

**TENARIS S.A.**

**CONSOLIDATED CONDENSED INTERIM FINANCIAL  
STATEMENTS**

**SEPTEMBER 30, 2011**

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

**CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT**

(all amounts in thousands of U.S. dollars, unless otherwise stated)

	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2011	2010	2011	2010
		(Unaudited)		(Unaudited)	
<b>Continuing operations</b>					
Net sales	3	2,494,840	2,027,242	7,221,927	5,647,725
Cost of sales	3 & 4	(1,548,822)	(1,252,583)	(4,506,632)	(3,423,055)
<b>Gross profit</b>		<b>946,018</b>	<b>774,659</b>	<b>2,715,295</b>	<b>2,224,670</b>
Selling, general and administrative expenses	3 & 5	(462,415)	(370,267)	(1,380,530)	(1,108,798)
Other operating income (expense), net	3	1,654	694	4,303	3,857
<b>Operating income</b>		<b>485,257</b>	<b>405,086</b>	<b>1,339,068</b>	<b>1,119,729</b>
Interest income	6	5,547	13,968	19,747	25,468
Interest expense	6	(14,073)	(10,003)	(39,362)	(51,961)
Other financial results	6	28,019	(16,223)	16,669	(15,900)
<b>Income before equity in earnings of associated companies and income tax</b>		<b>504,750</b>	<b>392,828</b>	<b>1,336,122</b>	<b>1,077,336</b>
Equity in earnings of associated companies		1,514	15,575	48,519	58,389
<b>Income before income tax</b>		<b>506,264</b>	<b>408,403</b>	<b>1,384,641</b>	<b>1,135,725</b>
Income tax		(140,776)	(105,696)	(390,253)	(315,838)
<b>Income for the period</b>		<b>365,488</b>	<b>302,707</b>	<b>994,388</b>	<b>819,887</b>
<b>Attributable to:</b>					
Equity holders of the Company		324,991	304,812	931,583	806,459
Non-controlling interests		40,497	(2,105)	62,805	13,428
		<b>365,488</b>	<b>302,707</b>	<b>994,388</b>	<b>819,887</b>
<b>Earnings per share attributable to the equity holders of the Company during the period:</b>					
Weighted average number of ordinary shares (thousands)	7	1,180,537	1,180,537	1,180,537	1,180,537
<b>Continuing operations</b>					
Basic and diluted earnings per share (U.S. dollars per share)	7	0.28	0.26	0.79	0.68
Basic and diluted earnings per ADS (U.S. dollars per ADS)	7	0.55	0.52	1.58	1.37

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

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

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2011	2010	2011	2010
	(Unaudited)		(Unaudited)	
<b>Income for the period</b>	<b>365,488</b>	<b>302,707</b>	<b>994,388</b>	<b>819,887</b>
<b>Other comprehensive income:</b>				
Currency translation adjustment	(466,628)	215,268	(231,136)	64,382
Changes in the fair value of derivatives held as cash flow hedges	(18,389)	7,108	(12,599)	4,913
Share of other comprehensive income of associates:				
- Currency translation adjustment	(36,776)	7,647	(31,127)	9,672
- Changes in the fair value of derivatives held as cash flow hedges	447	283	1,279	514
Income tax relating to components of other comprehensive income (*)	(1,090)	(1,928)	(2,762)	(1,466)
<b>Other comprehensive income for the period, net of tax</b>	<b>(522,436)</b>	<b>228,378</b>	<b>(276,345)</b>	<b>78,015</b>
<b>Total comprehensive income for the period</b>	<b>(156,948)</b>	<b>531,085</b>	<b>718,043</b>	<b>897,902</b>
<b>Attributable to:</b>				
Equity holders of the Company	(125,295)	496,330	695,205	855,727
Non-controlling interests	(31,653)	34,755	22,838	42,175
	<b>(156,948)</b>	<b>531,085</b>	<b>718,043</b>	<b>897,902</b>

(\*) 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	<u>At September 30, 2011</u> (Unaudited)	<u>At December 31, 2010</u>	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment, net	8	4,029,640	3,780,580	
Intangible assets, net	9	3,434,038	3,581,816	
Investments in associated companies		669,958	671,855	
Other investments		48,238	43,592	
Deferred tax assets		217,219	210,523	
Receivables		138,509	8,537,602	120,429
				8,408,795
<b>Current assets</b>				
Inventories		2,772,199	2,460,384	
Receivables and prepayments		241,974	282,536	
Current tax assets		170,405	249,317	
Trade receivables		1,798,844	1,421,642	
Available for sale assets	13	21,572	21,572	
Other investments		634,238	676,224	
Cash and cash equivalents		764,787	6,404,019	843,861
				5,955,536
<b>Total assets</b>		<b>14,941,621</b>	<b>14,364,331</b>	
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders		10,344,372	9,902,359	
Non-controlling interests		644,721	648,221	
<b>Total equity</b>		<b>10,989,093</b>	<b>10,550,580</b>	
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings		177,120	220,570	
Deferred tax liabilities		852,279	934,226	
Other liabilities		225,878	193,209	
Provisions		79,057	83,922	
Trade payables		2,378	1,336,712	3,278
				1,435,205
<b>Current liabilities</b>				
Borrowings		994,331	1,023,926	
Current tax liabilities		270,732	207,652	
Other liabilities		356,959	233,590	
Provisions		40,285	25,101	
Customer advances		78,364	70,051	
Trade payables		875,145	2,615,816	818,226
				2,378,546
<b>Total liabilities</b>		<b>3,952,528</b>	<b>3,813,751</b>	
<b>Total equity and liabilities</b>		<b>14,941,621</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						Non-controlling interests	Total	
	Share Capital (1)	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves	Retained Earnings (2)			
<b>Balance at January 1, 2011</b>	<b>1,180,537</b>	<b>118,054</b>	<b>609,733</b>	<b>108,419</b>	<b>15,809</b>	<b>7,869,807</b>	<b>9,902,359</b>	<b>648,221</b>	<b>10,550,580</b>
									(Unaudited)
<b>Income for the period</b>	-	-	-	-	-	<b>931,583</b>	<b>931,583</b>	<b>62,805</b>	<b>994,388</b>
Currency translation adjustment	-	-	-	(190,232)	-	-	(190,232)	(40,904)	(231,136)
Hedge reserve, net of tax	-	-	-	-	(16,298)	-	(16,298)	937	(15,361)
Share of other comprehensive income of associates	-	-	-	(31,127)	1,279	-	(29,848)	-	(29,848)
<b>Other comprehensive income for the period</b>	-	-	-	<b>(221,359)</b>	<b>(15,019)</b>	-	<b>(236,378)</b>	<b>(39,967)</b>	<b>(276,345)</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>(221,359)</b>	<b>(15,019)</b>	<b>931,583</b>	<b>695,205</b>	<b>22,838</b>	<b>718,043</b>
Acquisition of non-controlling interests	-	-	-	-	(1,940)	-	(1,940)	(14,639)	(16,579)
Treasury shares held by associated companies	-	-	-	-	(3,339)	-	(3,339)	-	(3,339)
Dividends paid in cash	-	-	-	-	-	(247,913)	(247,913)	(11,699)	(259,612)
<b>Balance at September 30, 2011</b>	<b>1,180,537</b>	<b>118,054</b>	<b>609,733</b>	<b>(112,940)</b>	<b>(4,489)</b>	<b>8,553,477</b>	<b>10,344,372</b>	<b>644,721</b>	<b>10,989,093</b>

	Attributable to equity holders of the Company						Non-controlling interests	Total	
	Share Capital (1)	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves	Retained Earnings			
<b>Balance at January 1, 2010</b>	<b>1,180,537</b>	<b>118,054</b>	<b>609,733</b>	<b>29,533</b>	<b>10,484</b>	<b>7,143,823</b>	<b>9,092,164</b>	<b>628,672</b>	<b>9,720,836</b>
									(Unaudited)
<b>Income for the period</b>	-	-	-	-	-	<b>806,459</b>	<b>806,459</b>	<b>13,428</b>	<b>819,887</b>
Currency translation adjustment	-	-	-	35,862	-	-	35,862	28,520	64,382
Hedge reserve, net of tax	-	-	-	-	3,220	-	3,220	227	3,447
Share of other comprehensive income of associates	-	-	-	9,672	514	-	10,186	-	10,186
<b>Other comprehensive income for the period</b>	-	-	-	<b>45,534</b>	<b>3,734</b>	-	<b>49,268</b>	<b>28,747</b>	<b>78,015</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>45,534</b>	<b>3,734</b>	<b>806,459</b>	<b>855,727</b>	<b>42,175</b>	<b>897,902</b>
Acquisition and increase of non-controlling interests	-	-	-	-	(366)	-	(366)	(2,595)	(2,961)
Dividends paid in cash	-	-	-	-	-	(247,913)	(247,913)	(19,019)	(266,932)
<b>Balance at September 30, 2010</b>	<b>1,180,537</b>	<b>118,054</b>	<b>609,733</b>	<b>75,067</b>	<b>13,852</b>	<b>7,702,369</b>	<b>9,699,612</b>	<b>649,233</b>	<b>10,348,845</b>

(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 September 30, 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 September 30, 2011 calculated in accordance with Luxembourg Law are disclosed in Note 10.

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2010

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**

	Note	Nine-month period ended September 30,	
		2011	2010
(all amounts in thousands of U.S. dollars)			
<b>Cash flows from operating activities</b>			
Income for the period		994,388	819,887
Adjustments for:			
Depreciation and amortization	8 & 9	400,465	377,890
Income tax accruals less payments		107,008	(67,542)
Equity in earnings of associated companies		(48,519)	(58,885)
Interest accruals less payments, net		(28,455)	20,313
Changes in provisions		10,319	5,280
Changes in working capital		(489,686)	(491,392)
Other, including currency translation adjustment		(118,460)	11,430
<b>Net cash provided by operating activities</b>		<b>827,060</b>	<b>616,981</b>
<b>Cash flows from investing activities</b>			
Capital expenditures	8 & 9	(673,930)	(561,218)
Proceeds from disposal of property, plant and equipment and intangible assets		3,339	6,961
Dividends and distributions received from associated companies		17,229	13,732
Investments in short terms securities		41,986	(62,323)
<b>Net cash used in investing activities</b>		<b>(611,376)</b>	<b>(602,848)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(247,913)	(247,913)
Dividends paid to non-controlling interests in subsidiaries		(11,699)	(19,019)
Acquisitions of non-controlling interests	11	(16,579)	(2,961)
Proceeds from borrowings		713,518	369,718
Repayments of borrowings		(715,262)	(733,868)
<b>Net cash used in financing activities</b>		<b>(277,935)</b>	<b>(634,043)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(62,251)</b>	<b>(619,910)</b>
<b>Movement in cash and cash equivalents</b>			
At the beginning of the period		820,165	1,528,707
Effect of exchange rate changes		(3,798)	(8,028)
Decrease in cash and cash equivalents		(62,251)	(619,910)
<b>At September 30,</b>		<b>754,116</b>	<b>900,769</b>
		<b>At September 30,</b>	
		<b>2011</b>	<b>2010</b>
<b>Cash and cash equivalents</b>			
Cash and bank deposits		764,787	919,027
Bank overdrafts		(10,671)	(18,258)
		<b>754,116</b>	<b>900,769</b>

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 are listed on the Milan Stock Exchange, the Buenos Aires Stock Exchange and the Mexico City Stock Exchange; the Company's American Depositary Securities ("ADS") are listed on the New York Stock Exchange.

These Consolidated Condensed Interim Financial Statements were approved for issue by the Company's Board of Directors on November 3, 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 ("IASB") and adopted by the European Union ("EU").

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

	(Unaudited)			
	Tubes	Projects	Other	Total
(all amounts in thousands of U.S. dollars)				
<b>Nine-month period ended September 30, 2011</b>				
Net sales	6,115,395	538,145	568,387	7,221,927
Cost of sales	(3,752,219)	(358,026)	(396,387)	(4,506,632)
<b>Gross profit</b>	<b>2,363,176</b>	<b>180,119</b>	<b>172,000</b>	<b>2,715,295</b>
Selling, general and administrative expenses	(1,244,690)	(68,936)	(66,904)	(1,380,530)
Other operating income (expenses), net	4,841	(623)	85	4,303
<b>Operating income</b>	<b>1,123,327</b>	<b>110,560</b>	<b>105,181</b>	<b>1,339,068</b>
Depreciation and amortization	373,633	15,940	10,892	400,465
Capital expenditures	617,185	52,001	4,744	673,930
<b>Nine-month period ended September 30, 2010</b>				
Net sales	4,917,357	282,593	447,775	5,647,725
Cost of sales	(2,914,316)	(185,042)	(323,697)	(3,423,055)
<b>Gross profit</b>	<b>2,003,041</b>	<b>97,551</b>	<b>124,078</b>	<b>2,224,670</b>
Selling, general and administrative expenses	(998,796)	(59,519)	(50,483)	(1,108,798)
Other operating income (expenses), net	(1,910)	2,104	3,663	3,857
<b>Operating income</b>	<b>1,002,335</b>	<b>40,136</b>	<b>77,258</b>	<b>1,119,729</b>
Depreciation and amortization	351,468	14,730	11,692	377,890
Capital expenditures	524,419	33,681	3,118	561,218

#### Geographical information

	(Unaudited)					Total
	North America	South America	Europe	Middle East & Africa	Far East & Oceania	
(all amounts in thousands of U.S. dollars)						
<b>Nine-month period ended September 30, 2011</b>						
Net sales	3,122,603	1,886,460	839,378	960,245	413,241	7,221,927
Depreciation and amortization	211,529	78,622	88,491	1,318	20,505	400,465
Capital expenditures	410,356	118,701	121,699	12,784	10,390	673,930
<b>Nine-month period ended September 30, 2010</b>						
Net sales	2,391,673	1,391,724	586,708	964,960	312,660	5,647,725
Depreciation and amortization	192,572	78,830	85,796	950	19,742	377,890
Capital expenditures	370,141	81,536	90,661	11,003	7,877	561,218

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, 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.



#### 4 Cost of sales

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

	<b>Nine-month period ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	
<b>Inventories at the beginning of the period</b>	<b>2,460,384</b>	<b>1,687,059</b>
<b>Plus: Charges of the period</b>		
Raw materials, energy, consumables and other	3,231,953	2,696,198
Services and fees	268,064	242,266
Labor cost	836,662	690,777
Depreciation of property, plant and equipment	233,968	215,221
Amortization of intangible assets	3,892	2,610
Maintenance expenses	159,886	132,662
Allowance for obsolescence	5,833	(30,104)
Taxes	3,883	5,334
Other	74,306	51,308
	<b>4,818,447</b>	<b>4,006,272</b>
Less: Inventories at the end of the period	(2,772,199)	(2,270,276)
	<b>4,506,632</b>	<b>3,423,055</b>

#### 5 Selling, general and administrative expenses

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

	<b>Nine-month period ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	
Services and fees	164,494	154,218
Labor cost	400,204	332,500
Depreciation of property, plant and equipment	8,809	9,415
Amortization of intangible assets	153,796	150,644
Commissions, freight and other selling expenses	403,461	306,534
Provisions for contingencies	37,917	25,028
Allowances for doubtful accounts	5,233	(14,496)
Taxes	109,304	88,412
Other	97,312	56,543
	<b>1,380,530</b>	<b>1,108,798</b>

#### 6 Financial results

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

	<b>Nine-month period ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	
Interest income	19,747	25,468
Interest expense (*)	(39,362)	(51,961)
<b>Interest net</b>	<b>(19,615)</b>	<b>(26,493)</b>
Net foreign exchange transaction results	63,812	(12,450)
Foreign exchange derivatives contracts results (**)	(42,276)	(1,490)
Other	(4,867)	(1,960)
<b>Other financial results</b>	<b>16,669</b>	<b>(15,900)</b>
<b>Net financial results</b>	<b>(2,946)</b>	<b>(42,393)</b>

## 6 Financial results (Cont.)

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

(\*) Includes interest rate swap losses of \$5.2 million and \$11.6 million for the nine-month period ended September 30, 2011 and September 30, 2010, respectively.

(\*\*) Includes a loss of \$7.7 million and a loss of \$2.0 million on an identified embedded derivative for the nine-month periods ended September 30, 2011 and September 30, 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.

	<b>Nine-month period ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	
Net income attributable to equity holders	931,583	806,459
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)	0.79	0.68
Basic and diluted earnings per ADS (U.S. dollars per ADS) (*)	1.58	1.37

(\*) Each ADS equals two shares

On June 1, 2011 the Company's shareholders approved an annual dividend in the amount of \$0.34 per share (\$0.68 per ADS). The amount approved included the interim dividend previously paid in November 2010, in the amount of \$0.13 per share (\$0.26 per ADS). The balance, amounting to \$0.21 per share (\$0.42 per ADS), was paid on June 23, 2011. In the aggregate, the interim dividend paid in November 2010 and the balance paid in June 2011 amounted to approximately \$401 million.

## 8 Property, plant and equipment, net

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

	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	
<b>Nine-month period ended September 30,</b>		
Opening net book amount	3,780,580	3,254,587
Currency translation adjustment	(150,383)	16,971
Additions	645,751	543,394
Disposals	(3,339)	(6,937)
Transfers	(192)	(7,225)
Depreciation charge	(242,777)	(224,636)
<b>At September 30,</b>	<b>4,029,640</b>	<b>3,576,154</b>

## 9 Intangible assets, net

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

	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	
<b>Nine-month period ended September 30,</b>		
Opening net book amount	3,581,816	3,670,920
Currency translation adjustment	(18,461)	6,420
Additions	28,179	17,824
Disposals	-	(24)
Transfers	192	1,622
Amortization charge	(157,688)	(153,254)
<b>At September 30,</b>	<b>3,434,038</b>	<b>3,543,508</b>

## 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 105 million (approximately \$25 million) at September 30, 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.

### *Settlement with U.S. governmental authorities*

In 2009, Tenaris announced that it had 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, potentially in violation of the U.S. Foreign Corrupt Practices Act (FCPA). 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 ("SEC") and the U.S. Department of Justice ("DOJ"), and cooperated in the investigations conducted by the SEC and the DOJ.

On May 17, 2011, Tenaris settled the SEC's and the DOJ's FCPA investigations. The settlements describe conduct by former Tenaris regional sales personnel relating to payments to officials of a state controlled oil and gas production company in the Caspian region, as well as certain record keeping and internal control failures relating to this conduct. The settlements also state that Tenaris voluntarily disclosed this conduct to the SEC and the DOJ in a timely and complete manner, conducted an internal investigation, provided thorough, real time cooperation to the SEC and the DOJ, and undertook remediation efforts, including voluntary enhancements to its compliance program. In the settlement with the SEC, Tenaris agreed to pay approximately \$5.4 million in disgorgement of profits and interest, and in the settlement with the DOJ Tenaris agreed to pay a \$3.5 million penalty. Tenaris timely paid those amounts to the DOJ and the SEC.

### *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 September 30, 2011 the estimated aggregate amount of the contract at current prices is approximately \$ 408 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 September 30, 2011 the estimated aggregate amount of the remaining commitments on the contract at current prices is approximately \$214 million. The contract allows the Tenaris company to claim lower commitments in market downturns and severe market downturns subject to certain limitations.

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

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

As of September 30, 2011, equity as defined under Luxembourg law and regulations consisted of:

(all amounts in thousands of U.S. dollars)	<b>(Unaudited)</b>
Share capital	1,180,537
Legal reserve	118,054
Share premium	609,733
Retained earnings including net income for the nine month period ended September 30, 2011	23,189,137
<b>Total equity in accordance with Luxembourg law</b>	<b>25,097,461</b>

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.

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 September 30, 2011, distributable amount under Luxembourg law totals \$23.8 billion, as detailed below.

(all amounts in thousands of U.S. dollars)	<b>(Unaudited)</b>
Retained earnings at December 31, 2010 under Luxembourg law	16,631,947
Gain from the transfer of shares in affiliated undertakings (*)	6,828,757
Other income and expenses for the nine month period ended September 30, 2011	(23,654)
Dividends paid	(247,913)
<b>Retained earnings at September 30, 2011 under Luxembourg law</b>	<b>23,189,137</b>
Share premium	609,733
<b>Distributable amount at September 30, 2011 under Luxembourg law</b>	<b>23,798,870</b>

(\*) As explained in Note 33 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2010, in the fourth quarter of 2010, the Company carried out a multi-step corporate reorganization, which included, among other transactions, the contribution of most of the Company's assets and liabilities to a wholly-owned, newly-incorporated Luxembourg subsidiary and the restructuring of indirect holdings in certain subsidiaries. The second phase of the corporate reorganization was made in September 2011, and resulted in a revaluation of the accounting value (under Luxembourg GAAP) of the assets then contributed.

## 11 Other acquisitions

### *Non controlling interests*

During the nine-month period ended September 30, 2011 and 2010, additional shares of certain Tenaris subsidiaries were acquired from non-controlling shareholders for approximately \$16.6 million and \$3.4 million, respectively.

## 12 Related party transactions

As of September 30, 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.

## 12 Related party transactions (Cont.)

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 September 30, 2011, the closing price of the Ternium S.A. ("Ternium") ADS as quoted on the New York Stock Exchange was \$20.83 per ADS, giving Tenaris' ownership stake a market value of approximately \$478.5 million. At September 30, 2011, the carrying value of Tenaris' ownership stake in Ternium, based on Ternium's IFRS financial statements was approximately \$651.6 million.

Transactions and balances disclosed as "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".

The following transactions were carried out with related parties:

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

		(Unaudited)		
		Associated (1)	Other	Total
<b>Nine-month period ended September 30, 2011</b>				
(i)	<b>Transactions</b>			
	<b>(a) Sales of goods and services</b>			
	Sales of goods	29,361	78,916	108,277
	Sales of services	11,104	3,527	14,631
		<b>40,465</b>	<b>82,443</b>	<b>122,908</b>
	<b>(b) Purchases of goods and services</b>			
	Purchases of goods	108,814	16,201	125,015
	Purchases of services	65,604	90,562	156,166
		<b>174,418</b>	<b>106,763</b>	<b>281,181</b>
<b>Nine-month period ended September 30, 2010</b>				
(i)	<b>Transactions</b>			
	<b>(a) Sales of goods and services</b>			
	Sales of goods	26,432	41,965	68,397
	Sales of services	8,580	2,128	10,708
		<b>35,012</b>	<b>44,093</b>	<b>79,105</b>
	<b>(b) Purchases of goods and services</b>			
	Purchases of goods	135,358	20,088	155,446
	Purchases of services	43,865	106,595	150,460
		<b>179,223</b>	<b>126,683</b>	<b>305,906</b>
<b>At September 30, 2011</b>				
(ii)	<b>Period-end balances</b>			
	<b>(a) Arising from sales / purchases of goods / services</b>			
	Receivables from related parties	45,108	9,721	54,829
	Payables to related parties	(49,256)	(11,972)	(61,228)
		<b>(4,148)</b>	<b>(2,251)</b>	<b>(6,399)</b>
	<b>(b) Financial debt</b>			
	Borrowings	<b>(5,967)</b>	<b>(1,187)</b>	<b>(7,154)</b>

**12 Related party transactions (Cont.)**

<b>At December 31, 2010</b>		<b>Associated (1)</b>	<b>Other</b>	<b>Total</b>
<b>(ii) Year-end balances</b>				
<b>(a) Arising from sales / purchases of goods / services</b>				
Receivables from related parties		39,761	28,557	68,318
Payables to related parties		(17,534)	(19,110)	(36,644)
		<b>22,227</b>	<b>9,447</b>	<b>31,674</b>
<b>(b) Financial debt</b>				
Borrowings		<b>(3,843)</b>	-	<b>(3,843)</b>

(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").

**13 Nationalization of Venezuelan Subsidiaries**

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

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

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

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

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

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

### **13 Nationalization of Venezuelan Subsidiaries (Cont.)**

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.

Tenaris or its subsidiaries have net receivables with the Venezuelan Companies as of September 30, 2011 for a total amount of approximately \$28 million.

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

### **14 Recently issued accounting pronouncements relevant for Tenaris**

#### *(i) International Accounting Standard 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) must be applied for annual periods beginning on or after 1 January 2013.

#### *(ii) International Accounting Standard 1 (amended 2011), "Presentation of financial statements"*

In June 2011, the IASB issued IAS 1 (amended 2011), "Presentation of financial statements". The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. IAS 1 (amended 2011) must be applied for annual periods beginning on or after 1 July 2012.

#### *(iii) International Financial Reporting Standard 10, "Consolidated financial statements"*

In May 2011, the IASB issued IFRS 10, "Consolidated financial statements". IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC-12. IFRS 10 must be applied for annual periods beginning on or after 1 January 2013.

#### *(iv) International Financial Reporting Standard 12, "Disclosures of interest in other entities"*

In May 2011, the IASB issued IFRS 12, "Disclosures of interest in other entities". This standard includes the disclosure requirements for all forms of interest in other entities. IFRS 12 must be applied for annual periods beginning on or after 1 January 2013.

#### *(v) International Financial Reporting Standard 13, "Fair value measurement"*

In May 2011, the IASB issued IFRS 13, "Fair value measurement". IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. IFRS 13 must be applied for annual periods beginning on or after 1 January 2013.

These standards, amendments to standards and interpretations are not effective for the financial year beginning January 1, 2011 and have not been early adopted.

The Company's management has not assessed the potential impact that the application of these standards may have on the Company's financial condition or results of operations.

**15 Subsequent event**

*Interim dividend payment*

On November 3, 2011, the company's board of directors approved the payment of an interim dividend of \$0.13 per share (\$0.26 per ADS), or approximately \$153 million, on November 24, 2011 with an ex-dividend date of November 21, 2011.

Ricardo Soler  
Chief Financial Officer