

TENARIS SA  
Form 6-K  
November 08, 2010

**FORM 6 - K**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934**

**As of November 8, 2010**

**TENARIS, S.A.**

(Translation of Registrant's name into English)

**TENARIS, S.A.**

Edgar Filing: TENARIS SA - Form 6-K  
46a, Avenue John F. Kennedy  
L-1855 Luxembourg  
(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

Yes  No

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

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The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended. This report contains Tenaris' consolidated condensed interim financial statements for the nine-month period ended September 30, 2010.

## **SIGNATURE**

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

Date: November 8, 2010

Tenaris, S.A.

By: /s/ Cecilia Bilesio

Cecilia Bilesio

Corporate Secretary

**TENARIS S.A.**

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

46a, Avenue John F. Kennedy - 2nd Floor.

L - 1855 Luxembourg

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the nine-month period ended September 30, 2010

## CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

(all amounts in thousands of U.S. dollars, unless otherwise stated)	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2010	2009	2010	2009
		(Unaudited)		(Unaudited)	
<b>Continuing operations</b>					
Net sales	3	2,027,242	1,771,475	5,647,725	6,302,107
Cost of sales	3 & 4	(1,252,583)	(1,080,161)	(3,423,055)	(3,708,372)
<b>Gross profit</b>		<b>774,659</b>	<b>691,314</b>	<b>2,224,670</b>	<b>2,593,735</b>
Selling, general and administrative expenses	3 & 5	(370,267)	(327,234)	(1,108,798)	(1,110,240)
Other operating income (expense), net	3	694	(3,528)	3,857	(504)
<b>Operating income</b>		<b>405,086</b>	<b>360,552</b>	<b>1,119,729</b>	<b>1,482,991</b>
Interest income	6	13,968	10,435	25,468	23,172
Interest expense	6	(10,003)	(31,007)	(51,961)	(94,589)
Other financial results	6	(16,223)	(15,377)	(15,900)	(67,643)
<b>Income before equity in earnings of associated companies and income tax</b>		<b>392,828</b>	<b>324,603</b>	<b>1,077,336</b>	<b>1,343,931</b>
Equity in earnings of associated companies		15,575	10,294	58,389	68,229
<b>Income before income tax</b>		<b>408,403</b>	<b>334,897</b>	<b>1,135,725</b>	<b>1,412,160</b>
Income tax		(105,696)	(97,583)	(315,838)	(417,175)
<b>Income for continuing operations</b>		<b>302,707</b>	<b>237,314</b>	<b>819,887</b>	<b>994,985</b>
<b>Discontinued operations</b>					
Result for discontinued operations	12	-	-	-	(28,138)
<b>Income for the period</b>		<b>302,707</b>	<b>237,314</b>	<b>819,887</b>	<b>966,847</b>
<b>Attributable to:</b>					
Equity holders of the Company		304,812	229,873	806,459	939,188
Non-controlling interests		(2,105)	7,441	13,428	27,659
		<b>302,707</b>	<b>237,314</b>	<b>819,887</b>	<b>966,847</b>
<b>Earnings per share attributable to the equity holders of the Company during the period:</b>					
Weighted average number of ordinary shares (thousands)	7	1,180,537	1,180,537	1,180,537	1,180,537
<b>Continuing and Discontinued operations</b>					
Basic and diluted earnings per share (U.S. dollars per share)	7	0.26	0.19	0.68	0.80
Basic and diluted earnings per ADS (U.S. dollars per ADS)	7	0.52	0.39	1.37	1.59
<b>Continuing operations</b>					
Basic and diluted earnings per share (U.S. dollars per share)		0.26	0.19	0.68	0.81
Basic and diluted earnings per ADS (U.S. dollars per ADS)		0.52	0.39	1.37	1.62

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

(all amounts in thousands of U.S. dollars)	<b>Three-month period</b>		<b>Nine-month period</b>	
	<b>ended September 30, 2010</b>	<b>2009</b>	<b>ended September 30, 2010</b>	<b>2009</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
<b>Income for the period</b>	<b>302,707</b>	<b>237,314</b>	<b>819,887</b>	<b>966,847</b>
Currency translation adjustment	215,268	161,570	64,382	323,432
Changes in the fair value of derivatives held as cash flow hedges	7,108	5,227	4,913	(3,122)
Share of other comprehensive income of associates:				
- Currency translation adjustment	7,647	(3,840)	9,672	(8,270)
- Changes in the fair value of derivatives held as cash flow hedges	283	356	514	2,171
Income tax relating to components of other comprehensive income	(1,928)	(134)	(1,466)	2,742
<b>Other comprehensive income for the period, net of tax</b>	<b>228,378</b>	<b>163,179</b>	<b>78,015</b>	<b>316,953</b>
<b>Total comprehensive income for the period</b>	<b>531,085</b>	<b>400,493</b>	<b>897,902</b>	<b>1,283,800</b>
<b>Attributable to:</b>				
Equity holders of the Company	496,330	345,729	855,727	1,161,117
Non-controlling interests	34,755	54,764	42,175	122,683
	<b>531,085</b>	<b>400,493</b>	<b>897,902</b>	<b>1,283,800</b>

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2009.



Tenaris S.A. Consolidated Condensed Interim Financial Statements for the nine-month period ended September 30, 2010

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(all amounts in thousands of U.S. dollars)	Notes	At September 30, 2010 (Unaudited)	At December 31, 2009	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment, net	<b>8</b>	3,576,154	3,254,587	
Intangible assets, net	<b>9</b>	3,543,508	3,670,920	
Investments in associated companies		657,911	602,572	
Other investments		43,091	34,167	
Deferred tax assets		220,528	197,603	
Receivables		121,721	8,162,913	101,618
				7,861,467
<b>Current assets</b>				
Inventories		2,270,276	1,687,059	
Receivables and prepayments		274,457	220,124	
Current tax assets		230,605	260,280	
Trade receivables		1,531,564	1,310,302	
Available for sale assets	<b>14</b>	21,572	21,572	
Other investments		641,998	579,675	
Cash and cash equivalents		919,027	5,889,499	1,542,829
				5,621,841
<b>Total assets</b>		<b>14,052,412</b>	<b>13,483,308</b>	
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders		9,699,612	9,092,164	
Non-controlling interests		649,233	628,672	
<b>Total equity</b>		<b>10,348,845</b>	<b>9,720,836</b>	
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings		376,204	655,181	
Deferred tax liabilities		885,230	860,787	
Other liabilities		189,815	192,467	
Provisions		88,608	80,755	
Trade payables		3,387	1,543,244	2,812
				1,792,002
<b>Current liabilities</b>				
Borrowings		713,703	791,583	
Current tax liabilities		221,095	306,539	
Other liabilities		289,894	192,190	
Provisions		26,059	28,632	
Customer advances		86,710	95,107	
Trade payables		822,862	2,160,323	556,419
				1,970,470
<b>Total liabilities</b>		<b>3,703,567</b>	<b>3,762,472</b>	

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**Total equity and liabilities**

**14,052,412**

**13,483,308**

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

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2009.

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the nine-month period ended September 30, 2010

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

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

	Attributable to equity holders of the Company						Total	Non-controlling interests	Total (Unaudited)
	Share Capital (1)	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves	Retained Earnings (2)			
<b>Balance at January 1, 2010</b>	<b>1,180,537</b>	<b>118,054</b>	<b>609,733</b>	<b>29,533</b>	<b>10,484</b>	<b>7,143,823</b>	<b>39,092,164</b>	<b>628,672</b>	<b>9,720,836</b>
<b>Income for the period</b>	-	-	-	-	-	<b>806,459</b>	<b>806,459</b>	<b>13,428</b>	<b>819,887</b>
Currency translation adjustment	-	-	-	35,862	-	-	35,862	28,520	64,382
Hedge reserve, net of tax	-	-	-	-	3,220	-	3,220	227	3,447
Share of other comprehensive income of associates	-	-	-	9,672	514	-	10,186	-	10,186
<b>Other comprehensive income for the period</b>	-	-	-	<b>45,534</b>	<b>3,734</b>	-	<b>49,268</b>	<b>28,747</b>	<b>78,015</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>45,534</b>	<b>3,734</b>	<b>806,459</b>	<b>855,727</b>	<b>42,175</b>	<b>897,902</b>
Acquisition and increase of non-controlling interests	-	-	-	-	(366)	-	(366)	(2,595)	(2,961)
Dividends paid in cash	-	-	-	-	-	(247,913)	(247,913)	(19,019)	(266,932)
<b>Balance at September 30, 2010</b>	<b>1,180,537</b>	<b>118,054</b>	<b>609,733</b>	<b>75,067</b>	<b>13,852</b>	<b>7,702,369</b>	<b>9,699,612</b>	<b>649,233</b>	<b>10,348,845</b>

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	Attributable to equity holders of the Company						Total	Non-controlling interests	Total (Unaudited)
	Share Capital (1)	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves	Retained Earnings			
<b>Balance at January 1, 2009</b>	<b>1,180,537</b>	<b>118,054</b>	<b>609,733</b>			<b>6,489,899</b>	<b>8,176,571</b>	<b>525,316</b>	<b>8,701,887</b>
<b>Income for the period</b>	-	-	-	(223,779)	2,127	939,188	939,188	27,659	966,847
Currency translation adjustment	-	-	-	225,426	-	-	225,426	98,006	323,432
Hedge reserve, net of tax	-	-	-	-	2,602	-	2,602	(2,982)	(380)
Share of other comprehensive income of associates	-	-	-	(8,270)	2,171	-	(6,099)	-	(6,099)
<b>Other comprehensive income for the period</b>	-	-	-	<b>217,156</b>	<b>4,773</b>	-	<b>221,929</b>	<b>95,024</b>	<b>316,953</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>217,156</b>	<b>4,773</b>	<b>939,188</b>	<b>1,161,117</b>	<b>122,683</b>	<b>1,283,800</b>
Acquisition and decrease of non-controlling interests	-	-	-	-	(783)	-	(783)	3,445	2,662
Change in equity reserves	-	-	-	-	21	-	21	-	21
Dividends paid in cash	-	-	-	-	-	(354,161)	(354,161)	(32,698)	(386,859)
<b>Balance at September 30, 2009</b>	<b>1,180,537</b>	<b>118,054</b>	<b>609,733</b>	<b>(6,623)</b>	<b>6,138</b>	<b>7,074,926</b>	<b>8,982,765</b>	<b>618,746</b>	<b>9,601,511</b>

(1) The Company has an authorized share capital of a single class of 2.5 billion shares having a nominal value of USD1.00 per share. As of September 30, 2010, there were 1,180,536,830 shares issued. All issued shares are fully paid.

(2) Retained Earnings as of September 30, 2010 calculated in accordance with Luxembourg Law are disclosed in Note 10.

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2009.

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2003

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**

(all amounts in thousands of U.S. dollars)	Notes	Nine-month period ended September 30,	
		2010 (Unaudited)	2009 (Unaudited)
<b>Cash flows from operating activities</b>			
Income for the period		819,887	966,847
Adjustments for:			
Depreciation and amortization	<b>8 &amp; 9</b>	377,890	375,850
Income tax accruals less payments		(67,542)	(345,431)
Equity in earnings of associated companies		(58,885)	(67,367)
Interest accruals less payments, net		20,313	(17,957)
Changes in provisions		5,280	4,026
Changes in working capital		(491,392)	1,534,948
Other, including currency translation adjustment		11,430	196,070
<b>Net cash provided by operating activities</b>		<b>616,981</b>	<b>2,646,986</b>
<b>Cash flows from investing activities</b>			
Capital expenditures	<b>8 &amp; 9</b>	(561,218)	(327,795)
Acquisition of subsidiaries	<b>11</b>	-	(64,029)
Proceeds from disposal of property, plant and equipment and intangible assets		6,961	12,004
Dividends received from associated companies		13,732	8,903
Investments in short terms securities		(62,323)	(482,998)
<b>Net cash used in investing activities</b>		<b>(602,848)</b>	<b>(853,915)</b>
<b>Cash flows from financing activities</b>			
Changes in non-controlling interests	<b>11</b>	(2,961)	(9,535)
Dividends paid		(247,913)	(354,161)
Dividends paid to non-controlling interests in subsidiaries		(19,019)	(32,698)
Proceeds from borrowings		369,718	509,802
Repayments of borrowings		(733,868)	(1,704,173)
<b>Net cash used in financing activities</b>		<b>(634,043)</b>	<b>(1,590,765)</b>
<b>(Decrease) Increase in cash and cash equivalents</b>		<b>(619,910)</b>	<b>202,306</b>
<b>Movement in cash and cash equivalents</b>			
At the beginning of the period		1,528,707	1,525,022
Effect of exchange rate changes		(8,028)	15,788

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Decrease due to deconsolidation	-	(9,696)
(Decrease) Increase in cash and cash equivalents	(619,910)	202,306
<b>At September 30,</b>	<b>900,769</b>	<b>1,733,420</b>

	<b>At September 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>Cash and cash equivalents</b>		
Cash and bank deposits	919,027	1,741,352
Bank overdrafts	(18,258)	(7,932)
	<b>900,769</b>	<b>1,733,420</b>

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2009.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

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## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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

### **1 General information**

Tenaris S.A. (the Company), a Luxembourg corporation (société anonyme holding), was incorporated on December 17, 2001 as a holding company in steel pipe manufacturing and distributing operations. The Company holds, either directly or indirectly, controlling interests in various subsidiaries. References in these Consolidated Condensed Interim Financial Statements to Tenaris refer to Tenaris S.A. and its consolidated subsidiaries. A list of the principal Company's subsidiaries is included in Note 31 to the audited Consolidated Financial Statements for the year ended December 31, 2009.

These Consolidated Condensed Interim Financial Statements were approved for issue by the Company's Board of Directors on November 4, 2010.

### **2 Accounting policies and basis of presentation**

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies used in the preparation of these Consolidated Condensed Interim Financial Statements are consistent with those used in the audited Consolidated Financial Statements for the year ended December 31, 2009. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2009, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board and adopted by the European Union (IFRS).

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

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

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

### 3 Segment information

#### Reportable operating segments

(all amounts in thousands of U.S. dollars)	(Unaudited)			Total	Total
	Tubes	Projects	Other	Continuing operations	Discontinued operations (*)
<b>Nine-month period ended September 30, 2010</b>					
Net sales	4,917,357	282,593	447,775	5,647,725	-
Cost of sales	(2,914,316)	(185,042)	(323,697)	(3,423,055)	-
<b>Gross profit</b>	<b>2,003,041</b>	<b>97,551</b>	<b>124,078</b>	<b>2,224,670</b>	-
Selling, general and administrative expenses	(998,796)	(59,519)	(50,483)	(1,108,798)	-
Other operating income (expenses), net	(1,910)	2,104	3,663	3,857	-
<b>Operating income</b>	<b>1,002,335</b>	<b>40,136</b>	<b>77,258</b>	<b>1,119,729</b>	-
Depreciation and amortization	351,468	14,730	11,692	377,890	-
Capital expenditures	524,419	33,681	3,118	561,218	-
<b>Nine-month period ended September 30, 2009</b>					
Net sales	5,170,370	765,365	366,372	6,302,107	18,558
Cost of sales	(2,861,165)	(551,530)	(295,677)	(3,708,372)	(31,866)
<b>Gross profit</b>	<b>2,309,205</b>	<b>213,835</b>	<b>70,695</b>	<b>2,593,735</b>	<b>(13,308)</b>
Selling, general and administrative expenses	(995,938)	(61,147)	(53,155)	(1,110,240)	(9,540)
Other operating income (expenses), net	(1,131)	1,357	(730)	(504)	(179)
<b>Operating income</b>	<b>1,312,136</b>	<b>154,045</b>	<b>16,810</b>	<b>1,482,991</b>	<b>(23,027)</b>
Depreciation and amortization	345,429	13,341	17,053	375,823	27
Capital expenditures	299,925	24,421	3,449	327,795	-

#### Geographical information

(all amounts in thousands of U.S. dollars)	(Unaudited)					Total	Total
	North America	South America	Europe	Middle East & Africa	Far East & Oceania	Continuing operations	Discontinued operations (*)

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**Nine-month period ended  
September 30, 2010**

Net sales	2,391,673	1,391,724	586,708	964,960	312,660	5,647,725	-
Depreciation and amortization	192,572	78,830	85,796	950	19,742	377,890	-
Capital expenditures	370,141	81,536	90,661	11,003	7,877	561,218	-

**Nine-month period ended  
September 30, 2009**

Net sales	2,291,127	1,722,656	691,382	1,209,255	387,687	6,302,107	18,558
Depreciation and amortization	207,867	73,021	80,316	937	13,682	375,823	27
Capital expenditures	177,958	73,576	51,476	1,024	23,761	327,795	-

(\* ) Corresponds to the Venezuelan Companies (year 2009).

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

For geographical information purposes, North America comprises principally Canada, Mexico and the United States of America; South America comprises principally Argentina, Brazil, Colombia, Ecuador and Venezuela; Europe comprises principally Italy, Norway, Romania and the United Kingdom; Middle East and Africa comprises principally Algeria, Angola, Egypt, Iraq, Nigeria and Saudi Arabia; Far East and Oceania comprises principally China, Indonesia and Japan.

**4 Cost of sales**

(all amounts in thousands of U.S. dollars)	<b>Nine-month period ended September 30,</b>	
	<b>2010</b>	<b>2009</b>
	<b>(Unaudited)</b>	
<b>Inventories at the beginning of the period</b>	<b>1,687,059</b>	<b>3,091,401</b>
<b>Plus: Charges of the period</b>		
Raw materials, energy, consumables and other	2,696,198	1,411,365
Increase in inventory due to business combinations	-	53,541
Services and fees	242,266	179,522
Labor cost	690,777	532,148
Depreciation of property, plant and equipment	215,221	192,219
Amortization of intangible assets	2,610	1,998
Maintenance expenses	132,662	117,420
Provisions for contingencies	-	1,447
Allowance for obsolescence	(30,104)	64,468
Taxes	5,334	5,646
Other	51,308	35,344
	<b>4,006,272</b>	<b>2,595,118</b>
Transfer to assets available for sale	-	(43,726)
<b>Less: Inventories at the end of the period</b>	<b>(2,270,276)</b>	<b>(1,902,555)</b>
	<b>3,423,055</b>	<b>3,740,238</b>
From Discontinued operations	-	(31,866)
	<b>3,423,055</b>	<b>3,708,372</b>

**5 Selling, general and administrative expenses**

(all amounts in thousands of U.S. dollars)	<b>Nine-month period ended September 30,</b>	
	<b>2010</b>	<b>2009</b>
	<b>(Unaudited)</b>	
Services and fees	154,218	151,784
Labor cost	332,500	306,655
Depreciation of property, plant and equipment	9,415	8,460
Amortization of intangible assets	150,644	173,173
Commissions, freight and other selling expenses	306,534	282,562

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Provisions for contingencies	25,028	24,929
Allowances for doubtful accounts	(14,496)	19,869
Taxes	88,412	84,117
Other	56,543	68,231
	<b>1,108,798</b>	<b>1,119,780</b>
From Discontinued operations	-	(9,540)
	<b>1,108,798</b>	<b>1,110,240</b>

**6 Financial results**

(all amounts in thousands of U.S. dollars)	<b>Nine-month period ended September</b>	
	<b>2010</b>	<b>30, 2009</b>
	<b>(Unaudited)</b>	
Interest income	25,468	23,327
Interest expense (*)	(51,961)	(98,169)
<b>Interest net</b>	<b>(26,493)</b>	<b>(74,842)</b>
Net foreign exchange transaction results	(12,450)	(60,613)
Foreign exchange derivatives contracts results (**)	(1,490)	(3,754)
Other	(1,960)	(4,158)
<b>Other financial results</b>	<b>(15,900)</b>	<b>(68,525)</b>
<b>Net financial results</b>	<b>(42,393)</b>	<b>(143,367)</b>
From Discontinued operations	-	4,307
	<b>(42,393)</b>	<b>(139,060)</b>

Each item included in this note differs from its corresponding line in the Consolidated Condensed Interim Income Statement because it includes discontinued operations results.

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

(\*) Interest rate swaps losses, included under Interest expense for the nine-month period ended September 30, 2010 and September 30, 2009 amount to \$11.6 million and \$14.1 million, respectively.

(\*\*) Tenaris has identified certain embedded derivatives and in accordance with IAS 39 ( Financial Instruments: Recognition and Measurement ) has accounted them separately from their host contracts. A loss of \$2.0 million and a gain of \$23 million arising from the valuation of these contracts have been recognized for the nine-month period ended September 30, 2010 and September 30, 2009, respectively.

**7 Earnings and dividends per share**

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

	<b>Nine-month period ended September</b>	
	<b>30,</b>	
	<b>2010</b>	<b>2009</b>
	<b>(Unaudited)</b>	
Weighted average number of ordinary shares in issue (thousands)	1,180,537	1,180,537
Net income attributable to equity holders	806,459	939,188
Basic and diluted earnings per share (U.S. dollars per share)	0.68	0.80
Basic and diluted earnings per ADS (U.S. dollars per ADS) (*)	1.37	1.59
Result for discontinued operations attributable to equity holders	-	(16,454)
Basic and diluted earnings per share (U.S. dollars per share)	-	(0.01)
Basic and diluted earnings per ADS (U.S. dollars per ADS) (*)	-	(0.03)

(\*) Each ADS equals two shares

On June 2, 2010, the Company's shareholders approved an annual dividend in the amount of \$0.34 per share (\$0.68 per ADS). The amount approved included the interim dividend previously paid in November 2009, in the amount of \$0.13 per share (\$0.26 per ADS). The balance, amounting to \$0.21 per share (\$0.42 per ADS), was paid on June 24, 2010. In the aggregate, the interim dividend paid in November 2009 and the balance paid in June 2010 amounted to approximately \$401 million.



**8 Property, plant and equipment, net**

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

	<b>2010</b>	<b>2009</b>
	<b>(Unaudited)</b>	
<b>Nine-month period ended September 30,</b>		
Opening net book amount	3,254,587	2,982,871
Currency translation adjustment	16,971	92,987
Increase due to business combinations	-	24,123
Additions	543,394	313,583
Disposals	(6,937)	(11,458)
Transfers	(7,225)	(2,088)
Depreciation charge	(224,636)	(200,679)
Disposals due to deconsolidation	-	(6,060)
<b>At September 30,</b>	<b>3,576,154</b>	<b>3,193,279</b>

**9 Intangible assets, net**

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

	<b>2010</b>	<b>2009</b>
	<b>(Unaudited)</b>	
<b>Nine-month period ended September 30,</b>		
Opening net book amount	3,670,920	3,826,987
Currency translation adjustment	6,420	40,774
Additions	17,824	14,212
Disposals	(24)	(546)
Transfers	1,622	2,088
Amortization charge	(153,254)	(175,171)
Disposals due to deconsolidation	-	(430)
<b>At September 30,</b>	<b>3,543,508</b>	<b>3,707,914</b>

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

***Contingencies***

This note should be read in conjunction with Note 26 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2009.

***Conversion of tax loss carry-forwards***

On December 18, 2000, the Argentine tax authorities notified Siderca S.A.I.C., a Tenaris subsidiary organized in Argentina ( Siderca ), of an income tax assessment related to the conversion of tax loss carry-forwards into Debt Consolidation Bonds under Argentine Law No. 24.073. The adjustments proposed by the tax authorities represent an estimated contingency of ARS96.0 million (approximately \$24.4 million) at September 30, 2010, in taxes and penalties. Based on the views of Siderca's tax advisors, Tenaris believes that it is not probable that the ultimate resolution of the matter will result in an obligation. Accordingly, no provision was recorded in these Consolidated Condensed Interim Financial Statements.

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

*Contingencies (Cont.)*

*Ongoing investigation*

The Company has learned from one of its customers in Central Asia that certain sales agency payments made by one of the Company's subsidiaries may have improperly benefited employees of the customer and other persons. The Audit Committee of the Company's Board of Directors has engaged external counsel in connection with a review of these payments and related matters, and the Company has voluntarily notified the U.S. Securities and Exchange Commission and the U.S. Department of Justice. The Company is sharing the results of this review with the appropriate regulatory agencies, and will cooperate with any investigations that may be conducted by such agencies. At this time, the Company cannot predict the outcome of these matters or estimate the range of potential loss or extent of risk, if any, to the Company's business that may result from resolution of these matters.

*Commitments*

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

- A Tenaris company is a party to a five-year contract with Nucor Corporation, under which it committed to purchase from Nucor steel coils, with deliveries starting in January 2007 on a monthly basis. The Tenaris company has negotiated a one-year extension to the original contract, through December 2012. Prices are adjusted quarterly in accordance with market conditions. As of September 30, 2010 the estimated aggregate amount of the contract at current prices is approximately \$630 million.
- A Tenaris company is a party to a ten-year raw material purchase contract with Rio Tinto Fer et Titane (ex-QIT), under which it committed to purchase steel bars, with deliveries starting in July 2007. As of September 30, 2010 the estimated aggregate amount of the remaining commitments on the contract at current prices is approximately \$250 million. The contract allows the Tenaris company to claim lower commitments in market downturns and severe market downturns subject to certain limitations.

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

As of September 30, 2010, equity as defined under Luxembourg law and regulations consisted of:

(all amounts in thousands of U.S. dollars)	(Unaudited)
Share capital	1,180,537
Legal reserve	118,054
Share premium	609,733
Retained earnings including net income for the nine month period ended September 30, 2010	4,478,164
<b>Total equity in accordance with Luxembourg law</b>	<b>6,386,488</b>

**At least 5% of the Company's net income per year, as calculated in accordance with Luxembourg law and regulations, must be allocated to the creation of a legal reserve equivalent to 10% of the Company's share capital. As of September 30, 2010, this reserve is fully allocated and additional allocations to the reserve are not required under Luxembourg law. Dividends may not be paid out of the legal reserve.**

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

**10 Contingencies, commitments and restrictions to the distribution of profits (Cont.)*****Restrictions to the distribution of profits and payment of dividends (Cont.)***

At September 30, 2010, distributable amount for the financial period of Tenaris under Luxembourg law totals \$5.1 billion, as detailed below.

(all amounts in thousands of U.S. dollars)	(Unaudited)
Retained earnings at December 31, 2009 under Luxembourg law	3,916,482
Dividends received	814,609
Other income and expenses for the nine month period ended September 30, 2010	(5,014)
Dividends paid	(247,913)
<b>Retained earnings at September 30, 2010 under Luxembourg law</b>	<b>4,478,164</b>
Share premium	609,733
<b>Distributable amount at September 30, 2010 under Luxembourg law</b>	<b>5,087,897</b>

**11 Business combinations and other acquisitions***(a) Tenaris acquired control of Seamless Pipe Indonesia Jaya*

In April 2009, Tenaris completed the acquisition from Bakrie & Brothers Tbk, Green Pipe International Limited and Cakrawala Baru of a 77.45% holding in Seamless Pipe Indonesia Jaya ( SPIJ ), an Indonesian OCTG processing business with heat treatment and premium connection threading facilities, for a purchase price of \$69.5 million, with \$21.9 million being payable as consideration for SPIJ's equity and \$47.6 million as consideration for the assignment of certain sellers' loan to SPIJ. Tenaris began consolidating SPIJ's balance sheet and results of operations since April 2009.

*(b) Non-controlling interests*

During the nine-month period ended September 30, 2010 and 2009, additional shares of certain Tenaris subsidiaries were acquired from non-controlling shareholders for approximately \$3.4 million and \$9.5 million, respectively.

The assets and liabilities determined arising from the business combinations and the acquisitions are as follows:

(all amounts in thousands of U.S. dollars)	<b>Nine-month period ended September 30, 2009 (Unaudited)</b>
Other assets and liabilities (net)	(1,309)
Property, plant and equipment	24,123
<b>Net assets acquired</b>	<b>22,814</b>
Non-controlling interests	3,150
<b>Sub-total</b>	<b>25,964</b>
Assumed liabilities	47,600
<b>Sub-total</b>	<b>73,564</b>
Cash acquired	5,501
<b>Purchase consideration</b>	<b>79,065</b>

## 12 Discontinued operations

### *Nationalization of Venezuelan Subsidiaries*

The results of operations and cash flows generated by the Venezuelan Companies (as defined in Note 14) are presented as discontinued operations in these Consolidated Condensed Interim Financial Statements. For further information see Note 14.

**12 Discontinued operations (Cont.)**

*Analysis of the result of discontinued operations (\*)*

**(i) Result for discontinued operations**

(all amounts in thousands of U.S. dollars)	<b>Nine-month period ended September 30, 2009 (Unaudited)</b>
Gross loss	(13,308)
Operating loss	(23,027)
Result for discontinued operations	(28,138)

**(ii) Net cash flows attributable to discontinued operations**

(all amounts in thousands of U.S. dollars)	<b>Nine-month period ended September 30, 2009 (Unaudited)</b>
Net cash provided by operating activities	1,788
Net cash used in investing activities	(801)
Net cash provided by financing activities	5,306

(\*) Corresponds to the Venezuelan Companies.

All amounts were estimated only for disclosure purposes, as cash flows from these discontinued operations were not managed separately from other cash flows.

**13 Related party transactions**

Based on the information most recently available to the Company, as of September 30, 2010:

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- San Faustin N.V. owned 713,605,187 shares in the Company, representing 60.45% of the Company's capital and voting rights.
- San Faustín N.V. owned all of its shares in the Company through its wholly-owned subsidiary Techint Holdings S.a.r.l. (formerly known as I.I.I. Industrial Investments Inc).
- Rocca & Partners S.A. controlled a significant portion of the voting power of San Faustín N.V. and had the ability to influence matters affecting, or submitted to a vote of the shareholders of San Faustín N.V., such as the election of directors, the approval of certain corporate transactions and other matters concerning the company's policies.
- There were no controlling shareholders for Rocca & Partners S.A.

Based on the information most recently available to the Company, as of May 31, 2010 Tenaris's directors and senior management as a group owned 0.12% of the Company's outstanding shares, Aberdeen Asset Management PLC beneficially owned 5.04% of the Company's outstanding shares, while the remaining 34.39% were publicly traded.

At September 30, 2010, the closing price of Ternium S.A. ( Ternium ) ADS as quoted on the New York Stock Exchange was \$32.65 per ADS, giving Tenaris's ownership stake a market value of approximately \$750.0 million. At September 30, 2010, the carrying value of Tenaris's ownership stake in Ternium was approximately \$640.3 million.

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



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

The following transactions were carried out with related parties:

		(Unaudited)		
(all amounts in thousands of U.S. dollars)				
Nine-month period ended September 30, 2010				
		Associated (1)	Other	Total
(i)	<b>Transactions</b>			
	<b>(a) Sales of goods and services</b>			
	Sales of goods	26,432	41,965	68,397
	Sales of services	8,580	2,128	10,708
		<b>35,012</b>	<b>44,093</b>	<b>79,105</b>
	<b>(b) Purchases of goods and services</b>			
	Purchases of goods	135,358	20,088	155,446
	Purchases of services	43,865	106,595	150,460
		<b>179,223</b>	<b>126,683</b>	<b>305,906</b>
		(Unaudited)		
Nine-month period ended September 30, 2009				
		Associated (1)	Other	Total
(i)	<b>Transactions (2)</b>			
	<b>(a) Sales of goods and services</b>			
	Sales of goods	17,659	68,421	86,080
	Sales of services	9,555	3,475	13,030
		<b>27,214</b>	<b>71,896</b>	<b>99,110</b>
	<b>(b) Purchases of goods and services</b>			
	Purchases of goods	25,712	7,027	32,739
	Purchases of services	69,646	50,679	120,325
		<b>95,358</b>	<b>57,706</b>	<b>153,064</b>
		(Unaudited)		
At September 30, 2010				
		Associated (1)	Other	Total
(ii)	<b>Period-end balances</b>			

<b>(a) Arising from sales / purchases of goods / services</b>			
Receivables from related parties	31,186	35,181	66,367
Payables to related parties	(28,121)	(26,963)	(55,084)
	<b>3,065</b>	<b>8,218</b>	<b>11,283</b>
<b>(b) Financial debt</b>			
Borrowings	<b>(2,180)</b>	-	<b>(2,180)</b>
<b>At December 31, 2009</b>			
	<b>Associated (1)</b>	<b>Other</b>	<b>Total</b>
<b>(ii) Year-end balances</b>			
<b>(a) Arising from sales / purchases of goods / services</b>			
Receivables from related parties	18,273	7,093	25,366
Payables to related parties	(23,898)	(5,856)	(29,754)
	<b>(5,625)</b>	<b>1,237</b>	<b>(4,388)</b>
<b>(b) Financial debt</b>			
Borrowings	<b>(2,907)</b>	-	<b>(2,907)</b>

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

(2) Includes \$2.5 million of purchases of nationalized Venezuelan subsidiaries.

## 14 Process in Venezuela

### *Nationalization of Venezuelan Subsidiaries*

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

On July 14, 2009, President Chávez issued Decree 6796, which orders the acquisition of the Venezuelan Companies' assets and provides that Tavsá's assets will be held by the Ministry of Energy and Oil, while Matesi and Comsigua's assets will be held by MIBAM. Decree 6796 also requires the Venezuelan government to create certain committees at each of the Venezuelan Companies; each transition committee must ensure the nationalization of each Venezuelan Company and the continuity of its operations, and each technical committee (to be composed of representatives of Venezuela and the private sector) must negotiate over a 60-day period (extendable by mutual agreement) a fair price for each Venezuelan Company to be transferred to Venezuela. In the event the parties fail to reach agreement by the expiration of the 60-day period (or any extension thereof), the applicable Ministry will assume control and exclusive operation of the relevant Venezuelan Company, and the Executive Branch will order their expropriation in accordance with the Venezuelan Expropriation Law. The Decree also specifies that all facts and activities there under are subject to Venezuelan law and any disputes relating thereto must be submitted to Venezuelan courts.

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

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

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

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

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

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

**14 Process in Venezuela (Cont.)**

*Nationalization of Venezuelan Subsidiaries (Cont.)*

Tenaris subsidiaries have also net receivables with the Venezuelan Companies as of September 30, 2010, for a total amount of \$27.7 million.

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

**15 Subsequent events**

*Annual Dividend Proposal*

On November 4, 2010, the Company's board of directors approved the payment of an interim dividend of \$0.13 per share (\$0.26 per ADS), or approximately \$153 million, on November 25, 2010, with an ex-dividend date of November 22, 2010.

Ricardo Soler

Chief Financial Officer