

TENARIS SA  
Form 6-K  
August 05, 2013

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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 August 5, 2013

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 six-month period ended June 30, 2013.

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: August 5, 2013

Tenaris, S.A.

By: /s/ Cecilia Bilesio  
Cecilia Bilesio  
Corporate Secretary

TENARIS S.A.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2013

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

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Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2013

## CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

(all amounts in thousands of U.S. dollars, unless otherwise stated)	Notes	Three-month period ended June 30,		Six-month period ended June 30,	
		2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
Net sales	3	2,829,270	2,801,492	5,507,575	5,418,841
Cost of sales	4	(1,714,443)	(1,694,712)	(3,359,875)	(3,305,809)
Gross profit		1,114,827	1,106,780	2,147,700	2,113,032
Selling, general and administrative expenses	5	(529,329 )	(486,655 )	(1,004,894)	(930,798 )
Other operating income (expense), net		(7,302 )	761	(11,025 )	4,853
Operating income		578,196	620,886	1,131,781	1,187,087
Interest income	6	6,870	5,706	12,951	15,289
Interest expense	6	(16,620 )	(12,688 )	(30,529 )	(22,613 )
Other financial results	6	(955 )	(16,476 )	(2,336 )	(3,395 )
Income before equity in earnings of associated companies and income tax		567,491	597,428	1,111,867	1,176,368
Equity in earnings of associated companies (1)		11,869	6,168	24,066	20,131
Income before income tax		579,360	603,596	1,135,933	1,196,499
Income tax		(149,795 )	(148,325 )	(283,651 )	(292,999 )
Income for the period		429,565	455,271	852,282	903,500
Attributable to:					
Owners of the parent		417,828	456,201	842,605	894,842
Non-controlling interests		11,737	(930 )	9,677	8,658
		429,565	455,271	852,282	903,500
Earnings per share attributable to the owners of the parent during the period:					
Weighted average number of ordinary shares (thousands)		1,180,537	1,180,537	1,180,537	1,180,537
Continuing operations					
Basic and diluted earnings per share (U.S. dollars per share)		0.35	0.39	0.71	0.76
Basic and diluted earnings per ADS (U.S. dollars per ADS) (2)		0.71	0.77	1.43	1.52

(1) In connection with the acquisition of Usinas Siderúrgicas de Minas Gerais (“Usiminas”), the Company has completed the purchase price allocation in December 31, 2012. Accordingly, following the provisions of IFRS 3, the Company has retrospectively adjusted the reported figures as of June 30, 2012, modifying mainly equity in earnings of associated companies by \$10.1 million.

(2) Each ADS equals two shares.

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(all amounts in thousands of U.S. dollars)	Three-month period ended June 30,	Six-month period ended June 30,
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	2013 (Unaudited)	2012	2013 (Unaudited)	2012
Income for the period	429,565	455,271	852,282	903,500
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	(17,990 )	(104,018 )	(40,811 )	(41,512 )
Changes in the fair value of derivatives held as cash flow hedges and others	1,981	(21,751 )	5,219	(20,436 )
Share of other comprehensive income of associates:				
- Currency translation adjustment	(52,316 )	(76,141 )	(47,779 )	(92,085 )
- Changes in the fair value of derivatives held as cash flow hedges and others	(599 )	(931 )	1,129	853
Income tax relating to components of other comprehensive income (3)	(8 )	(1,149 )	679	(1,732 )
Other comprehensive loss for the period, net of tax	(68,932 )	(203,990 )	(81,563 )	(154,912 )
Total comprehensive income for the period	360,633	251,281	770,719	748,588
Attributable to:				
Owners of the parent	348,751	272,016	761,099	746,012
Non-controlling interests	11,882	(20,735 )	9,620	2,576
	360,633	251,281	770,719	748,588

(3) Relates to cash flow hedges and others.

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, 2012.

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2013

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(all amounts in thousands of U.S. dollars)	Notes	At June 30, 2013 (Unaudited)		At December 31, 2012	
<b>ASSETS</b>					
Non-current assets					
Property, plant and equipment, net	8	4,536,995		4,434,970	
Intangible assets, net	9	3,131,767		3,199,916	
Investments in associated companies		929,251		977,011	
Other investments		2,552		2,603	
Deferred tax assets		192,433		215,867	
Receivables		121,765	8,914,763	142,060	8,972,427
Current assets					
Inventories		2,697,932		2,985,805	
Receivables and prepayments		246,710		260,532	
Current tax assets		152,066		175,562	
Trade receivables		2,179,089		2,070,778	
Available for sale assets	13	21,572		21,572	
Other investments		1,113,065		644,409	
Cash and cash equivalents		618,435	7,028,869	828,458	6,987,116
<b>Total assets</b>			<b>15,943,632</b>		<b>15,959,543</b>
<b>EQUITY</b>					
Capital and reserves attributable to owners of the parent			11,724,417		11,328,031
Non-controlling interests			165,436		171,561
<b>Total equity</b>			<b>11,889,853</b>		<b>11,499,592</b>
<b>LIABILITIES</b>					
Non-current liabilities					
Borrowings		423,442		532,407	
Deferred tax liabilities		672,918		728,541	
Other liabilities		292,715		302,444	
Provisions		73,379	1,462,454	67,185	1,630,577
Current liabilities					
Borrowings		1,093,810		1,211,785	
Current tax liabilities		253,805		254,603	
Other liabilities		369,299		318,828	
Provisions		20,014		26,958	
Customer advances		34,342		134,010	
Trade payables		820,055	2,591,325	883,190	2,829,374
<b>Total liabilities</b>			<b>4,053,779</b>		<b>4,459,951</b>
<b>Total equity and liabilities</b>			<b>15,943,632</b>		<b>15,959,543</b>
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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, 2012.



Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2013

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
 (all amounts in thousands of U.S. dollars)

	Attributable to owners of the parent						Total	Non-controlling interests	Total (Unaudited)
	Share Capital (1)	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves	Retained Earnings (2)			
Balance at December 31, 2012	1,180,537	118,054	609,733	(317,425)	(252,907)	10,050,024	11,388,016	172,310	11,560,326
Effect of adopting IAS 19R	-	-	-	-	(59,985)	-	(59,985)	(749)	(60,734)
Balance at January 1, 2013	1,180,537	118,054	609,733	(317,425)	(312,892)	10,050,024	11,328,031	171,561	11,499,592
Income for the period	-	-	-	-	-	842,605	842,605	9,677	852,282
Currency translation adjustment	-	-	-	(40,754)	-	-	(40,754)	(57)	(40,811)
Hedge reserve, net of tax and others	-	-	-	-	5,898	-	5,898	-	5,898
Share of other comprehensive income of associates	-	-	-	(47,779)	1,129	-	(46,650)	-	(46,650)
Other comprehensive (loss) income for the period	-	-	-	(88,533)	7,027	-	(81,506)	(57)	(81,563)
Total comprehensive income for the period	-	-	-	(88,533)	7,027	842,605	761,099	9,620	770,719
Acquisition of non-controlling interests	-	-	-	-	(10,552)	-	(10,552)	2,784	(7,768)
Dividends paid in cash	-	-	-	-	-	(354,161)	(354,161)	(18,529)	(372,690)
Balance at June 30, 2013	1,180,537	118,054	609,733	(405,958)	(316,417)	10,538,468	11,724,417	165,436	11,889,853
	Attributable to owners of the parent								
	Share Capital (1)	Legal Reserves	Share Premium	Currency Translation	Other Reserves	Retained Earnings	Total	Non-controlling interests	Total

## Adjustment

(Unaudited)

Balance at December 31, 2011	1,180,537	118,054	609,733	(211,366)	9,688	8,799,581	10,506,227	666,716	11,172,943
Effect of adopting IAS 19R	-	-	-	-	(49,522 )	-	(49,522 )	(685 )	(50,207 )
Balance at January 1, 2012	1,180,537	118,054	609,733	(211,366)	(39,834 )	8,799,581	10,456,705	666,031	11,122,736
Income for the period	-	-	-	-	-	894,842	894,842	8,658	903,500
Currency translation adjustment	-	-	-	(34,261 )	-	-	(34,261 )	(7,251 )	(41,512 )
Hedge reserve, net of tax	-	-	-	-	(23,256 )	-	(23,256 )	1,088	(22,168 )
Share of other comprehensive income of associates	-	-	-	(92,085 )	772	-	(91,313 )	81	(91,232 )
Other comprehensive loss for the period	-	-	-	(126,346)	(22,484 )	-	(148,830 )	(6,082 )	(154,912 )
Total comprehensive income for the period	-	-	-	(126,346)	(22,484 )	894,842	746,012	2,576	748,588
Acquisition of non-controlling interests (3)	-	-	-	-	(268,517)	-	(268,517 )	(490,022)	(758,539 )
Dividends paid in cash	-	-	-	-	-	(295,134 )	(295,134 )	(905 )	(296,039 )
Balance at June 30, 2012	1,180,537	118,054	609,733	(337,712)	(330,835)	9,399,289	10,639,066	177,680	10,816,746

(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 June 30, 2013 and 2012 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, 2012 calculated in accordance with Luxembourg Law are disclosed in Note 10.

(3) See Note 11.

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, 2012.

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2013

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

(all amounts in thousands of U.S. dollars)	Notes	Six-month period ended June 30,	
		2013	2012
		(Unaudited)	
Cash flows from operating activities		852,282	903,500
Income for the period			
Adjustments for:			
Depreciation and amortization	8 & 9	296,972	275,884
Income tax accruals less payments		25,021	(105,779 )
Equity in earnings of associated companies		(24,066 )	(20,131 )
Interest accruals less payments, net		(35,021 )	(18,256 )
Changes in provisions		(917 )	(16,557 )
Changes in working capital		72,457	51,343
Other, including currency translation adjustment		(12,263 )	(47,567 )
Net cash provided by operating activities		1,174,465	1,022,437
Cash flows from investing activities			
Capital expenditures	8 & 9	(363,559 )	(400,926 )
Acquisition of associated company	11	-	(504,597 )
Proceeds from disposal of property, plant and equipment and intangible assets		6,746	2,915
Dividends received from associated companies		16,127	18,702
Changes in investments in short terms securities		(468,656 )	11,367
Net cash used in investing activities		(809,342 )	(872,539 )
Cash flows from financing activities			
Dividends paid		(354,161 )	(295,134 )
Dividends paid to non-controlling interest in subsidiaries		(18,529 )	(905 )
Acquisitions of non-controlling interests	11	(7,768 )	(758,539 )
Proceeds from borrowings		1,220,390	1,214,234
Repayments of borrowings		(1,354,772)	(439,116 )
Net cash used in financing activities		(514,840 )	(279,460 )
Decrease in cash and cash equivalents		(149,717 )	(129,562 )
Movement in cash and cash equivalents			
At the beginning of the period		772,656	815,032
Effect of exchange rate changes		(16,913 )	8,242
Decrease in cash and cash equivalents		(149,717 )	(129,562 )
At June 30,		606,026	693,712
		At June 30,	
Cash and cash equivalents		2013	2012
Cash and bank deposits		618,435	742,618
Bank overdrafts		(12,409 )	(48,906 )
		606,026	693,712

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, 2012.

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 Dividends distribution
- 8 Property, plant and equipment, net
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- 10 Contingencies, commitments and restrictions to the distribution of profits
- 11 Other acquisitions
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- 13 Nationalization of Venezuelan subsidiaries

## 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 30 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2012.

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 issuance by the Company's board of directors on August 1, 2013.

### 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, 2012, except for changes described below. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2012, 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's 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.

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

Accounting pronouncements applicable as from January 1, 2013 and relevant for Tenaris

#### IAS 1, "Financial statement presentation"

In June 2011, the IASB issued IAS 1 (amended 2011), "Financial statement presentation". The amendment requires entities to separate items presented in Other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. See impact of the application in the Consolidated Condensed Interim Statement of Other Comprehensive Income.

IAS 19 (amended 2011), “Employee benefits”

In June 2011, the IASB issued IAS 19 (amended 2011), “Employee benefits”, which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. IAS 19 (amended 2011) was applied retrospectively, as indicated in the transitional provisions of such IFRS. These changes are related to recognizing in other comprehensive income of the period in which they arise the actuarial gains and losses arising from past experience adjustments and changes in actuarial assumptions. Past-service costs are recognized immediately in the income statement.

## 2 Accounting policies and basis of presentation (Cont.)

Accounting pronouncements applicable as from January 1, 2013 and relevant for Tenaris (Cont.)

## IAS 19 (amended 2011), "Employee benefits" (Cont.)

As from January 1, 2013, the Company adopted IAS 19 (amended 2011). The effect of these changes in the recognition and measurement of pension obligations and other post-employment obligations was \$60.7 million (\$77.0 million in other long term liabilities net of a deferred income tax of \$22.3 million and \$6.0 million related to the adoption of IAS 19 in associated companies) and \$50.2 million (\$63.6 million in other long term liabilities net of a deferred income tax of \$18.6 million and \$5.2 million related to the adoption of IAS 19 in associated companies) for 2012 and 2011, respectively.

IFRS 10, "Consolidated financial statements", IFRS 11, "Joint arrangements" and IFRS 12, "Disclosure of interests in other entities".

The application of these standards did not materially affect the Company's financial condition or results of operations.

## IFRS 13, "Fair value measurement"

In May 2011, the IASB issued IFRS 13, "Fair value measurement". This standard explains how to measure fair value and aims to enhance fair value disclosures.

IFRS 13 requires for financial instruments that are measured at fair value, a disclosure of fair value measurements by level. See Section III.C. and D. to the Consolidated Financial Statements as of December 31, 2012 for definitions of levels of fair values and figures at that date.

The following table presents the assets and liabilities that are measured at fair value as of June 30, 2013:

June 30, 2013	Level 1	Level 2	Level 3 (*)	Total
<b>Assets</b>				
Cash and cash equivalents	618,435	-	-	618,435
Other investments	633,415	479,650	2,552	1,115,617
Derivatives financial instruments	-	24,554	-	24,554
Available for sale assets	-	-	21,572	21,572
<b>Total</b>	<b>1,251,850</b>	<b>504,204</b>	<b>24,124</b>	<b>1,780,178</b>
<b>Liabilities</b>				
Derivatives financial instruments	-	6,122	-	6,122
<b>Total</b>	<b>-</b>	<b>6,122</b>	<b>-</b>	<b>6,122</b>

(\*) Main balances included in this level correspond to Available for sale assets related to Tenaris's interest in nationalized Venezuelan companies. For further detail regarding Available for sale assets, see Note 13.

Borrowings are classified under other financial liabilities and measured at their carrying amount. Tenaris estimates that the fair value of its main financial liabilities is approximately 101% of its carrying amount including interests accrued as of June 30, 2013. Tenaris estimates that a change of 100 basis points in the reference interest rates would have an estimated impact of approximately 0.2% in the fair value of borrowings as of June 30, 2013. Fair values were calculated using standard valuation techniques for floating rate instruments and comparable market rates for



discounting flows.

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## 3 Segment Information

As explained in Section II.C. of the audited Consolidated Financial Statements for the year ended December 31, 2012, as from September 2012, following the acquisition of the non-controlling interest in Confab, its further delisting and after including the operations of the formerly Projects segment into Tubes, the Company is organized in one major business segment, Tubes, which is also the reportable operating segment.

## Reportable operating segment

(all amounts in thousands of U.S. dollars)		(Unaudited)	
Six-month ended June 30, 2013	Tubes	Other	Total
Management View - Net Sales	5,107,375	360,118	5,467,493
· Sales of energy, surplus raw materials and others	-	40,082	40,082
IFRS - Net Sales	5,107,375	400,200	5,507,575
Management View - Operating income	1,112,813	50,434	1,163,247
· Differences in cost of sales and others	(31,713 )	2,844	(28,869 )
· Depreciation and amortization	(2,384 )	(213 )	(2,597 )
IFRS - Operating income	1,078,716	53,065	1,131,781
Financial income (expense), net			(19,914 )
Income before equity in earnings of associated companies and income tax			1,111,867
Equity in earnings of associated companies			24,066
Income before income tax			1,135,933
Capital expenditures	346,118	17,441	363,559
Depreciation and amortization	287,036	9,936	296,972
(all amounts in thousands of U.S. dollars)		(Unaudited)	
Six-month ended June 30, 2012	Tubes	Other	Total
Management View - Net Sales	4,974,848	405,758	5,380,606
· Sales of energy, surplus raw materials and others	-	38,235	38,235
IFRS - Net Sales	4,974,848	443,993	5,418,841
Management View - Operating income	1,011,739	67,489	1,079,228
· Differences in cost of sales and others	(4,021 )	3,889	(132 )
· Depreciation and amortization	110,314	(2,323 )	107,991
IFRS - Operating income	1,118,032	69,055	1,187,087
Financial income (expense), net			(10,719 )
Income before equity in earnings of associated companies and income tax			1,176,368
Equity in earnings of associated companies			20,131
Income before income tax			1,196,499
Capital expenditures	389,718	11,208	400,926
Depreciation and amortization	266,248	9,636	275,884

Net income under Management view amounted to \$773.6 million, while under IFRS amounted to \$852.3 million. In addition to the above, the main differences arise from the impact of functional currencies on financial result, income taxes as well as the result of investments in associated companies.

## 3 Segment Information (Cont.)

## Geographical information

(all amounts in thousands of U.S. dollars)	(Unaudited)					
	North America	South America	Europe	Middle East & Africa	Far East & Oceania	Total
Six-month ended June 30, 2013						
Net sales	2,287,402	1,434,293	523,107	1,041,049	221,724	5,507,575
Capital expenditures	114,123	184,600	51,761	2,174	10,901	363,559
Depreciation and amortization	161,994	52,993	65,942	5,260	10,783	296,972
Six-month ended June 30, 2012						
Net sales	2,703,754	1,233,801	574,294	646,529	260,463	5,418,841
Capital expenditures	175,405	107,731	106,219	4,446	7,125	400,926
Depreciation and amortization	152,959	52,504	55,925	3,071	11,425	275,884

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 Germany, Italy, Norway, Romania and United Kingdom; "Middle East and Africa" comprises principally Angola, Iraq, Nigeria, Saudi Arabia and United Arab Emirates; "Far East and Oceania" comprises principally China, Indonesia and Japan.

## 4 Cost of sales

(all amounts in thousands of U.S. dollars)	Six-month period ended June 30,	
	2013	2012
	(Unaudited)	
Inventories at the beginning of the period	2,985,805	2,806,409
Plus: Charges of the period		
Raw materials, energy, consumables and other	1,867,398	2,242,550
Services and fees	206,052	221,487
Labor cost	596,968	631,199
Depreciation of property, plant and equipment	176,895	159,575
Amortization of intangible assets	3,659	3,924
Maintenance expenses	109,172	121,007
Allowance for obsolescence	35,274	24,581
Taxes	2,646	3,766
Other	73,938	76,367
	3,072,002	3,484,456
Less: Inventories at the end of the period	(2,697,932)	(2,985,056)
	3,359,875	3,305,809



## 5 Selling, general and administrative expenses

(all amounts in thousands of U.S. dollars)	Six-month period ended June 30,	
	2013	2012
	(Unaudited)	
Services and fees	92,971	111,590
Labor cost	293,781	283,056
Depreciation of property, plant and equipment	9,128	6,770
Amortization of intangible assets	107,290	105,615
Commissions, freight and other selling expenses	312,514	283,841
Provisions for contingencies	18,114	1,453
Allowances for doubtful accounts	26,376	(4,196 )
Taxes	83,316	76,080
Other	61,404	66,589
	1,004,894	930,798

## 6 Financial results

(all amounts in thousands of U.S. dollars)	Six-month period ended June 30,	
	2013	2012
	(Unaudited)	
Interest income	12,951	15,289
Interest expense	(30,529 )	(22,613 )
Interest net	(17,578 )	(7,324 )
Net foreign exchange transaction results	3,953	(11,868 )
Foreign exchange derivatives contracts results	3,949	7,513
Other	(10,238 )	960
Other financial results	(2,336 )	(3,395 )
Net financial results	(19,914 )	(10,719 )

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.

## 7 Dividends distribution

On May 2, 2013 the Company's Shareholders approved an annual dividend in the amount of \$0.43 per share (\$0.86 per ADS). The amount approved included the interim dividend previously paid in November 22, 2012 in the amount of \$0.13 per share (\$0.26 per ADS). The balance, amounting to \$0.30 per share (\$0.60 per ADS), was paid on May 23, 2013. In the aggregate, the interim dividend paid in November 2012 and the balance paid in May 2013 amounted to approximately \$507.6 million.

## 8 Property, plant and equipment, net

(all amounts in thousands of U.S. dollars)	2013	2012
	(Unaudited)	
Six-month period ended June 30,		

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Opening net book amount	4,434,970	4,053,653
Currency translation adjustment	(26,719 )	(44,949 )
Additions	320,348	380,430
Disposals	(6,193 )	(6,155 )
Increase due to consolidation of joint operations	1,554	-
Transfers	(942 )	(887 )
Depreciation charge	(186,023 )	(166,345 )
At June 30,	4,536,995	4,215,747

## 9 Intangible assets, net

(all amounts in thousands of U.S. dollars)	2013	2012
	(Unaudited)	
Six-month period ended June 30,		
Opening net book amount	3,199,916	3,375,930
Currency translation adjustment	(800 )	(986 )
Additions	43,211	20,496
Transfers	942	887
Amortization charge	(110,949 )	(109,539 )
Disposals	(553 )	-
At June 30,	3,131,767	3,286,788

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

This note should be read in conjunction with Note 26 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2012.

## Commitments

§ A Tenaris company is a party to a contract with Nucor corporation under which it committed to purchase Steel Coils on a monthly basis with deliveries starting in July 2013 until December 2015. As of June 30, 2013 the estimated aggregate amount of the contract at current prices is approximately \$656 million.

§ 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 to 2018, and Siderar has the obligation to take or pay this volume. The amount of this gas supply agreement totals approximately \$73.1 million.

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

As of December 31, 2012, 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, 2012	22,411,870
Total equity in accordance with Luxembourg law	24,320,194

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, 2012, this reserve was 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.

At December 31, 2012, distributable amount under Luxembourg law totals \$23.0 billion, as detailed below:

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

Retained earnings at December 31, 2011 under Luxembourg law	23,024,194
Other income and expenses for the year ended December 31, 2012	(163,720 )
Dividends paid	(448,604 )
Retained earnings at December 31, 2012 under Luxembourg law	22,411,870
Share premium	609,733
Distributable amount at December 31, 2012 under Luxembourg law	23,021,603

11 Other acquisitions

Acquisition of participation in Usinas Siderúrgicas de Minas Gerais S.A. (“Usiminas”)

On January 16, 2012, Tenaris’s Brazilian subsidiary, 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 Brazilian reais (“BRL”) 36, 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’s existing control group through the acquisition of ordinary shares representing 27.7% of Usiminas’s total voting capital and 13.8% of Usiminas’s 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 329.4 million ordinary shares representing the majority of Usiminas’s voting rights, is now formed as follows: Nippon Group 47.2%, Ternium/Tenaris Group 42.4%, and CEU 10.4%. The rights of Ternium and its subsidiaries and Confab within the Ternium/Tenaris Group are governed under a separate shareholders agreement.

On July 25, 2013, Usiminas approved its interim accounts as of and for the six months period ended June 30, 2013, which indicate that revenues, post-tax losses from continuing operations and net assets amounted to \$3.169 million, \$106 million and \$7.426 million, respectively. As of June 30, 2013, the Company’s investment in Usiminas, amounted to \$315.3 million.

Tenaris Brazilian subsidiary, Confab, was notified of a lawsuit filed in Brazil by Companhia Siderúrgica Nacional (CSN) and various entities affiliated with CSN against this subsidiary and various subsidiaries of Ternium. The entities named in the CSN lawsuit had acquired a participation in Usiminas in January 2012.

The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all minority holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas’s control group, and Confab would have a 17.9% share in the offer. On March 20, 2013, Confab and other defendants filed their response to the CSN lawsuit. On May 8, 2013 the plaintiffs filed a reply (“réplica”), and on June 12, 2013, Confab and other defendants filed their response thereto (“tréplica”). Tenaris believes that CSN’s allegations are groundless and without merit, as confirmed by several opinions of Brazilian counsel and previous decisions by Brazil’s securities regulator Comissão de Valores Mobiliários, including a February 2012 decision determining that the above mentioned acquisition did not trigger any tender offer requirement. Accordingly, no provision was recorded in these Consolidated Condensed Interim Financial Statements.

Non controlling interests

During the six-month period ended June 30, 2013, additional shares of certain Tenaris subsidiaries were acquired from non-controlling shareholders for approximately \$7.8 million. In 2012 corresponds mainly to the acquisition of the non-controlling interests in Confab, see Note 27 to the Company’s audited Consolidated Financial Statements for the year ended December 31, 2012.

12 Related party transactions

As of June 30, 2013:

§ 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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## 12 Related party transactions (Cont.)

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 June 30, 2013, the closing price of the Ternium's ADSs as quoted on the New York Stock Exchange was \$22.63 per ADS, giving Tenaris's ownership stake a market value of approximately \$519.8 million. At June 30, 2013, the carrying value of Tenaris's ownership stake in Ternium, based on Ternium's IFRS financial statements was approximately \$598.4 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 and balances with related parties which are not Associated and which are not consolidated are disclosed as "Other".

The following transactions were carried out with related parties.

(all amounts in thousands of U.S. dollars)		Six-month period ended June 30,	
		2013	2012
		(Unaudited)	
(i)	Transactions		
	(a) Sales of goods and services		
	Sales of goods to associated parties	18,192	18,297
	Sales of goods to other related parties	64,192	26,721
	Sales of services to associated parties	8,446	6,707
	Sales of services to other related parties	2,447	2,343
		93,277	54,068
	(b) Purchases of goods and services		
	Purchases of goods to associated parties	169,757	210,400
	Purchases of goods to other related parties	6,898	12,048
	Purchases of services to associated parties	39,061	46,721
	Purchases of services to other related parties	50,864	36,357
		266,580	305,526
(all amounts in thousands of U.S. dollars)		At June 30,	At December
		2013	31,
		(Unaudited)	
(ii)	Period-end balances		2012
	(a) Arising from sales / purchases of goods / services		
	Receivables from associated parties	35,555	64,125
	Receivables from other related parties	34,733	20,389
	Payables to associated parties	(41,610 )	(86,379 )
	Payables to other related parties	(11,969 )	(14,123 )
		16,709	(15,988 )
	(b) Financial debt		
	Borrowings from associated parties	-	(3,909 )
	Borrowings from other related parties	(1,589 )	(2,212 )

(1,589 ) (6,121 )

13 Nationalization of Venezuelan subsidiaries

In May 2009, within the framework of Decree Law 6058, Venezuela's President 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, Decree 6796 was issued, 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, Decree 8280 was issued, 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 Belgium-Luxembourg Economic 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 International Centre for Settlement of Investment Disputes ("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 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.

In July 2012, Tenaris and Talta initiated separate arbitration proceedings against Venezuela before the ICSID, seeking adequate and effective compensation for the expropriation of their respective investments in Tavsa and Comsigua. This case was registered by the ICSID on August 27, 2012.

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.

13 Nationalization of Venezuelan subsidiaries (Cont.)

Tenaris or its subsidiaries have net receivables with the Venezuelan Companies as of June 30, 2013 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.

Edgardo Carlos  
Chief Financial Officer