

TENARIS SA  
Form 6-K  
May 09, 2011

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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 May 9, 2011

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

TENARIS, S.A.  
29 avenue de la Porte-Neuve  
3rd Floor  
L-2227 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- .

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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, 2011.

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: May 9, 2011

Tenaris, S.A.

By: /s/ Cecilia Bilesio  
Cecilia Bilesio  
Corporate Secretary

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TENARIS S.A.

CONSOLIDATED CONDENSED INTERIM FINANCIAL  
STATEMENTS

MARCH 31, 2011

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 March 31, |            |
|---|-------|------------------------------------|------------|
|   |       | 2011                               | 2010       |
| Continuing operations   |       | (Unaudited)                        |            |
| Net sales   | 3     | 2,323,965                          | 1,638,721  |
| Cost of sales   | 3 & 4 | (1,434,362)                        | (987,043 ) |
| Gross profit  |       | 889,603                            | 651,678    |
| Selling, general and administrative expenses                            | 3 & 5 | (449,774 )                         | (347,387 ) |
| Other operating income (expense), net                                   | 3     | 1,621                              | 5,049      |
| Operating income  |       | 441,450                            | 309,340    |
| Interest income   | 6     | 7,687                              | 7,148      |
| Interest expense  | 6     | (13,041 )                          | (20,069 )  |
| Other financial results   | 6     | 1,058                              | 7,691      |
| Income before equity in earnings of associated companies and income tax |       | 437,154                            | 304,110    |
| Equity in earnings of associated companies                              |       | 24,285                             | 23,526     |
| Income before income tax  |       | 461,439                            | 327,636    |
| Income tax  |       | (137,242 )                         | (105,426 ) |
| Income for the period   |       | 324,197                            | 222,210    |
| Attributable to:  |       |                                    |            |
| Equity holders of the Company   |       | 319,374                            | 219,549    |
| Non-controlling interests   |       | 4,823                              | 2,661      |
|   |       | 324,197                            | 222,210    |

Earnings per share attributable to the equity holders of the Company during the 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 | 0.27      | 0.19      |
| Basic and diluted earnings per ADS (U.S. dollars per ADS)     | 7 | 0.54      | 0.37      |

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

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

|   | Three-month period ended March 31, |          |
|---|------------------------------------|----------|
|   | 2011                               | 2010     |
| Income for the period   | 324,197                            | 222,210  |
| Other comprehensive income:   |                                    |          |
| Currency translation adjustment                                     | 154,779                            | (5,109 ) |
| Changes in the fair value of derivatives held as cash flow hedges   | 8,362                              | (3,283 ) |
| Share of other comprehensive income of associates:                  |                                    |          |
| - Currency translation adjustment                                   | 5,654                              | 6,729    |
| - Changes in the fair value of derivatives held as cash flow hedges | 454                                | 56       |

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|   |          |          |
|---|----------|----------|
| Income tax relating to components of other comprehensive income (*) | (1,887 ) | 1,121    |
| Other comprehensive income for the period, net of tax               | 167,362  | (486 )   |
| Total comprehensive income for the period                           | 491,559  | 221,724  |
| Attributable to:  |          |          |
| Equity holders of the Company                                       | 478,725  | 230,435  |
| Non-controlling interests   | 12,834   | (8,711 ) |
|   | 491,559  | 221,724  |

(\*) 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, 2010.

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

| (all amounts in thousands of U.S. dollars)                        | Notes | At March 31, 2011<br>(Unaudited) |                   | At December 31, 2010 |                   |
|---|-------|----------------------------------|-------------------|----------------------|-------------------|
| <b>ASSETS</b>   |       |                                  |                   |                      |                   |
| Non-current assets  |       |                                  |                   |                      |                   |
| Property, plant and equipment, net                                | 8     | 4,016,127                        |                   | 3,780,580            |                   |
| Intangible assets, net  | 9     | 3,548,306                        |                   | 3,581,816            |                   |
| Investments in associated companies                               |       | 698,910                          |                   | 671,855              |                   |
| Other investments   |       | 43,897                           |                   | 43,592               |                   |
| Deferred tax assets   |       | 207,783                          |                   | 210,523              |                   |
| Receivables   |       | 121,559                          | 8,636,582         | 120,429              | 8,408,795         |
| Current assets  |       |                                  |                   |                      |                   |
| Inventories   |       | 2,578,666                        |                   | 2,460,384            |                   |
| Receivables and prepayments                                       |       | 303,868                          |                   | 282,536              |                   |
| Current tax assets  |       | 231,880                          |                   | 249,317              |                   |
| Trade receivables   |       | 1,686,810                        |                   | 1,421,642            |                   |
| Available for sale assets   | 13    | 21,572                           |                   | 21,572               |                   |
| Other investments   |       | 665,272                          |                   | 676,224              |                   |
| Cash and cash equivalents   |       | 903,814                          | 6,391,882         | 843,861              | 5,955,536         |
| <b>Total assets</b>   |       |                                  | <b>15,028,464</b> |                      | <b>14,364,331</b> |
| <b>EQUITY</b>   |       |                                  |                   |                      |                   |
| Capital and reserves attributable to the Company's equity holders |       |                                  |                   |                      |                   |
|   |       |                                  | 10,377,206        |                      | 9,902,359         |
| Non-controlling interests   |       |                                  | 656,544           |                      | 648,221           |
| <b>Total equity</b>   |       |                                  | <b>11,033,750</b> |                      | <b>10,550,580</b> |
| <b>LIABILITIES</b>  |       |                                  |                   |                      |                   |
| Non-current liabilities   |       |                                  |                   |                      |                   |
| Borrowings  |       | 214,569                          |                   | 220,570              |                   |
| Deferred tax liabilities  |       | 931,752                          |                   | 934,226              |                   |
| Other liabilities   |       | 213,428                          |                   | 193,209              |                   |
| Provisions  |       | 88,620                           |                   | 83,922               |                   |
| Trade payables  |       | 2,844                            | 1,451,213         | 3,278                | 1,435,205         |
| Current liabilities   |       |                                  |                   |                      |                   |
| Borrowings  |       | 1,124,061                        |                   | 1,023,926            |                   |
| Current tax liabilities   |       | 234,872                          |                   | 207,652              |                   |
| Other liabilities   |       | 263,368                          |                   | 233,590              |                   |
| Provisions  |       | 38,420                           |                   | 25,101               |                   |
| Customer advances   |       | 86,283                           |                   | 70,051               |                   |
| Trade payables  |       | 796,497                          | 2,543,501         | 818,226              | 2,378,546         |
| <b>Total liabilities</b>  |       |                                  | <b>3,994,714</b>  |                      | <b>3,813,751</b>  |
| <b>Total equity and liabilities</b>                               |       |                                  | <b>15,028,464</b> |                      | <b>14,364,331</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, 2010.



## 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<br>(2) |            |                           |                      |
| 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           |
| Income for the<br>period                                   | -   | -                 | -                | -                                     | -                 | 319,374                     | 319,374    | 4,823                     | 324,197              |
| Currency<br>translation<br>adjustment                      | -   | -                 | -                | 147,228                               | -                 | -                           | 147,228    | 7,551                     | 154,779              |
| Hedge reserve,<br>net of tax                               | -   | -                 | -                | -                                     | 6,015             | -                           | 6,015      | 460                       | 6,475                |
| Share of other<br>comprehensive<br>income of<br>associates | -   | -                 | -                | 5,654                                 | 454               | -                           | 6,108      | -                         | 6,108                |
| Other<br>comprehensive<br>income for the<br>period         | -   | -                 | -                | 152,882                               | 6,469             | -                           | 159,351    | 8,011                     | 167,362              |
| Total<br>comprehensive<br>income for the<br>period         | -   | -                 | -                | 152,882                               | 6,469             | 319,374                     | 478,725    | 12,834                    | 491,559              |
| Acquisition of<br>non-controlling<br>interests             | -   | -                 | -                | -                                     | (539 )            | -                           | (539 )     | (4,511 )                  | (5,050 )             |
| Treasury shares<br>held by<br>associated<br>companies      | -   | -                 | -                | -                                     | (3,339 )          | -                           | (3,339 )   | -                         | (3,339 )             |
| Balance at<br>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           |

|                               | 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>Adjustmen | Other<br>Reserves | Retained<br>Earnings |           |                           |                      |
| Balance at<br>January 1, 2010 | 1,180,537                                     | 118,054           | 609,733          | 29,533                               | 10,484            | 7,143,823            | 9,092,164 | 628,672                   | 9,720,836            |



|   |           |         |         |        |          |           |           |           |           |
|---|-----------|---------|---------|--------|----------|-----------|-----------|-----------|-----------|
| Income for the period                             | -         | -       | -       | -      | -        | 219,549   | 219,549   | 2,661     | 222,210   |
| Currency translation adjustment                   | -         | -       | -       | 6,264  | -        | -         | 6,264     | (11,373 ) | (5,109 )  |
| Hedge reserve, net of tax                         | -         | -       | -       | -      | (2,163 ) | -         | (2,163 )  | 1         | (2,162 )  |
| Share of other comprehensive income of associates | -         | -       | -       | 6,729  | 56       | -         | 6,785     | -         | 6,785     |
| Other comprehensive income for the period         | -         | -       | -       | 12,993 | (2,107 ) | -         | 10,886    | (11,372 ) | (486 )    |
| Total comprehensive income for the period         | -         | -       | -       | 12,993 | (2,107 ) | 219,549   | 230,435   | (8,711 )  | 221,724   |
| Acquisition of non-controlling interests          | -         | -       | -       | -      | -        | -         | -         | (27 )     | (27 )     |
| Balance at March 31, 2010                         | 1,180,537 | 118,054 | 609,733 | 42,526 | 8,377    | 7,363,372 | 9,322,599 | 619,934   | 9,942,533 |

(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, 2011 and 2010 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, 2010 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, 2010

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

| (all amounts in thousands of U.S. dollars)                                    | Note  | Three-month period ended |           |
|---|-------|--------------------------|-----------|
|   |       | March 31,                |           |
|   |       | 2011                     | 2010      |
| Cash flows from operating activities  |       | (Unaudited)              |           |
| Income for the period   |       | 324,197                  | 222,210   |
| Adjustments for:  |       |                          |           |
| Depreciation and amortization   | 8 & 9 | 129,384                  | 126,028   |
| Income tax accruals less payments   |       | 44,632                   | (28,258)  |
| Equity in earnings of associated companies                                    |       | (24,285)                 | (23,526)  |
| Interest accruals less payments, net  |       | (14,038)                 | 9,047     |
| Changes in provisions   |       | 18,017                   | 5,424     |
| Changes in working capital  |       | (392,862)                | 124,247   |
| Other, including currency translation adjustment                              |       | 80,610                   | 1,100     |
| Net cash provided by operating activities                                     |       | 165,655                  | 436,272   |
| Cash flows from investing activities  |       |                          |           |
| Capital expenditures  | 8 & 9 | (210,620)                | (157,962) |
| Proceeds from disposal of property, plant and equipment and intangible assets |       | 1,255                    | 2,910     |
| Dividends and distributions received from associated companies                |       | -                        | 1,472     |
| Investments in short terms securities   |       | 10,952                   | (66,105)  |
| Net cash used in investing activities   |       | (198,413)                | (219,685) |
| Cash flows from financing activities  |       |                          |           |
| Acquisitions of non-controlling interests                                     | 11    | (5,050)                  | (27)      |
| Proceeds from borrowings  |       | 309,280                  | 198,323   |
| Repayments of borrowings  |       | (231,530)                | (307,045) |
| Net cash provided by (used in) financing activities                           |       | 72,700                   | (108,749) |
| Increase in cash and cash equivalents   |       | 39,942                   | 107,838   |
| Movement in cash and cash equivalents   |       |                          |           |
| At the beginning of the period  |       | 820,165                  | 1,528,707 |
| Effect of exchange rate changes   |       | 5,121                    | (11,636)  |
| Increase in cash and cash equivalents   |       | 39,942                   | 107,838   |
| At March 31,  |       | 865,228                  | 1,624,909 |
|   |       | At March 31,             |           |
| Cash and cash equivalents   |       | 2011                     | 2010      |
| Cash and bank deposits  |       | 903,814                  | 1,631,919 |
| Bank overdrafts   |       | (38,586)                 | (7,010)   |
|   |       | 865,228                  | 1,624,909 |

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, 2010.



NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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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, 2010.

The Company's shares trade on the Milan Stock Exchange, the Buenos Aires Stock Exchange and the Mexico City 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 May 5, 2011.

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, 2010. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board and adopted by the European Union.

Whenever necessary, comparative amounts have been reclassified to conform to changes in presentation in the current year.

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.

## 3 Segment information

## Reportable operating segments

| (all amounts in thousands of U.S. dollars)   | (Unaudited) |            |            | Total       |
|--|-------------|------------|------------|-------------|
|  | Tubes       | Projects   | Other      |             |
| Three-month period ended March 31, 2011      |             |            |            |             |
| Net sales                                    | 1,967,270   | 174,985    | 181,710    | 2,323,965   |
| Cost of sales                                | (1,190,745) | (119,925 ) | (123,692 ) | (1,434,362) |
| Gross profit                                 | 776,525     | 55,060     | 58,018     | 889,603     |
| Selling, general and administrative expenses | (405,810 )  | (23,285 )  | (20,679 )  | (449,774 )  |
| Other operating income (expenses), net       | 1,400       | 23         | 198        | 1,621       |
| Operating income                             | 372,115     | 31,798     | 37,537     | 441,450     |
| Depreciation and amortization                | 120,430     | 5,323      | 3,631      | 129,384     |
| Capital expenditures                         | 199,977     | 9,918      | 725        | 210,620     |
| Three-month period ended March 31, 2010      |             |            |            |             |
| Net sales                                    | 1,410,426   | 93,227     | 135,068    | 1,638,721   |
| Cost of sales                                | (825,222 )  | (63,170 )  | (98,651 )  | (987,043 )  |
| Gross profit                                 | 585,204     | 30,057     | 36,417     | 651,678     |
| Selling, general and administrative expenses | (309,516 )  | (23,325 )  | (14,546 )  | (347,387 )  |
| Other operating income (expenses), net       | 3,461       | 1,765      | (177 )     | 5,049       |
| Operating income                             | 279,149     | 8,497      | 21,694     | 309,340     |
| Depreciation and amortization                | 117,259     | 4,759      | 4,010      | 126,028     |
| Capital expenditures                         | 154,009     | 3,031      | 922        | 157,962     |

## 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, 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   |
| Three-month period ended March 31, 2010    |               |               |         |                      |                    |           |
| Net sales                                  | 717,105       | 380,179       | 209,720 | 249,335              | 82,382             | 1,638,721 |
| Depreciation and amortization              | 63,682        | 26,530        | 28,650  | 312                  | 6,854              | 126,028   |
| Capital expenditures                       | 107,376       | 22,459        | 17,496  | 6,964                | 3,667              | 157,962   |

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.

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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, Peru and Venezuela; "Europe" comprises principally Italy, Norway and Romania; "Middle East and Africa" comprises principally Algeria, Egypt, Kazakhstan, Kuwait, Nigeria, Saudi Arabia and United Arab Emirates; "Far East and Oceania" comprises principally Australia, China, Indonesia and Japan.

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## 4 Cost of sales

| (all amounts in thousands of U.S. dollars)    | Three-month period ended<br>March 31, |             |
|---|---------------------------------------|-------------|
|   | 2011                                  | 2010        |
|   | (Unaudited)                           |             |
| Inventories at the beginning of the period    | 2,460,384                             | 1,687,059   |
| Plus: Charges of the period                   |                                       |             |
| Raw materials, energy, consumables and other  | 1,059,340                             | 728,929     |
| Services and fees                             | 84,798                                | 70,847      |
| Labor cost                                    | 261,465                               | 214,129     |
| Depreciation of property, plant and equipment | 74,189                                | 69,679      |
| Amortization of intangible assets             | 1,082                                 | 1,327       |
| Maintenance expenses                          | 46,958                                | 41,645      |
| Allowance for obsolescence                    | 2,036                                 | (20,060 )   |
| Taxes   | 1,054                                 | 1,615       |
| Other   | 21,722                                | 12,138      |
|   | 1,552,644                             | 1,120,249   |
| Less: Inventories at the end of the period    | (2,578,666)                           | (1,820,265) |
|   | 1,434,362                             | 987,043     |

## 5 Selling, general and administrative expenses

| (all amounts in thousands of U.S. dollars)      | Three-month period<br>ended March 31, |          |
|---|---------------------------------------|----------|
|   | 2011                                  | 2010     |
|   | (Unaudited)                           |          |
| Services and fees                               | 53,485                                | 45,624   |
| Labor cost                                      | 129,720                               | 109,848  |
| Depreciation of property, plant and equipment   | 2,788                                 | 4,842    |
| Amortization of intangible assets               | 51,325                                | 50,180   |
| Commissions, freight and other selling expenses | 129,296                               | 86,376   |
| Provisions for contingencies                    | 22,228                                | 14,263   |
| Allowances for doubtful accounts                | 1,194                                 | (7,840 ) |
| Taxes   | 39,396                                | 24,718   |
| Other   | 20,342                                | 19,376   |
|   | 449,774                               | 347,387  |

## 6 Financial results

| (all amounts in thousands of U.S. dollars) | Three-month period<br>ended March 31, |           |
|--|---------------------------------------|-----------|
|  | 2011                                  | 2010      |
|  | (Unaudited)                           |           |
| Interest income                            | 7,687                                 | 7,148     |
| Interest expense (*)                       | (13,041 )                             | (20,069 ) |
| Interest net                               | (5,354 )                              | (12,921 ) |
| Net foreign exchange transaction results   | (1,960 )                              | (1,442 )  |



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|   |          |          |
|---|----------|----------|
| Foreign exchange derivatives contracts results (**) | 3,704    | 9,537    |
| Other   | (686 )   | (404 )   |
| Other financial results                             | 1,058    | 7,691    |
| Net financial results                               | (4,296 ) | (5,230 ) |

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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 swaps loss of \$3.8 million and \$3.7 million for the three-month period ended March 31, 2011 and March 31, 2010, respectively.

(\*\*) Includes a gain of \$4.2 million and \$4.0 million on an identified embedded derivative for the three-month period ended March 31, 2011 and March 31, 2010, 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>2011      2010<br>(Unaudited) |           |
|---|--|-----------|
| Net income attributable to equity holders                       | 319,374  | 219,549   |
| 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)   | 0.27   | 0.19      |
| Basic and diluted earnings per ADS (U.S. dollars per ADS) (*)   | 0.54   | 0.37      |

(\*) Each ADS equals two shares

On February 23, 2011 the Company's board of directors proposed, for the approval of the annual general shareholders' meeting to be held on June 1, 2011, the payment of an annual dividend of \$0.34 per share (\$0.68 per ADS), or approximately \$401 million, which includes the interim dividend of \$0.13 per share (\$0.26 per ADS) paid on November 25, 2010. If the annual dividend is approved by the shareholders, a dividend of \$0.21 per share (\$0.42 per ADS), or approximately \$248 million is expected to be paid on June 23, 2011, with an ex-dividend date of June 20, 2011. 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) | 2011        | 2010      |
|--|-------------|-----------|
|  | (Unaudited) |           |
| Three-month period ended March 31,         |             |           |
| Opening net book amount                    | 3,780,580   | 3,254,587 |
| Currency translation adjustment            | 111,093     | (5,908 )  |
| Additions                                  | 202,615     | 153,494   |
| Disposals                                  | (1,255 )    | (2,837 )  |
| Transfers                                  | 71          | (1,293 )  |
| Depreciation charge                        | (76,977 )   | (74,521 ) |
| At March 31,                               | 4,016,127   | 3,323,522 |

## 9 Intangible assets, net

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| (all amounts in thousands of U.S. dollars) | 2011        | 2010      |
|--|-------------|-----------|
|  | (Unaudited) |           |
| Three-month period ended March 31,         |             |           |
| Opening net book amount                    | 3,581,816   | 3,670,920 |
| Currency translation adjustment            | 10,963      | 10,334    |
| Additions                                  | 8,005       | 4,468     |
| Disposals                                  | -           | (73 )     |
| Transfers                                  | (71 )       | 1,293     |
| Amortization charge                        | (52,407 )   | (51,507 ) |
| At March 31,                               | 3,548,306   | 3,635,435 |

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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, 2010.

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 ARS 99.3 million (approximately \$24.6 million) at March 31, 2011, 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.

Ongoing investigation

The Company learned from one of its customers in Central Asia that certain sales agency payments made by one of the Company's subsidiaries may have improperly benefited employees of the customer and other persons. The Audit Committee of the Company's Board of Directors engaged external counsel in connection with a review of these payments and related matters. The Company voluntarily notified the U.S. Securities and Exchange Commission and the U.S. Department of Justice, and shared the results of the review with these agencies. At this time the resolution of these matters is pending and the Company cannot predict the final outcome of these matters.

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, 2011 the estimated aggregate amount of the contract at current prices is approximately \$721.0 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, 2011 the estimated aggregate amount of the remaining commitments on the contract at current prices is approximately \$217.8 million. The contract allows the Tenaris company to claim lower commitments in market downturns and severe market downturns subject to certain limitations.

Restrictions to the distribution of profits and payment of dividends

As of December 31, 2010, 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   |

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|   |            |
|---|------------|
| Retained earnings including net income for the year ended December 31, 2010 | 16,631,947 |
| Total equity in accordance with Luxembourg law                              | 18,540,271 |

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, 2010, 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.

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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.)

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.

At December 31, 2010, distributable amount under Luxembourg law totals \$17.2 billion, as detailed below.

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

|  |            |
|--|------------|
| Retained earnings at December 31, 2009 under Luxembourg law    | 3,916,482  |
| Gain from the transfer of shares in affiliated undertakings    | 12,020,184 |
| Dividends received   | 1,100,175  |
| Other income and expenses for the year ended December 31, 2010 | (3,511)    |
| Dividends paid   | (401,383)  |
| Retained earnings at December 31, 2010 under Luxembourg law    | 16,631,947 |
| Share premium  | 609,733    |
| Distributable amount at December 31, 2010 under Luxembourg law | 17,241,680 |

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.

12 Related party transactions

As of March 31, 2011:

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.ar.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.

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

At March 31, 2011, the closing price of the Ternium S.A. (“Ternium”) ADS as quoted on the New York Stock Exchange was \$35.94 per ADS, giving Tenaris’s ownership stake a market value of approximately \$825.6 million. At

March 31, 2011, the carrying value of Tenaris's ownership stake in Ternium was approximately \$678.0 million.

Transactions and balances disclosed as with "Associated" companies are those with companies over which Tenaris exerts significant influence or joint control in accordance with IFRS, but does not have control. All other transactions with related parties which are not Associated and which are not consolidated are disclosed as "Other".

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## 12 Related party transactions (Cont.)

The following transactions were carried out with related parties:

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

| Three-month period ended March 31, 2011    | Associated<br>(1) | (Unaudited)<br>Other | Total  |
|--|-------------------|----------------------|--------|
| <b>(i) Transactions</b>                    |                   |                      |        |
| <b>(a) Sales of goods and services</b>     |                   |                      |        |
| Sales of goods                             | 10,381            | 62,193               | 72,574 |
| Sales of services                          | 3,662             | 1,053                | 4,715  |
|  | 14,043            | 63,246               | 77,289 |
| <b>(b) Purchases of goods and services</b> |                   |                      |        |
| Purchases of goods                         | 15,042            | 4,550                | 19,592 |
| Purchases of services                      | 16,804            | 32,792               | 49,596 |
|  | 31,846            | 37,342               | 69,188 |

| Three-month period ended March 31, 2010    | Associated<br>(1) | (Unaudited)<br>Other | Total  |
|--|-------------------|----------------------|--------|
| <b>(i) Transactions</b>                    |                   |                      |        |
| <b>(a) Sales of goods and services</b>     |                   |                      |        |
| Sales of goods                             | 7,804             | 3,891                | 11,695 |
| Sales of services                          | 2,624             | 628                  | 3,252  |
|  | 10,428            | 4,519                | 14,947 |
| <b>(b) Purchases of goods and services</b> |                   |                      |        |
| Purchases of goods                         | 35,280            | 4,546                | 39,826 |
| Purchases of services                      | 17,253            | 25,379               | 42,632 |
|  | 52,533            | 29,925               | 82,458 |

| At March 31, 2011   | Associated<br>(1) | (Unaudited)<br>Other | Total    |
|---|-------------------|----------------------|----------|
| <b>(ii) Period-end balances</b>                               |                   |                      |          |
| <b>(a) Arising from sales / purchases of goods / services</b> |                   |                      |          |
| Receivables from related parties                              | 42,639            | 13,339               | 55,978   |
| Payables to related parties                                   | (16,734)          | (10,664)             | (27,398) |
|   | 25,905            | 2,675                | 28,580   |
| <b>(b) Financial debt</b>                                     |                   |                      |          |
| Borrowings  | (2,663)           | -                    | (2,663)  |

At December 31, 2010

Other                      Total



Associated  
(1)

## (ii) Year-end balances

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

|                                  |          |          |          |
|----------------------------------|----------|----------|----------|
| Receivables from related parties | 39,761   | 28,557   | 68,318   |
| Payables to related parties      | (17,534) | (19,110) | (36,644) |
|                                  | 22,227   | 9,447    | 31,674   |

## (b) Financial debt

|            |         |   |         |
|------------|---------|---|---------|
| Borrowings | (3,843) | - | (3,843) |
|------------|---------|---|---------|

(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”).

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### 13 Process in Venezuela - Nationalization of Venezuelan Subsidiaries

Within the framework of Decree Law 6058, on May 22, 2009, 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 Siderurgicos S.A ("Matesi"), and Complejo Siderurgico de Guayana, C.A ("Comsigua"), in which the Company has a non-controlling interest (collectively, "the Venezuelan Companies"). On May 25, 2009, the Minister of Basic Industries and Mines of Venezuela ("MIBAM") issued official communications N°230/09 and 231/09, appointing the MIBAM's representatives to the transition committees charged with overseeing the nationalization processes of Tavsa and Matesi. On May 29, 2009, the Company sent response letters to the MIBAM acknowledging the Venezuelan government's decision to nationalize Tavsa and Matesi, appointing its representatives to the transition committees, and reserving all of its rights under contracts, investment treaties and Venezuelan and international law and the right to submit any controversy between the Company or its subsidiaries and Venezuela relating to Tavsa and Matesi's nationalization to international arbitration, including arbitration administered by ICSID.

On July 14, 2009, President Chávez issued Decree 6796, which orders the acquisition of the Venezuelan Companies' assets and provides that Tavsa's assets will be held by the Ministry of Energy and Oil, while Matesi and Comsigua's assets will be held by MIBAM. Decree 6796 also requires 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 fail to reach agreement by the expiration of the 60-day period (or any extension thereof), the applicable Ministry will assume control and exclusive operation of the relevant Venezuelan Company, and the Executive Branch will order their expropriation in accordance with the Venezuelan Expropriation Law. The Decree also specifies that all facts and activities there under are subject to Venezuelan law and any disputes relating thereto must be submitted to Venezuelan courts.

On August 19, 2009, the Company announced that Venezuela, acting through the transition committee appointed by the MIBAM, unilaterally assumed exclusive operational control over Matesi.

On November 17, 2009, the Company announced that Venezuela acting through PDVSA Industrial S.A. (a subsidiary of Petroleos de Venezuela S.A.), formally assumed exclusive operational control over the assets of Tavsa. Following this formal change in operational control, PDVSA Industrial has assumed complete responsibility over Tavsa's operations and management and since then Tavsa's operations are being managed by the transition committee previously appointed by Venezuela. The Company's representatives in Tavsa's board of directors have ceased their functions.

On October 7, 2010, Venezuela's National Assembly passed a law ("Acuerdo") declaring all of Matesi's assets to be of public and social interest and ordering the Executive Branch to take the necessary measures for the expropriation of such assets.

The Company's investments in Tavsa, Matesi and Comsigua are protected under applicable bilateral investment treaties, including the bilateral investment treaty between Venezuela and the Belgian-Luxembourgish Union, and, as noted above, Tenaris continues to reserve all of its rights under contracts, investment treaties and Venezuelan and international law, and to consent to the jurisdiction of the ICSID in connection with the nationalization process.

Based on the facts and circumstances described above and following the guidance set forth by IAS 27R, the Company ceased consolidating the Venezuelan Companies results of operations and cash flows 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 Process in Venezuela - Nationalization of Venezuelan Subsidiaries (Cont.)

Tenaris subsidiaries have also net receivables with the Venezuelan Companies as of March 31, 2011 for a total amount of \$27.7 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