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TENARIS SA  
Form 6-K  
February 28, 2005

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 February 28, 2005

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

TENARIS, S.A.  
46a, Avenue John F. Kennedy  
L-1855 Luxembourg  
(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

Yes No

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

The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended. This report contains Tenaris' consolidated financial statements as of December 31, 2004 and 2003 and for the years ended December 31, 2004, 2003 and 2002.

TENARIS S.A.

CONSOLIDATED  
FINANCIAL STATEMENTS

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

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

Tenaris S.A. Consolidated financial statements for the years ended December  
31, 2004, 2003 and 2002

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## CONSOLIDATED INCOME STATEMENT

| (all amounts in USD thousands, unless otherwise stated)   | Notes  | Year ended Decem |          |
|---|--------|------------------|----------|
|   |        | 2004             | 2003     |
| Net sales   | 1      | 4,136,063        | 3,179,6  |
| Cost of sales   | 2      | (2,776,936)      | (2,207,8 |
| Gross profit  |        | 1,359,127        | 971,8    |
| Selling, general and administrative expenses  | 3      | (672,449)        | (566,8   |
| Other operating income  | 5 (i)  | 152,591          | 8,8      |
| Other operating expenses  | 5 (ii) | (25,751)         | (125,6   |
| Operating income  |        | 813,518          | 288,1    |
| Financial income (expenses), net  | 6      | 5,802            | (29,4    |
| Income before equity in earnings (losses) of associated companies, income tax and minority interest |        | 819,320          | 258,7    |
| Equity in earnings (losses) of associated companies   | 7      | 206,037          | 27,5     |
| Income before income tax and minority interest  |        | 1,025,357        | 286,3    |
| Income tax  | 8      | (220,376)        | (63,9    |

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|   |    |           |        |
|---|----|-----------|--------|
| Net income before minority interest                             |    | 804,981   | 222,4  |
| Minority interest (1)   | 27 | (20,278)  | (12,1  |
|   |    | -----     | -----  |
| Net income before other minority interest                       |    | 784,703   | 210,3  |
| Other minority interest (2)                                     | 27 | -         |        |
|   |    | -----     | -----  |
| Net income  |    | 784,703   | 210,   |
|   |    | -----     | -----  |
| Weighted average number of ordinary shares in issue (thousands) | 9  | 1,180,507 | 1,167, |
| Basic and diluted earnings per share (USD per share)            | 9  | 0.66      | 0      |
|   |    | -----     | -----  |

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

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

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

1

CONSOLIDATED BALANCE SHEET

| (all amounts in USD thousands)      | Notes   | At December 31, 2004 | At December 31, 2003 |
|-------------------------------------|---------|----------------------|----------------------|
| <b>ASSETS</b>                       |         |                      |                      |
| <b>Non-current assets</b>           |         |                      |                      |
| Property, plant and equipment, net  | 10      | 2,164,601            | 1,960,314            |
| Intangible assets, net              | 11      | 49,211               | 54,037               |
| Investments in associated companies | 12      | 99,451               | 45,814               |
| Other investments                   | 13      | 24,395               | 23,155               |
| Deferred tax assets                 | 20      | 161,173              | 130,812              |
| Receivables                         | 14      | 151,365              | 59,521               |
|                                     |         | -----                | -----                |
| <b>Current assets</b>               |         |                      |                      |
| Inventories                         | 15      | 1,269,470            | 831,879              |
| Receivables and prepayments         | 16      | 374,446              | 165,134              |
| Trade receivables                   | 17      | 936,931              | 652,782              |
| Other investments                   | 18 (i)  | 119,666              | 138,266              |
| Cash and cash equivalents           | 18 (ii) | 311,579              | 247,834              |
|                                     |         | -----                | -----                |
| Total assets                        |         | 5,662,288            |                      |
|                                     |         | -----                | -----                |

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|                              |         |         |           |         |
|------------------------------|---------|---------|-----------|---------|
| EQUITY AND LIABILITIES       |         |         |           |         |
| Shareholders' Equity         |         |         | 2,495,924 |         |
| Minority interest            | 27      |         | 165,271   |         |
| Non-current liabilities      |         |         |           |         |
| Borrowings                   | 19      | 420,751 |           | 374,779 |
| Deferred tax liabilities     | 20      | 371,975 |           | 418,333 |
| Other liabilities            | 21 (i)  | 172,442 |           | 191,540 |
| Provisions                   | 22 (ii) | 31,776  |           | 23,333  |
| Trade payables               |         | 4,303   | 1,001,247 | 11,622  |
| -----                        |         |         |           |         |
| Current liabilities          |         |         |           |         |
| Borrowings                   | 19      | 838,591 |           | 458,872 |
| Current tax liabilities      |         | 222,735 |           | 108,071 |
| Other liabilities            | 21 (ii) | 176,393 |           | 207,594 |
| Provisions                   | 23 (ii) | 42,636  |           | 39,624  |
| Customers advances           |         | 127,399 |           | 54,721  |
| Trade payables               |         | 592,092 | 1,999,846 | 459,795 |
| -----                        |         |         |           |         |
| Total liabilities            |         |         | 3,001,093 |         |
| -----                        |         |         |           |         |
| Total equity and liabilities |         |         | 5,662,288 |         |
| -----                        |         |         |           |         |

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

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

2

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(all amounts in USD thousands)

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and

|  |           |          |         |               |          |           |             |             |       |
|--|-----------|----------|---------|---------------|----------|-----------|-------------|-------------|-------|
| -----  |           |          |         |               |          |           |             |             |       |
| Statutory balances according to Luxembourg Law |           |          |         |               |          |           |             |             |       |
| -----  |           |          |         |               |          |           |             |             |       |
|  | Share     | Legal    | Share   | Other         | Retained |           | Adjustments | Currency    |       |
|  | Capital   | Reserves | Premium | Distributable | Earnings | Total     | to IFRS     | translation | R     |
|  |           |          |         | Reserve       |          |           |             | adjustments | E     |
|  |           |          |         |               |          |           |             |             |       |
| -----  |           |          |         |               |          |           |             |             |       |
| Balance at                                     |           |          |         |               |          |           |             |             |       |
| January 1,                                     | 1,180,288 | 118,029  | 609,269 | 96,555        | 201,480  | 2,205,621 | (634,759)   | (34,194)    | 304   |
| Currency                                       |           |          |         |               |          |           |             |             |       |
| translation                                    |           |          |         |               |          |           |             |             |       |
| differences                                    | -         | -        | -       | -             | -        | -         | -           | -           | 4,174 |
| Change in                                      |           |          |         |               |          |           |             |             |       |
| -----  |           |          |         |               |          |           |             |             |       |

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|  |           |         |         |          |          |           |             |          |           |
|--|-----------|---------|---------|----------|----------|-----------|-------------|----------|-----------|
| ownership<br>in Exchange<br>Companies<br>(Note 28)                 | -         | -       | -       | -        | -        | -         | -           | -        | -         |
| Capital<br>Increase<br>and<br>Exchange<br>Transaction<br>(Note 28) | 249       | 25      | 464     | 82       | -        | 820       | -           | -        | -         |
| Dividends<br>paid in<br>cash                                       | -         | -       | -       | (96,555) | (38,498) | (135,053) | -           | -        | -         |
| Net income   | -         | -       | -       | -        | 373,477  | 373,477   | (373,477)   | -        | 784,703   |
| -----  |           |         |         |          |          |           |             |          |           |
| Balance at<br>December<br>31,                                      | 1,180,537 | 118,054 | 609,733 | 82       | 536,459  | 2,444,865 | (1,008,236) | (30,020) | 1,089,703 |
| -----  |           |         |         |          |          |           |             |          |           |

The Distributable Reserve and Retained Earnings calculated according to Luxembourg Law are disclosed in the accompanying notes.

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

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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CONSOLIDATED CASH FLOW STATEMENT

| (all amounts in USD thousands)                                | Notes           | Year ended December 31, |             |
|---|-----------------|-------------------------|-------------|
|   |                 | 2004                    | 2003        |
| Cash flows from operating activities                          |                 |                         |             |
| Net income  |                 | 784,703                 | 2,444,865   |
| Depreciation and amortization                                 | 10 & 11         | 208,119                 | 1,089,703   |
| Provision for BHP proceeding                                  | 5 (ii) & 25 (i) | -                       | 1,089,703   |
| Fintecna arbitration award                                    | 25 (i)          | (126,126)               |             |
| Income tax accruals less payments                             | 31 (ii)         | 44,659                  | (135,053)   |
| Equity in (earnings) losses of associated companies           | 7               | (206,037)               | (2,444,865) |
| Interest accruals less payments, net                          | 31 (iii)        | 16,973                  |             |
| Net provisions  | 22 & 23         | 11,455                  |             |
| Power plant impairment  | 25 (v) (i)      | 11,705                  |             |
| Result from disposition of investment in associated companies | 5 (i)           | -                       |             |
| Minority interest   | 27              | 20,278                  |             |
| Change in working capital                                     | 31 (i)          | (621,187)               | (1,089,703) |
| Currency translation adjustment and others                    |                 | (46,254)                |             |
| Net cash provided by operating activities                     |                 | 98,288                  | 2,444,865   |

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|  |         |           |      |
|--|---------|-----------|------|
| Cash flows from investing activities   |         |           |      |
| Capital expenditures   | 10 & 11 | (183,312) | (16) |
| Acquisitions of subsidiaries and associates, net of cash provided by business acquisitions |         | (97,595)  | (6)  |
| Cost of disposition of property, plant and equipment and intangible assets                 | 10 & 11 | 12,054    |      |
| Proceeds from sales of investments in associated companies                                 |         | -         |      |
| Convertible loan to associated companies   |         | -         | (3)  |
| Dividends and distributions received from associated companies                             |         | 48,598    |      |
| Acquisitions of minority interest  |         | -         |      |
| Changes in trust fund  |         | 20,359    |      |
| Net cash used in investing activities  |         | (199,896) | (25) |
| Cash flows from financing activities   |         |           |      |
| Dividends paid in cash   |         | (135,053) | (11) |
| Dividends paid to minority interest in subsidiaries  | 27      | (31)      | (1)  |
| Proceeds from borrowings   |         | 676,862   | 5    |
| Repayments of borrowings   |         | (376,768) | (54) |
| Net cash provided by (used in) financing activities  |         | 165,010   | (8)  |
| Increase / (Decrease) in cash and cash equivalents   |         | 63,402    | (5)  |
| Movement in cash and cash equivalents  |         |           |      |
| At beginning of the year   |         | 247,834   | 3    |
| Effect of exchange rate changes  |         | 343       |      |
| Increase / (Decrease) in cash and cash equivalents   |         | 63,402    | (5)  |
| At December 31,  |         | 311,579   | 2    |
| Non-cash financing activity  |         |           |      |
| Fair value adjustment of minority interest acquired  |         | -         |      |
| Common stock issued in acquisition of minority interest                                    |         | 820       |      |
| Conversion of debt to equity in subsidiaries   |         | 13,072    |      |

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

4

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

ACCOUNTING POLICIES ("AP")

Index to accounting policies

|   |   |
|---|---|
| A | Business of the Company and basis of presentation |
| B | Group accounting                                  |
| C | Foreign currency translation                      |
| D | Property, plant and equipment                     |
| E | Impairment  |
| F | Intangible assets                                 |
| G | Other investments                                 |
| H | Inventories                                       |

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|   |                                     |
|---|-------------------------------------|
| I | Trade receivables                   |
| J | Cash and cash equivalents           |
| K | Shareholders' equity                |
| L | Borrowings                          |
| M | Income taxes - Current and Deferred |
| N | Employee - related liabilities      |
| O | Employees' statutory profit sharing |
| P | Provisions and other liabilities    |
| Q | Revenue recognition                 |
| R | Cost of sales and expenses          |
| S | Earnings per share                  |
| T | Derivative financial instruments    |
| U | Segment information                 |

5

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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### ACCOUNTING POLICIES

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

#### A Business of the Company and basis of presentation

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

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

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

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

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

#### B Group accounting

##### (1) Subsidiary companies

The consolidated financial statements include the financial statements of

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

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

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

See Note 32 for the list of the consolidated subsidiaries.

6

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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### B Group accounting (Cont'd.)

#### (2) Associated companies

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

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

See Note 12 for a list of principal associated companies.

### C Foreign Currency Translation

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



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

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

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

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

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

### (2) Transactions in currencies other than the measurement currency

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

7

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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### D Property, plant and equipment

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

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been given.

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

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

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

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

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

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

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

### E Impairment

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

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

### F Intangible assets

#### (1) Goodwill

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

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8

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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F Intangible assets (Cont'd.)

(2) Negative goodwill

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

(3) Information systems projects

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

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

(4) Research and development

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

(5) Licenses and patents

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

G Other investments

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

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

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

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

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

9

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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### H Inventories

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

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

### I Trade receivables

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

### J Cash and cash equivalents

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

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

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

### K Shareholders' equity

#### (1) Basis of presentation

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

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

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

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

10

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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### K Shareholders' equity (Cont'd.)

#### (2) Dividends

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

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

### L Borrowings

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

### M Income Taxes - Current and Deferred

Under present Luxembourg law, so long as the Company maintains its status as a holding billionaire company, no income tax, withholding tax (with respect

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to dividends), or capital gain tax is payable in Luxembourg by the Company.

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

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

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

N Employee-related liabilities

(a) Employees' severance indemnity

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

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

11

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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N Employee-related liabilities (Cont'd.)

(b) Pension obligations

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

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

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December 31, 2004 and 2003, respectively. Actuarial gains and losses are recognized over the average remaining service lives of employees.

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

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

### (c) Other compensation obligations

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

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

### O Employees' statutory profit sharing

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

### P Provisions and other liabilities

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

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

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### Q Revenue recognition

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

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

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

### R Cost of sales and sales expenses

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

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

### S Earnings per share

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

### T Derivative financial instruments

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

### U Segment information

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

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

13

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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### FINANCIAL RISK MANAGEMENT

#### (1) Financial risk factors

Tenaris's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. Tenaris's subsidiaries use derivative financial instruments to minimize



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potential adverse effects on Tenaris's financial performance, by hedging certain exposures.

(i) Foreign exchange rate risk

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

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

(ii) Interest rate risk

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

(iii) Concentration of credit risk

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

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

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

(iv) Liquidity risk

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

(2) Accounting for derivative financial instruments and hedging activities

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

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

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### FINANCIAL RISK MANAGEMENT (CONT'D.)

#### (3) Fair value estimation

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

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

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

15

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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#### INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

|    |  |
|----|--|
| 1  | Segment information  |
| 2  | Cost of sales  |
| 3  | Selling, general and administrative expenses   |
| 4  | Labor costs (included in Cost of sales and Selling, general and administrative expenses) |
| 5  | Other operating items  |
| 6  | Financial income (expenses), net   |
| 7  | Equity in earnings (losses) of associated companies                                      |
| 8  | Income tax   |
| 9  | Earnings and dividends per share   |
| 10 | Property, plant and equipment, net   |
| 11 | Intangible assets, net   |
| 12 | Investments in associated companies  |
| 13 | Other investments -non current   |
| 14 | Receivables -non current   |
| 15 | Inventories  |
| 16 | Receivables and prepayments  |
| 17 | Trade receivables  |
| 18 | Cash and cash equivalents, and Other investments   |
| 19 | Borrowings   |
| 20 | Deferred income tax  |
| 21 | Other liabilities  |
| 22 | Non-current provisions   |
| 23 | Current provisions   |
| 24 | Derivative financial instruments   |
| 25 | Contingencies, commitments and restrictions on the distribution of profits               |
| 26 | Ordinary shares and share premium  |
| 27 | Minority interest  |
| 28 | 2002 Exchange Offer and other events with impact on minority interest                    |
| 29 | Business and other acquisitions  |
| 30 | Related party transactions   |
| 31 | Cash flow disclosures  |

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|    |  |
|----|--|
| 32 | Principal subsidiaries   |
| 33 | Impact of New Accounting Pronouncements: International Financial Reporting Standards |

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

Notes to the consolidated financial statements

(In the notes all amount are shown in USD thousands, unless otherwise stated)

1 Segment information

Primary reporting format: business segments

|                               | Seamless    | Welded and other metallic products | Energy    | Others    | Un |
|-------------------------------|-------------|------------------------------------|-----------|-----------|----|
| Year ended December 31, 2004  |             |                                    |           |           |    |
| Net sales                     | 3,273,267   | 348,137                            | 417,870   | 96,789    |    |
| Cost of sales                 | (2,075,164) | (249,471)                          | (398,462) | (53,839)  |    |
| Gross profit                  | 1,198,103   | 98,666                             | 19,408    | 42,950    |    |
| Segment assets                | 4,322,982   | 510,669                            | 121,846   | 610,162   |    |
| Segment liabilities           | 2,430,935   | 313,600                            | 122,046   | 134,512   |    |
| Capital expenditures          | 149,326     | 23,276                             | 1,438     | 9,272     |    |
| Depreciation and amortization | 185,118     | 12,665                             | 3,554     | 6,782     |    |
| Year ended December 31, 2003  |             |                                    |           |           |    |
| Net sales                     | 2,388,177   | 350,745                            | 333,207   | 107,523   |    |
| Cost of sales                 | (1,531,995) | (274,643)                          | (316,566) | (84,623)  |    |
| Gross profit                  | 856,182     | 76,102                             | 16,641    | 22,900    |    |
| Segment assets                | 3,434,547   | 370,260                            | 105,629   | 217,846   |    |
| Segment liabilities           | 1,959,274   | 252,993                            | 91,982    | 44,035    |    |
| Capital expenditures          | 129,405     | 24,245                             | 5,380     | 3,594     |    |
| Depreciation and amortization | 180,855     | 10,896                             | 3,706     | 4,342     |    |
| Year ended December 31, 2002  |             |                                    |           |           |    |
| Net sales                     | 2,244,138   | 580,001                            | 210,415   | 184,830   |    |
| Cost of sales                 | (1,421,262) | (379,384)                          | (198,727) | (169,855) |    |
| Gross profit                  | 822,876     | 200,617                            | 11,688    | 14,975    |    |
| Segment assets                | 3,388,977   | 365,743                            | 41,155    | 122,045   |    |
| Segment liabilities           | 1,860,338   | 223,240                            | 49,909    | 67,574    |    |
| Capital expenditures          | 110,739     | 27,053                             | 5,623     | 4,162     |    |

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|                               |         |       |       |       |
|-------------------------------|---------|-------|-------|-------|
| Depreciation and amortization | 162,444 | 7,669 | 2,768 | 3,434 |
|-------------------------------|---------|-------|-------|-------|

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

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

17

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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1 Segment information (Cont'd.)

Secondary reporting format: geographical segments

|   | South<br>America | Europe    | North America | Middle East<br>and Africa | Far East<br>and Oceania |
|---|------------------|-----------|---------------|---------------------------|-------------------------|
| <hr style="border-top: 1px dashed black;"/> |                  |           |               |                           |                         |
| Year ended December 31, 2004                |                  |           |               |                           |                         |
| Net sales                                   | 824,800          | 1,236,795 | 1,140,326     | 524,874                   | 409,268                 |
| Total assets                                | 1,773,958        | 1,808,557 | 1,596,464     | 109,266                   | 277,414                 |
| Trade receivables                           | 143,731          | 346,628   | 295,896       | 81,369                    | 69,307                  |
| Property, plant and equipment, net          | 728,468          | 635,939   | 737,507       | 4,645                     | 58,042                  |
| Capital expenditures                        | 83,003           | 29,694    | 64,845        | 2,257                     | 3,513                   |
| Depreciation and amortization               | 89,934           | 68,432    | 41,986        | 35                        | 7,732                   |
| <br>  |                  |           |               |                           |                         |
| Year ended December 31, 2003                |                  |           |               |                           |                         |
| Net sales                                   | 752,175          | 958,772   | 754,262       | 392,707                   | 321,736                 |
| Total assets                                | 1,326,569        | 1,193,960 | 1,310,471     | 90,699                    | 206,583                 |
| Trade receivables                           | 123,969          | 286,651   | 138,899       | 69,216                    | 34,047                  |
| Property, plant and equipment, net          | 624,542          | 557,637   | 716,952       | 2,376                     | 58,807                  |
| Capital expenditures                        | 63,636           | 47,965    | 42,988        | 358                       | 7,677                   |
| Depreciation and amortization               | 103,548          | 58,196    | 31,908        | 16                        | 6,131                   |
| <br>  |                  |           |               |                           |                         |
| Year ended December 31, 2002                |                  |           |               |                           |                         |
| Net sales                                   | 956,382          | 829,744   | 577,279       | 511,119                   | 344,860                 |
| Total assets                                | 1,355,217        | 921,215   | 1,268,689     | 169,810                   | 202,989                 |
| Trade receivables                           | 208,313          | 145,863   | 123,572       | 145,681                   | 29,820                  |
| Property, plant and equipment, net          | 624,115          | 471,580   | 784,104       | 2,556                     | 51,882                  |
| Capital expenditures                        | 73,121           | 39,985    | 25,628        | 2,551                     | 6,292                   |
| Depreciation and amortization               | 83,344           | 48,078    | 39,913        | 23                        | 4,957                   |

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

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

18

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

2            Cost of sales

|  | Year ended December 31, |           |           |
|--|-------------------------|-----------|-----------|
|  | 2004                    | 2003      | 2002      |
| Inventories at the beginning of the year               | 831,879                 | 680,113   | 735,000   |
| Plus: Charges of the year                              |                         |           |           |
| Raw materials, energy, consumables and other movements | 2,269,351               | 1,515,990 | 1,370,000 |
| Services and fees                                      | 259,025                 | 272,313   | 227,000   |
| Labor cost   | 369,681                 | 286,748   | 235,000   |
| Depreciation of property, plant and equipment          | 174,880                 | 171,896   | 154,000   |
| Amortization of intangible assets                      | 12,748                  | 6,763     | 2,000     |
| Maintenance expenses                                   | 82,323                  | 54,335    | 50,000    |
| Provisions for contingencies                           | 994                     | 3,802     | 4,000     |
| Allowance for obsolescence                             | 23,167                  | 6,011     | 19,000    |
| Taxes  | 3,088                   | 4,273     | 3,000     |
| Others   | 19,270                  | 37,462    | 46,000    |
|  | 3,214,527               | 2,359,593 | 2,113,000 |
| Less: Inventories at the end of the year               | (1,269,470)             | (831,879) | (680,000) |
|  | 2,776,936               | 2,207,827 | 2,169,000 |

3            Selling, general and administrative expenses

|  | Year ended December 31, |         |         |
|--|-------------------------|---------|---------|
|  | 2004                    | 2003    | 2002    |
| Services and fees                                | 121,269                 | 129,237 | 101,000 |
| Labor cost                                       | 157,114                 | 134,769 | 117,000 |
| Depreciation of property, plant and equipment    | 10,218                  | 8,477   | 6,000   |
| Amortization of intangible assets                | 10,273                  | 12,663  | 12,000  |
| Commissions, freights and other selling expenses | 250,085                 | 189,353 | 261,000 |
| Provisions for contingencies                     | 12,142                  | 2,005   | 8,000   |
| Allowances for doubtful accounts                 | 7,187                   | 5,704   | 6,000   |
| Taxes  | 59,256                  | 45,337  | 33,000  |

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|        |         |         |       |
|--------|---------|---------|-------|
| Others | 44,905  | 39,290  | 19    |
|        | -----   | -----   | ----- |
|        | 672,449 | 566,835 | 5     |
|        | -----   | -----   | ----- |

19

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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

|  | Year ended December 31 |         |
|--|------------------------|---------|
|  | 2004                   | 2003    |
|  | -----                  | -----   |
| Wages, salaries and social security costs                  | 509,572                | 410,458 |
| Employees' severance indemnity (Note 21 (i) (a))           | 12,907                 | 9,988   |
| Pension benefits - defined benefit plans (Note 21 (i) (b)) | 4,316                  | 1,071   |
|  | -----                  | -----   |
|  | 526,795                | 421,517 |
|  | -----                  | -----   |

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

5 Other operating items

|  | Year ended December 31 |       |
|--|------------------------|-------|
|  | 2004                   | 2003  |
|  | -----                  | ----- |
| (i) Other operating income   |                        |       |
| Reimbursement from insurance companies and other third parties     | 3,165                  | 1,544 |
| Net income from other sales  | 16,063                 | 4,075 |
| Net income from disposition of investments in associated companies | -                      | 1,018 |
| Net rents  | 1,362                  | 2,222 |
| Gain on government securities                                      | -                      | -     |
| Fintecna arbitration award, net of legal expenses (Note 25 (i))    | 123,000                | -     |
| Power plant - reimbursement from supplier (Note 25 (v) (i))        | 9,001                  | -     |
|  | -----                  | ----- |
|  | 152,591                | 8,859 |
|  | -----                  | ----- |

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(ii) Other operating expenses

|  |        |         |
|--|--------|---------|
| Provision for BHP proceedings  | -      | 114,182 |
| Allowance for doubtful receivables                                   | 2,104  | 1,728   |
| Power plant - impairment and associated charges<br>(Note 25 (v) (i)) | 18,447 | -       |
| Miscellaneous  | 5,200  | 9,749   |
|  | 25,751 | 125,659 |

6 Financial income (expenses), net

|   | Year ended December 31 |          |
|---|------------------------|----------|
|   | 2004                   | 2003     |
| Interest expense  | (46,930)               | (33,134) |
| Interest income   | 14,247                 | 16,426   |
| Net foreign exchange transaction gains/ (losses) and<br>changes in fair value of derivative instruments | 33,127                 | (16,165) |
| Financial discount on trade receivables   | -                      | -        |
| Miscellaneous   | 5,358                  | 3,453    |
|   | 5,802                  | (29,420) |

20

Tenaris S.A. Consolidated financial statements for the years ended December 31,  
2004, 2003 and 2002

7 Equity in earnings (losses) of associated companies

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

8 Income tax

|  | Year ended December 31 |          |
|--|------------------------|----------|
|  | 2004                   | 2003     |
| Current tax  | 277,219                | 148,240  |
| Deferred tax (Note 20)                               | (44,731)               | (63,862) |
|  | 232,488                | 84,378   |
| Effect of currency translation on tax base (Note 20) | (12,112)               | (20,460) |

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|                            |         |        |
|----------------------------|---------|--------|
| Subtotal                   | 220,376 | 63,918 |
| Recovery of Income Tax (a) | -       | -      |
|                            | -----   | -----  |
|                            | 220,376 | 63,918 |
|                            | -----   | -----  |

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

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

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

- (a) Tenaris, using the liability method, recognizes a deferred income tax charge on temporary differences between the tax bases of its assets and their carrying amounts in the financial statements. By application of this method, Tenaris recognizes gains and losses on deferred income tax due to the effect of the change in the value of the Argentine peso on the tax bases of the fixed assets of its Argentine subsidiaries. These gains and losses are required by IFRS even though the reduced tax bases of the relevant assets will only result in reduced amortization deductions for tax purposes in future periods throughout the useful life of those assets and, consequently, the resulting deferred income tax charge does not represent a separate obligation of Tenaris that was due and payable in any of the relevant periods.
- (b) Does not include tax recovery of USD36.8 million



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

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

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

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

22

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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10      Property, plant and equipment, net

|                              | Land, building<br>and improvements | Plant and<br>production<br>equipment | Vehicles,<br>furniture and<br>fixtures | Work in<br>progress | Sp<br>e |
|------------------------------|------------------------------------|--------------------------------------|--|---------------------|---------|
| Year ended December 31, 2004 |                                    |                                      |  |                     |         |

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|  |                                 |                                |                                  |                  |    |
|--|---------------------------------|--------------------------------|----------------------------------|------------------|----|
| Cost                                     |                                 |                                |                                  |                  |    |
| Values at the beginning of the year      | 303,929                         | 5,031,525                      | 112,371                          | 86,193           |    |
| Translation differences                  | 6,938                           | 87,970                         | 2,520                            | 2,107            |    |
| Additions                                | 11,547                          | 10,744                         | 2,509                            | 133,193          |    |
| Disposals / Consumptions                 | (3,928)                         | (16,587)                       | (4,521)                          | (1,258)          |    |
| Transfers / Reclassifications            | 20,039                          | 111,674                        | 1,824                            | (135,293)        |    |
| Increase due to business combinations    | 14,891                          | 172,665                        | 3,490                            | -                |    |
| Values at the end of the year            | 353,416                         | 5,397,991                      | 118,193                          | 84,942           |    |
| Depreciation                             |                                 |                                |                                  |                  |    |
| Accumulated at the beginning of the year | 112,693                         | 3,378,536                      | 89,222                           | -                |    |
| Translation differences                  | 1,836                           | 37,514                         | 1,773                            | -                |    |
| Depreciation charge                      | 14,246                          | 162,726                        | 7,497                            | -                |    |
| Disposals / Consumptions                 | (603)                           | (11,083)                       | (3,567)                          | -                |    |
| Transfers / Reclassifications            | (24)                            | 365                            | (348)                            | -                |    |
| Accumulated at the end of the year       | 128,148                         | 3,568,058                      | 94,577                           | -                |    |
| Impairment (Note 25 (v) (i))             | -                               | (11,705)                       | -                                | -                |    |
| At December 31, 2004                     | 225,268                         | 1,818,228                      | 23,616                           | 84,942           |    |
| Year ended December 31, 2003             |                                 |                                |                                  |                  |    |
|  | Land, building and improvements | Plant and production equipment | Vehicles, furniture and fixtures | Work in progress | Sp |
| Cost                                     |                                 |                                |                                  |                  |    |
| Values at the beginning of the year      | 296,608                         | 4,801,316                      | 99,200                           | 141,861          |    |
| Translation differences                  | (7,736)                         | 64,472                         | 4,595                            | (1,353)          |    |
| Additions                                | 455                             | 23,107                         | 4,420                            | 106,057          |    |
| Disposals / Consumptions                 | (1,664)                         | (27,612)                       | (3,312)                          | (135)            |    |
| Transfers                                | 15,819                          | 139,939                        | 7,454                            | (160,237)        |    |
| Increase due to business combinations    | 447                             | 30,303                         | 14                               | -                |    |
| Values at the end of the year            | 303,929                         | 5,031,525                      | 112,371                          | 86,193           |    |
| Depreciation                             |                                 |                                |                                  |                  |    |
| Accumulated at the beginning of the year | 98,616                          | 3,228,390                      | 82,139                           | -                |    |
| Translation differences                  | 843                             | 9,248                          | 2,474                            | -                |    |
| Depreciation charge                      | 7,519                           | 165,403                        | 6,769                            | -                |    |
| Disposals / Consumptions                 | (921)                           | (24,255)                       | (2,243)                          | -                |    |
| Transfers                                | 6,636                           | (250)                          | 83                               | -                |    |
| Accumulated at the end of the year       | 112,693                         | 3,378,536                      | 89,222                           | -                |    |
| At December 31, 2003                     | 191,236                         | 1,652,989                      | 23,149                           | 86,193           |    |

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

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23

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

11 Intangible assets, net

| Year ended December 31, 2004             | Information system projects | Licenses and patents | Goodwill (a) | Negative goodwill (a) |
|--|-----------------------------|----------------------|--------------|-----------------------|
| <b>Cost</b>                              |                             |                      |              |                       |
| Values at the beginning of the year      | 88,802                      | 10,490               | 142,904      | (130,600)             |
| Translation differences                  | 3,850                       | 579                  | 164          | (3,100)               |
| Additions                                | 20,022                      | 132                  | -            | -                     |
| Transfers / Reclassifications            | 2,657                       | (173)                | -            | -                     |
| Disposals                                | (747)                       | -                    | -            | -                     |
| Values at the end of the year            | 114,584                     | 11,028               | 143,068      | (133,700)             |
| <b>Amortization</b>                      |                             |                      |              |                       |
| Accumulated at the beginning of the year | 42,101                      | 8,561                | 20,882       | (14,000)              |
| Translation differences                  | 2,695                       | 522                  | 172          | -                     |
| Amortization charge                      | 21,600                      | 1,105                | 9,350        | (9,000)               |
| Transfers/ Reclassifications             | 3,138                       | (887)                | -            | -                     |
| Disposals                                | (545)                       | -                    | -            | -                     |
| Accumulated at the end of the year       | 68,989                      | 9,301                | 30,404       | (23,100)              |
| At December 31, 2004                     | 45,595                      | 1,727                | 112,664      | (110,700)             |
| <b>Year ended December 31, 2003</b>      |                             |                      |              |                       |
| Year ended December 31, 2003             | Information system projects | Licenses and patents | Goodwill (a) | Negative goodwill (a) |
| <b>Cost</b>                              |                             |                      |              |                       |
| Values at the beginning of the year      | 35,348                      | 30,381               | 132,224      | (126,700)             |
| Translation differences                  | 5,185                       | 4,030                | -            | (2,900)               |
| Additions                                | 23,687                      | 1,472                | -            | -                     |
| Transfers                                | 24,582                      | (25,393)             | -            | -                     |
| Increase due to business acquisitions    | -                           | -                    | 10,680       | (1,000)               |
| Values at the end of the year            | 88,802                      | 10,490               | 142,904      | (130,600)             |
| <b>Amortization</b>                      |                             |                      |              |                       |
| Accumulated at the beginning of the year | 15,573                      | 16,152               | 11,997       | (5,100)               |
| Translation differences                  | 2,391                       | 3,509                | -            | -                     |
| Amortization charge                      | 14,580                      | 4,850                | 8,885        | (8,800)               |
| Transfers                                | 9,557                       | (15,950)             | -            | -                     |
| Accumulated at the end of the year       | 42,101                      | 8,561                | 20,882       | (14,000)              |
| At December 31, 2003                     | 46,701                      | 1,929                | 122,022      | (116,600)             |

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- (a) Corresponds to the Seamless segment  
 12 Investments in associated companies

|   | Year ended December 31, |      |
|---|-------------------------|------|
|   | 2004                    | 2003 |
| At the beginning of year                            | 45,814                  | 14,3 |
| Translation differences                             | (21,094)                | 2,1  |
| Equity in earnings (losses) of associated companies | 122,911                 | 27,5 |
| Dividends and distributions received                | (48,598)                |      |
| Acquisitions  | 418                     | 1,8  |
| Sales   | -                       | (10  |
| At the end of year                                  | 99,451                  | 45,8 |

24

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

- 12 Investments in associated companies (Cont'd.)

The principal associated companies are:

| Company                                   | Country of incorporation | Percentage of ownership and voting rights at December 31, |        | Value |
|---|--------------------------|---|--------|-------|
|   |                          | 2004  | 2003   |       |
| Consortio Siderurgia Amazonia Ltd. (a)    | Cayman Islands           | 14.49%  | 14.49% | 7     |
| Ylopa Servicios de Consultadoria Lda. (b) | Madeira                  | 24.40%  | 24.40% |       |
| Conducid C.A.                             | Venezuela                | 20.00%  | 20.00% |       |
| Others                                    |                          |   |        |       |

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

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management -See Note 25 (ii)-.

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

13 Other investments - non current

|                                   | Year ended December 31, |      |
|-----------------------------------|-------------------------|------|
|                                   | 2004                    | 2003 |
| Deposits with insurance companies | 11,315                  |      |
| Investments in other companies    | 12,702                  |      |
| Others                            | 378                     |      |
|                                   | 24,395                  |      |

14 Receivables - non current

|  | Year ended December 31, |      |
|--|-------------------------|------|
|  | 2004                    | 2003 |
| Government entities                            | 4,064                   |      |
| Employee advances and loans                    | 5,086                   |      |
| Tax credits                                    | 8,455                   |      |
| Trade receivables                              | 1,112                   |      |
| Advances to suppliers                          | 4,750                   |      |
| Ylopa Convertible Loan (Note 25 (ii))          | 121,955                 |      |
| Receivables on off-take Contract               | 7,338                   |      |
| Miscellaneous                                  | 11,777                  |      |
|  | 164,537                 |      |
| Allowances for doubtful accounts (Note 22 (i)) | (13,172)                |      |
|  | 151,365                 |      |

25

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

15 Inventories

|  | Year ended December 31, |      |
|--|-------------------------|------|
|  | 2004                    | 2003 |

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|    |   |                         |       |
|----|---|-------------------------|-------|
|    | Finished goods                                      | 526,623                 | 360   |
|    | Goods in process                                    | 256,203                 | 158   |
|    | Raw materials                                       | 196,141                 | 111   |
|    | Supplies  | 214,604                 | 173   |
|    | Goods in transit                                    | 143,021                 | 74    |
|    |   | -----                   | ----- |
|    |   | 1,336,592               | 879   |
|    | Allowance for obsolescence (Note 23 (i))            | (67,122)                | (47)  |
|    |   | -----                   | ----- |
|    |   | 1,269,470               | 831   |
| 16 | Receivables and prepayments                         |                         |       |
|    |   | Year ended December 31, |       |
|    |   | -----                   | ----- |
|    |   | 2004                    | 2003  |
|    | V.A.T. credits                                      | 82,580                  | 34    |
|    | Prepaid taxes                                       | 12,416                  | 29    |
|    | Reimbursements and other services receivable        | 33,306                  | 11    |
|    | Government entities                                 | 15,999                  | 14    |
|    | Employee advances and loans                         | 8,281                   | 13    |
|    | Advances to suppliers                               | 35,397                  | 19    |
|    | Other advances                                      | 21,222                  | 18    |
|    | Government tax refunds on exports                   | 19,683                  | 14    |
|    | Fintecna arbitration award (Note 25 (i))            | 126,126                 |       |
|    | Miscellaneous                                       | 27,782                  | 15    |
|    |   | -----                   | ----- |
|    |   | 382,792                 | 170   |
|    | Allowance for other doubtful accounts (Note 23 (i)) | (8,346)                 | (5)   |
|    |   | -----                   | ----- |
|    |   | 374,446                 | 165   |
|    |   | -----                   | ----- |
| 17 | Trade receivables                                   |                         |       |
|    |   | Year ended December 31, |       |
|    |   | -----                   | ----- |
|    |   | 2004                    | 2003  |
|    | Current accounts                                    | 877,213                 | 60    |
|    | Notes receivables                                   | 83,882                  | 7     |
|    |   | -----                   | ----- |
|    |   | 961,095                 | 67    |
|    | Allowance for doubtful accounts (Note 23 (i))       | (24,164)                | (2)   |
|    |   | -----                   | ----- |
|    |   | 936,931                 | 65    |
|    |   | -----                   | ----- |

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|      |   | Year ended December 31, |       |
|------|---|-------------------------|-------|
|      |   | 2004                    | 2003  |
| (i)  | Other investments                             |                         |       |
|      | Trust funds                                   | 119,666                 | 138,  |
| (ii) | Cash and cash equivalents                     |                         |       |
|      | Cash and short-term highly liquid investments | 311,573                 | 247,  |
|      | Time deposits with related parties            | 6                       |       |
|      |   | 311,579                 | 247,  |
| 19   | Borrowings                                    |                         |       |
|      |   | Year ended December 31, |       |
|      |   | 2004                    | 2003  |
|      | Non-current                                   |                         |       |
|      | Bank borrowings                               | 372,275                 | 299,9 |
|      | Debentures and other loans                    | 40,845                  | 65,3  |
|      | Finance lease liabilities                     | 7,631                   | 9,4   |
|      |   | 420,751                 | 374,7 |
|      | Current                                       |                         |       |
|      | Bank borrowings                               | 530,949                 | 272,7 |
|      | Bank overdrafts                               | 4,255                   | 9,8   |
|      | Debentures and other loans                    | 300,856                 | 171,0 |
|      | Finance lease liabilities                     | 2,531                   | 5,2   |
|      |   | 838,591                 | 458,8 |
|      | Total Borrowings                              | 1,259,342               | 833,6 |

The maturity of borrowings is as follows:

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

Significant borrowings obtained in previous years include a USD150.0 million three-year syndicated loan obtained by Tamsa in 2003 and maturing in December 2006. The most significant financial covenants under the Tamsa loan agreement are the maintenance of minimum levels of working capital, the commitment not to incur in additional indebtedness above agreed limits or

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pledges on certain assets and compliance with debt service ratios calculated on Tamsa's financial statements.

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

27

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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### 19 Borrowings (Cont'd.)

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

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

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

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

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

#### Bank borrowings non current

| Currency | Interest rates | Year ended December 31, |         |
|----------|----------------|-------------------------|---------|
|          |                | 2004                    | 2003    |
|          |                |                         |         |
| USD      | Variable       | 215,730                 | 240,928 |
| EUR      | Variable       | 160,026                 | 160,399 |
| EUR      | Fixed          | 9,794                   | -       |
| JPY      | Variable       | 48,170                  | -       |
| JPY      | Fixed          | 27,065                  | 45,082  |
| BRS      | Variable       | 24,099                  | 15,783  |
| MXN      | Variable       | 24,406                  | -       |



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|   |           |           |
|---|-----------|-----------|
|   | 509,290   | 462,192   |
| Less: Current portion of medium and long-term loans | (137,015) | (162,227) |
| Total Bank borrowings non current                   | 372,275   | 299,965   |

Debentures and other loans non current

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

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

28

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

19 Borrowings (Cont'd.)

Finance lease liabilities non current

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

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|                                  |       |       |
|----------------------------------|-------|-------|
| Total finance leases non current | 7,631 | 9,439 |
|----------------------------------|-------|-------|

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

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

20 Deferred income tax

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

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

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

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

Deferred tax liabilities

|  | Fixed assets | Inventories | Other (a) |
|--|--------------|-------------|-----------|
| At beginning of year                             | 232,791      | 52,637      | 132,9     |
| Translation differences                          | 6,449        | 94          | 2,0       |
| Increase due to business combinations            | -            | -           | 3         |
| Acquisition of minority interest in subsidiaries | 20           | 276         | (33       |
| Income statement (credit)/charge                 | (35,017)     | 10,446      | (30,75    |
| At end of year                                   | 204,243      | 63,453      | 104,2     |

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

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29

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

20 Deferred income tax (Cont'd.)

Deferred tax assets

|  | Provisions<br>and<br>allowances | Inventories | Tax losses<br>(a) | Other    |
|--|---------------------------------|-------------|-------------------|----------|
| At beginning of year                             | (75,925)                        | (28,307)    | (8,287)           | (18,319) |
| Translation differences                          | (7,365)                         | (316)       | (351)             | (1,000)  |
| Acquisition of minority interest in subsidiaries | (49)                            | -           | -                 | -        |
| Income statement charge/(credit)                 | 20,710                          | (12,669)    | (7,069)           | (21,000) |
| At end of year                                   | (62,629)                        | (41,292)    | (15,707)          | (41,319) |

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

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

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

The amounts shown in the balance sheet include the following:

|  | Year ended De |
|--|---------------|
|  | 2004          |
| Deferred tax assets to be recovered after more than 12 months    | (31,869)      |
| Deferred tax liabilities to be settled after more than 12 months | 246,072       |

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21 Other liabilities

|     |   | Year ended December 31, |         |
|-----|---|-------------------------|---------|
|     |   | 2004                    | 2003    |
| (i) | Non-current                                     |                         |         |
|     | Employee liabilities                            |                         |         |
|     | Employees' statutory profit sharing             | 68,917                  | 51,111  |
|     | Employees' severance indemnity (a)              | 71,759                  | 66,429  |
|     | Pension benefits (b)                            | 11,578                  | 8,566   |
|     |   | 152,254                 | 126,106 |
|     | Accounts payable - Settlement BHP (Note 25 (i)) | -                       | 54,690  |
|     | Other liabilities                               |                         |         |
|     | Taxes payable                                   | 8,757                   | 8,340   |
|     | Miscellaneous                                   | 11,431                  | 2,390   |
|     |   | 20,188                  | 10,730  |
|     |   | 172,442                 | 191,546 |

30

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

21 Other liabilities (Cont'd.)

(a) Employees' severance indemnity

The amounts recognized in the balance sheet are as follows:

|  | Year ended December 31, |        |
|--|-------------------------|--------|
|  | 2004                    | 2003   |
| Total included in non-current Employee liabilities | 71,759                  | 66,429 |

The amounts recognized in the income statement are as follows:

|  | Year ended December 31, |      |
|--|-------------------------|------|
|  | 2004                    | 2003 |

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|                               |        |       |
|-------------------------------|--------|-------|
| Current service cost          | 9,999  | 7,291 |
| Interest cost                 | 2,908  | 2,697 |
|                               | -----  | ----- |
| Total included in Labor costs | 12,907 | 9,988 |
|                               | -----  | ----- |

The principal actuarial assumptions used were as follows:

|                               |                     |       |
|-------------------------------|---------------------|-------|
|                               | Year ended December |       |
|                               | -----               | ----- |
|                               | 2004                | 2003  |
| Discount rate                 | 4%                  | 5%    |
| Rate of compensation increase | 3%                  | 4%    |

(b) Pension benefits

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

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

The amounts recognized in the income statement are as follows:

|   |                     |       |
|---|---------------------|-------|
|   | Year ended December |       |
|   | -----               | ----- |
|   | 2004                | 2003  |
| Current service cost                                | 571                 | 381   |
| Interest cost                                       | 875                 | 637   |
| Net actuarial (gains) losses recognized in the year | 2,870               | 53    |
|   | -----               | ----- |
| Total included in Labor costs                       | 4,316               | 1,071 |
|   | -----               | ----- |

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Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

21 Other liabilities (Cont'd.)

(b) Pension benefits(Cont'd.)

Movement in the liability recognized in the balance sheet:

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

The principal actuarial assumptions used were as follows:

|                               | Year ended December |      |
|-------------------------------|---------------------|------|
|                               | 2004                | 2003 |
| Discount rate                 | 7%                  | 7%   |
| Rate of compensation increase | 2%                  | 2%   |

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

22 Non-current provisions

(i) Deducted from assets

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

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

32

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

22 Non-current provisions (Cont'd.)

(ii) Liabilities

|  | Legal claims and<br>contingencies |
|--|-----------------------------------|
|  | -----                             |
| Year ended December 31, 2004           |                                   |
| Values at the beginning of the year    | 23,333                            |
| Translation differences                | 800                               |
| Increased due to business combinations | 2,355                             |
| Reversals / Additional provisions      | 7,438                             |
| Used                                   | (2,150)                           |
|  | -----                             |
| At December 31, 2004                   | 31,776                            |
|  | -----                             |
| Year ended December 31, 2003           |                                   |
| Values at the beginning of the year    | 33,874                            |
| Translation differences                | 2,990                             |
| Reversals / Additional provisions      | (379)                             |
| Used                                   | (13,152)                          |
|  | -----                             |
| At December 31, 2003                   | 23,333                            |
|  | -----                             |

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23 Current provisions  
(i) Deducted from assets

|                                       | Allowance for<br>doubtful accounts-<br>Trade receivables | Allowance for other<br>doubtful accounts-<br>Other receivables |
|---------------------------------------|--|--|
| Year ended December 31, 2004          |  |  |
| Values at the beginning of the year   | (24,003)   | (5,761)  |
| Translation differences               | (611)  | (83)   |
| Reversals /Additional provisions      | (7,402)  | (2,043)  |
| Increase due to business combinations | (835)  | (484)  |
| Used                                  | 8,687  | 25   |
| At December 31, 2004                  | (24,164)   | (8,346)  |
| Year ended December 31, 2003          |  |  |
| Values at the beginning of the year   | (25,333)   | (5,997)  |
| Translation differences               | (1,321)  | (327)  |
| Reversals /Additional provisions      | (5,282)  | 544  |
| Used                                  | 7,933  | 19   |
| At December 31, 2003                  | (24,003)   | (5,761)  |

33

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

23 Current provisions (Cont'd.)  
(ii) Liabilities

|                                       | BHP Provision | Sales risks | Other claims a<br>contingencie |
|---------------------------------------|---------------|-------------|--------------------------------|
| Year ended December 31, 2004          |               |             |                                |
| Values at the beginning of the year   | -             | 4,065       | 3                              |
| Translation differences               | -             | 341         |                                |
| Reversals / Additional provisions     | -             | 6,254       |                                |
| Used                                  | -             | (5,151)     | (1)                            |
| Increase due to business combinations | -             | -           |                                |
| At December 31, 2004                  | -             | 5,509       | 3                              |
| Year ended December 31, 2003          |               |             |                                |



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|                                       |          |         |     |
|---------------------------------------|----------|---------|-----|
| Values at the beginning of the year   | 44,066   | 4,259   | 2   |
| Translation differences               | 6,015    | 715     |     |
| Reversals / Additional provisions     | 5,995    | 3,087   |     |
| Used (*)                              | (56,076) | (3,996) | (5) |
| Increase due to business combinations | -        | -       |     |
| At December 31, 2003                  | -        | 4,065   | 3   |

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

24 Derivative financial instruments

Net fair values of derivative financial instruments

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

|                                      | Year ended December |      |
|--------------------------------------|---------------------|------|
|                                      | 2004                | 2003 |
| Contracts with positive fair values: |                     |      |
| Interest rate swap contracts         | 192                 |      |
| Forward foreign exchange contracts   | 12,163              |      |
| Commodities contracts                | -                   |      |
| Contracts with negative fair values: |                     |      |
| Interest rate swap contracts         | (3,595)             |      |
| Forward foreign exchange contracts   | (3,749)             |      |
| Commodities contracts                | (283)               |      |

34

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

24 Derivative financial instruments (Cont'd.)

Derivative financial instruments breakdown is as follows:

Variable interest rate swaps

| Notional amount<br>(in thousands) | Swap | Term | Fair Value   |      |
|-----------------------------------|------|------|--------------|------|
|                                   |      |      | December 31, |      |
|                                   |      |      | 2004         | 2003 |
|                                   |      |      |              |      |

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|     |         |                            |      |         |
|-----|---------|----------------------------|------|---------|
| EUR | 111,975 | Pay fixed/Receive variable | 2005 | (1,493) |
| EUR | 22,608  | Pay fixed/Receive variable | 2007 | (853)   |
| MXN | 275,000 | Pay fixed/Receive variable | 2007 | (148)   |
| EUR | 1,488   | Pay fixed/Receive variable | 2009 | (152)   |
| EUR | 6,956   | Pay fixed/Receive variable | 2010 | (757)   |
|     |         |                            |      | (3,403) |
|     |         |                            |      |         |

Exchange rate derivatives

| Currencies | Contract                         | Fair Value<br>December 31, |    |
|------------|----------------------------------|----------------------------|----|
|            |                                  | 2004                       | 20 |
| USD/EUR    | Euro Forward sales               | (107)                      |    |
| USD/EUR    | Euro Forward purchases           | 1,083                      |    |
| USD/EUR    | Currency options and collars     | -                          | (  |
| JPY/USD    | Japanese Yen Forward purchases   | 5,388                      |    |
| JPY/EUR    | Japanese Yen Forward purchases   | -                          |    |
| CAD/USD    | Canadian Dollar Forward sales    | (1,108)                    | (  |
| BRL/USD    | Brazilian Real Forward sales     | (1,885)                    |    |
| ARS/USD    | Argentine Peso Forward purchases | 2,154                      |    |
| GBP/USD    | Pound Sterling Forward purchases | 3,449                      |    |
| USD/MXN    | Mexican Peso Forward sales       | (560)                      |    |
|            |                                  | 8,414                      |    |
|            |                                  |                            |    |

Commodities price derivatives

| Contract         | Terms     | Fair Value<br>December |    |
|------------------|-----------|------------------------|----|
|                  |           | 2004                   | 20 |
| Gas call options | 2004      | -                      |    |
| Gas put options  | 2004-2005 | (283)                  |    |
| Oil call options | 2004      | -                      |    |
| Oil put options  | 2004      | -                      | (  |
| Oil call options | 2004      | -                      |    |
| Oil put options  | 2004      | -                      |    |
|                  |           | (283)                  |    |
|                  |           |                        |    |

25 Contingencies, commitments and restrictions on the distribution of profits

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

35

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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

(i) BHP litigation and arbitration proceeding against Fintecna

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

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

(ii) Consorcio Siderurgia Amazonia, Ltd.

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

During 2003, as part of the 2003 Restructuring, Tenaris acquired a 24.4% equity stake in Ylopa, a special purpose vehicle incorporated in Madeira, created to support Sidor and Amazonia in their financial restructuring. The acquisition was made by means of an aggregate cash contribution of USD32.9 million, primarily in the form of debt. As a result of the consummation of the

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2003 Restructuring, Ylopa (a) became Sidor's creditor (in a "Participation Account Agreement") of a non-interest bearing loan, payable if and when Sidor reaches certain financial goals defined as "Excess Cash", and (b) received debt instruments of Amazonia, convertible into 67.4% of the common stock of Amazonia at Ylopa's choice ("the convertible debt instrument"), which were valued by these companies at their respective fair value.

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

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

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

36

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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

(iii) Tax claims

Conversion of tax-loss carry-forwards

On December 18, 2000, the Argentine tax authorities notified Siderca of an income tax assessment related to the conversion of tax loss carry-forwards into Debt Consolidation Bonds under Argentine Law No. 24.073. The adjustments proposed by the tax authorities represent an estimated contingency of AR\$59.4 million (approximately USD20.3 million) at December 31, 2004 in taxes and penalties. Based on the views of Siderca's tax advisors, Tenaris believes that the ultimate resolution of the matter will not result in a material obligation. Accordingly, no provision was recorded in these financial statements.

Application of inflation adjustment procedures

In their respective tax returns for the year ended December 31, 2002, Siderca and Siat S.A., (another subsidiary of Tenaris domiciled in Argentina), used the inflation adjustment procedure set forth in Title VI of the Argentine Income Tax Law to reflect the impact of inflation on their monetary positions. The application of such procedure, however, had been suspended in March 1992 following the introduction of the convertibility regime that pegged the Peso to the United States dollar at a fixed rate of AR\$1=USD1 and was not reinstated after the termination of the convertibility regime.

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

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

### (iv) Other Proceedings

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

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

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

37

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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

### (v) Commitments

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

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

The agreements among the parties provide that, if during the eight-year

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

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

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

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

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

38

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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

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### (v) Commitments (Cont'd.)

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

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

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

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

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

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

### (vi) Restrictions on the distribution of profits

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

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

|  |         |
|--|---------|
| Share capital                                      | 1,180,5 |
| Legal reserve                                      | 118,0   |
| Share premium                                      | 609,7   |
| Other distributable reserves                       |         |
| Retained earnings                                  | 536,4   |
|  | -----   |
| Total shareholders equity according Luxembourg law | 2,444,8 |
|  | -----   |

39

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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

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

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

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

|   |         |
|---|---------|
| Distributable reserve and retained earnings at December 31, 2003 under Luxembourg Law | 298,0   |
| Dividends and distribution received   | 292,5   |
| Other income and expenses for the year 2004   | 80,8    |
| Dividends paid  | (135,05 |
| Increase in reserve due to capital increase (see Note 28 (b))                         |         |
|   | -----   |
| Distributable reserve and retained earnings at December 31, 2004 under Luxembourg law | 536,5   |
|   | -----   |

26      Ordinary shares and share premium

-----  
Number of Ordinary s

2004



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|                                       |               |
|---------------------------------------|---------------|
| At January 1                          | 1,180,287,664 |
| Net issue of shares (see Note 28 (b)) | 249,166       |
|                                       | -----         |
| At December 31                        | 1,180,536,830 |
|                                       | -----         |

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

### 27 Minority interest

|  | Year ended December 31, |          |       |
|--|-------------------------|----------|-------|
|  | 2004                    | 2003     | 2002  |
| At beginning of year                             | 119,984                 | 186,783  | (7)   |
| Currency translations differences                | 9,478                   | 16,738   | (7)   |
| Share of net profit of subsidiaries              | 20,278                  | 12,129   | (7)   |
| Acquisition and increases                        | 21,106                  | 458      | (7)   |
| Exchange of shares of Siderca, Dalmine and Tamsa | -                       | (44,887) | (7)   |
| Sales  | (649)                   | (37,173) | (7)   |
| Dividends (*)                                    | (4,926)                 | (14,064) | (7)   |
|  | -----                   | -----    | ----- |
| At end of year                                   | 165,271                 | 119,984  | (7)   |
|  | -----                   | -----    | ----- |

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

40

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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

#### (a) 2002 Exchange Offer

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

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

#### (b) Subsequent acquisitions and residual offers

Acquisition of Remaining Minority Interest in Tamsa and Capital Increase

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

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

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

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

### Subsequent acquisition of Dalmine Shareholding

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

### Acquisition of Remaining Minority Interest in Siderca

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

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

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### 29 Business and other acquisitions

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

On January 23, 2004 Tenaris Investments Limited was incorporated in Ireland to assist the financial activities of the Company and its other subsidiaries; on

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that date, Tenaris underwrote all of the common shares of the new company and increased the subsidiary's capital stock to USD50.0 million.

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

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

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

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

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

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

The assets and liabilities arising from acquisitions are as follows:

|   | Year ended Decem<br>2004 |
|---|--------------------------|
|   | -----                    |
| Other assets and liabilities (net)                      | (25,060)                 |
| Property, plant and equipment                           | 191,097                  |
| Goodwill  | -                        |
|   | -----                    |
| Net assets acquired                                     | 166,037                  |
| Minority interest                                       | (8,034)                  |
| Total non-current liabilities (*)                       | (60,408)                 |
|   | -----                    |
| Total liabilities assumed                               | (60,408)                 |
|   | -----                    |
| Sub-total   | 97,595                   |
|   | -----                    |
| Cash - acquired   | 5,177                    |
| Fair value adjustment of minority interest acquired     | -                        |
| Common stock issued in acquisition of minority interest | 820                      |

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|                        |         |
|------------------------|---------|
| Purchase consideration | 103,592 |
|------------------------|---------|

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

42

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

29 Business and other acquisitions (Cont'd.)

Details of net assets acquired and goodwill are as follows:

|                                 | Year ended December 31, |
|---------------------------------|-------------------------|
|                                 | 2004                    |
| Purchase consideration          | 103,592                 |
| Fair value of acquired business | (103,592)               |
|                                 | -----                   |
| Goodwill                        | -                       |

30 Related party transactions

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

The following transactions were carried out with related parties:

|                                 | Year ended December 31, |        |      |
|---------------------------------|-------------------------|--------|------|
|                                 | 2004                    | 2003   | 2002 |
| (i) Transactions                |                         |        |      |
| (a) Sales of goods and services |                         |        |      |
| Sales of goods                  | 72,932                  | 57,865 |      |
| Sales of services               | 24,983                  | 11,811 |      |
|                                 | -----                   | -----  |      |
|                                 | 97,915                  | 69,676 |      |

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|                                     |         |         |
|-------------------------------------|---------|---------|
| (b) Purchases of goods and services |         |         |
| Purchases of goods                  | 63,132  | 70,984  |
| Purchases of services               | 58,831  | 64,793  |
|                                     | 121,963 | 135,777 |
| (c) Acquisitions of subsidiaries    | -       | (304)   |

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

43

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

30 Related party transactions (Cont'd.)

|                                      | At December 31, |         |
|--------------------------------------|-----------------|---------|
|                                      | 2004            | 2003    |
| (c) Other balances                   |                 |         |
| Trust fund                           | 119,666         | 118,087 |
| Convertible debt instruments - Ylopa | 121,955         | 33,508  |
|                                      | 241,621         | 151,595 |

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(d) Financial debt

|                               |          |         |
|-------------------------------|----------|---------|
| Borrowings and overdrafts (2) | (56,906) | (5,716) |
| Borrowings from trust fund    | -        | (1,789) |
|                               | (56,906) | (7,505) |

(1) Includes liabilities with Ylopa (USD10,590 at December 31, 2003)

(2) Includes borrowings from Sidor to Matesi (USD51,457 at December 31, 2004)

(iii) Officers and director's compensation

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

31 Cash flow disclosures

|       |  | Year ended December 31, |           |             |
|-------|--|-------------------------|-----------|-------------|
|       |  | 2004                    | 2003      | 2002        |
| (i)   | Changes in working capital   |                         |           |             |
|       | Inventories  | (411,045)               | (151,766) | (1,000,000) |
|       | Receivables and prepayments  | (82,845)                | 10,900    | (1,000,000) |
|       | Trade receivables  | (271,225)               | 4,142     | (1,000,000) |
|       | Other liabilities  | (37,443)                | 39,585    | (1,000,000) |
|       | Customer advances  | 72,678                  | 17,636    | (1,000,000) |
|       | Trade payables   | 108,693                 | (27,653)  | (1,000,000) |
|       |  | (621,187)               | (107,156) | (1,000,000) |
| (ii)  | Income tax accruals less payments  |                         |           |             |
|       | Tax accrued (*)  | 220,376                 | 63,918    | (1,000,000) |
|       | Taxes paid   | (175,717)               | (202,488) | (1,000,000) |
|       |  | 44,659                  | (138,570) | (1,000,000) |
| (*)   | In 2002 does not include a tax recovery of USD36.8 millions (see Note 8) |                         |           |             |
| (iii) | Interest accruals less payments, net                                     |                         |           |             |
|       | Interest accrued   | 32,683                  | 16,708    | (1,000,000) |
|       | Interest paid net  | (15,710)                | (19,740)  | (1,000,000) |
|       |  | 16,973                  | (3,032)   | (1,000,000) |

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

32 Principal subsidiaries

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

| Company  | Country of Organization | Main activity   |
|--|-------------------------|---|
| Algoma Tubes Inc.  | Canada                  | Manufacturing of seamless steel pipes                     |
| Confab Industrial S.A. and subsidiaries (b)                | Brazil                  | Manufacturing of welded steel pipes and capital goods     |
| Corporacion Tamsa S.A.                                     | Mexico                  | Sale of seamless steel pipes                              |
| Dalmine Holding B.V. and subsidiaries                      | Netherlands             | Holding company   |
| Dalmine S.p.A.   | Italy                   | Manufacturing of seamless steel pipes                     |
| Empresas Riga S.A. de C.V.                                 | Mexico                  | Manufacturing of welded fittings for seamless steel pipes |
| Exiros S.A.  | Uruguay                 | Procurement services for industrial companies             |
| Information Systems and Technologies N.V. and subsidiaries | Netherlands             | Software development and maintenance                      |
| Inmobiliaria Tamsa S.A. de C.V.                            | Mexico                  | Leasing of real estate                                    |
| Insirger S.A. and subsidiaries                             | Argentina               | Electric power generation                                 |

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|  |             |   |
|--|-------------|---|
| Intermetal Com SRL (a)                   | Romania     | Marketing of Scrap and other raw materials                    |
| Invertub S.A. and subsidiaries           | Argentina   | Holding company   |
| Lomond Holdings B.V. and subsidiaries    | Netherlands | Procurement services for industrial companies                 |
| Matesi, Materiales Siderurgicos S.A. (a) | Venezuela   | Production of hot briquetted iron (HBI).                      |
| Metalcentro S.A.                         | Argentina   | Manufacturing of pipe-end protectors and lateral impact tubes |
| Metalmecanica S.A.                       | Argentina   | Manufacturing steel products for oil extraction               |
| NKKTubes K.K.                            | Japan       | Manufacturing of seamless steel pipes                         |
| S.C. Silcotub S.A. and subsidiary (a)    | Romania     | Manufacturing of seamless steel pipes                         |
| Scrapservice S.A.                        | Argentina   | Processing of scrap   |
| Siat S.A.                                | Argentina   | Manufacturing of welded steel pipes                           |
| Siderca International A.p.S.             | Denmark     | Holding company   |
| Siderca S.A.I.C.                         | Argentina   | Manufacturing of seamless steel pipes                         |

45

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

32 Principal subsidiaries (Cont'd.)

| Company | Country of Organization | Main activity | Per |
|---------|-------------------------|---------------|-----|
|---------|-------------------------|---------------|-----|



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|   |               |   |
|---|---------------|---|
| Siderestiba S.A.                          | Argentina     | Logistics   |
| Sidtam Limited                            | B.V.I.        | Holding company   |
| SO.PAR.FI Dalmine Holding S.A.            | Luxembourg    | Holding company   |
| Sociedad Industrial Puntana S.A.          | Argentina     | Manufacturing of steel products   |
| Socominter Far East Ltd.                  | Singapore     | Marketing of steel products   |
| Socominter Ltda.                          | Chile         | Marketing of steel products   |
| Socominter S.A.                           | Venezuela     | Marketing of steel products   |
| Socover S.A. de C.V.                      | Mexico        | Marketing of steel products   |
| Talta - Trading e Marketing Lda. (a)      | Madeira       | Holding Company   |
| Tamsider LLC                              | USA           | Holding company   |
| Tamsider S.A. de C.V. and subsidiaries    | Mexico        | Promotion and organization of steel-related companies and marketing of steel products |
| Tamtrade S.A.de C.V.                      | Mexico        | Marketing of steel products   |
| Techint Investment Netherlands B.V.       | Netherlands   | Holding company   |
| Tenaris Autopartes S.A. de C.V.           | Mexico        | Manufacturing of supplies for the automotive industry                                 |
| Tenaris Confab Hastes de Bombeio (a)      | Brazil        | Manufacturing of steel products for oil extraction                                    |
| Tenaris Connections A.G. and subsidiaries | Liechtenstein | Ownership and licensing of steel technology   |
| Tenaris Financial Services S.A.           | Uruguay       | Financial Services  |

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|  |             |                               |
|--|-------------|-------------------------------|
| Tenaris Global Services B.V.   | Netherlands | Sales agent of steel products |
| Tenaris Global Services (Canada) Inc.  | Canada      | Marketing of steel products   |
| Tenaris Global Services de Bolivia S.R.L.<br>(previously Socominter de Bolivia S.R.L.) | Bolivia     | Marketing of steel products   |
| Tenaris Global Services (Japan) K.K.<br>(previously DST Japan K.K.)                    | Japan       | Marketing of steel products   |
| Tenaris Global Services Norway AS  | Norway      | Marketing of steel products   |
| Tenaris Global Services (Panama) S.A.  | Panama      | Marketing of steel products   |

46

32 Principal subsidiaries (Cont'd.)

| Company                                    | Country of Organization | Main activity                                   | Pe |
|--|-------------------------|---|----|
| Tenaris Global Services (UK) Ltd           | United Kingdom          | Marketing of steel products                     |    |
| Tenaris Global Services S.A.               | Uruguay                 | Holding company and marketing of steel products | 2  |
| Tenaris Global Services Ecuador S.A.       | Ecuador                 | Marketing of steel products                     |    |
| Tenaris Global Services Far East Pte. Ltd. | Singapore               | Marketing of steel products                     |    |
| Tenaris Global Services Korea              | Korea                   | Marketing of steel products                     |    |
| Tenaris Global Services LLC                | U.S.A.                  | Sales agent of steel products                   |    |
| Tenaris Global Services (B.V.I.) Ltd.      | B.V.I.                  | Holding company                                 |    |
| Tenaris Global Services Nigeria Ltd.       | Nigeria                 | Marketing of steel products                     |    |

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(Previously Tubular DST Nigeria Ltd.)

|   |                |  |
|---|----------------|--|
| Tenaris Global Services (Kazakhstan ) LLP (a) | Kazakhstan     | Marketing of steel products            |
| Tenaris Investments Ltd. (a)                  | Ireland        | Holding company                        |
| Tenaris West Africa Ltd.                      | United Kingdom | Finishing of steel pipes               |
| Texas Pipe Threaders Co.                      | U.S.A.         | Finishing and marketing of steel pipes |
| Tubman International Ltd. (a)                 | Gibraltar      | Holding company                        |
| Tubman Holdings (Gibraltar) LLP (a)           | Gibraltar      | Holding company                        |
| Tubos de Acero de Mexico S.A.                 | Mexico         | Manufacturing of seamless steel pipes  |
| Tubos de Acero de Venezuela S.A.              | Venezuela      | Manufacturing of seamless steel pipes  |

- (a) Incorporated or acquired during 2004
- (b) Tenaris holds 99% of the voting shares of Confab Industrial S.A. and has, directly or indirectly, the majority of voting rights in all of its subsidiaries.

Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 2002

33 Impact of New Accounting Pronouncements: International Financial Reporting Standards

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

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summary of those changes which could result in a material impact on the Tenaris consolidated financial statements from applying these revised standards.

(a) Presentation of minority interests to be changed

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

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

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

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

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

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

(c) IAS 16 Property, Plant and Equipment

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

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

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Carlos Condorelli  
Chief Financial Officer

48

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: February 28, 2005

Tenaris, S.A.

By: /s/ Cecilia Bilesio  
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Cecilia Bilesio  
Corporate Secretary