |
| Selling, general and administrative expenses | (399,152 )  | (21,758 )  | (23,233 )  | (444,143 )  |
| Other operating income (expenses), net       | 2,083       | 2,190      | (181 )     | 4,092       |
| Operating income                             | 508,627     | 26,089     | 31,485     | 566,201     |
| Depreciation and amortization                | 128,267     | 5,834      | 4,058      | 138,159     |
| Capital expenditures                         | 175,301     | 14,194     | 6,900      | 196,395     |
| Three-month period ended March 31, 2011      |             |            |            |             |
| Net sales                                    | 1,967,270   | 174,985    | 181,710    | 2,323,965   |
| Cost of sales                                | (1,202,062) | (119,925 ) | (123,692 ) | (1,445,679) |
| Gross profit                                 | 765,208     | 55,060     | 58,018     | 878,286     |
| Selling, general and administrative expenses | (407,365 )  | (23,285 )  | (20,679 )  | (451,329 )  |
| Other operating income (expenses), net       | 1,400       | 23         | 198        | 1,621       |
| Operating income                             | 359,243     | 31,798     | 37,537     | 428,578     |
| Depreciation and amortization                | 120,430     | 5,323      | 3,631      | 129,384     |
| Capital expenditures                         | 199,977     | 9,918      | 725        | 210,620     |

## Geographical information

| (all amounts in thousands of U.S. dollars) | (Unaudited)   |               |         |                      |                    | Total     |
|--|---------------|---------------|---------|----------------------|--------------------|-----------|
|  | North America | South America | Europe  | Middle East & Africa | Far East & Oceania |           |
| Three-month period ended March 31, 2012    |               |               |         |                      |                    |           |
| Net sales                                  | 1,350,913     | 578,413       | 274,789 | 284,767              | 128,467            | 2,617,349 |
| Depreciation and amortization              | 76,295        | 27,023        | 27,998  | 1,394                | 5,449              | 138,159   |
| Capital expenditures                       | 91,247        | 45,938        | 54,646  | 1,239                | 3,325              | 196,395   |
| Three-month period ended March 31, 2011    |               |               |         |                      |                    |           |
| Net sales                                  | 1,031,369     | 606,806       | 259,035 | 297,756              | 128,999            | 2,323,965 |
| Depreciation and amortization              | 67,187        | 26,441        | 28,808  | 315                  | 6,633              | 129,384   |
| Capital expenditures                       | 141,038       | 30,596        | 33,701  | 3,640                | 1,645              | 210,620   |



Allocation of net sales to geographical information is based on customer location. Allocation of depreciation and amortization is based on the geographical location of the underlying assets.

There are no revenues from external customers attributable to the Company's country of incorporation (Luxembourg). For geographical information purposes, "North America" comprises Canada, Mexico and the USA; "South America" comprises principally Argentina, Brazil, Colombia, Ecuador and Venezuela; "Europe" comprises principally Italy, Norway, Romania and United Kingdom; "Middle East and Africa" comprises principally Saudi Arabia, United Arab Emirates and Jordan; "Far East and Oceania" comprises principally China, Indonesia and Japan.

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## 4 Cost of sales

| (all amounts in thousands of U.S. dollars)    | Three-month period ended |             |
|---|--------------------------|-------------|
|   | March 31,                |             |
|   | 2012                     | 2011        |
|   | (Unaudited)              |             |
| Inventories at the beginning of the period    | 2,806,409                | 2,460,384   |
| Plus: Charges of the period                   |                          |             |
| Raw materials, energy, consumables and other  | 1,058,997                | 1,059,340   |
| Services and fees                             | 108,613                  | 84,798      |
| Labor cost (See Note 2)                       | 308,730                  | 272,782     |
| Depreciation of property, plant and equipment | 79,634                   | 74,189      |
| Amortization of intangible assets             | 2,318                    | 1,082       |
| Maintenance expenses                          | 57,408                   | 46,958      |
| Allowance for obsolescence                    | 17,968                   | 2,036       |
| Taxes   | 1,588                    | 1,054       |
| Other   | 33,747                   | 21,722      |
|   | 1,669,003                | 1,563,961   |
| Less: Inventories at the end of the period    | (2,864,315)              | (2,578,666) |
|   | 1,611,097                | 1,445,679   |

## 5 Selling, general and administrative expenses

| (all amounts in thousands of U.S. dollars)      | Three-month period |         |
|---|--------------------|---------|
|   | ended March 31,    |         |
|   | 2012               | 2011    |
|   | (Unaudited)        |         |
| Services and fees                               | 53,068             | 53,485  |
| Labor cost (See Note 2)                         | 139,051            | 131,275 |
| Depreciation of property, plant and equipment   | 3,980              | 2,788   |
| Amortization of intangible assets               | 52,227             | 51,325  |
| Commissions, freight and other selling expenses | 134,191            | 129,296 |
| Provisions for contingencies                    | (2,793 )           | 22,228  |
| Allowances for doubtful accounts                | (3,291 )           | 1,194   |
| Taxes   | 33,505             | 39,396  |
| Other   | 34,205             | 20,342  |
|   | 444,143            | 451,329 |

## 6 Financial results

| (all amounts in thousands of U.S. dollars) | Three-month period |       |
|--|--------------------|-------|
|  | ended March 31,    |       |
|  | 2012               | 2011  |
|  | (Unaudited)        |       |
| Interest income                            | 9,583              | 7,687 |

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|   |          |           |
|---|----------|-----------|
| Interest expense (*)                                | (9,925 ) | (13,041 ) |
| Interest net  | (342 )   | (5,354 )  |
| Net foreign exchange transaction results            | 15,962   | (1,960 )  |
| Foreign exchange derivatives contracts results (**) | (5,479 ) | 3,704     |
| Other   | 2,598    | (686 )    |
| Other financial results                             | 13,081   | 1,058     |
| Net financial results                               | 12,739   | (4,296 )  |

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## 6 Financial results (Cont.)

Net foreign exchange transaction results include those amounts that affect the gross margin of certain subsidiaries which functional currencies are different from the U.S. dollar.

(\*) Includes interest rate swap losses of \$3.8 million for the three-month period ended March 31, 2011.

(\*\*) Includes a loss of \$0.4 million and a gain of \$4.2 million on an identified embedded derivative for the three-month periods ended March 31, 2012 and March 31, 2011, respectively.

## 7 Earnings and dividends per share

Earnings per share are calculated by dividing the net income attributable to equity holders of the Company by the daily weighted average number of ordinary shares in issue during the period.

|   | Three-month period<br>ended March 31,<br>2012          2011<br>(Unaudited) |           |
|---|--|-----------|
| Net income attributable to equity holders                       | 443,840  | 319,374   |
| Weighted average number of ordinary shares in issue (thousands) | 1,180,537  | 1,180,537 |
| Basic and diluted earnings per share ( U.S. dollars per share)  | 0.38   | 0.27      |
| Basic and diluted earnings per ADS ( U.S. dollars per ADS) (*)  | 0.75   | 0.54      |

(\*) Each ADS equals two shares

On February 23, 2012 the Company's board of directors proposed, for the approval of the annual general shareholders' meeting to be held on May 2, 2012, the payment of an annual dividend of \$0.38 per share (\$0.76 per ADS), or approximately \$449 million, which includes the interim dividend of \$0.13 per share (\$0.26 per ADS) or approximately \$153 million, paid on November 24, 2011. If the annual dividend is approved by the shareholders, a dividend of \$0.25 per share (\$0.50 per ADS), or approximately \$295 million will be paid on May 24, 2012, with an ex-dividend date of May 21, 2012. These Consolidated Condensed Interim Financial Statements do not reflect this dividend payable.

## 8 Property, plant and equipment, net

| (all amounts in thousands of U.S. dollars) | 2012        | 2011      |
|--|-------------|-----------|
|  | (Unaudited) |           |
| Three-month period ended March 31,         |             |           |
| Opening net book amount                    | 4,053,653   | 3,780,580 |
| Currency translation adjustment            | 31,167      | 111,093   |
| Additions                                  | 187,686     | 202,615   |
| Disposals                                  | (4,772 )    | (1,255 )  |
| Transfers                                  | 22          | 71        |
| Depreciation charge                        | (83,614 )   | (76,977 ) |
| At March 31,                               | 4,184,142   | 4,016,127 |

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## Intangible assets, net

| (all amounts in thousands of U.S. dollars) | 2012        | 2011      |
|--|-------------|-----------|
|  | (Unaudited) |           |
| Three-month period ended March 31,         |             |           |
| Opening net book amount                    | 3,375,930   | 3,581,816 |
| Currency translation adjustment            | 706         | 10,963    |
| Additions                                  | 8,709       | 8,005     |
| Transfers                                  | (22 )       | (71 )     |
| Amortization charge                        | (54,545 )   | (52,407 ) |
| At March 31,                               | 3,330,778   | 3,548,306 |

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## 10 Contingencies, commitments and restrictions to the distribution of profits

## Contingencies

This note should be read in conjunction with Note 26 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2011.

## Conversion of tax loss carry-forwards

On December 18, 2000, the Argentine tax authorities notified Siderca S.A.I.C., a Tenaris subsidiary organized in Argentina ("Siderca"), of an income tax assessment related to the conversion of tax loss carry-forwards into Debt Consolidation Bonds under Argentine Law No. 24.073. The adjustments proposed by the tax authorities represent an estimated contingency of approximately ARS109 million (approximately \$25 million) at March 31, 2012, in taxes and penalties. Tenaris believes that it is not probable that the ultimate resolution of the matter will result in an obligation. Accordingly, no provision was recorded in these Consolidated Condensed Interim Financial Statements.

## Commitments

Set forth is a description of Tenaris's main outstanding commitments:

- A Tenaris company is a party to a five-year contract with Nucor Corporation, under which it committed to purchase from Nucor steel coils, with deliveries starting in January 2007 on a monthly basis. The Tenaris company has negotiated a one-year extension to the original contract, through December 2012. Prices are adjusted quarterly in accordance with market conditions. As of March 31, 2012 the estimated aggregate amount of the contract at current prices is approximately \$247 million.
- A Tenaris company is a party to a ten year raw material purchase contract with Rio Tinto Fer et Titane (ex- QIT), under which it committed to purchase steel bars, with deliveries starting in July 2007. As of March 31, 2012 the estimated aggregate amount of the remaining commitments on the contract at current prices is approximately \$181 million. The contract allows the Tenaris company to claim lower commitments in market downturns and severe market downturns subject to certain limitations.
- A Tenaris company entered into a contract with Siderar, a subsidiary of Ternium S.A. ("Ternium") for the supply of steam generated at the power generation facility that Tenaris owns in the compound of the Ramallo facility of Siderar. Under this contract, Tenaris is required to provide to Siderar 250 tn/hour of steam through 2018, and Siderar has the obligation to take or pay this volume. The amount of this gas supply agreement totals approximately \$90 million.

## Restrictions to the distribution of profits and payment of dividends

As of December 31, 2011, equity as defined under Luxembourg law and regulations consisted of:

(all amounts in thousands of U.S. dollars)

|   |            |
|---|------------|
| Share capital   | 1,180,537  |
| Legal reserve   | 118,054    |
| Share Premium   | 609,733    |
| Retained earnings including net income for the year ended December 31, 2011 | 23,024,194 |
| Total equity in accordance with Luxembourg law                              | 24,932,518 |

At least 5% of the Company's net income per year, as calculated in accordance with Luxembourg law and regulations, must be allocated to the creation of a legal reserve equivalent to 10% of the Company's share capital. As of December 31, 2011, this reserve is fully allocated and additional allocations to the reserve are not required under Luxembourg law. Dividends may not be paid out of the legal reserve.

The Company may pay dividends to the extent, among other conditions, that it has distributable retained earnings calculated in accordance with Luxembourg law and regulations.

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## 10 Contingencies, commitments and restrictions to the distribution of profits (Cont.)

## Restrictions to the distribution of profits and payment of dividends (Cont.)

At December 31, 2011, distributable amount under Luxembourg law totals \$23.6 billion, as detailed below.

(all amounts in thousands of U.S. dollars)

|  |            |
|--|------------|
| Retained earnings at December 31, 2010 under Luxembourg law    | 16,631,947 |
| Gain from the transfer of shares in affiliated undertakings    | 6,828,757  |
| Other income and expenses for the year ended December 31, 2011 | (35,127 )  |
| Dividends paid   | (401,383 ) |
| Retained earnings at December 31, 2011 under Luxembourg law    | 23,024,194 |
| Share premium  | 609,733    |
| Distributable amount at December 31, 2011 under Luxembourg law | 23,633,927 |

In the fourth quarter of 2010, the Company carried out a multi-step corporate reorganization, which included, among other transactions, the contribution of most of the Company's assets and liabilities to Tenaris Investments S.à r.l. ("Tenaris Investments") a wholly-owned, newly-incorporated Luxembourg subsidiary and the restructuring of indirect holdings in certain subsidiaries. The corporate reorganization was completed in 2011, and resulted in a revaluation of the accounting value (under Luxembourg GAAP) of the assets contributed.

## 11 Other acquisitions

## Non controlling interests

During the three-month period ended March 31, 2011, additional shares of certain Tenaris subsidiaries were acquired from non-controlling shareholders for approximately \$5.0 million.

## Acquisition of participation in Usinas Siderúrgicas de Minas Gerais S.A. ("Usiminas")

On January 16, 2012, Tenaris's Brazilian subsidiary, Confab Industrial S.A. ("Confab") acquired 25 million ordinary shares of Usiminas, representing 5.0% of the shares with voting rights and 2.5% of the total share capital. The price paid for each ordinary share was BRL36, representing a total cost to Confab of \$504.6 million. Confab financed the acquisition through an unsecured 5-year term loan in the principal amount of \$350 million and cash on hand.

This acquisition is part of a larger transaction pursuant to which Ternium, certain of its subsidiaries and Confab joined Usiminas' existing control group through the acquisition of ordinary shares representing 27.7% of Usiminas' total voting capital and 13.8% of Usiminas' total share capital. In addition, Ternium, its subsidiaries and Confab entered into an amended and restated Usiminas shareholders' agreement with Nippon Steel, Mitsubishi, Metal One and Caixa dos Empregados da Usiminas ("CEU"), an Usiminas employee fund, governing the parties' rights within the Usiminas control group. As a result of these transactions, the control group, which holds 322.7 million ordinary shares representing the majority of Usiminas' voting rights, is now formed as follows: Nippon Group 46.1%, Ternium/Tenaris Group 43.3%, and CEU 10.6%. The rights of Ternium and its subsidiaries and Confab within the Ternium/Tenaris Group are governed under a separate shareholders agreement.

On April 23, 2012, Usiminas published its interim accounts as of and for the three-months ended March 31, 2012, which state that revenues, post-tax losses from continuing operations and net assets amounted to \$1,631 million, \$21 million and \$9,462 million, respectively



As of the date of issuance of these consolidated condensed interim financial statements, the Company has not yet completed its purchase price allocation procedures, and has therefore recorded its participation thereon based on its purchase price, together with its share of the results of Usiminas for the period since the acquisition date. Once the Company's purchase price allocation has been completed, certain modifications to the value attributed to the assets and liabilities acquired may be required.

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11 Other acquisitions (Cont.)

Tenaris accomplishes Confab delisting

Following a proposal by shareholders representing 32.6% of the shares held by the public in its controlled Brazilian subsidiary Confab, Tenaris filed on January 27, 2012, a request with CVM (Brazil's securities regulator) and the Sao Paulo stock exchange seeking their approval to a delisting tender offer to acquire all of the ordinary and preferred shares held by the public in Confab.

On March 22, 2012, following receipt of all requisite approvals from CVM and the Sao Paulo stock exchange, Tenaris launched the offer for a price in cash in Brazilian reais 5.85 per ordinary or preferred share, subject to adjustments as described in the offer documents. The shareholders parties to the proposal had agreed to the offer price and had committed to tender their shares into the offer.

On April 23, 2012, at the auction for the offer, a total of 216,269,261 Confab shares were tendered. As a result, Tenaris attained the requisite threshold to delist Confab from the São Paulo Stock Exchange.

The final cash price paid in the auction was Brazilian reais 5.90 per ordinary or preferred share (or approximately \$3.14 per ordinary or preferred share). Subsequent to the auction, on April 23, 2012, Tenaris acquired 6,070,270 additional Confab shares in the market at the same price. Tenaris total investment in Confab shares pursuant to these transactions amounts to BRL1,311.8 million, or approximately \$697.4 million.

Upon settlement of the offer and these subsequent purchases on April 26, 2012, Tenaris will hold in the aggregate approximately 95.9% of Confab.

Under applicable Brazilian rules, the remaining holders of Confab shares will have the option to sell their shares to the offeror at the same price paid to the tendering shareholders (adjusted by Brazil's SELIC rate) at any time during the 90-day period following April 23, 2012. In addition, Confab will have the right to redeem the remaining shares at the same price paid to the tendering shareholders (adjusted by Brazil's SELIC rate); upon completion of such redemption, Confab will become a wholly-owned subsidiary of Tenaris.

The aggregate amount payable for the remaining Confab shares (as of April 23, 2012, currently totaling 16,617,646 shares, or approximately 4.1% of Confab's share capital) will be approximately BRL98 million, or approximately \$52.1 million.

12 Related party transactions

As of March 31, 2012:

- San Faustin S.A., a Luxembourg public limited liability company (Société Anonyme) ("San Faustin"), owned 713,605,187 shares in the Company, representing 60.45% of the Company's capital and voting rights.
- San Faustin owned all of its shares in the Company through its wholly-owned subsidiary Techint Holdings S.à r.l., a Luxembourg private limited liability company (Société à responsabilité limitée) ("Techint").
- Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, a Dutch private foundation (Stichting) ("RP STAK") held shares in San Faustin sufficient in number to control San Faustin.
  - No person or group of persons controls RP STAK.

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Based on the information most recently available to the Company, Tenaris's directors and senior management as a group owned 0.12% of the Company's outstanding shares.

At March 31, 2012, the closing price of the Ternium S.A. ("Ternium") ADS as quoted on the New York Stock Exchange was \$23.68 per ADS, giving Tenaris's ownership stake a market value of approximately \$544.0 million. At March 31, 2012, the carrying value of Tenaris's ownership stake in Ternium, based on Ternium's IFRS financial statements was approximately \$665.7 million.

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|                             |           |          |           |
|-----------------------------|-----------|----------|-----------|
| Payables to related parties | (34,541 ) | (7,836 ) | (42,377 ) |
|                             | 16,627    | 1,166    | 17,793    |

(b) Financial debt

|            |          |          |           |
|------------|----------|----------|-----------|
| Borrowings | (8,611 ) | (2,129 ) | (10,740 ) |
|------------|----------|----------|-----------|

|                      |            |       |       |
|----------------------|------------|-------|-------|
| At December 31, 2011 | Associated | Other | Total |
| Year-end balances    | (1)        |       |       |

(a) Arising from sales / purchases of goods / services

|                                  |           |          |           |
|----------------------------------|-----------|----------|-----------|
| Receivables from related parties | 40,305    | 11,352   | 51,657    |
| Payables to related parties      | (38,129 ) | (6,983 ) | (45,112 ) |
|                                  | 2,176     | 4,369    | 6,545     |

(b) Financial debt

|            |          |          |           |
|------------|----------|----------|-----------|
| Borrowings | (8,650 ) | (1,851 ) | (10,501 ) |
|------------|----------|----------|-----------|

(1) Includes Ternium S.A. and its subsidiaries (“Ternium”), Conducid C.A. (“Conducid”), Finma S.A.I.F (“Finma”), Lomond Holdings B.V. group (“Lomond”), Socotherm Brasil S.A. (“Socotherm”) and Hydril Jindal International Private Ltd (“Hydril Jindal”).

(2) Includes Ternium, Conducid, Finma, Lomond, Socotherm, Hydril Jindal, and Usiminas.

## 13 Nationalization of Venezuelan Subsidiaries

In May 2009, within the framework of Decree Law 6058, Venezuela's President Hugo Chávez announced the nationalization of, among other companies, the Company's majority-owned subsidiaries TAVSA - Tubos de Acero de Venezuela S.A. ("Tavsa") and, Matesi Materiales Siderúrgicos S.A ("Matesi"), and Complejo Siderúrgico de Guayana, C.A ("Comsigua"), in which the Company has a non-controlling interest (collectively, the "Venezuelan Companies").

In July 2009, President Chávez issued Decree 6796, which ordered the acquisition of the Venezuelan Companies' assets and provided that Tavsa's assets would be held by the Ministry of Energy and Oil, while Matesi and Comsigua's assets would be held by the Ministry of Basic Industries and Mining. Decree 6796 also required the Venezuelan government to create certain committees at each of the Venezuelan Companies; each transition committee must ensure the nationalization of each Venezuelan Company and the continuity of its operations, and each technical committee (to be composed of representatives of Venezuela and the private sector) must negotiate over a 60-day period (extendable by mutual agreement) a fair price for each Venezuelan Company to be transferred to Venezuela. In the event the parties failed to reach agreement by the expiration of the 60-day period (or any extension thereof), the applicable Ministry would assume control and exclusive operation of the relevant Venezuelan Company, and the Executive Branch would be required to order their expropriation in accordance with the Venezuelan Expropriation Law. The Decree also specifies that all facts and activities thereunder are subject to Venezuelan law and any disputes relating thereto must be submitted to Venezuelan courts.

In August 2009, Venezuela, acting through the transition committee appointed by the Minister of Basic Industries and Mines of Venezuela, unilaterally assumed exclusive operational control over Matesi, and in November, 2009, Venezuela, acting through PDVSA Industrial S.A. (a subsidiary of Petróleos de Venezuela S.A.), formally assumed exclusive operational control over the assets of Tavsa.

In 2010, Venezuela's National Assembly declared Matesi's assets to be of public and social interest and ordered the Executive Branch to take the necessary measures for the expropriation of such assets. In June 2011, President Chávez issued Decree 8280, which orders the expropriation of Matesi's assets as may be required for the implementation of a state-owned project for the production, sale and distribution of briquettes, and further instructs to commence negotiations and take any actions required for the acquisition of such assets.

Tenaris's investments in the Venezuelan companies are protected under applicable bilateral investment treaties, including the bilateral investment treaty between Venezuela and the Belgian-Luxembourgish Union, and Tenaris continues to reserve all of its rights under contracts, investment treaties and Venezuelan and international law. Tenaris has also consented to the jurisdiction of the ICSID in connection with the nationalization process.

In August 2011, Tenaris and its wholly-owned subsidiary Talta - Trading e Marketing Sociedad Unipessoal Lda (Talta), initiated arbitration proceedings against Venezuela before the International Centre for Settlement of Investment Disputes (ICSID) in Washington D.C., pursuant to the bilateral investment treaties entered into by Venezuela with the Belgium-Luxembourg Economic Union and Portugal. In these proceedings, Tenaris and Talta seek adequate and effective compensation for the expropriation of their investment in Matesi. This case was registered by the ICSID on September 30, 2011.

Based on the facts and circumstances described above and following the guidance set forth by IAS 27R, the Company ceased consolidating the results of operations and cash flows of the Venezuelan Companies as from June 30, 2009, and classified its investments in the Venezuelan Companies as financial assets based on the definitions contained in paragraphs 11(c)(i) and 13 of IAS 32.

The Company classified its interests in the Venezuelan Companies as available-for-sale investments since management believes they do not fulfill the requirements for classification within any of the remaining categories provided by IAS 39 and such classification is the most appropriate accounting treatment applicable to non-voluntary dispositions of assets.

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13 Nationalization of Venezuelan Subsidiaries (Cont.)

Tenaris or its subsidiaries have net receivables with the Venezuelan Companies as of March 31, 2012 for a total amount of approximately \$28 million.

The Company records its interest in the Venezuelan Companies at its carrying amount at June 30, 2009, and not at fair value, following the guidance set forth by paragraphs 46(c), AG80 and AG81 of IAS 39.

Ricardo Soler  
Chief Financial Officer