

TENARIS SA  
Form 6-K  
August 07, 2015

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FORM 6 - K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Report of Foreign Private Issuer  
Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934

As of August 6, 2015

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

TENARIS, S.A.  
29, Avenue de la Porte-Neuve 3rd floor  
L-2227 Luxembourg  
(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

Yes  No

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

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The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended. This report contains Tenaris S.A Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2015.

SIGNATURE

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

Date: August 6, 2015.

Tenaris, S.A.

By: /s/ Cecilia Bilesio  
Cecilia Bilesio  
Corporate Secretary

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TENARIS S.A.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2015

29, Avenue de la Porte-Neuve – 3rd Floor.  
L - 2227 Luxembourg  
R.C.S. Luxembourg: B 85 203

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## CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

| (all amounts in thousands of U.S. dollars, unless otherwise stated)            | Notes | Three-month period ended June 30, |              | Six-month period ended June 30, |              |
|--|-------|-----------------------------------|--------------|---------------------------------|--------------|
|  |       | 2015                              | 2014         | 2015                            | 2014         |
| Continuing operations  |       | (Unaudited)                       |              | (Unaudited)                     |              |
| Net sales  | 3     | 1,868,078                         | 2,660,882    | 4,121,633                       | 5,240,826    |
| Cost of sales  | 4     | (1,324,377 )                      | (1,590,888 ) | (2,765,069 )                    | (3,117,922 ) |
| Gross profit   |       | 543,701                           | 1,069,994    | 1,356,564                       | 2,122,904    |
| Selling, general and administrative expenses                                   | 5     | (437,620 )                        | (518,237 )   | (873,727 )                      | (1,007,097 ) |
| Other operating income (expense), net  |       | 5,041                             | (2,475 )     | 7,658                           | (755 )       |
| Operating income   |       | 111,122                           | 549,282      | 490,495                         | 1,115,052    |
| Finance Income   | 6     | 10,978                            | 15,655       | 23,085                          | 27,120       |
| Finance Cost   | 6     | (9,363 )                          | (10,618 )    | (15,620 )                       | (23,621 )    |
| Other financial results  | 6     | (9,718 )                          | (4,567 )     | (16,988 )                       | 39,464       |
| Income before equity in earnings of non-consolidated companies and income tax  |       | 103,019                           | 549,752      | 480,972                         | 1,158,015    |
| Equity in earnings of non-consolidated companies                               |       | 4,269                             | 14,367       | 12,184                          | 33,188       |
| Income before income tax   |       | 107,288                           | 564,119      | 493,156                         | 1,191,203    |
| Income tax   |       | (34,965 )                         | (144,219 )   | (166,890 )                      | (343,284 )   |
| Income for the period  |       | 72,323                            | 419,900      | 326,266                         | 847,919      |
| Attributable to:   |       |                                   |              |                                 |              |
| Owners of the parent   |       | 66,314                            | 407,885      | 321,396                         | 830,390      |
| Non-controlling interests  |       | 6,009                             | 12,015       | 4,870                           | 17,529       |
|  |       | 72,323                            | 419,900      | 326,266                         | 847,919      |
| Earnings per share attributable to the owners of the parent during the period: |       |                                   |              |                                 |              |
| Weighted average number of ordinary shares (thousands)                         |       | 1,180,537                         | 1,180,537    | 1,180,537                       | 1,180,537    |
| Continuing operations  |       |                                   |              |                                 |              |
| Basic and diluted earnings per share (U.S. dollars per share)                  |       | 0.06                              | 0.35         | 0.27                            | 0.70         |
| Basic and diluted earnings per ADS (U.S. dollars per ADS) (1)                  |       | 0.11                              | 0.69         | 0.54                            | 1.41         |

(1) Each ADS equals two shares.

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| (all amounts in thousands of U.S. dollars) | Three-month period ended June 30, |         | Six-month period ended June 30, |         |
|--|-----------------------------------|---------|---------------------------------|---------|
|  | 2015                              | 2014    | 2015                            | 2014    |
|  | (Unaudited)                       |         | (Unaudited)                     |         |
| Income for the period                      | 72,323                            | 419,900 | 326,266                         | 847,919 |

Items that will not be reclassified to profit or loss:

|   |          |          |          |          |
|---|----------|----------|----------|----------|
| Remeasurements of post employment benefit obligations | (1,373 ) | 4,428    | (1,373 ) | 4,428    |
| Income tax on items that will not be reclassified     | 292      | (1,165 ) | 292      | (1,165 ) |
|   | (1,081 ) | 3,263    | (1,081 ) | 3,263    |

Items that may be subsequently reclassified to profit or loss:

|  |          |          |            |         |
|--|----------|----------|------------|---------|
| Currency translation adjustment  | 49,861   | (1,598 ) | (131,340 ) | 11,312  |
| Change in value of available for sale financial instruments and cash flow hedges | 5,161    | 2,020    | 5,549      | 618     |
| Share of other comprehensive income of non-consolidated companies:               |          |          |            |         |
| - Currency translation adjustment  | 879      | 12,078   | (34,888 )  | 12,506  |
| - Changes in the fair value of derivatives held as cash flow hedges and others   | (2,943 ) | (339 )   | (3,696 )   | (904 )  |
| Income tax relating to components of other comprehensive income                  | 204      | 5        | (107 )     | 33      |
| Other comprehensive income (loss) for the period, net of tax                     | 52,081   | 15,429   | (165,563 ) | 26,828  |
| Total comprehensive income for the period  | 124,404  | 435,329  | 160,703    | 874,747 |
| Attributable to:   |          |          |            |         |
| Owners of the parent   | 118,258  | 423,386  | 155,940    | 857,273 |
| Non-controlling interests  | 6,146    | 11,943   | 4,763      | 17,474  |
|  | 124,404  | 435,329  | 160,703    | 874,747 |

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 Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

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

|   | Notes | At June 30, 2015<br>(Unaudited) |           | At December 31, 2014<br>(Restated) |           |
|---|-------|---------------------------------|-----------|------------------------------------|-----------|
| <b>ASSETS</b>   |       |                                 |           |                                    |           |
| Non-current assets  |       |                                 |           |                                    |           |
| Property, plant and equipment, net                        | 8     | 5,367,107                       |           | 5,159,557                          |           |
| Intangible assets, net                                    | 9     | 2,674,520                       |           | 2,757,630                          |           |
| Investments in non-consolidated companies                 |       | 596,561                         |           | 643,630                            |           |
| Available for sale assets                                 |       | 21,572                          |           | 21,572                             |           |
| Other investments   |       | 1,561                           |           | 1,539                              |           |
| Deferred tax assets                                       |       | 207,360                         |           | 268,252                            |           |
| Receivables   |       | 247,522                         | 9,116,203 | 262,176                            | 9,114,356 |
| Current assets  |       |                                 |           |                                    |           |
| Inventories   |       | 2,142,391                       |           | 2,779,869                          |           |
| Receivables and prepayments                               |       | 237,192                         |           | 267,631                            |           |
| Current tax assets  |       | 165,998                         |           | 129,404                            |           |
| Trade receivables   |       | 1,531,594                       |           | 1,963,394                          |           |
| Other investments   | 10    | 2,569,066                       |           | 1,838,379                          |           |
| Cash and cash equivalents                                 | 10    | 519,230                         | 7,165,471 | 417,645                            | 7,396,322 |
| Total assets  |       | 16,281,674                      |           | 16,510,678                         |           |
| <b>EQUITY</b>   |       |                                 |           |                                    |           |
| Capital and reserves attributable to owners of the parent |       | 12,456,552                      |           | 12,654,114                         |           |
| Non-controlling interests                                 |       | 155,450                         |           | 152,200                            |           |
| Total equity  |       | 12,612,002                      |           | 12,806,314                         |           |
| <b>LIABILITIES</b>  |       |                                 |           |                                    |           |
| Non-current liabilities                                   |       |                                 |           |                                    |           |
| Borrowings  |       | 25,557                          |           | 30,833                             |           |
| Deferred tax liabilities                                  |       | 712,447                         |           | 714,123                            |           |
| Other liabilities   |       | 269,925                         |           | 285,865                            |           |
| Provisions  |       | 67,108                          | 1,075,037 | 70,714                             | 1,101,535 |
| Current liabilities                                       |       |                                 |           |                                    |           |
| Borrowings  |       | 1,235,138                       |           | 968,407                            |           |
| Current tax liabilities                                   |       | 181,233                         |           | 352,353                            |           |
| Other liabilities   |       | 374,119                         |           | 296,277                            |           |
| Provisions  |       | 16,796                          |           | 20,380                             |           |
| Customer advances   |       | 213,670                         |           | 133,609                            |           |
| Trade payables  |       | 573,679                         | 2,594,635 | 831,803                            | 2,602,829 |
| Total liabilities   |       | 3,669,672                       |           | 3,704,364                          |           |
| Total equity and liabilities                              |       | 16,281,674                      |           | 16,510,678                         |           |

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 Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.



## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

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

|  | Share<br>Capital<br>(1) | Legal<br>Reserves | Attributable to owners of the parent |                                       |                   | Retained<br>Earnings<br>(2) | Total      | Non-<br>controlling<br>interests | Total<br>(Unaudite |
|--|-------------------------|-------------------|--------------------------------------|---------------------------------------|-------------------|-----------------------------|------------|----------------------------------|--------------------|
|  |                         |                   | Share<br>Premium                     | Currency<br>Translation<br>Adjustment | Other<br>Reserves |                             |            |                                  |                    |
| B a l a n c e a t<br>December 31,<br>2014  | 1,180,537               | 118,054           | 609,733                              | (678,008)                             | (317,799)         | 11,906,630                  | 12,819,147 | 152,200                          | 12,971,3           |
| Restatement  | -                       | -                 | -                                    | 19,724                                | -                 | (184,757 )                  | (165,033 ) | -                                | (165,033           |
| B a l a n c e a t<br>December 31,<br>2014 (Restated)   | 1,180,537               | 118,054           | 609,733                              | (658,284)                             | (317,799)         | 11,721,873                  | 12,654,114 | 152,200                          | 12,806,3           |
| Income for the<br>period   | -                       | -                 | -                                    | -                                     | -                 | 321,396                     | 321,396    | 4,870                            | 326,266            |
| Currency<br>translation<br>adjustment  | -                       | -                 | -                                    | (130,816)                             | -                 | -                           | (130,816 ) | (524 )                           | (131,340           |
| Remeasurements<br>of post<br>employment<br>benefit<br>obligations, net<br>of taxes                         | -                       | -                 | -                                    | -                                     | (1,081 )          | -                           | (1,081 )   | -                                | (1,081             |
| Change in value<br>of available for<br>sale financial<br>instruments and<br>cash flow hedges<br>net of tax | -                       | -                 | -                                    | -                                     | 5,025             | -                           | 5,025      | 417                              | 5,442              |
| Share of other<br>comprehensive<br>income of<br>non-consolidated<br>companies                              | -                       | -                 | -                                    | (34,888 )                             | (3,696 )          | -                           | (38,584 )  | -                                | (38,584            |
| Other<br>comprehensive<br>(loss) income for<br>the period  | -                       | -                 | -                                    | (165,704)                             | 248               | -                           | (165,456 ) | (107 )                           | (165,563           |
| Total<br>comprehensive<br>(loss) income for<br>the period  | -                       | -                 | -                                    | (165,704)                             | 248               | 321,396                     | 155,940    | 4,763                            | 160,703            |
| Acquisition of<br>non-controlling  | -                       | -                 | -                                    | -                                     | 659               | -                           | 659        | (1,513 )                         | (854               |



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interests

|   |                   |                |               |                                      |                |                   |            |                           |                   |
|---|-------------------|----------------|---------------|--------------------------------------|----------------|-------------------|------------|---------------------------|-------------------|
| Dividends paid in cash  | -                 | -              | -             | -                                    | -              | (354,161 )        | (354,161 ) | -                         | (354,161 )        |
| Balance at June 30, 2015  | 1,180,537         | 118,054        | 609,733       | (823,988)                            | (316,892)      | 11,689,108        | 12,456,552 | 155,450                   | 12,612,000        |
|   |                   |                |               | Attributable to owners of the parent |                |                   |            |                           |                   |
|   | Share Capital (1) | Legal Reserves | Share Premium | Currency Translation Adjustment      | Other Reserves | Retained Earnings | Total      | Non-controlling interests | Total (Unaudited) |
| Balance at December 31, 2013  | 1,180,537         | 118,054        | 609,733       | (406,744)                            | (305,758)      | 11,094,598        | 12,290,420 | 179,446                   | 12,469,866        |
| Income for the period   | -                 | -              | -             | -                                    | -              | 830,390           | 830,390    | 17,529                    | 847,919           |
| Currency translation adjustment   | -                 | -              | -             | 11,382                               | -              | -                 | 11,382     | (70 )                     | 11,312            |
| Remeasurements of post employment benefit obligations, net of taxes                         | -                 | -              | -             | -                                    | 3,254          | -                 | 3,254      | 9                         | 3,263             |
| Change in value of available for sale financial instruments and cash flow hedges net of tax | -                 | -              | -             | -                                    | 645            | -                 | 645        | 6                         | 651               |
| Share of other comprehensive income of non-consolidated companies                           | -                 | -              | -             | 12,506                               | (904 )         | -                 | 11,602     | -                         | 11,602            |
| Other comprehensive income (loss) for the period  | -                 | -              | -             | 23,888                               | 2,995          | -                 | 26,883     | (55 )                     | 26,828            |
| Total comprehensive income for the period   | -                 | -              | -             | 23,888                               | 2,995          | 830,390           | 857,273    | 17,474                    | 874,747           |
| Acquisition of non-controlling interests  | -                 | -              | -             | -                                    | 8              | -                 | 8          | (148 )                    | (140)             |
| Dividends paid in cash  | -                 | -              | -             | -                                    | -              | (354,161 )        | (354,161 ) | (48,289 )                 | (402,450)         |

Balance at June

30, 2014            1,180,537   118,054   609,733   (382,856)   (302,755)   11,570,827   12,793,540   148,483   12,942,0

(1) The Company has an authorized share capital of a single class of 2.5 billion shares having a nominal value of USD1.00 per share. As of June 30, 2015 and 2014 there were 1,180,536,830 shares issued. All issued shares are fully paid.

(2) The Distributable Reserve and Retained Earnings as of June 30, 2015 calculated in accordance with Luxembourg Law are disclosed in Note 11.

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

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

|   | Notes | Six-month period ended June 30, |              |
|---|-------|---------------------------------|--------------|
|   |       | 2015                            | 2014         |
|   |       | (Unaudited)                     |              |
| Cash flows from operating activities  |       |                                 |              |
| Income for the period   |       | 326,266                         | 847,919      |
| Adjustments for:  |       |                                 |              |
| Depreciation and amortization   | 8 & 9 | 301,201                         | 305,743      |
| Income tax accruals less payments   |       | (87,614 )                       | 58,411       |
| Equity in earnings of non-consolidated companies                              |       | (12,184 )                       | (33,188 )    |
| Interest accruals less payments, net  |       | (2,613 )                        | (18,056 )    |
| Changes in provisions   |       | (7,190 )                        | 8,978        |
| Changes in working capital  |       | 912,482                         | 33,362       |
| Other, including currency translation adjustment                              |       | (4,366 )                        | (24,839 )    |
| Net cash provided by operating activities                                     |       | 1,425,982                       | 1,178,330    |
| Cash flows from investing activities  |       |                                 |              |
| Capital expenditures  | 8 & 9 | (523,187 )                      | (412,222 )   |
| Changes in advance to suppliers of property, plant and equipment              |       | 15,899                          | (24,849 )    |
| Investment in non-consolidated companies                                      | 12    | -                               | (1,380 )     |
| Net loan to non-consolidated companies  | 12    | (9,749 )                        | (28,648 )    |
| Proceeds from disposal of property, plant and equipment and intangible assets |       | 1,873                           | 6,606        |
| Dividends received from non-consolidated companies                            |       | 20,674                          | 17,429       |
| Changes in investments in short term securities                               |       | (730,687 )                      | (500,075 )   |
| Net cash used in investing activities   |       | (1,225,177 )                    | (943,139 )   |
| Cash flows from financing activities  |       |                                 |              |
| Dividends paid  | 7     | (354,161 )                      | (354,161 )   |
| Dividends paid to non-controlling interest in subsidiaries                    |       | -                               | (48,289 )    |
| Acquisitions of non-controlling interests                                     |       | (854 )                          | (140 )       |
| Proceeds from borrowings (*)  |       | 1,123,894                       | 1,207,214    |
| Repayments of borrowings (*)  |       | (859,463 )                      | (1,000,200 ) |
| Net cash used in financing activities   |       | (90,584 )                       | (195,576 )   |
| Increase in cash and cash equivalents   |       | 110,221                         | 39,615       |
| Movement in cash and cash equivalents   |       |                                 |              |
| At the beginning of the period  |       | 416,445                         | 598,145      |
| Effect of exchange rate changes   |       | (9,942 )                        | 2,064        |
| Increase in cash and cash equivalents   |       | 110,221                         | 39,615       |
| At June 30,   |       | 516,724                         | 639,824      |
|   |       | At June 30,                     |              |
| Cash and cash equivalents   |       | 2015                            | 2014         |
| Cash and bank deposits  |       | 519,230                         | 642,382      |
| Bank overdrafts   |       | (2,506 )                        | (2,558 )     |
|   |       | 516,724                         | 639,824      |

(\*) Mainly related to the renewal of short-term local facilities carried out during the six-month period ending June 30, 2015 and 2014, respectively.

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 Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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

### 1 General information

Tenaris S.A. (the "Company") was established as a public limited liability company (Société Anonyme) under the laws of the Grand-Duchy of Luxembourg on December 17, 2001. The Company holds, either directly or indirectly, controlling interests in various subsidiaries in the steel pipe manufacturing and distribution businesses. References in these Consolidated Condensed Interim Financial Statements to "Tenaris" refer to Tenaris S.A. and its consolidated subsidiaries. A list of the principal Company's subsidiaries is included in Note 29 to the Company's audited Restated Consolidated Financial Statements for the year ended December 31, 2014.

The Company's shares trade on the Buenos Aires Stock Exchange, the Italian Stock Exchange and the Mexican Stock Exchange; the Company's American Depositary Securities ("ADS") trade on the New York Stock Exchange.

These Consolidated Condensed Interim Financial Statements were approved for issuance by the Company's board of directors on August 5, 2015.

#### Restatement of 2014 Financial Statements

On May 28, 2015, the Company restated its Consolidated Financial Statements for the year ended December 31, 2014 to reduce the carrying amount of the Company's investment in Usiminas. All information as of December 31, 2014 included in these Consolidated Condensed Interim Financial Statements is derived from the Company's audited Restated Consolidated Financial Statements for the year ended December 31, 2014.

### 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 Restated Consolidated Financial Statements for the year ended December 31, 2014. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Restated Consolidated Financial Statements for the year ended December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and adopted by the European Union ("EU").

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

Material inter-company transactions, balances and unrealized gains (losses) on transactions between Tenaris' 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.

There were no changes in valuation techniques during the period and there have been no changes in the risk management department or in any risk management policies since the year ended December 31, 2014.

Whenever necessary, certain comparative amounts have been reclassified to conform to change in presentation in current period.

None of the accounting pronouncements issued after December 31, 2014 and as of the date of these Financial Statements have a material effect on the Company's financial condition or result of operations.

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## Segment Information

## Reportable operating segment

| (all amounts in thousands of U.S. dollars)                                    | (Unaudited) |          |            |
|---|-------------|----------|------------|
| Six-month period ended June 30, 2015  | Tubes       | Other    | Total      |
| IFRS - Net Sales  | 3,758,824   | 362,809  | 4,121,633  |
| Management View - Operating income  | 582,655     | 28,965   | 611,620    |
| · Differences in cost of sales and others                                     | (112,382 )  | (8,526 ) | (120,908 ) |
| · Depreciation and amortization   | (1,284 )    | 1,067    | (217 )     |
| IFRS - Operating income   | 468,989     | 21,506   | 490,495    |
| Financial income (expense), net   |             |          | (9,523 )   |
| Income before equity in earnings of non-consolidated companies and income tax |             |          | 480,972    |
| Equity in earnings of non-consolidated companies                              |             |          | 12,184     |
| Income before income tax  |             |          | 493,156    |
| Capital expenditures  | 499,890     | 23,297   | 523,187    |
| Depreciation and amortization   | 290,811     | 10,390   | 301,201    |

| (all amounts in thousands of U.S. dollars)                                    | (Unaudited) |         |           |
|---|-------------|---------|-----------|
| Six-month period ended June 30, 2014  | Tubes       | Other   | Total     |
| IFRS - Net Sales  | 4,864,780   | 376,046 | 5,240,826 |
| Management View - Operating income  | 1,090,298   | 8,073   | 1,098,371 |
| · Differences in cost of sales and others                                     | 8,924       | 7,878   | 16,802    |
| · Depreciation and amortization   | (162 )      | 41      | (121 )    |
| IFRS - Operating income   | 1,099,060   | 15,992  | 1,115,052 |
| Financial income (expense), net   |             |         | 42,963    |
| Income before equity in earnings of non-consolidated companies and income tax |             |         | 1,158,015 |
| Equity in earnings of non-consolidated companies                              |             |         | 33,188    |
| Income before income tax  |             |         | 1,191,203 |
| Capital expenditures  | 398,735     | 13,487  | 412,222   |
| Depreciation and amortization   | 294,792     | 10,951  | 305,743   |

In the six-month period ended June 30, 2015, net income under management view amounted to \$193.6 million, while under IFRS amounted to \$326.3 million. In addition to the above, the main differences arise from the impact of functional currencies on financial result, income taxes, changes in inventories standard costs and the result of investments in non-consolidated companies.

## Geographical information

|  | (Unaudited) |       |
|--|-------------|-------|
|  | Europe      | Total |



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| (all amounts in thousands of U.S. dollars) | North America | South America |         | Middle East & Africa | Far East & Oceania |           |
|--|---------------|---------------|---------|----------------------|--------------------|-----------|
| Six-month period ended June 30, 2015       |               |               |         |                      |                    |           |
| Net sales                                  | 1,728,080     | 1,104,832     | 444,773 | 664,103              | 179,845            | 4,121,633 |
| Capital expenditures                       | 331,511       | 116,769       | 37,708  | 22,278               | 14,921             | 523,187   |
| Depreciation and amortization              | 171,147       | 60,232        | 55,350  | 5,017                | 9,455              | 301,201   |
| Six-month period ended June 30, 2014       |               |               |         |                      |                    |           |
| Net sales                                  | 2,337,957     | 1,039,848     | 552,765 | 1,106,149            | 204,107            | 5,240,826 |
| Capital expenditures                       | 190,226       | 155,576       | 54,833  | 1,109                | 10,478             | 412,222   |
| Depreciation and amortization              | 166,624       | 60,048        | 63,292  | 4,866                | 10,913             | 305,743   |

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## Segment Information (Cont.)

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

There are no revenues from external customers attributable to the Company's country of incorporation (Luxembourg). For geographical information purposes, "North America" comprises Canada, Mexico and the United States; "South America" comprises principally Argentina, Brazil, Colombia and Ecuador; "Europe" comprises principally Italy, United Kingdom, Norway and Romania; "Middle East and Africa" comprises principally Angola, Iraq, Nigeria, Saudi Arabia, United Arab Emirates, Kazakhstan and Congo and "Far East and Oceania" comprises principally China, Indonesia and Japan.

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## Cost of sales

| (all amounts in thousands of U.S. dollars)    | Six-month period ended June 30, |              |
|---|---------------------------------|--------------|
|   | 2015                            | 2014         |
|   | (Unaudited)                     |              |
| Inventories at the beginning of the period    | 2,779,869                       | 2,702,647    |
| Plus: Charges of the period                   |                                 |              |
| Raw materials, energy, consumables and other  | 1,029,991                       | 1,993,006    |
| Services and fees                             | 178,859                         | 221,228      |
| Labor cost                                    | 532,134                         | 604,348      |
| Depreciation of property, plant and equipment | 181,078                         | 182,986      |
| Amortization of intangible assets             | 11,280                          | 6,192        |
| Maintenance expenses                          | 91,151                          | 105,370      |
| Allowance for obsolescence                    | 35,350                          | (2,752 )     |
| Taxes   | 11,528                          | 9,505        |
| Other   | 56,220                          | 69,427       |
|   | 2,127,591                       | 3,189,310    |
| Less: Inventories at the end of the period    | (2,142,391 )                    | (2,774,035 ) |
|   | 2,765,069                       | 3,117,922    |

For the six-month period ended June 30, 2015, labor cost includes approximately \$66.9 million (\$54.6 million in the second quarter) of severance indemnities related to the adjustment of the workforce to current market conditions.

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## Selling, general and administrative expenses

| (all amounts in thousands of U.S. dollars)      | Six-month period ended June 30, |         |
|---|---------------------------------|---------|
|   | 2015                            | 2014    |
|   | (Unaudited)                     |         |
| Services and fees                               | 84,144                          | 96,703  |
| Labor cost                                      | 316,079                         | 301,311 |
| Depreciation of property, plant and equipment   | 9,346                           | 10,264  |
| Amortization of intangible assets               | 99,497                          | 106,301 |
| Commissions, freight and other selling expenses | 211,231                         | 299,240 |
| Provisions for contingencies                    | 12,107                          | 16,922  |
| Allowances for doubtful accounts                | 17,166                          | 30,014  |
| Taxes   | 72,974                          | 78,242  |

|       |         |           |
|-------|---------|-----------|
| Other | 51,183  | 68,100    |
|       | 873,727 | 1,007,097 |

For the six-month period ended June 30, 2015, labor cost includes approximately \$37.9 million (\$33.9 million in the second quarter) of severance indemnities related to the adjustment of the workforce to current market conditions.

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## Financial results

| (all amounts in thousands of U.S. dollars)               | Six-month period ended June 30, |           |
|--|---------------------------------|-----------|
|  | 2015                            | 2014      |
|  | (Unaudited)                     |           |
| Interest Income  | 17,373                          | 17,428    |
| Net result on changes in FV of financial assets at FVTPL | 5,712                           | 9,692     |
| Finance Income   | 23,085                          | 27,120    |
| Finance Cost   | (15,620 )                       | (23,621 ) |
| Net foreign exchange transactions results (*)            | (23,077 )                       | 57,718    |
| Foreign exchange derivatives contracts results           | 8,634                           | (11,664 ) |
| Other  | (2,545 )                        | (6,590 )  |
| Other Financial results                                  | (16,988 )                       | 39,464    |
| Net Financial results                                    | (9,523 )                        | 42,963    |

(\*) For the six-month period ended June 30, 2015, include the negative impact from the Brazilian Real devaluation against the U.S. dollar denominated borrowings in Brazil. For the six-month period ended June 30, 2014 include the positive impact from the Argentine peso devaluation against the U.S. dollar on the Argentine peso denominated borrowings and liabilities.

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## Dividend distribution

On May 6, 2015 the Company's Shareholders approved an annual dividend in the amount of \$0.45 per share (\$0.90 per ADS). The amount approved included the interim dividend previously paid in November 27, 2014 in the amount of \$0.15 per share (\$0.30 per ADS). The balance, amounting to \$0.30 per share (\$0.60 per ADS), was paid on May 20, 2015. In the aggregate, the interim dividend paid in November 2014 and the balance paid in May 2015 amounted to approximately \$531.3 million.

On May 7, 2014 the Company's Shareholders approved an annual dividend in the amount of \$0.43 per share (\$0.86 per ADS). The amount approved included the interim dividend previously paid in November 21, 2013 in the amount of \$0.13 per share (\$0.26 per ADS). The balance, amounting to \$0.30 per share (\$0.60 per ADS), was paid on May 22, 2014. In the aggregate, the interim dividend paid in November 2013 and the balance paid in May 2014 amounted to approximately \$507.6 million.

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## Property, plant and equipment, net

| (all amounts in thousands of U.S. dollars) | 2015        | 2014      |
|--|-------------|-----------|
|  | (Unaudited) |           |
| Six-month period ended June 30,            |             |           |
| Opening net book amount                    | 5,159,557   | 4,673,767 |
| Currency translation adjustment            | (87,732)    | 9,143     |
| Additions (*)                              | 484,078     | 373,419   |
| Disposals                                  | (1,358)     | (6,079)   |
| Transfers                                  | 2,986       | (204)     |
| Depreciation charge                        | (190,424)   | (193,250) |
| At June 30,                                | 5,367,107   | 4,856,796 |

(\*)The increase is mainly due to the progress in the construction of the greenfield seamless facility in Bay City, Texas.



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## Intangible assets, net

| (all amounts in thousands of U.S. dollars) | 2015        | 2014       |
|--|-------------|------------|
|  | (Unaudited) |            |
| Six-month period ended June 30,            |             |            |
| Opening net book amount                    | 2,757,630   | 3,067,236  |
| Currency translation adjustment            | (7,941 )    | 473        |
| Additions                                  | 39,109      | 38,803     |
| Transfers                                  | (2,986 )    | 204        |
| Amortization charge                        | (110,777 )  | (112,493 ) |
| Disposals                                  | (515 )      | (527 )     |
| At June 30,                                | 2,674,520   | 2,993,696  |

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## Other investments and Cash and cash equivalents

| (all amounts in thousands of U.S. dollars)                        | At June 30, | At December 31, |
|---|-------------|-----------------|
|   | 2015        | 2014            |
|   | (Unaudited) |                 |
| Other investments   |             |                 |
| Fixed Income (time-deposit, zero coupon bonds, commercial papers) | 1,129,659   | 718,877         |
| Bonds and other fixed Income                                      | 1,098,299   | 817,823         |
| Fund Investments  | 341,108     | 301,679         |
|   | 2,569,066   | 1,838,379       |
| Cash and cash equivalents   |             |                 |
| Cash at banks   | 97,017      | 120,772         |
| Liquidity funds   | 124,405     | 110,952         |
| Short – term investments  | 297,808     | 185,921         |
|   | 519,230     | 417,645         |

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

## Contingencies

This note should be read in conjunction with Note 25 to the Company's audited Restated Consolidated Financial Statements for the year ended December 31, 2014.

Tenaris is from time to time subject to various claims, lawsuits and other legal proceedings, including customer claims, in which third parties are seeking payment for alleged damages, reimbursement for losses or indemnity. Some of these claims, lawsuits and other legal proceedings involve highly complex issues, and often these issues are subject to substantial uncertainties. Accordingly, potential liability with respect to a large portion of such claims, lawsuits and other legal proceedings cannot be estimated with certainty. Management with the assistance of legal counsel periodically reviews the status of each significant matter and assesses potential financial exposure. If a potential loss from a claim, lawsuit or proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the financial statements, and take into consideration litigation and settlement strategies. The Company believes that the aggregate provisions recorded for potential losses in these financial statements are adequate based upon currently available information. However, if management's estimates prove incorrect, current reserves could be inadequate and Tenaris could incur a charge to earnings which could have a material adverse effect on Tenaris' results of operations, financial condition, net worth and cash flows.

Set forth below is a description of Tenaris' material ongoing legal proceedings:

§ Tax assessment in Italy

An Italian subsidiary of Tenaris received on December 24, 2012 a tax assessment from the Italian tax authorities related to allegedly omitted withholding tax on dividend payments made in 2007. The assessment, which was for an estimated amount of EUR282 million (approximately \$316 million), comprising principal, interest and penalties, was appealed with the tax court in Milan. In February 2014, the tax court issued its decision on this tax assessment, partially reversing the assessment for 2007 and lowering the claimed amount to approximately EUR9 million (approximately \$10 million), including principal, interest and penalties. On October 2, 2014, the Italian tax authorities appealed against the tax court decision on the first assessment. On June 12, 2015, the tax court accepted the defense arguments by the Tenaris subsidiary and rejected the appeal by the Italian tax authorities, thus reversing the entire 2007 assessment and recognizing that the dividend payment was exempt from withholding tax.

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

Contingencies (Cont.)

§ Tax assessment in Italy (Cont.)

On December 24, 2013, the Italian subsidiary received a second tax assessment from the Italian tax authorities related to allegedly omitted withholding tax on dividend payments made in 2008. This second assessment, based on the same arguments of the first assessment, is for an estimated amount, as of June 30, 2015, of EUR248 million (approximately \$277 million), comprising principal, interest and penalties. On February 20, 2014, the assessment for 2008 was appealed with the tax court in Milan. A first hearing on this appeal was held on June 22, 2015, and a new hearing will take place on October 12, 2015.

Based on the tax court decisions on the first assessment, Tenaris believes that it is not probable that the ultimate resolution of either the first or the second tax assessment will result in a material obligation.

§ CSN claims relating to the January 2012 acquisition of Usiminas shares

In 2013, Confab was notified of a lawsuit filed in Brazil by Companhia Siderúrgica Nacional (CSN) and various entities affiliated with CSN against Confab and the other entities that acquired a participation in Usiminas' control group in January 2012.

The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all non-controlling holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas' control group, and Confab would have a 17.9% share in that offer.

On September 23, 2013, the first instance court issued its decision finding in favor of Confab and the other defendants and dismissing the CSN lawsuit. The claimants appealed the court decision and the defendants filed their response to the appeal. It is currently expected that the court of appeals will issue its judgment on the appeal within 2015.

The Company is aware that on November 10, 2014, CSN filed a separate complaint with Brazil's securities regulator Comissão de Valores Mobiliários (CVM) on the same grounds and with the same purpose as the lawsuit referred to above. The CVM proceeding is underway and the Company has not yet been served with process or requested to provide its response.

Finally, on December 11, 2014, CSN filed a claim with Brazil's antitrust regulator Conselho Administrativo de Defesa Econômica (CADE). In its claim, CSN alleged that the antitrust clearance request related to the January 2012 acquisition, which was approved by CADE without restrictions in August 2012, contained a false and deceitful description of the acquisition aimed at frustrating the minority shareholders' right to a tag-along tender offer, and requested that CADE investigate and reopen the antitrust review of the acquisition and suspend the Company's voting rights in Usiminas until the review is completed. On May 6, 2015, CADE rejected CSN's claim. CSN did not appeal the decision and on May 19, 2015, CADE finally closed the file.

Tenaris believes that all of CSN's claims and allegations are groundless and without merit, as confirmed by several opinions of Brazilian legal counsel and previous decisions by CVM, including a February 2012 decision determining that the above mentioned acquisition did not trigger any tender offer requirement, and, more recently, the first instance court decision on this matter first referred to above. Accordingly, no provision was recorded in these Consolidated Condensed Interim Financial Statements.





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

## Commitments

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

§ A Tenaris company is a party to a contract with Nucor Corporation under which it is committed to purchase on a monthly basis a minimum volume of hot-rolled steel coils at prices that are negotiated annually by reference to prices to comparable Nucor customers. The contract became effective in May 2013 and will be in force until December 2017; provided, however, that either party may terminate the contract at any time after January 1, 2015 with 12-month prior notice. Due to the current weak pipe demand associated with the reduction in drilling activity, the Company reached a temporary agreement with Nucor to purchase steel volumes in accordance with its needs. As of June 30, 2015, the estimated aggregate contract amount through June 30, 2016, calculated at current prices, is approximately \$249 million.

§ A Tenaris company, entered into various contracts with suppliers pursuant to which it committed to purchase goods and services for a total amount of approximately \$444.7 million related to the investment plan to expand Tenaris' U.S. operations with the construction of a state-of-the-art seamless pipe mill in Bay City, Texas. As of June 30, 2015 approximately \$570 million had already been invested.

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

As of December 31, 2014, equity as defined under Luxembourg law and regulations consisted of:

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

|   |            |
|---|------------|
| Share capital   | 1,180,537  |
| Legal reserve   | 118,054    |
| Share premium   | 609,733    |
| Retained earnings including net income for the year ended December 31, 2014 | 21,072,180 |
| Total equity in accordance with Luxembourg law                              | 22,980,504 |

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 June 30, 2015, this reserve was fully allocated and additional allocations to the reserve are not required under Luxembourg law. Dividends may not be paid out of the legal reserve.

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

At December 31, 2014, distributable amount under Luxembourg law totals \$21.7 billion, as detailed below:

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

|  |            |
|--|------------|
| Retained earnings at December 31, 2013 under Luxembourg law    | 21,899,189 |
| Other income and expenses for the year ended December 31, 2014 | (295,767 ) |
| Dividends approved   | (531,242 ) |
| Retained earnings at December 31, 2014 under Luxembourg law    | 21,072,180 |
| Share premium  | 609,733    |
| Distributable amount at December 31, 2014 under Luxembourg law | 21,681,913 |



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## Investments in non-consolidated companies

## a) Ternium

Ternium S.A. (“Ternium”), is a steel producer in Latin America with production facilities in Mexico, Argentina, Colombia, United States and Guatemala and is one of Tenaris’ suppliers of round steel bars and flat steel products for its pipes business.

At June 30, 2015, the closing price of Ternium’s ADSs as quoted on the New York Stock Exchange was \$17.3 per ADS, giving Tenaris’ ownership stake a market value of approximately \$397.6 million (Level 1). At June 30, 2015, the carrying value of Tenaris’ ownership stake in Ternium, based on Ternium’s IFRS financial statements, was approximately \$499.8 million.

## b) Usiminas

Usiminas is a Brazilian producer of high quality flat steel products used in the energy, automotive and other industries and it is Tenaris’ principal supplier of flat steel in Brazil for its pipes and industrial equipment businesses.

The last public available information for Usiminas is as of March 31, 2015, which was approved on April 22, 2015. Usiminas’ interim accounts for the three-months period ended March 31, 2015, stated that revenues, post-tax loss from continuing operations and shareholders’ equity amounted to \$934 million, \$86 million and \$5,126 million, respectively.

At June 30, 2015, the closing price of the Usiminas’ ordinary shares as quoted on the BM&FBovespa Stock Exchange was BRL13.3 (approximately \$4.3) per share, giving Tenaris’ ownership stake a market value of approximately \$106.8 million (Level 1). At June 30, 2015, the carrying value of Tenaris’ ownership stake in Usiminas, was approximately \$94.1 million.

## c) Techgen, S.A. de C.V. (“Techgen”)

Techgen is a Mexican project company currently undertaking the construction and operation of a natural gas-fired combined cycle electric power plant in the Pesquería area of the State of Nuevo León, Mexico. As of February 2014, Tenaris, Ternium and Tecpetrol International S.A. (a wholly-owned subsidiary of San Faustin S.A., the controlling shareholder of both Tenaris and Ternium) completed their initial investments in Techgen. Techgen is currently owned 48% by Ternium, 30% by Tecpetrol and 22% by Tenaris. Tenaris and Ternium also agreed to enter into power supply and transportation agreements with Techgen, pursuant to which Ternium and Tenaris will contract 78% and 22%, respectively, of Techgen’s power capacity of between 850 and 900 megawatts.

§ Techgen is a party to transportation capacity agreements with Kinder Morgan Gas Natural de Mexico, S. de R.L. de C.V., Kinder Morgan Texas Pipeline LLC and Kinder Morgan Tejas Pipeline LLC for a purchasing capacity of 150,000 MMBtu/Gas per day starting on June 1, 2016 and ending on May 31, 2036. As of June 30, 2015, the outstanding value of this commitment was approximately \$285 million. Tenaris’ exposure under the guarantee in connection with these agreements amounts to \$62.6 million, corresponding to the 22% of the agreements’ outstanding value as of June 30, 2015.

§ Techgen is a party to a contract with GE Power Systems, Inc. and General Electric International Operations Company, Inc. Mexico Branch for the purchase of power generation equipment and other services related to the equipment for an outstanding amount of approximately \$238 million. These agreements required Techgen to issue stand-by letters of credit up to an amount of \$47.5 million. Tenaris’ exposure under the guarantee in connection with these stand-by letters of credit issued by Techgen is of \$4.7 million.

§ Tenaris issued a Corporate Guarantee covering 22% of the obligations of Techgen under a syndicated loan agreement between Techgen and several banks led by Citigroup Global Markets Inc., Credit Agricole Corporate and Investment Bank, and Natixis, New York Branch acting as joint bookrunners. The loan agreement amounted to \$800 million and the proceeds will be used by Techgen in the construction of the facility. As of June 30, 2015, disbursements under the loan agreement amounted \$640 million, as a result the amount guaranteed by Tenaris was approximately \$140.8 million. If the loan is disbursed in full, the amount guaranteed by Tenaris will be approximately \$176 million. The main covenants under the Corporate Guarantee are limitations on the sale of certain assets and compliance with financial ratios (e.g. leverage ratio).

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## Related party transactions

As of June 30, 2015:

§ San Faustin S.A., a Luxembourg public limited liability company (Société Anonyme) (“San Faustin”), owned 713,605,187 shares in the Company, representing 60.45% of the Company’s capital and voting rights.

§ San Faustin owned all of its shares in the Company through its wholly-owned subsidiary Techint Holdings S.à r.l., a Luxembourg private limited liability company (Société à Responsabilité Limitée) (“Techint”).

§ Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, a Dutch private foundation (Stichting) (“RP STAK”) held shares in San Faustin sufficient in number to control San Faustin.

§ No person or group of persons controls RP STAK.

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

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

The following transactions were carried out with related parties.

| (all amounts in thousands of U.S. dollars)             | Six-month period ended June 30, |             |
|--|---------------------------------|-------------|
|  | 2015                            | 2014        |
| (i) Transactions                                       | (Unaudited)                     |             |
| (a) Sales of goods and services                        |                                 |             |
| Sales of goods to non-consolidated parties             | 16,072                          | 12,246      |
| Sales of goods to other related parties                | 47,502                          | 51,019      |
| Sales of services to non-consolidated parties          | 4,722                           | 5,059       |
| Sales of services to other related parties             | 2,553                           | 1,603       |
|  | 70,849                          | 69,927      |
| (b) Purchases of goods and services                    |                                 |             |
| Purchases of goods to non-consolidated parties         | 175,698                         | 143,723     |
| Purchases of goods to other related parties            | 8,461                           | 8,901       |
| Purchases of services to non-consolidated parties      | 6,624                           | 15,813      |
| Purchases of services to other related parties         | 44,952                          | 43,565      |
|  | 235,735                         | 212,002     |
| (all amounts in thousands of U.S. dollars)             | At June 30,                     | At December |
|  | 2015                            | 31,         |
| (ii) Period-end balances                               | (Unaudited)                     |             |
| (a) Arising from sales / purchases of goods / services |                                 |             |
| Receivables from non-consolidated parties              | 70,624                          | 104,703     |
| Receivables from other related parties                 | 33,394                          | 31,628      |
| Payables to non-consolidated parties                   | (39,065 )                       | (53,777 )   |

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|                                       |           |           |
|---------------------------------------|-----------|-----------|
| Payables to other related parties     | (14,710 ) | (28,208 ) |
|                                       | 50,243    | 54,346    |
| <b>(b) Financial debt</b>             |           |           |
| Borrowings from other related parties | -         | (200 )    |
|                                       | -         | (200 )    |

## 14 Fair Value

## § Measurement

IFRS 13 requires for financial instruments that are measured at fair value, a disclosure of fair value measurements by level.

The following table presents the assets and liabilities that are measured at fair value as of June 30, 2015 and December 31, 2014:

| June 30, 2015                     | Level 1          | Level 2        | Level 3 (*)   | Total            |
|-----------------------------------|------------------|----------------|---------------|------------------|
| <b>Assets</b>                     |                  |                |               |                  |
| Cash and cash equivalents         | 519,230          | -              | -             | 519,230          |
| Other investments                 | 1,636,852        | 932,214        | 1,561         | 2,570,627        |
| Derivatives financial instruments | -                | 14,633         | -             | 14,633           |
| Available for sale assets         | -                | -              | 21,572        | 21,572           |
| <b>Total</b>                      | <b>2,156,082</b> | <b>946,847</b> | <b>23,133</b> | <b>3,126,062</b> |
| <b>Liabilities</b>                |                  |                |               |                  |
| Derivatives financial instruments | -                | 48,066         | -             | 48,066           |
| <b>Total</b>                      | <b>-</b>         | <b>48,066</b>  | <b>-</b>      | <b>48,066</b>    |
| <br>                              |                  |                |               |                  |
| December 31, 2014                 | Level 1          | Level 2        | Level 3 (*)   | Total            |
| <b>Assets</b>                     |                  |                |               |                  |
| Cash and cash equivalents         | 417,645          | -              | -             | 417,645          |
| Other investments                 | 1,277,465        | 560,914        | 1,539         | 1,839,918        |
| Derivatives financial instruments | -                | 25,588         | -             | 25,588           |
| Available for sale assets         | -                | -              | 21,572        | 21,572           |
| <b>Total</b>                      | <b>1,695,110</b> | <b>586,502</b> | <b>23,111</b> | <b>2,304,723</b> |
| <b>Liabilities</b>                |                  |                |               |                  |
| Derivatives financial instruments | -                | 56,834         | -             | 56,834           |
| <b>Total</b>                      | <b>-</b>         | <b>56,834</b>  | <b>-</b>      | <b>56,834</b>    |

(\*) Main balances included in this level correspond to Available for sale assets related to Tenaris' interest in the nationalized Venezuelan companies. For further detail regarding Available for sale assets, see Note 30 to the Company's audited Restated Consolidated Financial Statements for the year ended December 31, 2014.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no transfers between Level 1 and 2 during the period.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by Tenaris is the current



bid price. These instruments are included in Level 1 and comprise primarily corporate and sovereign debt securities.

The fair value of financial instruments that are not traded in an active market (such as certain debt securities, certificates of deposits with original maturity of more than three months, forward and interest rate derivative instruments) is determined by using valuation techniques which maximize the use of observable market data where available and rely as little as possible on entity specific estimates. If all significant inputs required to value an instrument are observable, the instrument is included in Level 2. Tenaris values its assets and liabilities included in this level using bid prices, interest rate curves, broker quotations, current exchange rates, forward rates and implied volatilities obtained from market contributors as of the valuation date.

If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3. Tenaris values its assets and liabilities in this level using observable market inputs and management assumptions which reflect the Company's best estimate on how market participants would price the asset or liability at measurement date.

§

Estimation

Financial assets or liabilities classified as assets at fair value through profit or loss are measured under the framework established by the IASB accounting guidance for fair value measurements and disclosures.

The fair values of quoted investments are generally based on current bid prices. If the market for a financial asset is not active or no market is available, fair values are established using standard valuation techniques.

For the purpose of estimating the fair value of Cash and cash equivalents and Other Investments expiring in less than ninety days from the measurement date, the Company usually chooses to use the historical cost because the carrying amount of financial assets and liabilities with maturities of less than ninety days approximates to their fair value.

The fair value of all outstanding derivatives is determined using specific pricing models that include inputs that are observable in the market or can be derived from or corroborated by observable data. The fair value of forward foreign exchange contracts is calculated as the net present value of the estimated future cash flows in each currency, based on observable yield curves, converted into U.S. dollars at the spot rate of the valuation date.

Borrowings are comprised primarily of fixed rate debt and variable rate debt with a short term portion where interest has already been fixed, they are classified under other financial liabilities and measured at their carrying amount. Tenaris estimates that the fair value of its main financial liabilities is approximately 100.1% and 100.4% of its carrying amount including interests accrued as of June 30, 2015 and 2014, respectively. Tenaris estimates that a change of 100 basis points in the reference interest rates would have an estimated impact of approximately 0.4% and 0.3% in the fair value of borrowings as of June 30, 2015 and 2014, respectively. Fair values were calculated using standard valuation techniques for floating rate instruments and comparable market rates for discounting flows.

Edgardo Carlos  
Chief Financial  
Officer