TENARIS S.A.

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2004 and 2003 and for the years ended December 31, 2004, 2003 and 2002

46a, Avenue John F. Kennedy – 2nd Floor.
L – 1855 Luxembourg

CONSOLIDATED INCOME STATEMENT

		Year ended December 31,		
(all amounts in USD thousands, unless otherwise stated)	**Notes**	**2004**	**2003**	**2002**
Net sales	**1**	4,136,063	3,179,652	3,219,384
Cost of sales	**2**	(2,776,936)	(2,207,827)	(2,169,228)
Gross profit		1,359,127	971,825	1,050,156
Selling, general and administrative expenses	**3**	(672,449)	(566,835)	(567,515)
Other operating income	**5 (i)**	152,591	8,859	18,003
Other operating expenses	**5 (ii)**	(25,751)	(125,659)	(28,767)
Operating income		813,518	288,190	471,877
Financial income (expenses), net	**6**	5,802	(29,420)	(20,597)
Income before equity in earnings (losses) of associated companies, income tax and minority interest		819,320	258,770	451,280
Equity in earnings (losses) of associated companies	**7**	206,037	27,585	(6,802)
Income before income tax and minority interest		1,025,357	286,355	444,478
Income tax	**8**	(220,376)	(63,918)	(207,771)
Net income before minority interest		804,981	222,437	236,707
Minority interest (1)	**27**	(20,278)	(12,129)	(42,881)
Net income before other minority interest		784,703	210,308	193,826
Other minority interest (2)	**27**	-	-	(99,522)
Net income		**784,703**	**210,308**	**94,304**
Weighted average number of ordinary shares in issue (thousands)	**9**	**1,180,507**	**1,167,230**	**732,936**
Basic and diluted earnings per share (USD per share)	**9**	**0.66**	**0.18**	**0.13**

(1) Minority interest represents the participation of minority shareholders of those consolidated subsidiaries not included in the exchange transaction completed on December 13, 2002 (including Confab Industrial S.A., NKKTubes K.K. and Tubos de Acero de Venezuela S.A., as well as the participation at December 31, 2002, of minority shareholders of Siderca S.A.I.C., Dalmine S.p.A. and Tubos de Acero de Mexico S.A. that did not exchange their participation).

(2) Other minority interest represents the participation of minority shareholders attributable to the exchanged shares, since January 1, 2002 until the date of the 2002 Exchange Offer (see Note 28 (a)).

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(all amounts in USD thousands)	Notes	At December 31, 2004		At December 31, 2003	
ASSETS					
Non-current assets					
Property, plant and equipment, net	**10**	2,164,601		1,960,314	
Intangible assets, net	**11**	49,211		54,037	
Investments in associated companies	**12**	99,451		45,814	
Other investments	**13**	24,395		23,155	
Deferred tax assets	**20**	161,173		130,812	
Receivables	**14**	151,365	2,650,196	59,521	2,273,653
Current assets					
Inventories	**15**	1,269,470		831,879	
Receivables and prepayments	**16**	374,446		165,134	
Trade receivables	**17**	936,931		652,782	
Other investments	**18 (i)**	119,666		138,266	
Cash and cash equivalents	**18 (ii)**	311,579	3,012,092	247,834	2,035,895
Total assets			5,662,288		4,309,548
EQUITY AND LIABILITIES					
Shareholders' Equity			2,495,924		1,841,280
Minority interest	**27**		165,271		119,984
Non-current liabilities					
Borrowings	**19**	420,751		374,779	
Deferred tax liabilities	**20**	371,975		418,333	
Other liabilities	**21 (i)**	172,442		191,540	
Provisions	**22 (ii)**	31,776		23,333	
Trade payables		4,303	1,001,247	11,622	1,019,607
Current liabilities					
Borrowings	**19**	838,591		458,872	
Current tax liabilities		222,735		108,071	
Other liabilities	**21(ii)**	176,393		207,594	
Provisions	**23(ii)**	42,636		39,624	
Customers advances		127,399		54,721	
Trade payables		592,092	1,999,846	459,795	1,328,677
Total liabilities			3,001,093		2,348,284
Total equity and liabilities			5,662,288		4,309,548

Contingencies, commitments and restrictions on the distribution of profits are disclosed in Note 25.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(all amounts in USD thousands)

	Statutory balances according to Luxembourg Law									Total at December 31,		
	Share Capital	Legal Reserves	Share Premium	Other Distributable Reserve	Retained Earnings	Total	Adjustments to IFRS	Currency translation adjustments	Retained Earnings	2004	2003	2002
Balance at January 1,	1,180,288	118,029	609,269	96,555	201,480	2,205,621	(634,759)	(34,194)	304,612	1,841,280	1,694,054	875,401
Currency translation differences	-	-	-	-	-	-	-	4,174	-	4,174	309	(34,503)
Change in ownership in Exchange Companies (Note 28)	-	-	-	-	-	-	-	-	-	-	-	1,724
Capital Increase and Exchange Transaction (Note 28)	249	25	464	82	-	820	-	-	-	820	51,611	796,418
Dividends paid in cash	-	-	-	(96,555)	(38,498)	(135,053)	-	-	-	(135,053)	(115,002)	(39,290)
Net income	-	-	-	-	373,477	373,477	(373,477)	-	784,703	784,703	210,308	94,304
Balance at December 31,	1,180,537	118,054	609,733	82	536,459	2,444,865	(1,008,236)	(30,020)	1,089,315	2,495,924	1,841,280	1,694,054

The Distributable Reserve and Retained Earnings calculated according to Luxembourg Law are disclosed in Note 25 (vi)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

		Year ended December 31,		
(all amounts in USD thousands)	**Notes**	**2004**	**2003**	**2002**
Cash flows from operating activities				
Net income		784,703	210,308	94,304
Depreciation and amortization	**10 & 11**	208,119	199,799	176,315
Provision for BHP proceeding	**5 (ii) & 25 (i)**	-	114,182	18,923
Fintecna arbitration award	**25 (i)**	(126,126)	-	-
Income tax accruals less payments	**31 (ii)**	44,659	(138,570)	174,478
Equity in (earnings) losses of associated companies	**7**	(206,037)	(27,585)	6,802
Interest accruals less payments, net	**31 (iii)**	16,973	(3,032)	4,780
Net provisions	**22 & 23**	11,455	(13)	(27,473)
Power plant impairment	**25 (v) (i)**	11,705	-	-
Result from disposition of investment in associated companies	**5 (i)**	-	(1,018)	-
Minority interest	**27**	20,278	12,129	142,403
Change in working capital	**31 (i)**	(621,187)	(107,156)	(100,842)
Currency translation adjustment and others		(46,254)	16,592	(28,254)
Net cash provided by operating activities		**98,288**	**275,636**	**461,436**
Cash flows from investing activities				
Capital expenditures	**10 & 11**	(183,312)	(162,624)	(147,577)
Acquisitions of subsidiaries and associates, net of cash provided by business acquisitions		(97,595)	(65,283)	(15,107)
Cost of disposition of property, plant and equipment and intangible assets	**10 & 11**	12,054	5,965	14,427
Proceeds from sales of investments in associated companies		-	1,124	-
Convertible loan to associated companies		-	(31,128)	-
Dividends and distributions received from associated companies		48,598	-	-
Acquisitions of minority interest		-	(299)	-
Changes in trust fund		20,359	-	(32,349)
Net cash used in investing activities		**(199,896)**	**(252,245)**	**(180,606)**
Cash flows from financing activities				
Dividends paid in cash		(135,053)	(115,002)	(39,290)
Dividends paid to minority interest in subsidiaries	**27**	(31)	(14,064)	(41,484)
Proceeds from borrowings		676,862	590,490	425,268
Repayments of borrowings		(376,768)	(544,606)	(528,870)
Net cash provided by (used in) financing activities		**165,010**	**(83,182)**	**(184,376)**
Increase / (Decrease) in cash and cash equivalents		**63,402**	**(59,791)**	**96,454**
Movement in cash and cash equivalents				
At beginning of the year		247,834	304,536	213,814
Effect of exchange rate changes		343	3,089	(5,732)
Increase / (Decrease) in cash and cash equivalents		63,402	(59,791)	96,454
At December 31,		**311,579**	**247,834**	**304,536**
Non-cash financing activity				
Fair value adjustment of minority interest acquired		-	(925)	-
Common stock issued in acquisition of minority interest		820	51,611	796,418
Conversion of debt to equity in subsidiaries		13,072	-	-

The accompanying notes are an integral part of these consolidated financial statements.

ACCOUNTING POLICIES ("AP")

Index to accounting policies

ACCOUNTING POLICIES

The following is a summary of the main accounting policies followed in the preparation of these consolidated financial statements:

A Business of the Company and basis of presentation

Tenaris S.A. (the "Company" or "Tenaris"), a Luxembourg corporation (societé anonyme holding), was incorporated on December 17, 2001, to hold investments in steel pipe manufacturing and distributing companies, as explained in Note 28. The Company holds, either directly or indirectly, controlling interests in various subsidiaries. A list of these holdings is included in Note 32.

At December 31, 2004, 2003 and 2002, the financial statements of Tenaris and its subsidiaries have been consolidated. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB. The Company has applied IFRS 3 for all business combinations that occurs after March 31, 2004. The consolidated financial statements are presented in thousands of U.S. dollars ("USD").

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

The preparation of consolidated financial statements requires management to make estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet dates, and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from these estimates.

These consolidated financial statements were approved by Tenaris's Board of Directors on February 23, 2005.

B Group accounting

(1) Subsidiary companies

The consolidated financial statements include the financial statements of Tenaris's subsidiary companies. Subsidiary companies are entities in which Tenaris has an interest of more than 50% of the voting rights or otherwise has the power to exercise control over their operations. Subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that the Company ceases to have control. The purchase method of accounting is used to account for the acquisition of subsidiaries.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Material intercompany transactions and balances between Tenaris's subsidiaries have been eliminated in consolidation. However, the fact that the measurement currency of some subsidiaries is their respective local currency, generates some financial gains (losses) arising from intercompany transactions, that are included in the consolidated income statement under Financial income (expenses), net.

See Note 32 for the list of the consolidated subsidiaries.

B Group accounting (Cont'd.)

(2) Associated companies

Investments in associated companies are accounted for by the equity method of accounting. Associated companies are companies in which Tenaris owns between 20% and 50% of the voting rights or over which Tenaris has significant influence, but does not have control (see AP B (1)). Unrealized results on transactions between Tenaris and its associated companies are eliminated to the extent of Tenaris's interest in the associated companies.

Tenaris's investment in Consorcio Siderurgia Amazonia Ltd. ("Amazonia") was accounted for under the equity method, as Tenaris has significant influence. At December 31, 2004, Tenaris holds a 14.5% of Amazonia. As explained in Note 25 (ii), as from February 15, 2005 Tenaris has increased its participation in Amazonia to 21.2%.

See Note 12 for a list of principal associated companies.

C Foreign Currency Translation

(1) Translation of financial statements in currencies other than the measurement currency

IASB's Standing Interpretation Committee's interpretation number 19 ("SIC-19") states that the measurement currency should provide information about the enterprise that is useful and reflects the economic substance of the underlying events and circumstances relevant to the enterprise.

The measurement currency of Tenaris is the U.S. dollar. Although the Company is located in Luxembourg, Tenaris operates in several countries with different currencies. The U.S. dollar is the currency that best reflects the economic substance of the underlying events and circumstances relevant to Tenaris as a whole. Generally, the measurement currency of the Tenaris's subsidiaries is the respective local currency. In the case of Siderca S.A.I.C. ("Siderca"), Tenaris's subsidiary in Argentina, as well as Siderca's Argentine subsidiaries, the measurement currency is the U.S. dollar, because:

- Siderca and its subsidiaries are located in Argentina and its local currency has been affected by recurring severe economic crises;
- Sales are mainly denominated and settled in U.S. dollars or, if in a currency other than the U.S. dollar, the price is sensitive to movements in the exchange rate with the U.S. dollar;
- Prices of critical raw materials are settled in U.S. dollars; and
- Most of the net financial assets and liabilities are mainly obtained and retained in U.S. dollars.

In addition, Tenaris Global Services S.A. ("TGS"), TGS's commercial network subsidiaries, and the intermediate holding subsidiaries of Tenaris use the U.S. dollar as their measurement currency, which reflects these entities' cash flow and transactions being primarily determined in U.S. dollars.

Income statements of subsidiaries stated in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates for each quarter of the year, while balance sheets are translated at the exchange rates at December 31. Translation differences are recognized in shareholders' equity as currency translation adjustments. In the case of a sale or other disposition of any such subsidiary, any accumulated translation difference would be recognized in the income statement as part of the gain or loss of the sale.

(2) Transactions in currencies other than the measurement currency

Transactions in currencies other than the measurement currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in currencies other than the measurement currency are recognized in the income statement, including the foreign exchange gains and losses from intercompany transactions.

D Property, plant and equipment

Property, plant and equipment are recognized at historical acquisition or construction cost. Land and buildings comprise mainly factories and offices and are shown at historical cost less depreciation. In the case of business acquisitions proper consideration to the fair value of the assets acquired has been given.

Major overhaul and rebuilding expenditures are capitalized as property, plant and equipment only when the investment enhances the condition of assets beyond its original condition.

Ordinary maintenance expenses on manufacturing properties are recorded as cost of products sold in the year in which they are incurred.

Borrowing costs from the financing of relevant construction in progress is capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Depreciation is calculated using the straight-line method to amortize the cost of each asset to its residual value over its estimated useful life as follows:

Land	No Depreciation
Buildings and improvements	30-50 years
Plant and production equipment	10-20 years
Vehicles, furniture and fixtures, and other equipment	4-10 years

Restricted tangible assets in Dalmine S.p.A. ("Dalmine") with a net book value at December 31, 2004 of USD6.2 million are assets that will be returned to the Italian government authorities upon expiration of the underlying contract. These assets are depreciated over their estimated useful economic lives.

In cases where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount (see AP E).

E Impairment

Circumstances affecting the recoverability of tangible and intangible assets including investments in associated and in other companies may change. If this happens, the recoverable amount of the relevant asset is estimated. The recoverable amount is determined as the higher of the asset's net selling price and the present value of the estimated future cash flows. If the recoverable amount of the asset has dropped below its carrying amount the asset is written down immediately to its recoverable amount. Management periodically evaluates the carrying value of its tangible and intangible assets for impairment. The carrying value of these assets is considered impaired when an other than temporary decrease in the value of the assets has occurred.

At December 31, 2004, no impairment provisions were recorded other than the one on the electric power generating facility, as explained in Note 25 (v)(i). The impairment provision recorded in previous years by Amazonia on its investment in Siderúrgica del Orinoco CA ("Sidor"), was reversed in 2004 and included in Equity in earnings (losses) of associated companies, as explained in Note 12.

F Intangible assets

(1) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of Tenaris's participation in acquired companies' net assets at the acquisition date. Goodwill is amortized using the straight-line method over its estimated useful life, not to exceed 15 years. Amortization is included in Cost of sales. See Note 33 for the impact of new IFRS as from January 1, 2005.

F Intangible assets (Cont'd.)

(2) Negative goodwill

Negative goodwill represents the excess of the fair values of Tenaris' participation in acquired companies' net assets at the acquisition date over the acquisition cost. Negative goodwill is recognized as income on a systematic basis over the remaining weighted average useful life of the identifiable acquired depreciable assets, not to exceed 15 years. This income is included in Cost of sales. See Note 33 for the impact of new IFRS as from January 1, 2005.

(3) Information systems projects

Generally, costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. However, costs directly related to development, acquisition and implementation of information systems are recognized as intangible assets if they have a probable economic benefit exceeding the cost beyond one year.

Information systems projects recognized as assets are amortized using the straight-line method over their useful lives, not exceeding a period of 3 years. Amortization charges are classified as selling, general and administrative expenses.

(4) Research and development

Research expenditures are recognized as expenses as incurred. Development costs are recorded as cost of sales in the income statement as incurred because they do not fulfill the criteria for capitalization. Research and development expenditures for the years ended 2004, 2003 and 2002 totaled USD26.3, USD21.9 and USD14.0 million respectively.

(5) Licenses and patents

Expenditures on acquired patents, trademarks, technology transfer and licenses are capitalized and amortized using the straight-line method over their useful lives, but not exceeding 20 years.

G Other investments

Under IAS 39 "Financial Instruments: Recognition and Measurement", financial assets have to be classified into the following categories: held-for-trading, held-to-maturity, originated loans and available-for-sale, depending on the purpose for which the investments were made. Investments that do not fulfill the specific requirements of IAS 39 for held-for-trading, held-to-maturity or originated loan categories have to be included in the residual "available-for-sale" category. All of Tenaris's Other investments, which include primarily deposits in trust funds and insurance companies, are currently classified as available-for-sale as defined by IFRS, without considerating if they are technically available for disposition according to the terms of the underlying contracts.

The financial resources that were placed in trust funds up to December 31, 2004, have been contributed to two wholly-owned subsidiaries (Inversiones Berna S.A. and Inversiones Lucerna S.A.) as from January 1, 2005.

All purchases and sales of investments are recognized on the trade date, not significantly different from the settlement date, which is the date that Tenaris commits to purchase or sell the investment.

Subsequent to their acquisition, available-for-sale financial assets are carried at fair value. Realized and unrealized gains and losses arising from changes in the fair value in those investments are included in the income statement for the period in which they arise.

Investments in other companies in which Tenaris has less than 20% of the voting rights or over which Tenaris does not have significant influence, are reported at cost.

H Inventories

Inventories are stated at the lower of cost (calculated using principally the first-in-first-out "FIFO" method) and net realizable value as a whole. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overhead costs. Net realizable value is estimated collectively for inventories as the selling price in the ordinary course of business, less the costs of completion and selling expenses. Goods in transit at year end are valued at supplier invoice cost.

An allowance for obsolescence or slow-moving inventory is made in relation to supplies and spare parts and based on management's analysis of their aging, the capacity of such materials to be used based on their levels of preservation and maintenance and the potential obsolescence due to technological changes. An allowance for slow-moving inventory is made in relation to finished goods and goods in process based on management's analysis of the aging.

I Trade receivables

Trade receivables are recognized initially at original invoice amount. The Company analyzes its trade accounts receivable on a regular basis and, when aware of a certain client's difficulty to meet its commitments to Tenaris, it impairs the amounts due by means of a charge to the provision for doubtful accounts. Additionally, this provision is adjusted periodically based on management's analysis of the aging.

J Cash and cash equivalents

Cash and cash equivalents and highly liquid short-term securities are carried at fair market value.

For the purposes of the cash flow statement, cash and cash equivalents is comprised of cash, bank current accounts and short-term highly liquid investments (original maturity of less than 90 days).

On the balance sheet, bank overdrafts are included in borrowings in current liabilities.

K Shareholders' equity

(1) Basis of presentation

The balances of the consolidated statement of changes in shareholders' equity include:

- The value of share capital, legal reserve, share premium, other distributable reserve and retained earnings in accordance with Luxembourg Law;
- The currency translation adjustments and retained earnings of Tenaris' subsidiaries under IFRS;
- The adjustment of the preceding items to value the balances by application of IFRS.

The combined consolidated statement of changes in shareholders´ equity for the year 2002 was prepared based on the following:

- Currency translation differences due to the translation of the financial statements in currencies of the combined consolidated companies are shown in a separate line;
- Changes in ownership in the Exchange Companies –as defined in Note 28- comprises the net increase or decrease in the percentage of ownership that Sidertubes –at that time Tenaris's controlling shareholder- owned in these companies;
- Dividends paid prior to the 2002 Exchange Offer (see Note 28) include the dividends paid by Siderca, Tamsa, Dalmine or Tenaris Global Services to Sidertubes prior to the contribution of Sidertubes' assets to the Company, as if they had been paid by Tenaris to Sidertubes, as well as the dividends effectively paid by Tenaris to its shareholders.

K Shareholders' equity (Cont'd.)

(2) Dividends

Dividends are recorded in Tenaris's financial statements in the period in which they are approved by Tenaris's shareholders, or when interim dividends are approved by the Board of Directors in accordance to the authority given to them by the by-laws of the Company.

Dividends may be paid by Tenaris to the extent that it has distributable retained earnings, calculated in accordance with Luxembourg legal requirements. Therefore, retained earnings included in the consolidated financial statements may not be wholly distributable. See Note 25 (vi).

L Borrowings

Borrowings are recognized initially for an amount equal to the proceeds received. In subsequent periods, borrowings are stated at amortized cost; any difference between proceeds and the redemption value is recognized in the income statement over the period of the borrowings.

M Income Taxes – Current and Deferred

Under present Luxembourg law, so long as the Company maintains its status as a holding billionaire company, no income tax, withholding tax (with respect to dividends), or capital gain tax is payable in Luxembourg by the Company.

The current income tax charge is calculated on the basis of the tax laws in force in the countries where Tenaris's subsidiaries operate. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. A liability is recorded for tax benefits that were taken in tax return but have been not recognized for financial reporting.

Deferred income taxes are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from the effect of currency translation on fixed assets, depreciation on property, plant and equipment –originated in both difference in valuation and useful lives considered by accounting standards and tax regulations-, inventories valuation, provisions for pensions and tax losses carry-forward. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets are recognized to the extent it is probable that future taxable income will be available to utilize those temporary differences recognized as deferred tax assets against such income.

N Employee-related liabilities

(a) Employees' severance indemnity

This provision comprises the liability accrued on behalf of employees at Tenaris's Italian and Mexican subsidiaries at the balance sheet date in accordance with current legislation and the labor contracts in effect in the respective countries.

Employees' severance indemnity costs are assessed annually using the projected unit credit method: the cost of providing this obligation is charged to the income statement over the service lives of employees in accordance with the advice of the actuaries. This provision is measured at the present value of the estimated future cash outflows using applicable interest rates. This provision amounts to USD71.8 million at December 31, 2004 and USD66.4 million at December 31, 2003.

N Employee-related liabilities (Cont'd.)

(b) Pension obligations

Certain Tenaris officers are covered by defined benefit employee retirement plans designed to provide retirement, termination and other benefits to those officers.

Retirement costs are assessed using the projected unit credit method: the cost of providing retirement benefits is charged to the income statement over the service lives of employees based on actuarial calculations. This provision is measured at the present value of the estimated future cash outflows using applicable interest rates and amounts to USD11.6 million and USD8.6 million at December 31, 2004 and 2003, respectively. Actuarial gains and losses are recognized over the average remaining service lives of employees.

For its main plan, Tenaris is accumulating assets for the ultimate payment of those benefits in the form of investments that carry a time limitation for their redemption. The investments are neither part of a particular plan nor segregated from Tenaris's other assets, and therefore this plan is classified as "unfunded" under the IFRS definition. Benefits provided by this plan are in U.S. dollars, and are calculated based on a three-year or seven-year salary average (whichever is more favorable to the beneficiary) for those executives who retired or were terminated before December 31, 2003. After this date, the benefits of this plan are calculated on a seven-year salary average.

Additionally, certain other officers and former employees of one of Tenaris subsidiaries are covered by a separate plan classified as "funded" under IFRS definition.

(c) Other compensation obligations

Employee entitlements to annual leave and long-service leave is accrued as earned.

Other length of service based compensation to employees in the event of dismissal or death is charged to income in the year in which it becomes payable.

O Employees' statutory profit sharing

Under Mexican law, Tenaris's Mexican subsidiaries are required to pay their employees an annual benefit calculated using a similar basis to the one used for the calculation of the income tax. Employees' statutory profit sharing is provided under the liability method. The deferred liability within this provision amounts to USD68.9 million at December 31, 2004 and USD51.1 million at December 31, 2003, and it is included in Non current other liabilities. Temporary differences arise between the "statutory" bases of assets and liabilities used in the determination of the profit sharing and their carrying amounts in the financial statements.

P Provisions and other liabilities

Provisions are accrued to reflect estimates of amounts due relating to expenses as they are incurred based on information available as of the date of preparation of the financial statements. If Tenaris expects a provision to be reimbursed (for example under an insurance contract), and the reimbursement is virtually certain, the reimbursement is recognized as an asset.

Tenaris has certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings. Unless otherwise specified, Tenaris accrues liabilities when it is probable that future cost could be incurred and that cost can be reasonably estimated. Generally, accruals are based on developments to date, Tenaris' estimates of the outcomes of these matters and the advice of Tenaris' legal advisors. As the scope of the liabilities becomes better defined, there may be changes in the estimates of future costs, which could have a material effect on Tenaris' future results of operations and financial conditions or liquidity.

Q Revenue recognition

Sales are recognized as revenues when earned and realized or realizable. This includes satisfying the following criteria: the arrangement with the customer is evident, through the receipt of a purchase order; the sales price is known and arranged; delivery -as defined by the risk transfer provision of the sales contracts- has occurred, which may include delivery to the customer storage facility at one of the Company's subsidiaries; and the collection is reasonably assured.

Other revenues earned by Tenaris are recognized on the following bases:

- Interest income: on an effective yield basis.
- Dividend income from investments in other companies: when Tenaris's right to collect is established.

R Cost of sales and sales expenses

Cost of sales and expenses are recognized in the income statement on the accrual basis of accounting.

Shipping and handling costs related to client orders are classified as selling, general and administrative expenses.

S Earnings per share

Earnings per share are calculated by dividing the net income attributable to shareholders by the daily weighted average number of ordinary shares issued during the year. There were no potential ordinary shares outstanding at December 31, 2004, 2003 and 2002. See Note 9.

T Derivative financial instruments

Information about accounting for derivative financial instruments and hedging activities is included within the section "Financial Risk Management" below.

U Segment information

Business segments: for management purposes, the Company is organized on a worldwide basis into the following segments: Seamless, Welded and other metallic products, Energy and Others.

The secondary reporting format is based on a geographical location. Although, Tenaris's business is managed on a worldwide basis, Tenaris operates in five main geographical areas: South America, Europe, North America, Middle East and Africa, and Far East and Oceania.

FINANCIAL RISK MANAGEMENT

(1) Financial risk factors

Tenaris's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. Tenaris's subsidiaries use derivative financial instruments to minimize potential adverse effects on Tenaris's financial performance, by hedging certain exposures.

(i) Foreign exchange rate risk

Tenaris operates internationally and is exposed to foreign exchange rate risk arising from various currency exposures. Certain of Tenaris's subsidiaries use forward contracts in order to hedge their exposure to exchange rate risk primarily in U.S. dollars.

Tenaris aims to neutralize the negative impact of fluctuations in the value of other currencies with respect to the U.S. dollars. However, the fact that a number of subsidiaries have measurement currencies other than the U.S. dollars can sometimes distort the result of these efforts as reported under IFRS.

(ii) Interest rate risk

Dalmine and Tamsa have entered into interest rate swaps for long-term debt to partially hedge future interest payments, converting borrowings from floating rates to fixed rates.

(iii) Concentration of credit risk

Tenaris has no significant concentration of credit risk from customers. Our single largest customer is Petroleos Mexicanos, or Pemex. Sales to Pemex, as a percentage of our total sales, amounted to 11% in 2004.

Tenaris has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history, or use credit insurance, letters of credit and other instruments to reduce credit risk whenever deemed necessary. Tenaris maintains allowances for potential credit losses.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

(iv) Liquidity risk

Management maintains sufficient cash and marketable securities, availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

(2) Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized in the balance sheet at cost and subsequently remeasured at fair value.

Derivative transactions and other financial instruments, while providing economic hedges under risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement. The fair values of derivative instruments included in Other liabilities and Receivables are disclosed in Note 24.

FINANCIAL RISK MANAGEMENT (CONT'D.)

(3) Fair value estimation

For the purpose of estimating the fair value of financial assets and liabilities with maturities of less than one year, the market value less any estimated credit adjustments was considered.

As most borrowings include variable rates or fixed rates that approximate market rates and the contractual repricing occurs every 3 to 6 months, the fair value of the borrowings approximates its carrying amount and it is not disclosed separately.

In assessing the fair value of derivatives and other financial instruments, Tenaris uses a variety of methods, including –but not limited to- estimated discounted value of future cash flows using assumptions based on market conditions existing at each balance sheet date.

INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements
(In the notes all amount are shown in USD thousands, unless otherwise stated)

1 Segment information

Primary reporting format: business segments

	Seamless	Welded and other metallic products	Energy	Others	Unallocated	Total
Year ended December 31, 2004						
Net sales	3,273,267	348,137	417,870	96,789	-	4,136,063
Cost of sales	(2,075,164)	(249,471)	(398,462)	(53,839)	-	(2,776,936)
Gross profit	1,198,103	98,666	19,408	42,950	-	1,359,127
Segment assets	4,322,982	510,669	121,846	610,162	96,629	5,662,288
Segment liabilities	2,430,935	313,600	122,046	134,512	-	3,001,093
Capital expenditures	149,326	23,276	1,438	9,272	-	183,312
Depreciation and amortization	185,118	12,665	3,554	6,782	-	208,119
Year ended December 31, 2003						
Net sales	2,388,177	350,745	333,207	107,523	-	3,179,652
Cost of sales	(1,531,995)	(274,643)	(316,566)	(84,623)	-	(2,207,827)
Gross profit	856,182	76,102	16,641	22,900	-	971,825
Segment assets	3,434,547	370,260	105,629	217,846	181,266	4,309,548
Segment liabilities	1,959,274	252,993	91,982	44,035	-	2,348,284
Capital expenditures	129,405	24,245	5,380	3,594	-	162,624
Depreciation and amortization	180,855	10,896	3,706	4,342	-	199,799
Year ended December 31, 2002						
Net sales	2,244,138	580,001	210,415	184,830	-	3,219,384
Cost of sales	(1,421,262)	(379,384)	(198,727)	(169,855)	-	(2,169,228)
Gross profit	822,876	200,617	11,688	14,975	-	1,050,156
Segment assets	3,388,977	365,743	41,155	122,045	163,978	4,081,898
Segment liabilities	1,860,338	223,240	49,909	67,574	-	2,201,061
Capital expenditures	110,739	27,053	5,623	4,162	-	147,577
Depreciation and amortization	162,444	7,669	2,768	3,434	-	176,315

Tenaris's main business segment is the manufacture of seamless pipes.

The main transactions between segments, which were eliminated in the consolidation, relate to sales of Energy to Seamless units for USD86,721 in 2004, USD62,755 in 2003 and USD50,021 in 2002. Other transactions include sales of scrap and pipe protectors from the Others segment to Seamless units for USD36,765, USD37,647 and USD22,269 in 2004, 2003 and 2002, respectively.

1 Segment information (Cont'd.)

Secondary reporting format: geographical segments

	South America	Europe	North America	Middle East and Africa	Far East and Oceania	Unallocated	Total
Year ended December 31, 2004							
Net sales	824,800	1,236,795	1,140,326	524,874	409,268	-	4,136,063
Total assets	1,773,958	1,808,557	1,596,464	109,266	277,414	96,629	5,662,288
Trade receivables	143,731	346,628	295,896	81,369	69,307	-	936,931
Property, plant and equipment, net	728,468	635,939	737,507	4,645	58,042	-	2,164,601
Capital expenditures	83,003	29,694	64,845	2,257	3,513	-	183,312
Depreciation and amortization	89,934	68,432	41,986	35	7,732	-	208,119
Year ended December 31, 2003							
Net sales	752,175	958,772	754,262	392,707	321,736	-	3,179,652
Total assets	1,326,569	1,193,960	1,310,471	90,699	206,583	181,266	4,309,548
Trade receivables	123,969	286,651	138,899	69,216	34,047	-	652,782
Property, plant and equipment, net	624,542	557,637	716,952	2,376	58,807	-	1,960,314
Capital expenditures	63,636	47,965	42,988	358	7,677	-	162,624
Depreciation and amortization	103,548	58,196	31,908	16	6,131	-	199,799
Year ended December 31, 2002							
Net sales	956,382	829,744	577,279	511,119	344,860	-	3,219,384
Total assets	1,355,217	921,215	1,268,689	169,810	202,989	163,978	4,081,898
Trade receivables	208,313	145,863	123,572	145,681	29,820	-	653,249
Property, plant and equipment, net	624,115	471,580	784,104	2,556	51,882	-	1,934,237
Capital expenditures	73,121	39,985	25,628	2,551	6,292	-	147,577
Depreciation and amortization	83,344	48,078	39,913	23	4,957	-	176,315

Allocation of net sales is based on the customers' location. Allocation of assets and capital expenditure are based on the assets' location. Allocation of depreciation and amortization is based on the related assets' location.

The South American segment comprises principally Argentina, Venezuela and Brazil. The European segment comprises principally Italy, France, United Kingdom, Germany, Romania and Norway. The North American segment comprises principally Mexico, USA and Canada. The Middle East and Africa segment includes Egypt, United Arab Emirates, Saudi Arabia and Nigeria. The Far East and Oceania segment comprises principally China, Japan, Indonesia and South Korea.

2 Cost of sales

	Year ended December 31,		
	2004	**2003**	**2002**
Inventories at the beginning of the year	**831,879**	**680,113**	**735,574**
Plus: Charges of the year			
Raw materials, energy, consumables and other movements	2,269,351	1,515,990	1,370,417
Services and fees	259,025	272,313	227,090
Labor cost	369,681	286,748	235,902
Depreciation of property, plant and equipment	174,880	171,896	154,794
Amortization of intangible assets	12,748	6,763	2,370
Maintenance expenses	82,323	54,335	50,234
Provisions for contingencies	994	3,802	4,307
Allowance for obsolescence	23,167	6,011	19,042
Taxes	3,088	4,273	3,160
Others	19,270	37,462	46,451
	3,214,527	**2,359,593**	**2,113,767**
Less: Inventories at the end of the year	**(1,269,470)**	**(831,879)**	**(680,113)**
	2,776,936	**2,207,827**	**2,169,228**

3 Selling, general and administrative expenses

	Year ended December 31,		
	2004	**2003**	**2002**
Services and fees	121,269	129,237	101,566
Labor cost	157,114	134,769	117,975
Depreciation of property, plant and equipment	10,218	8,477	6,164
Amortization of intangible assets	10,273	12,663	12,987
Commissions, freights and other selling expenses	250,085	189,353	261,249
Provisions for contingencies	12,142	2,005	8,122
Allowances for doubtful accounts	7,187	5,704	6,387
Taxes	59,256	45,337	33,335
Others	44,905	39,290	19,730
	672,449	**566,835**	**567,515**

4 Labor costs (included in Cost of sales and Selling, general and administrative expenses)

	Year ended December 31,		
	2004	**2003**	**2002**
Wages, salaries and social security costs	509,572	410,458	347,096
Employees' severance indemnity (Note 21 (i)(a))	12,907	9,988	6,453
Pension benefits – defined benefit plans (Note 21 (i)(b))	4,316	1,071	328
	526,795	**421,517**	**353,877**

At year-end, the number of employees was 16,447 in 2004, 14,391 in 2003 and 13,841 in 2002.

5 Other operating items

	Year ended December 31,		
	2004	**2003**	**2002**
(i) Other operating income			
Reimbursement from insurance companies and other third parties	3,165	1,544	6,814
Net income from other sales	16,063	4,075	3,132
Net income from disposition of investments in associated companies	-	1,018	-
Net rents	1,362	2,222	2,414
Gain on government securities	-	-	5,643
Fintecna arbitration award, net of legal expenses (Note 25 (i))	123,000	-	-
Power plant - reimbursement from supplier (Note 25 (v)(i))	9,001	-	-
	152,591	**8,859**	**18,003**
(ii) Other operating expenses			
Provision for BHP proceedings	-	114,182	18,923
Allowance for doubtful receivables	2,104	1,728	1,334
Power plant - impairment and associated charges (Note 25 (v)(i))	18,447	-	-
Miscellaneous	5,200	9,749	8,510
	25,751	**125,659**	**28,767**

6 Financial income (expenses), net

	Year ended December 31,		
	2004	**2003**	**2002**
Interest expense	(46,930)	(33,134)	(34,480)
Interest income	14,247	16,426	14,201
Net foreign exchange transaction gains/ (losses) and changes in fair value of derivative instruments	33,127	(16,165)	11,567
Financial discount on trade receivables	-	-	(8,810)
Miscellaneous	5,358	3,453	(3,075)
	5,802	**(29,420)**	**(20,597)**

7 Equity in earnings (losses) of associated companies

	Year ended December 31,		
	2004	**2003**	**2002**
Equity in earnings (losses) of associated companies (Note 12)	122,911	27,585	(6,802)
Convertible debt option Amazonia (Note 25 (ii))	83,126	-	-
	206,037	**27,585**	**(6,802)**

8 Income tax

	Year ended December 31,		
	2004	**2003**	**2002**
Current tax	277,219	148,240	192,862
Deferred tax (Note 20)	(44,731)	(63,862)	26,426
	232,488	84,378	219,288
Effect of currency translation on tax base (Note 20)	(12,112)	(20,460)	25,266
Subtotal	220,376	63,918	244,554
Recovery of Income Tax (a)	-	-	(36,783)
	220,376	**63,918**	**207,771**

(a) In 2002 Tamsa succeeded in an income tax claim against the Mexican tax authorities, resulting in a recovery of income tax of previous years of MXN355.6 million (USD36.8 million).

The tax on Tenaris's income before tax differs from the theoretical amount that would arise using the tax rate in each country as follows:

	Year ended December 31,		
	2004	**2003**	**2002 (b)**
Income before tax and minority interest	1,025,357	286,355	444,478
Tax calculated at the tax rate in each country	268,488	99,060	184,201
Non taxable income / Non deductible expenses	(10,019)	(27,907)	(37,470)
Changes in the tax rates in Mexico	(25,886)	-	-
Effect of currency translation on tax base (a)	(12,112)	(20,460)	25,266
Effect of taxable exchange differences	10,742	13,367	79,362
Utilization of previously unrecognized tax losses	(10,837)	(142)	(6,805)
Tax charge	**220,376**	**63,918**	**244,554**

(a) Tenaris, using the liability method, recognizes a deferred income tax charge on temporary differences between the tax bases of its assets and their carrying amounts in the financial statements. By application of this method, Tenaris recognizes gains and losses on deferred income tax due to the effect of the change in the value of the Argentine peso on the tax bases of the fixed assets of its Argentine subsidiaries. These gains and losses are required by IFRS even though the reduced tax bases of the relevant assets will only result in reduced amortization deductions for tax purposes in future periods throughout the useful life of those assets and, consequently, the resulting deferred income tax charge does not represent a separate obligation of Tenaris that was due and payable in any of the relevant periods.

(b) Does not include tax recovery of USD36.8 million

9 Earnings and dividends per share

(i) Earnings per share are calculated by dividing the net income attributable to shareholders by the daily weighted average number of ordinary shares issued during the year.

	Year ended December 31,		
	2004	**2003**	**2002**
Net income attributable to shareholders	784,703	210,308	94,304
Weighted average number of ordinary shares in issue (thousands)	1,180,507	1,167,230	732,936
Basic and diluted earnings per share	0.66	0.18	0.13
Dividends paid	(135,053)	(115,002)	-
Dividends per share	0.11	0.10	-

(ii) As explained in Note 28 (a) the Sidertubes contribution and the exchange offer transaction took place in 2002. For purposes of comparison, the Company has calculated the pro-forma earnings per share for year 2002 as if these transactions had taken place on January 1, 2002. Moreover, with respect to subsequent acquisitions and residual offers carried out during 2003 (see Note 28 (b)) the Company has calculated the pro-forma earnings per share for year 2003 as if these transactions had all taken place on January 1, 2003. The pro-forma earnings per share thus calculated are shown below:

	Year ended December 31,		
	2004	**2003**	**2002**
		(Unaudited)	
Net income attributable to shareholders	784,703	210,308	193,826
Weighted average number of ordinary shares in issue (thousands)	1,180,507	1,180,288	1,160,701
Basic and diluted earnings per share	0.66	0.18	0.17
Dividends paid	(135,053)	(115,002)	-
Dividends per share	0.11	0.10	-

10 Property, plant and equipment, net

Year ended December 31, 2004	Land, building and improvements	Plant and production equipment	Vehicles, furniture and fixtures	Work in progress	Spare parts and equipment	Total
Cost						
Values at the beginning of the year	303,929	5,031,525	112,371	86,193	12,799	5,546,817
Translation differences	6,938	87,970	2,520	2,107	643	100,178
Additions	11,547	10,744	2,509	133,193	5,165	163,158
Disposals / Consumptions	(3,928)	(16,587)	(4,521)	(1,258)	(828)	(27,122)
Transfers / Reclassifications	20,039	111,674	1,824	(135,293)	1,433	(323)
Increase due to business combinations	14,891	172,665	3,490	-	51	191,097
Values at the end of the year	353,416	5,397,991	118,193	84,942	19,263	5,973,805
Depreciation						
Accumulated at the beginning of the year	112,693	3,378,536	89,222	-	6,052	3,586,503
Translation differences	1,836	37,514	1,773	-	135	41,258
Depreciation charge	14,246	162,726	7,497	-	629	185,098
Disposals / Consumptions	(603)	(11,083)	(3,567)	-	(17)	(15,270)
Transfers / Reclassifications	(24)	365	(348)	-	(83)	(90)
Accumulated at the end of the year	128,148	3,568,058	94,577	-	6,716	3,797,499
Impairment (Note 25 (v)(i))	-	(11,705)	-	-	-	(11,705)
At December 31, 2004	**225,268**	**1,818,228**	**23,616**	**84,942**	**12,547**	**2,164,601**

Year ended December 31, 2003	Land, building and improvements	Plant and production equipment	Vehicles, furniture and fixtures	Work in progress	Spare parts and equipment	Total
Cost						
Values at the beginning of the year	296,608	4,801,316	99,200	141,861	10,087	5,349,072
Translation differences	(7,736)	64,472	4,595	(1,353)	3,332	63,310
Additions	455	23,107	4,420	106,057	3,426	137,465
Disposals / Consumptions	(1,664)	(27,612)	(3,312)	(135)	(1,882)	(34,605)
Transfers	15,819	139,939	7,454	(160,237)	(2,164)	811
Increase due to business combinations	447	30,303	14	-	-	30,764
Values at the end of the year	303,929	5,031,525	112,371	86,193	12,799	5,546,817
Depreciation						
Accumulated at the beginning of the year	98,616	3,228,390	82,139	-	5,690	3,414,835
Translation differences	843	9,248	2,474	-	977	13,542
Depreciation charge	7,519	165,403	6,769	-	682	180,373
Disposals / Consumptions	(921)	(24,255)	(2,243)	-	(1,221)	(28,640)
Transfers	6,636	(250)	83	-	(76)	6,393
Accumulated at the end of the year	112,693	3,378,536	89,222	-	6,052	3,586,503
At December 31, 2003	**191,236**	**1,652,989**	**23,149**	**86,193**	**6,747**	**1,960,314**

Property, plant and equipment includes interest capitalized for USD19,686 and USD19,159 for the years ended December 31, 2004 and 2003, respectively. During 2004 and 2003, Tenaris capitalized borrowing costs of USD527 and USD1,787, respectively.

11 Intangible assets, net

Year ended December 31, 2004	Information system projects	Licenses and patents	Goodwill (a)	Negative goodwill (a)	Total
Cost					
Values at the beginning of the year	88,802	10,490	142,904	(130,692)	111,504
Translation differences	3,850	579	164	(3,194)	1,399
Additions	20,022	132	-	-	20,154
Transfers / Reclassifications	2,657	(173)	-	-	2,484
Disposals	(747)	-	-	-	(747)
Values at the end of the year	114,584	11,028	143,068	(133,886)	134,794
Amortization					
Accumulated at the beginning of the year	42,101	8,561	20,882	(14,077)	57,467
Translation differences	2,695	522	172	-	3,389
Amortization charge	21,600	1,105	9,350	(9,034)	23,021
Transfers/ Reclassifications	3,138	(887)	-	-	2,251
Disposals	(545)	-	-	-	(545)
Accumulated at the end of the year	68,989	9,301	30,404	(23,111)	85,583
At December 31, 2004	**45,595**	**1,727**	**112,664**	**(110,775)**	**49,211**

Year ended December 31, 2003	Information system projects	Licenses and patents	Goodwill (a)	Negative goodwill (a)	Total
Cost					
Values at the beginning of the year	35,348	30,381	132,224	(126,735)	71,218
Translation differences	5,185	4,030	-	(2,944)	6,271
Additions	23,687	1,472	-	-	25,159
Transfers	24,582	(25,393)	-	-	(811)
Increase due to business acquisitions	-	-	10,680	(1,013)	9,667
Values at the end of the year	88,802	10,490	142,904	(130,692)	111,504
Amortization					
Accumulated at the beginning of the year	15,573	16,152	11,997	(5,188)	38,534
Translation differences	2,391	3,509	-	-	5,900
Amortization charge	14,580	4,850	8,885	(8,889)	19,426
Transfers	9,557	(15,950)	-	-	(6,393)
Accumulated at the end of the year	42,101	8,561	20,882	(14,077)	57,467
At December 31, 2003	**46,701**	**1,929**	**122,022**	**(116,615)**	**54,037**

(a) Corresponds to the Seamless segment

12 Investments in associated companies

	Year ended December 31,	
	2004	**2003**
At the beginning of year	45,814	14,327
Translation differences	(21,094)	2,197
Equity in earnings (losses) of associated companies	122,911	27,585
Dividends and distributions received	(48,598)	-
Acquisitions	418	1,811
Sales	-	(106)
At the end of year	**99,451**	**45,814**

12 Investments in associated companies (Cont'd.)

The principal associated companies are:

Company	Country of incorporation	Percentage of ownership and voting rights at December 31,		Value at December 31,	
		2004	**2003**	**2004**	**2003**
Consorcio Siderurgia Amazonia Ltd. (a)	Cayman Islands	14.49%	14.49%	76,007	23,500
Ylopa Serviços de Consultadoria Lda. (b)	Madeira	24.40%	24.40%	20,622	19,500
Condusid C.A.	Venezuela	20.00%	20.00%	2,375	2,708
Others				447	106
				99,451	**45,814**

(a) The value at December 31, 2003 is net of an impairment provision of USD51.9 million, prompted by the effect of negative conditions in the international steel markets, the recession in Venezuela, and the revaluation of the Venezuelan currency against the U.S. dollar on the operations of its subsidiary Sidor, which are factors that led to the 2003 Restructuring. The impairment provision was reversed in 2004 due to better conditions in the economic environment market of Sidor, based on projections of future cash flows estimated by Amazonia's management –See Note 25 (ii)-.

(b) At December 31, 2004 and 2003 the retained earnings of Ylopa Serviços de Consultadoria Lda. ("Ylopa") totalled USD77.1 million and USD72.5 million, respectively.

13 Other investments – non current

	Year ended December 31,	
	2004	**2003**
Deposits with insurance companies	11,315	9,866
Investments in other companies	12,702	12,855
Others	378	434
	24,395	**23,155**

14 Receivables – non current

	Year ended December 31,	
	2004	**2003**
Government entities	4,064	2,239
Employee advances and loans	5,086	3,269
Tax credits	8,455	9,495
Trade receivables	1,112	5,966
Advances to suppliers	4,750	11,535
Ylopa Convertible Loan (Note 25 (ii))	121,955	33,508
Receivables on off-take Contract	7,338	13,419
Miscellaneous	11,777	1,348
	164,537	80,779
Allowances for doubtful accounts (Note 22 (i))	(13,172)	(21,258)
	151,365	**59,521**

15 Inventories

	Year ended December 31,	
	2004	**2003**
Finished goods	526,623	360,190
Goods in process	256,203	158,918
Raw materials	196,141	111,988
Supplies	214,604	173,738
Goods in transit	143,021	74,788
	1,336,592	879,622
Allowance for obsolescence (Note 23 (i))	(67,122)	(47,743)
	1,269,470	**831,879**

16 Receivables and prepayments

	Year ended December 31,	
	2004	**2003**
V.A.T. credits	82,580	34,225
Prepaid taxes	12,416	29,141
Reimbursements and other services receivable	33,306	11,782
Government entities	15,999	14,532
Employee advances and loans	8,281	13,660
Advances to suppliers	35,397	19,382
Other advances	21,222	18,472
Government tax refunds on exports	19,683	14,530
Fintecna arbitration award (Note 25 (i))	126,126	-
Miscellaneous	27,782	15,171
	382,792	170,895
Allowance for other doubtful accounts (Note 23 (i))	(8,346)	(5,761)
	374,446	**165,134**

17 Trade receivables

	Year ended December 31,	
	2004	**2003**
Current accounts	877,213	605,119
Notes receivables	83,882	71,666
	961,095	676,785
Allowance for doubtful accounts (Note 23 (i))	(24,164)	(24,003)
	936,931	**652,782**

18 Cash and cash equivalents, and Other investments

		Year ended December 31,	
		2004	**2003**
(i)	**Other investments**		
	Trust funds	**119,666**	**138,266**
(ii)	**Cash and cash equivalents**		
	Cash and short-term highly liquid investments	311,573	247,414
	Time deposits with related parties	6	420
		311,579	**247,834**

19 Borrowings

	Year ended December 31,	
	2004	**2003**
Non-current		
Bank borrowings	372,275	299,965
Debentures and other loans	40,845	65,375
Finance lease liabilities	7,631	9,439
	420,751	**374,779**
Current		
Bank borrowings	530,949	272,740
Bank overdrafts	4,255	9,804
Debentures and other loans	300,856	171,062
Finance lease liabilities	2,531	5,266
	838,591	**458,872**
Total Borrowings	**1,259,342**	**833,651**

The maturity of borrowings is as follows:

At December 31, 2004	**1 year or less**	**1 - 2 years**	**2 – 3 years**	**3 - 4 Years**	**4 - 5 years**	**Over 5 Years**	**Total**
Financial lease	2,531	1,632	1,300	1,059	794	2,846	10,162
Other borrowings	836,060	183,460	116,543	51,660	25,158	36,299	1,249,180
Total borrowings	**838,591**	**185,092**	**117,843**	**52,719**	**25,952**	**39,145**	**1,259,342**

Significant borrowings obtained in previous years include a USD150.0 million three-year syndicated loan obtained by Tamsa in 2003 and maturing in December 2006. The most significant financial covenants under the Tamsa loan agreement are the maintenance of minimum levels of working capital, the commitment not to incur in additional indebtedness above agreed limits or pledges on certain assets and compliance with debt service ratios calculated on Tamsa's financial statements.

Borrowings include loans for an outstanding principal value of USD201.2 million secured over certain of the properties of Dalmine and Confab. Only one of these loans has covenants, the most significant of which relate to maintenance of limited total indebtedness and compliance with debt service ratios.

19 Borrowings (Cont'd.)

As of December 31, 2004 Tenaris was in compliance with all of its financial covenants. Management estimates that current covenants allow it a high degree of operational and financial flexibility and do not impair its ability to obtain additional financing at competitive rates.

In January 2005, Dalmine repaid USD65.4 million corresponding to a 7-year Euro-denominated bullet bond recorded under current bank borrowings.

The nominal average interest rates shown below were calculated using the rates set for each instrument in its corresponding currency and weighted using the dollar-equivalent outstanding principal amount of said instruments at December 31, 2004.

	2004	2003
Bank borrowings	3.89%	2.94%
Debentures and other loans	3.48%	2.69%
Finance lease liabilities	2.99%	1.94%

Breakdown of long-term borrowings by currency and rate is as follows:

Bank borrowings non current

Currency	Interest rates	Year ended December 31, 2004	2003
USD	Variable	215,730	240,928
EUR	Variable	160,026	160,399
EUR	Fixed	9,794	-
JPY	Variable	48,170	-
JPY	Fixed	27,065	45,082
BRS	Variable	24,099	15,783
MXN	Variable	24,406	-
		509,290	462,192
Less: Current portion of medium and long-term loans		(137,015)	(162,227)
Total Bank borrowings non current		**372,275**	**299,965**

Debentures and other loans non current

Currency	Interest rates	Year ended December 31, 2004	2003
EUR	Variable	70,811	66,156
USD	Variable	45,382	-
USD	Fixed	5,449	-
		121,642	66,156
Less: Current portion of medium and long-term loans		(80,797)	(781)
Total Debentures and other loans non current		**40,845**	**65,375**

The Debentures were issued on January 1998, at a face value of ITL100,000 million with interest linked to the 3-month Libor

19 Borrowings (Cont'd.)

Finance lease liabilities non current

Currency	Interest rates	Year ended December 31, 2004	2003
EUR	Variable	573	3,777
EUR	Fixed	78	-
SGD	Fixed	9	-
JPY	Fixed	9,502	10,928
		10,162	14,705
Less: Current portion of medium and long-term loans		(2,531)	(5,266)
Total finance leases non current		**7,631**	**9,439**

The carrying amounts of Tenaris's assets pledged as collateral of liabilities are as follows:

	Year ended December 31, 2004	2003
Property, plant and equipment mortgages	573,513	417,126

20 Deferred income tax

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rate of each country.

The movement on the deferred income tax account is as follows:

	Year ended December 31, 2004	2003
At beginning of year	287,521	386,167
Translation differences	(926)	(17,157)
Increase due to business combinations	392	(1,925)
Income statement credit	(44,731)	(63,862)
Effect of currency translation on tax base	(12,112)	(20,460)
Deferred employees statutory profit sharing charge	(19,342)	4,758
At end of year	**210,802**	**287,521**

The movement in deferred tax assets and liabilities (prior to offsetting the balances within the same tax jurisdiction) during the year is as follows:

Deferred tax liabilities

	Fixed assets	Inventories	Other (a)	Total at 2004
At beginning of year	232,791	52,637	132,905	418,333
Translation differences	6,449	94	2,076	8,619
Increase due to business combinations	-	-	392	392
Acquisition of minority interest in subsidiaries	20	276	(338)	(42)
Income statement (credit)/charge	(35,017)	10,446	(30,756)	(55,327)
At end of year	**204,243**	**63,453**	**104,279**	**371,975**

(a) Includes the effect of currency translation on tax base explained in Note 8

20 Deferred income tax (Cont'd.)

Deferred tax assets

	Provisions and allowances	Inventories	Tax losses (a)	Other	Total at 2004
At beginning of year	(75,925)	(28,307)	(8,287)	(18,293)	(130,812)
Translation differences	(7,365)	(316)	(351)	(1,513)	(9,545)
Acquisition of minority interest in subsidiaries	(49)	-	-	91	42
Income statement charge/(credit)	20,710	(12,669)	(7,069)	(21,830)	(20,858)
At end of year	**(62,629)**	**(41,292)**	**(15,707)**	**(41,545)**	**(161,173)**

(a) The tax loss carry-forwards arising from the BHP settlement is included under each voice that originated them.

Deferred income tax assets and liabilities are offset when (1) there is a legally enforceable right to setoff current tax assets against current tax liabilities and (2) the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate setoff, are shown in the consolidated balance sheet:

	Year ended December 31,	
	2004	**2003**
Deferred tax assets	(161,173)	(130,812)
Deferred tax liabilities	371,975	418,333
	210,802	**287,521**

The amounts shown in the balance sheet include the following:

	Year ended December 31,	
	2004	**2003**
Deferred tax assets to be recovered after more than 12 months	(31,869)	(20,385)
Deferred tax liabilities to be settled after more than 12 months	246,072	300,733

21 Other liabilities

	Year ended December 31,	
(i) Non-current	**2004**	**2003**
Employee liabilities		
Employees' statutory profit sharing	68,917	51,110
Employees' severance indemnity *(a)*	71,759	66,426
Pension benefits *(b)*	11,578	8,569
	152,254	**126,105**
Accounts payable – Settlement BHP (Note 25 (i))	**-**	**54,691**
Other liabilities		
Taxes payable	8,757	8,345
Miscellaneous	11,431	2,399
	20,188	**10,744**
	172,442	**191,540**

21 Other liabilities (Cont'd.)

(a) Employees' severance indemnity

The amounts recognized in the balance sheet are as follows:

	Year ended December 31,	
	2004	**2003**
Total included in non-current Employee liabilities	**71,759**	**66,426**

The amounts recognized in the income statement are as follows:

	Year ended December 31,		
	2004	**2003**	**2002**
Current service cost	9,999	7,291	4,518
Interest cost	2,908	2,697	1,935
Total included in Labor costs	**12,907**	**9,988**	**6,453**

The principal actuarial assumptions used were as follows:

	Year ended December 31,		
	2004	**2003**	**2002**
Discount rate	4%	5%	5%
Rate of compensation increase	3%	4%	4%

(b) Pension benefits

The amounts recognized in the balance sheet are determined as follows:

	Year ended December 31,	
	2004	**2003**
Present value of unfunded obligations	16,478	12,134
Unrecognized actuarial gains (losses)	(4,900)	(3,565)
Liability in the balance sheet	**11,578**	**8,569**

The amounts recognized in the income statement are as follows:

	Year ended December 31,		
	2004	**2003**	**2002**
Current service cost	571	381	255
Interest cost	875	637	584
Net actuarial (gains) losses recognized in the year	2,870	53	(511)
Total included in Labor costs	**4,316**	**1,071**	**328**

21 Other liabilities (Cont'd.)

(b) Pension benefits(Cont'd.)

Movement in the liability recognized in the balance sheet:

	Year ended December 31,	
	2004	**2003**
At the beginning of the year	8,569	11,069
Transfers and new participants of the plan	1,244	(103)
Total expense	4,316	1,071
Translation differences	167	-
Contributions paid	(2,718)	(3,468)
At the end of year	**11,578**	**8,569**

The principal actuarial assumptions used were as follows:

	Year ended December 31,		
	2004	**2003**	**2002**
Discount rate	7%	7%	7%
Rate of compensation increase	2%	2%	2%

	Year ended December 31,	
	2004	**2003**
(ii) Other liabilities – current		
Payroll and social security payable	86,189	61,900
Accounts payable- BHP Settlement (Note 25 (i))	61,965	109,257
Loan from Ylopa (Note 25 (ii))	-	10,590
Liabilities with related parties	1,432	3,742
Miscellaneous	26,807	22,105
	176,393	**207,594**

22 Non-current provisions

(i) Deducted from assets

	Allowance for doubtful accounts- Receivables
Year ended December 31, 2004	
Values at the beginning of the year	(21,258)
Translation differences	154
Reversals / Additional provisions (*)	154
Used (*)	7,778
At December 31, 2004	**(13,172)**
Year ended December 31, 2003	
Values at the beginning of the year	(21,394)
Translation differences	(846)
Reversals / Additional provisions (*)	(3,547)
Used (*)	4,529
At December 31, 2003	**(21,258)**

(*) Includes effect of provisions on off–take credits, which are reflected in the Cost of sales.

22 Non-current provisions (Cont'd.)

(ii) Liabilities

	Legal claims and contingencies
Year ended December 31, 2004	
Values at the beginning of the year	23,333
Translation differences	800
Increased due to business combinations	2,355
Reversals / Additional provisions	7,438
Used	(2,150)
At December 31, 2004	**31,776**

Year ended December 31, 2003	
Values at the beginning of the year	33,874
Translation differences	2,990
Reversals / Additional provisions	(379)
Used	(13,152)
At December 31, 2003	**23,333**

23 Current provisions

(i) Deducted from assets

	Allowance for doubtful accounts-Trade receivables	Allowance for other doubtful accounts-Other receivables	Allowance for inventory obsolescence
Year ended December 31, 2004			
Values at the beginning of the year	(24,003)	(5,761)	(47,743)
Translation differences	(611)	(83)	(1,814)
Reversals /Additional provisions	(7,402)	(2,043)	(23,167)
Increase due to business combinations	(835)	(484)	(6,334)
Used	8,687	25	11,936
At December 31, 2004	**(24,164)**	**(8,346)**	**(67,122)**

Year ended December 31, 2003			
Values at the beginning of the year	(25,333)	(5,997)	(51,621)
Translation differences	(1,321)	(327)	(1,626)
Reversals /Additional provisions	(5,282)	544	(6,011)
Used	7,933	19	11,515
At December 31, 2003	**(24,003)**	**(5,761)**	**(47,743)**

23 Current provisions (Cont'd.)

(ii) Liabilities

	BHP Provision	Sales risks	Other claims and contingencies	Total
Year ended December 31, 2004				
Values at the beginning of the year	-	4,065	35,559	39,624
Translation differences	-	341	2,878	3,219
Reversals / Additional provisions	-	6,254	(556)	5,698
Used	-	(5,151)	(1,673)	(6,824)
Increase due to business combinations	-	-	919	919
At December 31, 2004	**-**	**5,509**	**37,127**	**42,636**
Year ended December 31, 2003				
Values at the beginning of the year	44,066	4,259	25,628	73,953
Translation differences	6,015	715	4,885	11,615
Reversals / Additional provisions	5,995	3,087	3,099	12,181
Used (*)	(56,076)	(3,996)	(5,713)	(65,785)
Increase due to business combinations	-	-	7,660	7,660
At December 31, 2003	**-**	**4,065**	**35,559**	**39,624**

(*) In the case of BHP, the provision was reclassified into Other Liabilities (see Note 21) following the settlement agreement explained in Note 25 (i)

24 Derivative financial instruments

Net fair values of derivative financial instruments

The net fair values of derivative financial instruments disclosed in Other liabilities and Other receivables at the balance sheet date, in accordance with IAS 39, were:

	Year ended December 31,	
	2004	**2003**
Contracts with positive fair values:		
Interest rate swap contracts	192	-
Forward foreign exchange contracts	12,163	2,947
Commodities contracts	-	1,197
Contracts with negative fair values:		
Interest rate swap contracts	(3,595)	(3,505)
Forward foreign exchange contracts	(3,749)	(2,937)
Commodities contracts	(283)	(1,592)

24 Derivative financial instruments (Cont'd.)

Derivative financial instruments breakdown is as follows:

Variable interest rate swaps

Notional amount (in thousands)		Swap	Term	Fair Value December 31, 2004	Fair Value December 31, 2003
EUR	111,975	Pay fixed/Receive variable	2005	(1,493)	(1,916)
EUR	22,608	Pay fixed/Receive variable	2007	(853)	(770)
MXN	275,000	Pay fixed/Receive variable	2007	(148)	-
EUR	1,488	Pay fixed/Receive variable	2009	(152)	-
EUR	6,956	Pay fixed/Receive variable	2010	(757)	(819)
				(3,403)	(3,505)

Exchange rate derivatives

Currencies	Contract	Fair Value December 31, 2004	Fair Value December 31, 2003
USD/EUR	Euro Forward sales	(107)	(365)
USD/EUR	Euro Forward purchases	1,083	-
USD/EUR	Currency options and collars	-	(1,435)
JPY/USD	Japanese Yen Forward purchases	5,388	2,661
JPY/EUR	Japanese Yen Forward purchases	-	(83)
CAD/USD	Canadian Dollar Forward sales	(1,108)	(1,054)
BRL/USD	Brazilian Real Forward sales	(1,885)	6
ARS/USD	Argentine Peso Forward purchases	2,154	280
GBP/USD	Pound Sterling Forward purchases	3,449	-
USD/MXN	Mexican Peso Forward sales	(560)	-
		8,414	10

Commodities price derivatives

Contract	Terms	Fair Value December 2004	Fair Value December 2003
Gas call options	2004	-	(213)
Gas put options	2004-2005	(283)	(246)
Oil call options	2004	-	1,066
Oil put options	2004	-	(1,087)
Oil call options	2004	-	131
Oil put options	2004	-	(46)
		(283)	(395)

25 Contingencies, commitments and restrictions on the distribution of profits

Tenaris is involved in litigation arising from time to time in the ordinary course of business (exception made of the litigation with the consortium led by BHP Billiton ("BHP")–see 25 (i) below–). Based on management's assessment and the advice of legal counsel, it is not anticipated that the ultimate resolution of pending litigation will result in amounts in excess of recorded provisions (Notes 22 and 23) that would be material to Tenaris's consolidated financial position or results of operations.

25 Contingencies, commitments and restrictions on the distribution of profits (Cont'd.)

(i) BHP litigation and arbitration proceeding against Fintecna

On December 30, 2003 Dalmine and a consortium led by BHP settled their litigation concerning the failure of an underwater pipeline. According to the terms of the settlement, Dalmine will pay BHP a total of GBP108.0 million (USD207.2 million), inclusive of expenses, which amount (net of advances previously made) is payable in three annual installments. The first two installments of GBP30.3 million and GBP 30.4 million were paid in January and December 2004, respectively, and the final installment of GBP30.4 million is due in December 2005. A Libor + 1% interest rate applies to the outstanding amounts.

The pipe that was the subject of the litigation with BHP was manufactured and sold, and the tort alleged by BHP took place, prior to the privatization of Dalmine. Techint Investments Netherlands BV ("Tenet") –the Tenaris subsidiary party to the contract pursuant to which Dalmine was privatized– commenced arbitration proceedings against Fintecna S.p.A. ("Fintecna"), an Italian state-owned entity and successor to ILVA S.p.A., the former owner of Dalmine, seeking indemnification from Fintecna for any amounts paid or payable by Dalmine to BHP. On December 28, 2004, the arbitral tribunal rendered its final award in the arbitration proceedings. Pursuant to the award, Fintecna is required to pay to Tenaris the sum of EUR92.6 million (approximately USD126 million). Under applicable rules of the International Chamber of Commerce, the award is binding on the parties and must be carried out without delay, although that requests for clarification or other petitions could delay compliance with the terms of the award. Income from this award is included in "Other operating income".

(ii) Consorcio Siderurgia Amazonia, Ltd.

The financial restructuring of Sidor and Amazonia, an associated company of Tenaris which concluded during 2003 (the "2003 Restructuring"), entailed the termination of certain guarantees and commitments to further finance Amazonia and Sidor that Tenaris had entered into as a result of the privatization of Sidor and previous restructuring agreements. The restructuring agreements contemplate, however, certain continuing obligations and restrictions to protect the claims held by the financial creditors of Sidor. These obligations and restrictions include pledges over all of Amazonia's existing shares and shares of Sidor held in its possession, which are due to expire in the third quarter of 2005.

During 2003, as part of the 2003 Restructuring, Tenaris acquired a 24.4% equity stake in Ylopa, a special purpose vehicle incorporated in Madeira, created to support Sidor and Amazonia in their financial restructuring. The acquisition was made by means of an aggregate cash contribution of USD32.9 million, primarily in the form of debt. As a result of the consummation of the 2003 Restructuring, Ylopa (a) became Sidor's creditor (in a "Participation Account Agreement") of a non-interest bearing loan, payable if and when Sidor reaches certain financial goals defined as "Excess Cash", and (b) received debt instruments of Amazonia, convertible into 67.4% of the common stock of Amazonia at Ylopa's choice ("the convertible debt instrument"), which were valued by these companies at their respective fair value.

On February 3, 2005 Ylopa exercised its option to convert its convertible debt instruments into Amazonia's common stock. In connection with this conversion, Tenaris recorded a gain of USD83.1 million. In determining the value of the debt instruments, management considered the information available provided by Amazonia, comprising the financial statements of Amazonia and the discounted cash flow projections prepared for purposes of assessing the impairment of Amazonia's investment in Sidor. Both values do not differ significantly.

As a result, Tenaris's participation in Amazonia increased from 14.5% to 21.2%, thereby increasing its indirect participation in Sidor from 8.7% to 12.6%.

The 2003 Restructuring set forth a mechanism for Sidor to repay its debts under the "Participation Account Agreement" whereby Ylopa is entitled to receive its percentage of the participation of Sidor's Excess Cash (determined in accordance with a specific formula). Sidor had been distributing Excess Cash to Ylopa on a semi-annual basis starting October 2003. As from January, 2005 Sidor will distribute Excess Cash on a quarterly basis. During the year ended December 31, 2004, Tenaris obtained USD38.0 million from Ylopa related to Sidor's Excess Cash.

25 Contingencies, commitments and restrictions on the distribution of profits (Cont'd.)

(iii) Tax claims

Conversion of tax-loss carry-forwards

On December 18, 2000, the Argentine tax authorities notified 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 ARP59.4 million (approximately USD20.3 million) at December 31, 2004 in taxes and penalties. Based on the views of Siderca's tax advisors, Tenaris believes that the ultimate resolution of the matter will not result in a material obligation. Accordingly, no provision was recorded in these financial statements.

Application of inflation adjustment procedures

In their respective tax returns for the year ended December 31, 2002, Siderca and Siat S.A., (another subsidiary of Tenaris domiciled in Argentina), used the inflation adjustment procedure set forth in Title VI of the Argentine Income Tax Law to reflect the impact of inflation on their monetary positions. The application of such procedure, however, had been suspended in March 1992 following the introduction of the convertibility regime that pegged the Peso to the United States dollar at a fixed rate of ARP1=USD1 and was not reinstated after the termination of the convertibility regime.

Both subsidiaries have (i) started legal proceedings objecting to the constitutional grounds for the above mentioned suspension (on the ground that compliance with it would render artificial gains arising from the impact of inflation on monetary positions during 2002 fully taxable) and (ii) obtained an injunction that prevents the tax authorities from summarily executing their claim while resolution of the proceedings is pending. The injunction has been appealed by the Argentine Tax Authority before the Federal Court of Appeals. Irrespective of the final result of the legal proceedings under way, the Company maintains a provision for the full potential tax liability on the alleged artificial gains plus statutory interest, but excluding fines or any other potential punitive charges. At December 31, 2004 the provision totaled ARP80.3 million (USD27.5 million).

On October 29, 2004, Siderca applied to join the promotional regime established by Argentine Law 25.924 and committed to dismiss the legal proceedings described in the previous paragraphs if and only if the benefits of such regime are received by Siderca. On February 11, 2005, Argentine Government approved these benefits. For this reason, Siderca has to pay its liability. No charges arose from this payment, as Tenaris had previously recorded a provision for this claim as described above.

(iv) Other Proceedings

Dalmine is currently subject to eleven civil proceedings and three former Dalmine managers are subject to a consolidated criminal proceeding before the Court of Bergamo, Italy, for work-related injuries arising from the use of asbestos in its manufacturing processes from 1960 to 1980. Of the 21 civil parties related to the above consolidated criminal proceeding, 20 have been settled.

In addition to the civil and criminal cases, another 21 asbestos related out-of-court claims have been forwarded to Dalmine.

Dalmine estimates that its potential liability in connection with the claims not yet settled or covered by insurance is approximately EUR9.4 million (USD12.8 million).

25 Contingencies, commitments and restrictions on the distribution of profits (Cont'd.)

(v) Commitments

The following are the Company's main off-balance sheet commitments:

(a) Tenaris entered into an off-take contract with Complejo Siderúrgico de Guayana C.A. ("Comsigua") to purchase on a take-or-pay basis 75,000 tons of hot briquetted iron, or HBI, annually for twenty years beginning in April 1998 with an option to terminate the contract at any time after the tenth year upon one year's notice. Pursuant to this off-take contract, Tenaris would be required to purchase the HBI at a formula price reflecting Comsigua's production costs during the first eight contract years; thereafter, it would purchase the HBI at a slight discount to market price.

The agreements among the parties provide that, if during the eight-year period the average market price is lower than the formula price paid during such period, Tenaris would be entitled to a reimbursement of the difference plus interest, payable after the project financing and other specific credits are repaid. In addition, under the shareholders' agreements, Tenaris has the option to purchase on an annual basis up to a further 80,000 tons of HBI produced by Comsigua at market prices. Under its off-take contract with Comsigua, as a result of weak market prices for HBI, Tenaris has paid –on average– higher than market prices for its HBI and according to the original contract has accumulated a credit. During the year ended at December 31, 2004, Tenaris paid lower-than-market prices for its HBI purchases, which resulted in a decrease to the previously recorded amount and lower cost of sales.

In connection with Tenaris's original 6.9% equity interest in Comsigua, Tenaris paid USD8.0 million and agreed to cover its share of Comsigua's cash operating and debt service shortfalls. In addition, Tenaris pledged its shares in Comsigua and provided a proportional guarantee of USD11.7 million (USD3.2 million outstanding as of December 31, 2004) in support of the USD156 million (USD42.5 million outstanding as of December 31, 2004) project financing loan made by the International Finance Corporation, or IFC, to Comsigua. Tenaris has been also required to pay an aggregate of USD1.5 million, representing its share of a shortfall of USD14.7 million payable by Comsigua under the IFC loan and additional operating shortfalls of USD5.3 million. Comsigua's financial condition was adversely affected by the consistently weak international market conditions for HBI since its start-up in 1998. Market conditions improved during 2003 and therefore, Tenaris has no longer been required to pay additional amounts as a sponsor in Comsigua. If current conditions prevail at similar levels, Tenaris would not be required to make additional proportional payments in respect of its participation in Comsigua and its purchases of HBI under the off-take contract would be paid in lower-than-market prices.

(b) In August 2001, Dalmine Energie S.p.A. ("Dalmine Energie") entered into a ten-year agreement with Eni S.p.A. Gas & Power Division for the purchase of natural gas with certain take-or-pay conditions until October 1st, 2011. The outstanding value of the contract at December 31, 2004 is approximately EUR588.0 million (USD800.9 million).

(c) Under the Gas Release Program enacted by Eni S.p.A., Gas and Power Division, in August 2004, Dalmine Energie increased its availability of natural gas for the period from October 1st, 2004 to September 30th, 2008. The gas purchase and sale agreements entered into with Eni contain customary take-or-pay conditions. The additional gas supply mentioned above is valued at approximately EUR230.0 million (USD313.3 million), based on prices prevailing as of December 2004. Dalmine Energie has also obtained, at the Italian border, the necessary capacity on the interconnection infrastructure to transport the natural gas to Italy for the period of the gas supply.

(d) Under a lease agreement between Gade Srl (Italy) and Dalmine, entered into in 2001, relating to a building site in Sabbio Bergamasco used by Dalmine's former subsidiary Tad Commerciale, Dalmine is obligated to bid in the auction for the purchase of a building from Gade for a minimum amount of EUR8.3 million (USD11.3 million). Up to the date of these financial statements, the auction has not yet been announced.

25 Contingencies, commitments and restrictions on the distribution of profits (Cont'd.)

(v) Commitments (Cont'd.)

(e) On October 24, 2003 Tenaris's subsidiaries Siderca and Generadora del Paraná S.A. ("Generadora"), together with Siderar, a related party to Tenaris, entered into a joint gas purchase agreement with Repsol-YPF. Under the agreement, which incorporates certain take-or-pay conditions, Tenaris committed to purchase up to 800 million cubic meters of gas during the life of the four-year contract, expiring at the end of 2006 at a price to be negotiated by the parties on an annual basis. In December 2003, Generadora transferred all of its assets and the rights arising from the purchase agreement with Repsol-YPF to Siderca. Considering its Campana facility and the facilities received from Generadora, Siderca has an annual estimated gas consumption of 800 million cubic meters. At December 31, 2004, the parties to the joint agreement had fulfilled the purchase commitments originated therein, as a result of which all outstanding obligations resulting from the take-or-pay provisions have ceased to exist.

(f) On April 27, 2004 Tenaris Financial Services S.A., a subsidiary of the Company, made a deposit of USD10.0 million at Bank San Paolo IMI S.p.A. as collateral for a financial transaction between the mentioned bank and Siderca, another Tenaris subsidiary, generating a restriction on the availability of such funds.

(g) In July 2004, Tenaris's subsidiary Matesi Materiales Siderurgicos S.A. ("Matesi") entered into a twenty-year agreement with C.V.G. Electrificación del Caroní, C.A. ("Edelca") for the purchase of electric power under certain take-or-pay conditions, with an option to terminate the contract at any time upon three years notice. The agreement establishes a start-up period until June 2005 for which the take-or-pay conditions will not be in force. The outstanding value of the contract at December 31, 2004 is approximately USD75.2 million.

(h) On August 20, 2004 Matesi entered into a ten-year off-take contract pursuant to which Matesi is required to sell to Sidor on a take-or-pay basis 29.9% of Matesi's HBI production. In addition, Sidor has the right to increase its proportion on Matesi's production by an extra 19.9% until reaching 49.8% of Matesi's HBI production. Under the contract, the sale price is determined on a cost-plus basis.

(i) In October 2004, Tenaris detected technical problems at its electric power generating facility located in San Nicolas, Argentina during the routine maintenance of the equipment. GE Energy, the generator's manufacturer, assumed the repairs costs of the generator estimated in USD9.0 million. Tenaris recognized a Receivable with the manufacturer for the cost of the repairs. The Company impaired the value of these assets under Property, plant and equipment for USD11.7 million. The reparation is expected to be completed by September 2005. In addition, Tenaris recorded a loss of USD6.7 million due to commitments to deliver steam vapor and gas and the related penalties.

(j) On September 16, 2004 Tenaris's Board of Directors approved an investment to construct a gas-fired 120 MW combined heat and power plant in Dalmine, Italy with an estimated cost of approximately EUR109 million (USD148 million). This investment is expected to improve the competitiveness of Tenaris's Italian seamless pipe operations by reducing its energy costs and securing a reliable source of power.

(vi) Restrictions on the distribution of profits

Under Luxembourg law, at least 5% of net income per year calculated in accordance with Luxembourg law and regulations must be allocated to the creation of a reserve until such reserve has reached to an amount equal to 10% of the share capital. At December 31, 2004 the Company has created this reserve in full.

Shareholders' equity at December 31, 2004 under Luxembourg law and regulations comprises the following captions:

Share capital	1,180,537
Legal reserve	118,054
Share premium	609,733
Other distributable reserves	82
Retained earnings	536,459
Total shareholders equity according Luxembourg law	**2,444,865**

25 Contingencies, commitments and restrictions on the distribution of profits (Cont'd.)

(vi) Restrictions on the distribution of profits (Cont'd.)

Tenaris may pay dividends to the extent that it has distributable retained earnings and distributable reserve calculated in accordance with Luxembourg law and regulations.

At December 31, 2004, the distributable reserve and retained earnings of Tenaris under Luxembourg Law totaled USD536.5 million, as detailed below.

Distributable reserve and retained earnings at December 31, 2003 under Luxembourg Law	298,035
Dividends and distribution received	292,589
Other income and expenses for the year 2004	80,888
Dividends paid	(135,053)
Increase in reserve due to capital increase (see Note 28 (b))	82
Distributable reserve and retained earnings at December 31, 2004 under Luxembourg law	**536,541**

26 Ordinary shares and share premium

	Number of Ordinary shares	
	2004	**2003**
At January 1	1,180,287,664	1,160,700,794
Net issue of shares (see Note 28 (b))	249,166	19,586,870
At December 31	**1,180,536,830**	**1,180,287,664**

The total of issued and outstanding ordinary shares as of December 31, 2004 is 1,180,536,830 with a par value of USD1 per share with one vote each.

27 Minority interest

	Year ended December 31,		
	2004	**2003**	**2002**
At beginning of year	119,984	186,783	918,981
Currency translations differences	9,478	16,738	(62,816)
Share of net profit of subsidiaries	20,278	12,129	142,403
Acquisition and increases	21,106	458	-
Exchange of shares of Siderca, Dalmine and Tamsa	-	(44,887)	(768,577)
Sales	(649)	(37,173)	(2,020)
Dividends (*)	(4,926)	(14,064)	(41,188)
At end of year	**165,271**	**119,984**	**186,783**

(*) Includes dividends approved not paid for USD4.9 million in 2004.

28 2002 Exchange Offer and other events with impact on minority interest

(a) 2002 Exchange Offer

On October 18, 2002, Sidertubes -at that time the Company's controlling shareholder- contributed all of its assets to Tenaris in exchange for shares of the Company's common stock. The assets that Sidertubes contributed included the shares and voting rights that it held directly in Siderca, Tamsa, Dalmine, TGS and Invertub S.A. Siderca held additional participations in Tamsa, Dalmine, Metalmecánica S.A and Metalcentro S.A.

During 2002, Tenaris successfully completed an offer to exchange shares and ADSs of its common stock for all outstanding Class A ordinary shares and ADSs of Siderca, all outstanding common shares and ADSs of Tamsa and all outstanding ordinary shares of Dalmine ("the 2002 Exchange Offer"). These acquisitions were accounted for under the purchase method and the acquisition costs, totalling USD811.3 million and gave rise to a net negative goodwill of USD5.2 million.

(b) Subsequent acquisitions and residual offers

Acquisition of Remaining Minority Interest in Tamsa and Capital Increase

On September 15, 2003 Tenaris concluded an exchange offer in the United States for shares and ADSs of Tamsa. As per the commitment assumed by Tenaris at the time of the 2002 Exchange Offer, the exchange ratio used was equal to that of the 2002 Exchange Offer. Thus, in exchange for the Tamsa shares received, Tenaris issued 19,586,870 new shares of its common stock for USD51,611 thousand. The acquisition cost was determined on the bases of the price of Tenaris's shares on September 12, 2003.

For the 356,392 shares of Tamsa's common stock outstanding in the Mexican market, Tenaris and Sidertubes, established a fiduciary account with Banamex, in which Sidertubes deposited the necessary number of Tenaris's shares to provide for the exchange of the remaining interests in Tamsa. According to the terms of the fiduciary account, holders of Tamsa's common stock were able to exchange their shares under the escrow arrangement during a six-month period. At the end of the six-month exchange offer period, investors had exchanged 235,512 shares of Tamsa for 249,166 shares of Tenaris. As a result, Tenaris was indebted to Sidertubes for 249,166 shares with a market value of USD0.8 million.

On February 13, 2004, Tenaris increased its capital stock by issuing 249,166 new common shares, which were transferred to Sidertubes to pay off its outstanding loan. In accordance with Luxembourg law, the capital increase was allocated USD249 to share capital, USD25 to legal reserve, USD464 to a share premium and USD82 to other distributable reserve.

As of December 31, 2004, Tenaris held, directly or indirectly, more than 99.9% of the common stock of Tamsa.

Subsequent acquisition of Dalmine Shareholding

Pursuant to purchases made in the open market up to March 10, 2003, Tenaris held, directly or indirectly, 90.0% of Dalmine's common stock. On July 11, 2003, Tenaris concluded a cash offer for the remaining minority interest in Dalmine and held, directly or indirectly, 96.8% of the shares of Dalmine. At December 31, 2004, as a result of shares accepted and effectively paid during the tender offer as well as shares purchased in subsequent transactions, Tenaris held directly or indirectly 99.2% of the shares of Dalmine.

Acquisition of Remaining Minority Interest in Siderca

On April 3, 2003 the Argentine securities regulator approved Tenaris's proposal to acquire the remaining minority interest in Siderca, which amounted to 0.89% of the shares of such company. As a result of Tenaris's gaining beneficial control of 100% of the common stock of Siderca this company was effectively delisted and its ADR program terminated.

29 Business and other acquisitions

As a result of the transactions explained in Note 28, Tenaris acquired 0.03% of Tamsa, 0.5% of Dalmine during 2004, and 5.5% of Tamsa, 9.9% of Dalmine and 0.9% of Siderca during 2003.

On January 23, 2004 Tenaris Investments Limited was incorporated in Ireland to assist the financial activities of the Company and its other subsidiaries; on that date, Tenaris underwrote all of the common shares of the new company and increased the subsidiary's capital stock to USD50.0 million.

On February 2, 2004 Tenaris completed the purchase of the land and manufacturing facilities that were previously leased by its Canadian operating subsidiary. The assets were acquired from Algoma Steel Inc. for the price of approximately USD9.6 million, plus transaction costs.

As described in AP A, management applied IFRS 3 for the business combination detailed below.

On July 9, 2004 Tenaris and Sidor through their jointly owned company Matesi, acquired from Posven, a Venezuelan company its industrial facility for the production of pre-reduced HBI, located in Ciudad Guayana, Venezuela, for the price of USD120.0 million. The acquisition did not generate goodwill. As of December 31, 2004 Tenaris held 50.2% of Matesi, while Sidor owned the remaining 49.8%.

On July 26, 2004 Tenaris acquired all of the shares of Tubman International Ltd. ("Tubman"), a company incorporated under the laws of Gibraltar, which owned 84.86% of S. C. Silcotub S.A. ("Silcotub") and controlling interests in two minor subsidiaries, and all of the shares of Intermetal Com S.r.l., all of them incorporated in Romania for a total consideration of USD42.0 million. The acquisition of these companies did not generate goodwill.

Tenaris reached an agreement with the Romanian privatization agency (AVAS) to settle the litigation commenced by the latter against Tubman in connection with the alleged breach of certain of Tubman's obligations under the privatization agreement by virtue of which Tubman purchased control of S.C. Laminorul S.A. ("Laminorul"). Pursuant to the agreement, signed on November 1, 2004 Tenaris transferred 9,931,375 shares of Laminorul to the Romanian government, representing 69.99% of Laminorul's capital stock, and retained 2,334,145 shares (16.45% of Laminorul's capital stock).

The acquired business contributed revenues of USD93.2 million and net gains of USD6.1 million to Tenaris in the year ended at December 31, 2004.

The assets and liabilities arising from acquisitions are as follows:

	Year ended December 31,	
	2004	2003
Other assets and liabilities (net)	(25,060)	(3,612)
Property, plant and equipment	191,097	30,764
Goodwill	-	9,667
Net assets acquired	166,037	36,819
Minority interest	(8,034)	31,025
Total non-current liabilities (*)	(60,408)	(2,561)
Total liabilities assumed	(60,408)	(2,561)
Sub-total	97,595	65,283
Cash - acquired	5,177	5,687
Fair value adjustment of minority interest acquired	-	(925)
Common stock issued in acquisition of minority interest	820	51,611
Purchase consideration	**103,592**	**121,656**

(*) Year ended at December 31, 2004 includes Matesi's liability with Sidor (minority shareholder of Matesi).

29 Business and other acquisitions (Cont'd.)

Details of net assets acquired and goodwill are as follows:

	Year ended December 31,	
	2004	**2003**
Purchase consideration	103,592	121,656
Fair value of acquired business	(103,592)	(111,989)
Goodwill	-	9,667

30 Related party transactions

The Company is controlled by I.I.I. Industrial Investments Inc. B.V.I., which at December 31, 2004 owned 60.2% of Tenaris' shares and voting rights. At that date the remaining 39.8% was publicly traded. The ultimate controlling entity of the Company is Rocca & Partners S.A., a British Virgin Islands corporation.

The following transactions were carried out with related parties:

	Year ended December 31,		
	2004	**2003**	**2002**
(i) Transactions			
(a) Sales of goods and services			
Sales of goods	72,932	57,865	258,083
Sales of services	24,983	11,811	6,934
	97,915	69,676	265,017
(b) Purchases of goods and services			
Purchases of goods	63,132	70,984	160,792
Purchases of services	58,831	64,793	103,858
	121,963	135,777	264,650
(c) Acquisitions of subsidiaries	-	(304)	-

	At December 31,	
	2004	**2003**
(ii) Year-end balances		
(a) Arising from sales/purchases of goods/services		
Receivables from related parties	52,663	42,116
Payables to related parties (1)	(17,401)	(37,219)
	35,262	4,897
(b) Cash and cash equivalents		
Time deposits	6	420

30 Related party transactions (Cont'd.)

	At December 31,	
	2004	**2003**
(c) Other balances		
Trust fund	119,666	118,087
Convertible debt instruments - Ylopa	121,955	33,508
	241,621	151,595
(d) Financial debt		
Borrowings and overdrafts (2)	(56,906)	(5,716)
Borrowings from trust fund	-	(1,789)
	(56,906)	(7,505)

(1) Includes liabilities with Ylopa (USD10,590 at December 31, 2003)
(2) Includes borrowings from Sidor to Matesi (USD51,457 at December 31, 2004)

(iii) Officers and director's compensation

The aggregate compensation of the directors and executive officers earned during 2004 and 2003 amounts to USD9.8 million and USD8.6 million respectively.

31 Cash flow disclosures

	Year ended December 31,		
	2004	**2003**	**2002**
(i) Changes in working capital			
Inventories	(411,045)	(151,766)	55,461
Receivables and prepayments	(82,845)	10,900	(31,485)
Trade receivables	(271,225)	4,142	(124,699)
Other liabilities	(37,443)	39,585	(27,168)
Customer advances	72,678	17,636	(32,355)
Trade payables	108,693	(27,653)	59,404
	(621,187)	**(107,156)**	**(100,842)**
(ii) Income tax accruals less payments			
Tax accrued (*)	220,376	63,918	244,554
Taxes paid	(175,717)	(202,488)	(70,076)
	44,659	**(138,570)**	**174,478**

(*) In 2002 does not include a tax recovery of USD36.8 millions (see Note 8)

(iii) Interest accruals less payments, net			
Interest accrued	32,683	16,708	20,279
Interest paid net	(15,710)	(19,740)	(15,499)
	16,973	**(3,032)**	**4,780**

32 Principal subsidiaries

The following is a list of Tenaris's subsidiaries and its direct or indirect percentage of ownership of each company at December 31, 2004, 2003 and 2002 is disclosed.

Company	Country of Organization	Main activity	Percentage of ownership at December 31,		
			2004	**2003**	**2002**
Algoma Tubes Inc.	Canada	Manufacturing of seamless steel pipes	100%	100%	98%
Confab Industrial S.A. and subsidiaries (b)	Brazil	Manufacturing of welded steel pipes and capital goods	39%	39%	39%
Corporación Tamsa S.A.	Mexico	Sale of seamless steel pipes	-	-	94%
Dalmine Holding B.V. and subsidiaries	Netherlands	Holding company	99%	99%	88%
Dalmine S.p.A.	Italy	Manufacturing of seamless steel pipes	99%	99%	88%
Empresas Riga S.A. de C.V.	Mexico	Manufacturing of welded fittings for seamless steel pipes	100%	100%	94%
Exiros S.A.	Uruguay	Procurement services for industrial companies	100%	100%	-
Information Systems and Technologies N.V. and subsidiaries	Netherlands	Software development and maintenance	75%	75%	70%
Inmobiliaria Tamsa S.A. de C.V.	Mexico	Leasing of real estate	100%	100%	94%
Insirger S.A. and subsidiaries	Argentina	Electric power generation	100%	100%	-
Intermetal Com SRL (a)	Romania	Marketing of Scrap and other raw materials	100%	-	-
Invertub S.A. and subsidiaries	Argentina	Holding company	100%	100%	100%
Lomond Holdings B.V. and subsidiaries	Netherlands	Procurement services for industrial companies	100%	100%	70%
Matesi, Materiales Siderurgicos S.A. (a)	Venezuela	Production of hot briquetted iron (HBI).	50%	-	-
Metalcentro S.A.	Argentina	Manufacturing of pipe-end protectors and lateral impact tubes	100%	100%	100%
Metalmecánica S.A.	Argentina	Manufacturing steel products for oil extraction	100%	100%	99%
NKKTubes K.K.	Japan	Manufacturing of seamless steel pipes	51%	51%	51%
S.C. Silcotub S.A. and subsidiary (a)	Romania	Manufacturing of seamless steel pipes	85%	-	-
Scrapservice S.A.	Argentina	Processing of scrap	75%	75%	74%
Siat S.A.	Argentina	Manufacturing of welded steel pipes	82%	82%	81%
Siderca International A.p.S.	Denmark	Holding company	100%	100%	99%
Siderca S.A.I.C.	Argentina	Manufacturing of seamless steel pipes	100%	100%	99%

32 Principal subsidiaries (Cont'd.)

Company	Country of Organization	Main activity	Percentage of ownership at December 31,		
			2004	2003	2002
Siderestiba S.A.	Argentina	Logistics	99%	99%	99%
Sidtam Limited	B.V.I.	Holding company	100%	100%	97%
SO.PAR.FI Dalmine Holding S.A.	Luxembourg	Holding company	99%	99%	88%
Sociedad Industrial Puntana S.A.	Argentina	Manufacturing of steel products	100%	100%	-
Socominter Far East Ltd.	Singapore	Marketing of steel products	-	-	100%
Socominter Ltda.	Chile	Marketing of steel products	100%	100%	100%
Socominter S.A.	Venezuela	Marketing of steel products	100%	100%	100%
Socover S.A. de C.V.	Mexico	Marketing of steel products	-	-	94%
Talta – Trading e Marketing Lda. (a)	Madeira	Holding Company	100%	-	-
Tamsider LLC	USA	Holding company	100%	100%	100%
Tamsider S.A. de C.V. and subsidiaries	Mexico	Promotion and organization of steel-related companies and marketing of steel products	100%	100%	94%
Tamtrade S.A.de C.V.	Mexico	Marketing of steel products	100%	100%	94%
Techint Investment Netherlands B.V.	Netherlands	Holding company	100%	100%	99%
Tenaris Autopartes S.A. de C.V.	Mexico	Manufacturing of supplies for the automotive industry	100%	100%	-
Tenaris Confab Hastes de Bombeio (a)	Brazil	Manufacturing of steel products for oil extraction	70%	-	-
Tenaris Connections A.G. and subsidiaries	Liechtenstein	Ownership and licensing of steel technology	100%	99%	94%
Tenaris Financial Services S.A.	Uruguay	Financial Services	100%	100%	-
Tenaris Global Services B.V.	Netherlands	Sales agent of steel products	100%	100%	100%
Tenaris Global Services (Canada) Inc.	Canada	Marketing of steel products	100%	100%	100%
Tenaris Global Services de Bolivia S.R.L. (previously Socominter de Bolivia S.R.L.)	Bolivia	Marketing of steel products	100%	100%	100%
Tenaris Global Services (Japan) K.K. (previously DST Japan K.K.)	Japan	Marketing of steel products	100%	100%	100%
Tenaris Global Services Norway AS	Norway	Marketing of steel products	100%	100%	100%
Tenaris Global Services (Panama) S.A.	Panama	Marketing of steel products	100%	100%	100%

32 Principal subsidiaries (Cont'd.)

Company	Country of Organization	Main activity	Percentage of ownership at December 31,		
			2004	**2003**	**2002**
Tenaris Global Services (UK) Ltd	United Kingdom	Marketing of steel products	100%	100%	100%
Tenaris Global Services S.A.	Uruguay	Holding company and marketing of steel products	100%	100%	100%
Tenaris Global Services Ecuador S.A.	Ecuador	Marketing of steel products	100%	100%	-
Tenaris Global Services Far East Pte. Ltd.	Singapore	Marketing of steel products	100%	100%	100%
Tenaris Global Services Korea	Korea	Marketing of steel products	100%	100%	-
Tenaris Global Services LLC	U.S.A.	Sales agent of steel products	100%	100%	100%
Tenaris Global Services (B.V.I.) Ltd.	B.V.I.	Holding company	100%	100%	100%
Tenaris Global Services Nigeria Ltd. (Previously Tubular DST Nigeria Ltd.)	Nigeria	Marketing of steel products	100%	100%	100%
Tenaris Global Services (Kazakhstan) LLP (a)	Kazakhstan	Marketing of steel products	100%	-	-
Tenaris Investments Ltd. (a)	Ireland	Holding company	100%	-	-
Tenaris West Africa Ltd.	United Kingdom	Finishing of steel pipes	100%	100%	98%
Texas Pipe Threaders Co.	U.S.A.	Finishing and marketing of steel pipes	100%	100%	99%
Tubman International Ltd. (a)	Gibraltar	Holding company	100%	-	-
Tubman Holdings (Gibraltar) LLP (a)	Gibraltar	Holding company	100%	-	-
Tubos de Acero de México S.A.	Mexico	Manufacturing of seamless steel pipes	100%	100%	94%
Tubos de Acero de Venezuela S.A.	Venezuela	Manufacturing of seamless steel pipes	70%	70%	66%

(a) Incorporated or acquired during 2004

(b) Tenaris holds 99% of the voting shares of Confab Industrial S.A. and has, directly or indirectly, the majority of voting rights in all of its subsidiaries.

33 Impact of New Accounting Pronouncements: International Financial Reporting Standards

In December 2003, as a part of the IASB's project to improve International Accounting Standards, the IASB released revisions to the following standards that supersede the previously released versions of those standards: IAS1, *Presentation of Financial Statements;* IAS 2, *Inventories;* IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors;* IAS 10, *Events after the Balance Sheet Date;* IAS 16, *Property, Plant and Equipment;* IAS 17, *Leases;* IAS 21, *The Effects of Changes in Foreign Exchange Rates;* IAS 24, *Related Party Disclosures;* IAS 27, *Consolidated and Separate Financial Statements;* IAS 28, *Investments in Associates;* IAS 31, *Interests in Joint Ventures;* IAS 33, *Earnings per Share* and IAS 40, *Investment Property.* The revised standards must be applied for annual periods beginning on or after January 1, 2005. During 2004 the following International Financial Reporting Standards (IFRS) were issued: *IFRS 2, Share-Based Payments; IFRS 3, Business Combinations; IFRS 4, Insurance Contracts; IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations* and *IFRS 6, Exploration for and Evaluation of Mineral Resources*. Following is a summary of those changes which could result in a material impact on the Tenaris consolidated financial statements from applying these revised standards.

(a) Presentation of minority interests to be changed

IAS 1 (revised) requires disclosure, on the face of the income statement, of the entity's profit or loss for the period and the allocation of that amount between "profit or loss attributable to minority interest" and "profit or loss attributable to equity holders of the parent". As from January 1, 2005, minority interests will be included as equity in the consolidated balance sheet and not shown as a separate category. The effect of this is to increase the Company's equity at January 1, 2005 by USD165.3 million. Earnings per share will continue to be calculated on the net income attributable solely to the equity holders of Tenaris.

(b) IFRS 3 on business combinations and related goodwill amortization

Under IFRS 3, with effect from January 1, 2005, goodwill is considered to have an indefinite life and is not amortized, but is subject to annual impairment testing.

Goodwill of USD112.7 million recorded at December 31, 2004, will not be amortized.

IFRS 3 requires accumulated negative goodwill at December 31, 2004 to be derecognized with a corresponding adjustments to Retained earnings. The effect of this is an increase in the opening balance of the Company's equity at January 1, 2005 of USD110.8 million.

During 2004, Tenaris incurred USD0.3 million of goodwill and negative goodwill amortization expense.

(c) IAS 16 Property, Plant and Equipment

IAS 16 requires that the Company determines the depreciation charge separately for each significant part of an item of property, plant and equipment.

An entity is required to measure the residual value of an item of property, plant and equipment as the amount it estimates it would receive currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life.

Carlos Condorelli
Chief Financial Officer