

Ternium S.A.  
Form 6-K  
August 01, 2013

**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 7/31/2013**

**Ternium S.A.**

(Translation of Registrant's name into English)

**Ternium S.A.**  
**29, Avenue de la Porte-Neuve**

**L-2227 Luxembourg**

**(352) 2668-3152**

(Address of principal executive offices)

Edgar Filing: Ternium S.A. - Form 6-K

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):

**Not applicable**

---

Edgar Filing: Ternium S.A. - Form 6-K

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 Ternium S.A.'s consolidated financial statements as of June 30, 2013.

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.

TERNIUM S.A.

By: /s/ Pablo Brizzio

By: /s/ Daniel Novegil

Name: Pablo Brizzio

Name: Daniel Novegil

Title: Chief Financial Officer

Title: Chief Executive Officer

Dated: July 31, 2013

---

**TERNIUM S.A.**

**Consolidated Condensed Interim Financial Statements as of June 30, 2013**

**and for the six-month periods**

**ended on June 30, 2013 and 2012**

29 Avenue de la Porte-Neuve, 3<sup>rd</sup> floor

L – 2227

R.C.S. Luxembourg: B 98 668

---

**INDEX**

	<b>Page</b>
Report of Independent Registered Public Accounting Firm	1
Consolidated Condensed Interim Statements of Profit or Loss	2
Consolidated Condensed Interim Statements of Other Comprehensive Income	3
Consolidated Condensed Interim Statements of Financial Position	4
Consolidated Condensed Interim Statements of Changes in Equity	5
Consolidated Condensed Interim Statements of Cash Flows	7
Notes to the Consolidated Condensed Interim Financial Statements	
1 General information and basis of presentation	8
2	9
3	10
4	11
5	14
6	14
7	15
8	15
9	15
10 Investments in non-consolidated companies	16
11 Distribution of dividends	17
12 Contingencies, commitments and restrictions on the distribution of profits	18
13 Related party transactions	20
14 Fair value measurement	21

---

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of

June 30, 2013

and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Profit or Loss**

		Three-month period ended June 30,		Six-month period ended June 30,	
	Notes	2013	2012	2013	2012
		(Unaudited)		(Unaudited)	
Net sales	4	2,134,440	2,157,216	4,270,170	4,339,147
Cost of sales	4 & 5	(1,653,788)	(1,687,696)	(3,310,884)	(3,385,614)
<b>Gross profit</b>	4	480,652	469,520	959,286	953,533
Selling, general and administrative expenses	4 & 6	(215,784)	(211,382)	(422,950)	(414,570)
Other operating income, net	4	11,139	825	11,477	4,184
<b>Operating income</b>	4	276,007	258,963	547,813	543,147
Interest expense		(30,350)	(40,388)	(63,720)	(77,303)
Interest income		2,931	2,678	6,615	11,489
Other financial (expenses) income, net	7	(11,087)	(4,789)	(22,154)	9,312
Equity in losses of non-consolidated companies (1)		(10,281)	(19,584)	(26,165)	(35,003)
<b>Income before income tax expense</b>		227,220	196,880	442,389	451,642
Income tax expense		(92,804)	(81,482)	(156,554)	(165,088)
<b>Profit for the period</b>		<b>134,416</b>	<b>115,398</b>	<b>285,835</b>	<b>286,554</b>
<b>Profit for the period attributable to:</b>					
Equity holders of the Company		102,711	101,440	231,976	243,358
Non-controlling interest		31,705	13,958	53,859	43,196
<b>Profit for the period</b>		<b>134,416</b>	<b>115,398</b>	<b>285,835</b>	<b>286,554</b>

Weighted average number of shares outstanding	1,963,076,776	1,963,076,776	1,963,076,776	1,963,076,776
Basic and diluted earnings per share for profit attributable to the equity holders of the company (expressed in USD per share)	0.05	0.05	0.12	0.12

(1) In connection with the acquisition of Usinas Siderúrgicas de Minas Gerais (“Usiminas”), the Company has completed the purchase price allocation in December 31, 2012. Accordingly, following the provisions of IFRS 3, the Company has retrospectively adjusted the reported figures as of June 30, 2012, modifying mainly equity in losses of non-consolidated companies by USD 31.9 million.

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Other Comprehensive Income**

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2013	2012	2013	2012
	(Unaudited)		(Unaudited)	
<b>Profit for the period</b>	<b>134,416</b>	<b>115,398</b>	<b>285,835</b>	<b>286,554</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation adjustment	(56,322)	(46,569)	(99,946)	(55,230)
Currency translation adjustment from participation in non-consolidated companies	(145,346)	(213,813)	(121,794)	(260,697)
Actuarial loss on post employment benefit obligations	(80)	(1,678)	(80)	(1,678)
Changes in the fair value of derivatives classified as cash flow hedges	1,739	4,212	1,866	16,607
Income tax relating to cash flow hedges	(522)	(1,264)	(560)	(2,524)
Changes in the fair value of derivatives classified as cash flow hedges from participation in non-consolidated companies	-	(3,846)	6,710	(1,353)
Others from participation in non-consolidated companies	(1,917)	(2,359)	(3,286)	(3,037)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(202,448)</b>	<b>(265,317)</b>	<b>(217,090)</b>	<b>(307,912)</b>
<b>Total comprehensive income for the period</b>	<b>(68,032)</b>	<b>(149,919)</b>	<b>68,745</b>	<b>(21,358)</b>
<b>Attributable to:</b>				
Equity holders of the Company	(63,405)	(125,237)	65,367	(16,875)
Non-controlling interest	(4,627)	(24,682)	3,378	(4,483)
<b>Total comprehensive income for the period</b>	<b>(68,032)</b>	<b>(149,919)</b>	<b>68,745</b>	<b>(21,358)</b>



The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Financial Position**

	Notes	June 30, 2013 (Unaudited)	December 31, 2012		
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment, net	8	4,726,295	4,438,117		
Intangible assets, net	9	970,887	965,206		
Investments in non-consolidated companies	10	1,450,444	1,710,514		
Other investments		3,662	7,137		
Derivative financial instruments		1,594	-		
Deferred tax assets		15,011	12,541		
Receivables, net		76,226	72,827		
Trade receivables, net		3,349	7,247,468	5,029	7,211,371
<b>Current assets</b>					
Receivables		155,245	187,212		
Derivative financial instruments		-	64		
Inventories, net		1,911,475	2,000,137		
Trade receivables, net		763,286	735,140		
Other investments		108,098	160,750		
Cash and cash equivalents		385,707	3,323,811	560,307	3,643,610
Non-current assets classified as held for sale			14,717		12,018
			3,338,528		3,655,628
<b>Total assets</b>			<b>10,585,996</b>		<b>10,866,999</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to the company's equity holders</b>			5,306,546		5,369,183
<b>Non-controlling interest</b>			1,041,139		1,065,730
<b>Total equity</b>			<b>6,347,685</b>		<b>6,434,913</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Provisions		18,784	17,499		
Deferred income tax		621,165	657,211		

Edgar Filing: Ternium S.A. - Form 6-K

Other liabilities	326,170		310,569	
Trade payables	16,729		18,337	
Derivative financial instruments	-		271	
Borrowings	1,023,890	2,006,738	1,302,753	2,306,640
<b>Current liabilities</b>				
Current tax liabilities	138,400		153,071	
Other liabilities	135,229		88,540	
Trade payables	750,247		762,225	
Borrowings	1,207,697	2,231,573	1,121,610	2,125,446
<b>Total liabilities</b>		4,238,311		4,432,086
<b>Total equity and liabilities</b>		<b>10,585,996</b>		<b>10,866,999</b>

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Changes in Equity**

	Attributable to the Company's equity holders (1)							Total Non-controlling interest	Total Equity	
	Capital stock (2)	Treasury shares	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment	Retained earnings			
<b>Balance at January 1, 2013 (as previously reported)</b>	2,004,743	(150,000)	(23,295)	1,555,079	(2,324,866)	(1,204,884)	5,564,106	5,420,883	1,074,763	6,495,6
Adjustments (5)				(57,050)		5,112	238	(51,700)	(9,033)	(60,7
<b>Balance at January 1, 2013 (adjusted)</b>	2,004,743	(150,000)	(23,295)	1,498,029	(2,324,866)	(1,199,772)	5,564,344	5,369,183	1,065,730	6,434,9
Profit for the period							231,976	231,976	53,859	285,8
Other comprehensive income (loss) for the period										
Currency translation adjustment						(170,300)		(170,300)	(51,440)	(221,7
Actuarial loss on post employment benefit obligations				(50)				(50)	(30)	(8
Cash flow hedges, net of tax				6,691				6,691	1,325	8,0
Others				(2,950)				(2,950)	(336)	(3,2

<b>Total comprehensive income for the period</b>	-	-	-	<b>3,691</b>	-	<b>(170,300)</b>	<b>231,976</b>	<b>65,367</b>	<b>3,378</b>	<b>68,7</b>
Acquisition of non-controlling interest (6)				(404)				(404)	(525)	(92)
Dividends paid in cash (7)						(127,600)	(127,600)			(127,600)
Dividends paid in cash by subsidiary companies								-	(27,444)	(27,444)
<b>Balance at June 30, 2013 (unaudited)</b>	<b>2,004,743</b>	<b>(150,000)</b>	<b>(23,295)</b>	<b>1,501,316</b>	<b>(2,324,866)</b>	<b>(1,370,072)</b>	<b>5,668,720</b>	<b>5,306,546</b>	<b>1,041,139</b>	<b>6,347,6</b>

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 12 (v).

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of June 30, 2013, there were 2,004,743,442 shares issued. All issued shares are fully paid.

(3) Include legal reserve under Luxembourg law for USD 200.5 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD 1.1 million and reserves related to the acquisition of non-controlling interest in subsidiaries according to IAS 27 for USD (58.9) million.

(4) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

(5) See note 3.

(6) Corresponds to the acquisition of the non-controlling interest held by Siderúrgica de Caldas S.A.S., a subsidiary of Ternium S.A., in Procesadora de Materiales Industriales S.A. in April 2013.

(7) See note 11.

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated financial statements may not be wholly distributable. See Note 12 (v).

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.



TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013

and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Changes in Equity**

	Attributable to the Company's equity holders (1)						Total	Non-controlling interest	Total Equity	
	Capital stock (2)	Treasury shares	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment				Retained earnings
<b>Balance at January 1, 2012 (as previously reported)</b>	<b>2,004,743</b>	<b>(150,000)</b>	<b>(23,295)</b>	<b>1,542,040</b>	<b>(2,324,866)</b>	<b>(864,353)</b>	<b>5,572,103</b>	<b>5,756,372</b>	<b>1,084,827</b>	<b>6,841,199</b>
Adjustments (5)			(50,295)			5,190	228	(44,877)	(7,772)	(52,646)
<b>Balance at January 1, 2012 (adjusted)</b>	<b>2,004,743</b>	<b>(150,000)</b>	<b>(23,295)</b>	<b>1,491,745</b>	<b>(2,324,866)</b>	<b>(859,163)</b>	<b>5,572,331</b>	<b>5,711,495</b>	<b>1,077,055</b>	<b>6,788,550</b>
Profit for the period							243,358	243,358	43,196	286,554
Other comprehensive income (loss) for the period										
Currency translation adjustment						(268,266)	(268,266)	(268,266)	(47,661)	(315,927)
Actuarial loss on post employment benefit obligations				(873)				(873)	(805)	(1,678)
Cash flow hedges, net of tax				11,633				11,633	1,097	12,730
Others				(2,727)				(2,727)	(310)	(3,037)

<b>Total comprehensive income for the period</b>	-	-	-	<b>8,033</b>	-	<b>(268,266)</b>	<b>243,358</b>	<b>(16,875)</b>	<b>(4,483)</b>	<b>(21,358)</b>
Dividends paid in cash						(147,231)	(147,231)			(147,231)
Dividends paid in cash by subsidiary companies								-	(15,902)	(15,902)
Contributions from non-controlling shareholders in consolidated subsidiaries (6)								-	29,400	29,400
<b>Balance at June 30, 2012 (unaudited)</b>	<b>2,004,743</b>	<b>(150,000)</b>	<b>(23,295)</b>	<b>1,499,778</b>	<b>(2,324,866)</b>	<b>(1,127,429)</b>	<b>5,668,458</b>	<b>5,547,389</b>	<b>1,086,070</b>	<b>6,633,442</b>

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 12 (v).

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of June 30, 2012, there were 2,004,743,442 shares issued. All issued shares are fully paid.

(3) Include legal reserve under Luxembourg law for USD 200.5 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD 2.1 million and reserves related to the acquisition of non-controlling interest in subsidiaries according to IAS 27 for USD (58.5) million.

(4) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

(5) See note 3.

(6) Corresponds to the contribution made by Nippon Steel Corporation in Tenigal, S.R.L. de C.V.

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated financial statements may not be wholly distributable. See Note 12 (v).

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.





TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**Consolidated Condensed Interim Statements of Cash Flows**

		<b>Six-month period ended</b>	
		<b>June 30,</b>	
	<b>Notes</b>	<b>2013</b>	<b>2012</b>
		<b>(Unaudited)</b>	
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>		<b>285,835</b>	<b>286,554</b>
Depreciation and amortization	<b>8 &amp; 9</b>	190,343	179,242
Income tax accruals less payments		(85,123)	73,702
Equity in losses of non-consolidated companies		26,165	35,002
Interest accruals less payments		(15,236)	5,229
Changes in provisions		7,995	3,940
Changes in working capital		121,469	(170,043)
Net foreign exchange results and others		24,084	29,105
<b>Net cash provided by operating activities</b>		<b>555,532</b>	<b>442,731</b>
Capital expenditures	<b>8 &amp; 9</b>	(507,673)	(406,472)
Acquisition of business - Purchase consideration		-	(2,243,610)
Decrease in other investments		56,127	111,861
Proceeds from the sale of property, plant and equipment		1,005	1,001
Dividends received from non-consolidated companies		-	4,718
Acquisition of non-controlling interest		(929)	-
<b>Net cash used in investing activities</b>		<b>(451,470)</b>	<b>(2,532,502)</b>
Dividends paid in cash to company's shareholders		(127,600)	(147,231)
Dividends paid in cash by subsidiary companies		(27,444)	(15,902)
Contributions from non-controlling shareholders in consolidated subsidiaries		-	29,400
Proceeds from borrowings		529,052	897,964
Repayments of borrowings		(662,779)	(342,316)
<b>Net cash (used in) provided by financing activities</b>		<b>(288,771)</b>	<b>421,915</b>
<b>Decrease in cash and cash equivalents</b>		<b>(184,709)</b>	<b>(1,667,856)</b>
At January 1,		560,307	2,158,044
Effect of exchange rate changes		(2,118)	(3,106)
	<b>10</b>	12,227	-

Initial cash - Proportional consolidation of Peña Colorada and Exiros		
Decrease in cash and cash equivalents	(184,709)	(1,667,856)
<b>Cash and cash equivalents at June 30, (1)</b>	<b>385,707</b>	<b>487,082</b>

(1) It includes restricted cash of USD 1,367 and USD 110 as of June 30, 2013 and 2012, respectively. In addition , the Company had other investments with a maturity of more than three months for USD 108,098 as of June 30, 2013.

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2012.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

## Notes to the Financial Statements

### 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Ternium S.A. (the “Company” or “Ternium”), was incorporated on December 22, 2003 to hold investments in flat and long steel manufacturing and distributing companies. The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of June 30, 2013, there were 2,004,743,442 shares issued. All issued shares are fully paid.

Following a corporate reorganization carried out during fiscal year 2005, in January 2006 the Company successfully completed its registration process with the United States Securities and Exchange Commission (“SEC”). Ternium’s ADSs began trading on the New York Stock Exchange under the symbol “TX” on February 1, 2006. The Company’s initial public offering was settled on February 6, 2006. On January 31, 2011, the Company filed with the SEC a registration statement on form F-3 relating to sales of equity and debt securities.

The Company was initially established as a public limited liability company (société anonyme) under Luxembourg’s 1929 holding company regime. Until termination of such regime on December 31, 2010, holding companies incorporated under the 1929 regime (including the Company) were exempt from Luxembourg corporate and withholding tax over dividends distributed to shareholders.

On January 1, 2011, the Company became an ordinary public limited liability company (société anonyme) and, effective as from that date, the Company is subject to all applicable Luxembourg taxes (including, among others, corporate income tax on its worldwide income) and its dividend distributions will generally be subject to Luxembourg withholding tax. However, dividends received by the Company from subsidiaries in high income tax jurisdictions, as defined under Luxembourg law, will continue to be exempt from corporate income tax in Luxembourg under Luxembourg’s participation exemption.

As part of the Company’s corporate reorganization in connection with the termination of Luxembourg’s 1929 holding company regime, on December 6, 2010, the Company contributed its equity holdings in all its subsidiaries and all its financial assets to its Luxembourg wholly-owned subsidiary Ternium Investments S.à.r.l., or Ternium Investments, in

exchange for newly issued corporate units of Ternium Investments. As the assets contributed were recorded at their historical carrying amount in accordance with Luxembourg GAAP, the Company's December 2010 contribution of such assets to Ternium Investments resulted in a non-taxable revaluation of the accounting value of the Company's assets under Luxembourg GAAP. The amount of the December 2010 revaluation was equal to the difference between the historical carrying amounts of the assets contributed and the value at which such assets were contributed and amounted to USD4.0 billion. However, for the purpose of these consolidated financial statements, the assets contributed by Ternium to its wholly-owned subsidiary Ternium Investments were recorded based on their historical carrying amounts in accordance with IFRS, with no impact on the financial statements.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**1. GENERAL INFORMATION AND BASIS OF PRESENTATION (continued)**

Following the completion of the corporate reorganization, and upon its conversion into an ordinary Luxembourg holding company, the Company voluntarily recorded a special reserve exclusively for tax-basis purposes. As of December 31, 2012 and 2011, this special tax reserve amounted to USD 7.6 billion and USD 7.7 billion, respectively. The Company expects that, as a result of its corporate reorganization, its current overall tax burden will not increase, as all or substantially all of its dividend income will come from high income tax jurisdictions. In addition, the Company expects that dividend distributions for the foreseeable future will be imputed to the special reserve and therefore should be exempt from Luxembourg withholding tax under current Luxembourg law.

The name and percentage of ownership of subsidiaries that have been included in consolidation in these Consolidated Condensed Interim Financial Statements is disclosed in Note 2 to the audited Consolidated Financial Statements for the year ended December 31, 2012.

Certain comparative amounts have been reclassified to conform to changes in presentation in the current period, and also to reflect the changes necessary for June 30, 2012 in connection with the completion of the purchase price allocation of Usiminas.

The preparation of consolidated condensed interim 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 as of the date of the statement of financial position, and also the reported amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates.

Material intercompany transactions and balances have been eliminated in consolidation. However, the fact that the functional currency of the Company's subsidiaries differ, results in the generation of foreign exchange gains and losses that are included in the consolidated condensed interim income statement under "Other financial income (expenses), net".

These Consolidated Condensed Interim Financial Statements have been approved for issue by the Board of Directors of Ternium on July 30, 2013.

**2. ACCOUNTING POLICIES**

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” and are unaudited. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2012, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, and adopted by the European Union. Recently issued accounting pronouncements were applied by the Company as from their respective dates.

These Consolidated Condensed Interim Financial Statements have been prepared following the same accounting policies used in the preparation of the audited Consolidated Financial Statements for the year ended December 31, 2012, except for the changes described in note 3.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

### 3. NEW OR AMENDED ACCOUNTING STANDARDS ADOPTED

The Company has applied the following standards as of January 1, 2013:

- IAS 19, “Employee benefits”

In June 2011, the IASB issued IAS 19 (amended 2011), “Employee benefits”, which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

As a consequence of this application of this standard, the following note should replace note 4 (n)(1) paragraphs 1 to 5 as included in the audited Consolidated Financial Statements for the year ended December 31, 2012:

*(1) Pension obligations and other post-employment obligations*

*The Company has defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.*

*The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually (at year end) by independent actuaries using the projected unit credit method.*



*Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.*

*Past-service costs are recognized immediately in income.*

*For defined benefit plans, net interest income/expense is calculated based on the surplus or deficit derived by the difference between the defined benefit obligations less plan assets.*

The effect of these adjustments in the pension obligations and other post-employment obligations is as follows:

	<b>December 31, 2012</b>	<b>Period ended June 30, 2012</b>	<b>December 31, 2011</b>
<b>Effect in Equity</b>	<b>(60,733)</b>	<b>(53,248)</b>	<b>(52,649)</b>
<b>Effect in Liabilities</b>	<b>60,733</b>	<b>53,248</b>	<b>52,649</b>
Deferred income tax liability	(24,880)	(21,878)	(21,515)
Other liabilities	85,613	75,126	74,164

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

### 3. NEW OR AMENDED ACCOUNTING STANDARDS ADOPTED (continued)

- Amendments to IAS 1, “Financial statement presentation”

In June 2011, the IASB issued IAS 1 (amended 2011), “Financial statement presentation”. The amendment requires entities to separate items presented in Other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. See impact of the application in the Consolidated Condensed Interim Statements of Other Comprehensive Income.

- IFRS 13, “Fair value measurement”

In May 2011, the IASB issued IFRS 13, “Fair value measurement”. The standard explains how to measure fair value and aims to enhance fair value disclosures. See information related to this standard in note 14.

### 4. SEGMENT INFORMATION

#### ***REPORTABLE OPERATING SEGMENTS***

The Company is organized in two reportable segments: Steel and Mining.

The Steel segment includes the sales of steel products, which comprises slabs, hot rolled coils and sheets, cold rolled coils and sheets, tin plate, welded pipes, hot dipped galvanized and electro-galvanized sheets, pre-painted sheets, billets (steel in its basic, semi-finished state), wire rod and bars and other tailor-made products to serve its customers' requirements.

The Steel segment comprises three operating segments: Mexico, Southern Region and Other markets. These three segments have been aggregated considering the economic characteristics and financial effects of each business activity in which the entity engages; the related economic environment in which it operates; the type or class of customer for the products; the nature of the products; and the production processes. The Mexico operating segment comprises the Company's businesses in Mexico. The Southern region operating segment manages the businesses in Argentina, Paraguay, Chile, Bolivia and Uruguay. The Other markets operating segment includes businesses mainly in United States, Colombia, Guatemala, Costa Rica, El Salvador, Nicaragua and Honduras.

The Mining segment includes the sales of mining products, mainly iron ore and pellets, and comprises the mining activities of Las Encinas, an iron ore mining company in which Ternium holds a 100% equity interest. Starting on January 1, 2013, it also includes the 50% of the operations and results performed by Peña Colorada, another iron ore mining company in which Ternium maintains that same percentage over its equity interest. Both mining operations are located in Mexico. In the comparative information as of June 30, 2012, the 50% of the operations and results performed by Peña Colorada are only included under management view, see explanation included in note 10.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

#### 4. SEGMENT INFORMATION (continued)

Ternium's Chief Operating Decision Maker (CEO) holds monthly meetings with senior management, in which operating and financial performance information is reviewed, including financial information that differs from IFRS principally as follows:

- The use of direct cost methodology to calculate the inventories, while under IFRS is at full cost, including absorption of production overheads and depreciation.

- The use of costs based on previously internally defined cost estimates, while, under IFRS, costs are calculated at historical cost (with the FIFO method).

- Under IFRS, the results of Peña Colorada are aggregated in equity in earnings of non-consolidated companies until December 31, 2012. Starting on January 1, 2013, these results are included considering 50% of the operations on a line by line basis, see note 10 for further detail. In the comparative information as of June 30, 2012, the 50% of the operations and results performed by Peña Colorada are only included under management view.

- Other timing and non-significant differences.

Most information on segment assets is not disclosed as it is not reviewed by the CODM.

	<b>Six-month period ended June 30, 2013 (Unaudited)</b>			
	<b>Steel</b>	<b>Mining</b>	<b>Inter-segment eliminations</b>	<b>Total</b>
<b>IFRS</b>				
Net sales	4,207,769	201,602	(139,201)	4,270,170

Edgar Filing: Ternium S.A. - Form 6-K

Cost of sales	(3,308,558)	(142,343)	140,017	(3,310,884)
Gross profit	899,211	59,259	816	959,286
Selling, general and administrative expenses	(408,933)	(14,017)	-	(422,950)
Other operating income, net	11,493	(16)	-	11,477
<b>Operating income - IFRS</b>	<b>501,771</b>	<b>45,226</b>	<b>816</b>	<b>547,813</b>

**Management view**

Net sales	4,207,769	278,396	(215,995)	4,270,170
Operating income	351,491	120,121	816	472,428

**Reconciliation items:**

Differences in Cost of sales				75,385
------------------------------	--	--	--	--------

<b>Operating income - IFRS</b>				<b>547,813</b>
--------------------------------	--	--	--	----------------

Financial income (expense), net				(79,259)
---------------------------------	--	--	--	----------

Equity in earnings of non-consolidated companies				(26,165)
--	--	--	--	----------

<b>Income before income tax expense - IFRS</b>				<b>442,389</b>
--	--	--	--	----------------

Depreciation and amortization - IFRS	(174,836)	(15,507)	-	(190,343)
--------------------------------------	-----------	----------	---	-----------

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**4. SEGMENT INFORMATION (continued)**

	<b>Six-month period ended June 30, 2012 (Unaudited)</b>			
	<b>Steel</b>	<b>Mining</b>	<b>Inter-segment eliminations</b>	<b>Total</b>
<b>IFRS</b>				
Net sales	4,338,913	89,848	(89,614)	4,339,147
Cost of sales	(3,395,624)	(78,216)	88,226	(3,385,614)
Gross profit	943,289	11,632	(1,388)	953,533
Selling, general and administrative expenses	(411,444)	(3,126)	-	(414,570)
Other operating income, net	4,156	28	-	4,184
<b>Operating income - IFRS</b>	<b>536,001</b>	<b>8,534</b>	<b>(1,388)</b>	<b>543,147</b>
<b>Management view</b>				
Net sales	4,338,913	270,516	(270,282)	4,339,147
Operating income	446,146	145,985	(1,671)	590,460
<b>Reconciliation items:</b>				
Differences in Cost of sales				(37,069)
Differences related to Peña Colorada (Line by line vs Equity method)				(10,244)
<b>Operating income - IFRS</b>				<b>543,147</b>
Financial income (expense), net				(56,502)
Equity in earnings of non-consolidated companies				(35,003)
<b>Income before income tax expense - IFRS</b>				<b>451,642</b>
Depreciation and amortization - IFRS	(171,798)	(7,443)	-	(179,241)

**GEOGRAPHICAL INFORMATION**

There are no revenues from external customers attributable to the Company's country of incorporation (Luxembourg).

For purposes of reporting geographical information, net sales are allocated based on the customer's location. Allocation of non-current assets is based on the geographical location of the underlying assets.

	<b>Six-month period ended June 30, 2013 (Unaudited)</b>			<b>Total</b>
	<b>Mexico</b>	<b>Southern region</b>	<b>Other markets</b>	
Net sales	2,102,987	1,432,752	734,431	4,270,170
Non-current assets (1)	4,407,403	1,212,299	77,480	5,697,182
	<b>Six-month period ended June 30, 2012 (Unaudited)</b>			<b>Total</b>
	<b>Mexico</b>	<b>Southern region</b>	<b>Other markets</b>	
Net sales	2,291,051	1,349,190	698,906	4,339,147
Non-current assets (1)	3,809,170	1,204,560	95,569	5,109,299

(1) Includes Property, plant and equipment and Intangible assets

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**5. COST OF SALES**

	<b>Six-month period ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Unaudited)</b>	
<b>Inventories at the beginning of the year</b>	2,000,137	2,123,516
Opening inventories - Peña Colorada (see note 10)	18,006	-
Translation differences	(62,985)	(41,777)
Raw materials and consumables used and other movements	2,548,596	2,848,851
Services and fees	43,520	62,708
Labor cost	303,493	275,009
Depreciation of property, plant and equipment	157,079	146,969
Amortization of intangible assets	8,225	5,168
Maintenance expenses	199,958	181,861
Office expenses	3,674	3,915
Insurance	7,219	3,155
Recovery of obsolescence allowance	5,746	7,615
Recovery from sales of scrap and by-products	(20,332)	(19,294)
Others	10,023	9,153
<b>Less: Inventories at the end of the period</b>	<b>(1,911,475)</b>	<b>(2,221,235)</b>
<b>Cost of Sales</b>	<b>3,310,884</b>	<b>3,385,614</b>

**6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Six-month period ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Unaudited)</b>	
Services and fees	34,932	50,084
Labor cost	118,241	110,190



Edgar Filing: Ternium S.A. - Form 6-K

Depreciation of property, plant and equipment	6,646	4,572
Amortization of intangible assets	18,393	22,533
Maintenance and expenses	4,776	3,456
Taxes	69,683	56,104
Office expenses	19,687	24,220
Freight and transportation	140,493	133,135
Increase of allowance for doubtful accounts	53	427
Others	10,046	9,849
<b>Selling, general and administrative expenses</b>	<b>422,950</b>	<b>414,570</b>

Page 14 of 21

---

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**7. OTHER FINANCIAL INCOME (EXPENSES) , NET**

	<b>Six-month period ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Unaudited)</b>	
Net foreign exchange (loss) gain	(6,646)	5,498
Change in fair value of financial instruments	(9,883)	10,651
Debt issue costs	(2,678)	(3,054)
Others	(2,947)	(3,783)
Other financial (loss) income, net	<b>(22,154)</b>	<b>9,312</b>

**8. PROPERTY, PLANT AND EQUIPMENT, NET**

	<b>Six-month period ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Unaudited)</b>	
At the beginning of the year	4,438,118	3,969,187
Currency translation differences	(110,782)	(58,859)
Additions	484,650	381,944
Disposals	(3,101)	(5,337)
Depreciation charge	(163,725)	(151,541)
Capitalized borrowing costs	652	-
Transfers and other movements (see note 10)	80,483	-
<b>At the end of the period</b>	<b>4,726,295</b>	<b>4,135,394</b>

**9. INTANGIBLE ASSETS, NET**

	<b>Six-month period ended</b>	
	<b>June 30,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Unaudited)</b>	
At the beginning of the year	965,206	977,711
Currency translation differences	(1,136)	(633)
Additions	23,023	24,528
Amortization charge	(26,618)	(27,701)
Transfers and other movements (see note 10)	10,412	-
<b>At the end of the period</b>	<b>970,887</b>	<b>973,905</b>

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**10. INVESTMENTS IN NON-CONSOLIDATED COMPANIES**

Company	Country of incorporation	Main activity	Voting rights at		Value at	
			June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
			22.71%	22.71%	1,447,161	1,592,340
			50.00%	50.00%	-	106,167
			50.00%	50.00%	-	8,986
			33.33%	33.33%	1,729	1,977
			33.33%	33.33%	672	867
			33.33%	33.33%	882	177
					<b>1,450,444</b>	<b>1,710,514</b>

(1) Until December 31, 2012, Ternium's investment in Consorcio Minero Benito Juarez Peña Colorada S.A. de C.V. and Peña Colorada Servicios S.A. de C.V. was presented as an investment in non-consolidated companies and its results under the equity in earnings (losses) in non-consolidated companies within the consolidated income statement. Starting on January 1, 2013, and in connection with certain new agreements, the Company applied the provisions of IFRS 11 and began to recognize its assets, liabilities, revenue and expenses in relation to its interest in the joint operation.

(2) Formerly Lomond Holdings B.V. Until December 31, 2012, Ternium's investment in Exiros B.V. was presented as an investment in non-consolidated companies and its results under the equity in earnings (losses) in non-consolidated companies within the consolidated income statement. Starting on January 1, 2013, and in connection with an amendment in the shareholders' agreement, the Company applied the provisions of IFRS 11 and began to recognize its assets, liabilities, revenue and expenses in relation to its interest in the joint operation.

On January 16, 2012, the Company's wholly-owned Luxembourg subsidiary Ternium Investments S.à r.l., together with the Company's Argentine majority-owned subsidiary Siderar S.A.I.C. (and Siderar's wholly-owned Uruguayan subsidiary Prosid Investments S.C.A.), and Confab Industrial S.A., a Brazilian subsidiary of Tenaris S.A. ("TenarisConfab"), joined Usiminas' existing control group through the acquisition of 84.7, 30.0, and 25.0 million ordinary shares, respectively. As a result of these transactions, the control group, which holds 329.4 million ordinary shares representing the majority of Usiminas' voting rights, is now formed as follows: Nippon Group 47.2%, Ternium/Tenaris Group 42.4%, and CEU 10.4%. As of June 30, 2013 the value of the investment is comprised as follows:

<b>Value of investment</b>	<b>USIMINAS</b>
<b>At January 1, 2013</b>	<b>1,592,340</b>
Share of results	(26,810)
Other comprehensive income	(118,369)
<b>At June 30, 2013</b>	<b>1,447,161</b>

On July 25, 2013, Usiminas approved its interim accounts as of and for the six-months ended June 30, 2013, which state that revenues, post-tax losses from continuing operations and shareholders' equity amounted to USD 3,169 million, USD 106 million and USD 7,426 million, respectively.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**10. INVESTMENTS IN NON-CONSOLIDATED COMPANIES (continued)**

<b>Summarized balance sheet (in million USD)</b>	<b>USIMINAS As of June 30, 2013</b>
<b>Assets</b>	
Non-current	9,762
Current	4,766
<b>Total Assets</b>	<b>14,528</b>
<b>Liabilities</b>	
Non-current	3,849
Current	2,368
<b>Total Liabilities</b>	<b>6,217</b>
<b>Minority interest</b>	<b>885</b>
<b>Shareholders' equity</b>	<b>7,426</b>
<b>Summarized income statement (in million USD)</b>	<b>USIMINAS Six-month period ended June 30, 2013</b>
Net sales	3,169
Cost of sales	(2,883)
<b>Gross Profit</b>	<b>286</b>
Selling, general and administrative expenses	(232)
Other operating income, net	6
<b>Operating income</b>	<b>60</b>
Financial expenses, net	(252)
Equity in earnings of associated companies	39
<b>Income before income tax</b>	<b>(153)</b>

Income tax expense	81
<b>Net loss before minority interest</b>	<b>(72)</b>
Minority interest in other subsidiaries	(34)
<b>Net loss for the period</b>	<b>(106)</b>

## 11. DISTRIBUTION OF DIVIDENDS

During the annual shareholders' meeting held on May 2, 2013, the shareholders approved the consolidated financial statements and unconsolidated annual accounts for the year ended December 31, 2012, and a distribution of dividends of USD 0.065 per share (USD 0.65 per ADS), or approximately USD 130.3 million. The dividends were paid on May 10, 2013.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

## 12. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS

This note should be read in conjunction with Note 25 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2012. Significant changes or events since the date of issue of such financial statements are as follows:

(i) *Siderar. AFIP – Income tax claim for fiscal years 1995 to 1999*

The Administración Federal de Ingresos Públicos (“AFIP” – the Argentine tax authority) has challenged the charge to income of certain disbursements that Siderar has treated as expenses necessary to maintain industrial installations, which as such should be deducted in the year in which they take place. The AFIP asserts that these are investments or improvements that must be capitalized and, therefore, it made a jeopardy assessment of income tax due on a nominal tax basis plus fines and interest in fiscal years 1995 to 1999 amounting to approximately USD 16.6 million as of June 30, 2013.

The Company appealed these assessments before the National Tax Court, as in the view of its legal and tax advisors, there are reasons that would likely result in a favorable ruling for the Company.

On April 13, 2005 the Company was notified of a ruling issued by the National Tax Court reducing the assessments made by the AFIP for fiscal years 1995 and 1996. The ruling was appealed both by the Company and the AFIP.

On June 10, 2010 the Company was notified of a ruling issued by the Court of Appeals in federal administrative law which mainly resulted in favor of the Company. The ruling was appealed both by the Company and the AFIP.



On June 8, October 31 and October 15, 2012 the Company was notified of rulings issued by the National Tax Court reducing partially the assessments made by the AFIP for the fiscal years 1997, 1998 and 1999, respectively. The ruling was appealed both by the Company and the AFIP.

Based on the above, the Company recognized a provision amounting to USD 1.7 million as of June 30, 2013 as management considers there could be a potential cash outflow.

(ii) Companhia Siderúrgica Nacional (CSN) – Lawsuit

Companhia Siderúrgica Nacional (CSN) and various entities affiliated with CSN filed a lawsuit in Brazil against Ternium Investments S.à r.l., its subsidiary Siderar, and Confab Industrial S.A. (Confab), a Brazilian subsidiary of Tenaris. The entities named in the CSN lawsuit had acquired a participation in Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS (Usiminas) in January 2012. The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all minority holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or 28.8 Brazilian reais (BRL), and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas’ control group; Ternium Investments and Siderar’s respective shares in the offer would be 60.6% and 21.5%.

On March 20, 2013, Ternium Investments, Siderar and Confab filed their response to the CSN lawsuit. On May 8, 2013 the plaintiffs filed a reply (“réplica”), and on June 12, 2013, Confab and other defendants filed their response thereto (“tréplica”). Ternium believes that CSN’s allegations are groundless and without merit, as confirmed by several opinions of Brazilian counsel and previous decisions by Brazil’s securities regulator Comissão de Valores Mobiliários, including a February 2012 decision determining that the above mentioned acquisition did not trigger any tender offer requirement. Accordingly, Ternium will defend itself vigorously.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**12. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)**

(iii) Ternium Mexico. SAT – Income tax claim for fiscal year 2004

On January 26, 2012, the Mexican tax authorities notified Ternium Mexico and its subsidiary Acerus S.A. de C.V. of a tax assessment that challenged the value attributed by a predecessor of Acerus to a capital reduction made in 2004 (i.e., prior to the Company's investment in Ternium Mexico's predecessor Grupo Imsa in 2007) and assessed an income tax deficiency. The tax authorities asserted that the capital reduction should have been valued at a price significantly higher than the value attributed at the time by the shareholder. The proposed assessment represented an amount of MXN 4,300 million (approximately USD 348 million). On April 2, 2012, Ternium Mexico filed an appeal to this assessment before the Mexican tax authorities and reserved the right to further appeal to the tax courts. Following the enactment of a tax amnesty program in Mexico, in May 2013 Ternium Mexico elected to avoid further litigation and settled this claim, without admitting any liability or wrongdoing, through the payment of a total amount of MXN 420 million (approximately USD 34 million).

(iv) Siderar

Siderar entered into a contract with Tenaris, a related company of Ternium, for the supply of steam generated at the power generation facility that Tenaris owns in the compound of the Ramallo facility of Siderar. Under this contract, Tenaris has to provide 250 tn/hour of steam, and Siderar has the obligation to take or pay this volume. The amount of this outsourcing agreement totals USD 73.1 million and is due to terminate in 2018.

Siderar, within the investment plan, has entered into several commitments to acquire new production equipment for a total consideration of USD 84.2 million.

Siderar assumed fixed commitments for the purchase of raw materials for a total amount of USD 336.6 million to be expended during 2013.

(v) 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 a reserve until such reserve equals 10% of the share capital. At December 31, 2012, this reserve reached the above-mentioned threshold.

As of December 31, 2012, Ternium may pay dividends up to USD 6.0 billion in accordance with Luxembourg law and regulations.

Shareholders' equity under Luxembourg law and regulations comprises the following captions:

	<b>As of December 31, 2012</b>
Share capital	2,004,743
Legal reserve	200,474
Non distributable reserves (1)	1,414,122
Accumulated profit at January 1, 2012	5,982,630
Loss for the year	(7,329)
<b>Total shareholders' equity under Luxembourg GAAP</b>	<b>9,594,640</b>

(1) As a result of the repurchase of its own shares from Usiminas on February 15, 2011, the Company created a non-distributable reserve of USD 150 million as required under Luxembourg law, which is included in Non distributable reserves.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**13. RELATED PARTY TRANSACTIONS**

As of June 30, 2013, Techint owned 62.02% of the Company's share capital and Tenaris held 11.46% of the Company's share capital. Each of Techint and Tenaris were controlled by San Faustin S.A., a Luxembourg company ("San Faustin"). Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin ("RP STAK"), a Dutch private foundation (Stichting), held shares in San Faustin sufficient in number to control San Faustin. No person or group of persons controls RP STAK.

The following transactions were carried out with related parties:

	<b>2013</b>	<b>Six-month period ended June 30, (Unaudited)</b>	<b>2012</b>
<b>(i) Transactions</b>			
<b>(a) Sales of goods and services</b>			
Sales of goods to non-consolidated parties	23		117
Sales of goods to other related parties	103,745		102,645
Sales of services and others to non-consolidated parties	627		82
Sales of services and others to other related parties	950		314
	<b>105,345</b>		<b>103,158</b>
<b>(b) Purchases of goods and services</b>			
Purchases of goods from non-consolidated parties	80,744		53,814
Purchases of goods from other related parties	61,181		31,398
Purchases of services and others from non-consolidated parties	4,901		21,096
Purchases of services and others from other related parties	125,413		99,644
	<b>272,239</b>		<b>205,952</b>
<b>(c) Financial results</b>			
Expenses with non-consolidated parties	-		(263)
	-		<b>(263)</b>
<b>(d) Dividends received</b>			
Dividends received from non-consolidated parties	-		<b>4,718</b>
<b>(e) Other income and expenses</b>			
Income with other related parties	<b>4,350</b>		-
	<b>June 30, 2013</b>		<b>December 31, 2012</b>

**(Unaudited)****(ii) Period-end balances****(a) Arising from sales/purchases of goods/services**

Receivables from non-consolidated parties	4,439	1,102
Receivables from other related parties	32,010	24,243
Advances to suppliers with other related parties	1,293	4,321
Payables to non-consolidated parties	(3,186)	(69,746)
Payables to other related parties	(59,478)	(68,792)
	<b>(24,922)</b>	<b>(108,872)</b>

Page 20 of 21

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of  
June 30, 2013  
and for the six-month periods ended June 30, 2013 and 2012

(All amounts in USD thousands)

**14. FAIR VALUE MEASUREMENT**

IFRS 13 requires for financial instruments that are measured at fair value, a disclosure of fair value measurements by level. See note 33 of the Consolidated Financial Statements as of December 31, 2012 for definitions of levels of fair values and figures at that date.

The following table presents the assets and liabilities that are measured at fair value as of June 30, 2013:

Description	Fair value measurement as of June 30, 2013 (in USD thousands):		
	Total	Level 1	Level 2
<b>Financial assets at fair value through profit or loss</b>			
Cash and cash equivalents	346,525	324,493	22,032
Other investments	82,460	60,489	21,971
Derivative financial instruments	1,594	-	1,594
<b>Total assets</b>	<b>430,579</b>	<b>384,982</b>	<b>45,597</b>

Pablo Brizzio

Chief Financial Officer

---