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 X 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 X

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

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

CONSOLIDATED INCOME STATEMENT

		Year ended Decem	
(all amounts in USD thousands, unless otherwise stated)	Notes	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

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.

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CONSOLIDATED BALANCE SHEET

(all amounts in USD thousands)	Notes	At December 31, 2004		At Decembe
ASSETS				
Non-current assets				
Property, plant and equipment, net	10	2,164,601		1,960,314
Intangible assets, net	11	49,211		54,037
Investments in associated companies	12	99,451		45,814
Other investments	13	24,395		23,155
Deferred tax assets	20	161,173		130,812
Receivables	14	151,365	2,650,196	59,521
Current assets				
Inventories	15	1,269,470		831,879
Receivables and prepayments	16	374,446		165,134
Trade receivables	17	936,931		652,782
Other investments	18 (i)	119,666		138,266
Cash and cash equivalents	18 (ii)	311,579	3,012,092	247,834
Total assets			5,662,288	

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.

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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 Capital	Legal Reserves	Share Premium	Other Distributable Reserve	Retained Earnings	Total	Adjustments to IFRS	Currency translation adjustments	R 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									

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

The Distributable Reserve and Retained Earnings calculated according to Luxembourg Law are disclo

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

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Tenaris S.A. Consolidated financial statements for the years ended December 31, 2004, 2003 and 20

CONSOLIDATED CASH FLOW STATEMENT

		Year ended De	
(all amounts in USD thousands)	Notes	2004	200
Cash flows from operating activities			
Net income		784,703	2
Depreciation and amortization	10 & 11	208,119	1
Provision for BHP proceeding	5 (ii) & 25 (i)	-	1
Fintecna arbitration award	25 (i)	(126,126)	
Income tax accruals less payments	31 (ii)	44,659	(13
Equity in (earnings) losses of associated companies	7	(206,037)	(2
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)	(10
Currency translation adjustment and others		(46,254)	
Net cash provided by operating activities		98,288	2

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.

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

ACCOUNTING POLICIES ("AP")

Index to accounting policies

ACCOUNTING POLICIES

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

A Business of the Company and basis of presentation

Tenaris S.A. (the "Company" or "Tenaris"), a Luxembourg corporation (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

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

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

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

See Note 32 for the list of the consolidated subsidiaries.

B Group accounting (Cont'd.)

(2) Associated companies

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

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

See Note 12 for a list of principal associated companies.

C Foreign Currency Translation

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

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

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

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

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

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

(2) Transactions in currencies other than the measurement currency

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

D Property, plant and equipment

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

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

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

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

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

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

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

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

E Impairment

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

At December 31, 2004, no impairment provisions were recorded other than the one on the electric power generating facility, as explained in Note 25 (v)(i). The impairment provision recorded in previous years by Amazonia on its investment in 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.

F Intangible assets (Cont'd.)

(2) Negative goodwill

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

(3) Information systems projects

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

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

(4) Research and development

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

(5) Licenses and patents

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

G Other investments

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

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

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

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

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

H Inventories

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

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

I Trade receivables

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

J Cash and cash equivalents

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

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

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

K Shareholders' equity

(1) Basis of presentation

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

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

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

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

K Shareholders' equity (Cont'd.)

(2) Dividends

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

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

L Borrowings

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

M Income Taxes - Current and Deferred

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

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

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

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

N Employee-related liabilities

(a) Employees' severance indemnity

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

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

N Employee-related liabilities (Cont'd.)

(b) Pension obligations

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

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

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

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

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

(c) Other compensation obligations

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

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

O Employees' statutory profit sharing

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

P Provisions and other liabilities

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

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

Q Revenue recognition

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

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

- 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.

FINANCIAL RISK MANAGEMENT

(1) Financial risk factors

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

(i) Foreign exchange rate risk

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

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

(ii) Interest rate risk

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

(iii) Concentration of credit risk

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

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

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

(iv) Liquidity risk

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

(2) Accounting for derivative financial instruments and hedging activities

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

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

FINANCIAL RISK MANAGEMENT (CONT'D.)

(3) Fair value estimation

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

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

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

INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1 Segment information

Primary reporting format: business segments

	Seamless	Welded and other metallic products	Energy	Others	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	

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.

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1 Segment information (Cont'd.)

Secondary reporting format: geographical segments

	South America	Europe	North America	Middle East and Africa	Far East and Oceania	U
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	
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	
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.

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

2 Cost of sales

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

3 Selling, general and administrative expenses

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

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

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

	Year ended December 3	
	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 3	
	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

(ii) Other operating expenses

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

6 Financial income (expenses), net

	Year ended December 3	
	2004	2003
Interest expense	(46,930)	(33,134)
Interest income	14,247	16,426
Net foreign exchange transaction gains/ (losses) and 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)

7 Equity in earnings (losses) of associated companies

	Year ended December 3	
	2004	2003
Equity in earnings (losses) of associated companies (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 3	
	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)

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 3	
	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

9 Earnings and dividends per share

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

	Year ended December 31,	
	2004	2003
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
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
Dividends paid	(135,053)	(115,002)
Dividends per share	0.11	0.10

10 Property, plant and equipment, net

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

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 e
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.

11 Intangible assets, net

Year ended December 31, 2004	Information system projects	Licenses and patents	Goodwill (a)	Negativ goodwil (a)
Cost				
Values at the beginning of the year	88,802	10,490	142,904	(130,6
Translation differences	3,850	579	164	(3,1
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,
Amortization				
Accumulated at the beginning of the year	42,101	8,561	20,882	(14,
Translation differences	2,695	522	172	
Amortization charge	21,600	1,105	9,350	(9,
Transfers/ Reclassifications	3,138	(887)	-	
Disposals	(545)	-	-	
Accumulated at the end of the year	68,989	9,301	30,404	(23,1
At December 31, 2004	45,595	1,727	112,664	(110,7

Year ended December 31, 2003	Information system projects	Licenses and patents	Goodwill (a)	Negativ goodwil (a)
Cost				
Values at the beginning of the year	35,348	30,381	132,224	(126,7
Translation differences	5,185	4,030	-	(2,9
Additions	23,687	1,472	-	
Transfers	24,582	(25,393)	-	
Increase due to business acquisitions	-	-	10,680	(1,0
Values at the end of the year	88,802	10,490	142,904	(130,6
Amortization				
Accumulated at the beginning of the year	15,573	16,152	11,997	(5,1
Translation differences	2,391	3,509	-	
Amortization charge	14,580	4,850	8,885	(8,8
Transfers	9,557	(15,950)	-	
Accumulated at the end of the year	42,101	8,561	20,882	(14,0
At December 31, 2003	46,701	1,929	122,022	(116,6

(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

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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	200
Consorcio Siderurgia Amazonia Ltd. (a)	Cayman Islands	14.49%	14.49%	7
Ylopa Servicos de Consultadoria Lda. (b)	Madeira	24.40%	24.40%	
Condusid 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 management -See Note 25 (ii)-.

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

13 Other investments - non current

	Year ended December 31,	
	2004	2003
Deposits with insurance companies	11,315	
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	

15 Inventories

	Year ended December 31,	
	2004	2003

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

18 Cash and cash equivalents, and Other investments

		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 or less	1 - 2 years	2 - 3 years	3 - 4 Years	4 - 5 years	Over 5 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 pledges on certain assets and compliance with debt service ratios calculated on Tamsa's financial statements.

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

19 Borrowings (Cont'd.)

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

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

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

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

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

Bank borrowings non current

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

	2004	2003
	509,290	462,192
Less: Current portion of medium and long-term loans	(137,015)	(162,227)
Total Bank borrowings non current	372,275	299,965

Debentures and other loans non current

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

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

19 Borrowings (Cont'd.)

Finance lease liabilities non current

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

Total finance leases non current	7,631	9,439

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

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

20 Deferred income tax

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

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

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

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

Deferred tax liabilities

	Fixed assets	Inventories	Other (a
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

20 Deferred income tax (Cont'd.)

Deferred tax assets

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

(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

21 Other liabilities

		Year ended December 31,	
(i)	Non-current	2004	2003
	Employee liabilities		
	Employees' statutory profit sharing	68,917	51,11
	Employees' severance indemnity (a)	71,759	66,42
	Pension benefits (b)	11,578	8,56
		152,254	126,10
	Accounts payable - Settlement BHP (Note 25 (i))	-	54,69
	Other liabilities		
	Taxes payable	8,757	8,34
	Miscellaneous	11,431	2,39
		20,188	10,74
		172,442	191,54

21 Other liabilities (Cont'd.)