

Ternium S.A.  
Form 6-K  
May 05, 2010

**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16 of**  
**the Securities Exchange Act of 1934**  
**As of 5/4/2010**  
**Ternium S.A.**  
(Translation of Registrant's name into English)  
**Ternium S.A.**  
**46a, Avenue John F. Kennedy**  
**L-1855 Luxembourg**  
(Address of principal executive offices)

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

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby  
furnishing the information to the Commission pursuant to Rule 12G3-2(b) under the Securities Exchange Act of 1934.  
Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
**Not applicable**

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The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended.

This report contains Ternium S.A.'s consolidated financial statements as of March 31, 2010.

SIGNATURE

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

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: May 4, 2010

**TERNIUM S.A.**  
**CONSOLIDATED CONDENSED INTERIM**  
**FINANCIAL STATEMENTS AS OF MARCH 31, 2010**  
**AND FOR THE THREE-MONTH PERIODS**  
**ENDED MARCH 31, 2010 AND 2009**

46a, Avenue John F. Kennedy, 2<sup>nd</sup> floor

L 1855

R.C.S. Luxembourg : B 98 668

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**TERNIUM S.A.**  
**Consolidated condensed interim financial statements as of March 31, 2010**  
**and for the three-month periods ended March 31, 2010 and 2009**

(All amounts in USD thousands)

**CONSOLIDATED CONDENSED INTERIM INCOME STATEMENTS**

|   | Notes            | Three-month period ended<br>March 31,<br>2010                      2009<br>(Unaudited) |               |
|---|------------------|--|---------------|
| Net sales   | <b>3</b>         | 1,650,599  | 1,174,655     |
| Cost of sales                                       | <b>3 &amp; 4</b> | (1,213,645)  | (1,044,572)   |
| <b>Gross profit</b>                                 | <b>3</b>         | 436,954  | 130,083       |
| Selling, general and administrative expenses        | <b>3 &amp; 5</b> | (144,310)  | (136,166)     |
| Other operating income (expenses), net              | <b>3</b>         | 855  | (20,400)      |
| <b>Operating income (loss)</b>                      | <b>3</b>         | 293,499  | (26,483)      |
| Interest expense                                    |                  | (18,920)   | (27,706)      |
| Interest income                                     |                  | 4,126  | 5,096         |
| Interest income – Sidor financial asset             | <b>11</b>        | 27,232   |               |
| Other financial income (expenses), net              | <b>6</b>         | 96,235   | (165,005)     |
| Equity in (losses) earnings of associated companies |                  | (223)  | 541           |
| <b>Income (loss) before income tax expense</b>      |                  | 401,949  | (213,557)     |
| Income tax (expense) benefit                        |                  | (156,832)  | 96,539        |
| <b>Profit (loss) for the period</b>                 |                  | 245,117  | (117,018)     |
| <b>Attributable to:</b>                             |                  |  |               |
| Equity holders of the Company                       |                  | 205,238  | (93,182)      |
| Minority interest                                   |                  | 39,879   | (23,836)      |
|   |                  | 245,117  | (117,018)     |
| Weighted average number of shares outstanding       |                  | 2,004,743,442  | 2,004,743,442 |

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Basic and diluted earnings (losses) per share for profit  
attributable to the equity holders of the company (expressed in  
USD per share)

0.10 (0.05)

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

**TERNIUM S.A.****Consolidated condensed interim financial statements as of March 31, 2010  
and for the three-month periods ended March 31, 2010 and 2009**

(All amounts in USD thousands)

**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**

|   | <b>Three-month period ended<br/>March 31,</b> |                  |
|---|---|------------------|
|   | <b>2010</b>                                   | <b>2009</b>      |
|   | <b>(Unaudited)</b>                            |                  |
| <b>Profit (loss) for the period</b>                                 | <b>245,117</b>                                | <b>(117,018)</b> |
| <b>Other comprehensive income:</b>                                  |   |                  |
| Currency translation adjustment                                     | 57,811  | (198,671)        |
| Cash flow hedges  | 790   | 8,727            |
| Income tax relating to cash flow hedges                             | (237)   | (2,444)          |
| <b>Other comprehensive income (loss) for the period, net of tax</b> | <b>58,364</b>                                 | <b>(192,388)</b> |
| <b>Total comprehensive income (loss) for the period</b>             | <b>303,481</b>                                | <b>(309,406)</b> |
| <b>Attributable to:</b>   |   |                  |
| Equity holders of the Company                                       | 265,872                                       | (232,805)        |
| Minority interest   | 37,609  | (76,601)         |
|   | <b>303,481</b>                                | <b>(309,406)</b> |

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

**TERNIUM S.A.****Consolidated condensed interim financial statements as of March 31, 2010  
and for the three-month periods ended March 31, 2010 and 2009**

(All amounts in USD thousands)

**CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION**

|  | Notes | March 31, 2010<br>(Unaudited) |                   | December 31, 2009 |                   |
|--|-------|-------------------------------|-------------------|-------------------|-------------------|
| <b>ASSETS</b>  |       |                               |                   |                   |                   |
| <b>Non-current assets</b>  |       |                               |                   |                   |                   |
| Property, plant and equipment, net   | 7     | 4,116,119                     |                   | 4,040,415         |                   |
| Intangible assets, net   | 8     | 1,121,704                     |                   | 1,085,412         |                   |
| Investments in associated<br>companies   |       | 6,329                         |                   | 6,577             |                   |
| Other investments, net   |       | 37,192                        |                   | 16,414            |                   |
| Receivables, net   |       | 77,936                        | 5,359,280         | 101,317           | 5,250,135         |
| <b>Current assets</b>  |       |                               |                   |                   |                   |
| Receivables  |       | 88,319                        |                   | 136,300           |                   |
| Derivative financial instruments   |       | 589                           |                   | 1,588             |                   |
| Inventories, net   |       | 1,378,909                     |                   | 1,350,568         |                   |
| Trade receivables, net   |       | 639,607                       |                   | 437,835           |                   |
| Sidor financial asset  | 11    | 691,382                       |                   | 964,359           |                   |
| Other investments  |       | 6,660                         |                   | 46,844            |                   |
| Cash and cash equivalents  |       | 2,386,960                     | 5,192,426         | 2,095,798         | 5,033,292         |
| Non-current assets classified as<br>held for sale                                |       |                               | 10,080            |                   | 9,246             |
|  |       |                               | 5,202,506         |                   | 5,042,538         |
| <b>Total assets</b>  |       |                               | <b>10,561,786</b> |                   | <b>10,292,673</b> |
| <b>EQUITY</b>  |       |                               |                   |                   |                   |
| <b>Capital and reserves<br/>attributable to the company's<br/>equity holders</b> |       |                               |                   |                   |                   |
|  |       |                               | 5,562,214         |                   | 5,296,342         |
| <b>Minority interest</b>   |       |                               | 1,002,506         |                   | 964,897           |
| <b>Total equity</b>  |       |                               | <b>6,564,720</b>  |                   | <b>6,261,239</b>  |
| <b>LIABILITIES</b>   |       |                               |                   |                   |                   |
| <b>Non-current liabilities</b>   |       |                               |                   |                   |                   |
| Provisions   |       | 19,057                        |                   | 18,913            |                   |
| Deferred income tax  |       | 900,170                       |                   | 857,297           |                   |
| Other liabilities  |       | 191,537                       |                   | 176,626           |                   |
| Derivative financial instruments   |       | 26,219                        |                   | 32,627            |                   |
| Borrowings   |       | 1,534,850                     | 2,671,833         | 1,787,204         | 2,872,667         |

|                                     |         |                   |         |                   |
|-------------------------------------|---------|-------------------|---------|-------------------|
| <b>Current liabilities</b>          |         |                   |         |                   |
| Current tax liabilities             | 176,058 |                   | 103,171 |                   |
| Other liabilities                   | 78,728  |                   | 57,021  |                   |
| Trade payables                      | 523,298 |                   | 412,967 |                   |
| Derivative financial instruments    | 41,332  |                   | 46,083  |                   |
| Borrowings                          | 505,817 | 1,325,233         | 539,525 | 1,158,767         |
| <b>Total liabilities</b>            |         | <b>3,997,066</b>  |         | <b>4,031,434</b>  |
| <b>Total equity and liabilities</b> |         | <b>10,561,786</b> |         | <b>10,292,673</b> |

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

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



**TERNIUM S.A.****Consolidated condensed interim financial statements as of March 31, 2010  
and for the three-month periods ended March 31, 2010 and 2009**

(All amounts in USD thousands)

**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY**

|  | Attributable to the Company's equity holders (1) |                                  |                                |                                  |                                 | Retained earnings | Total            | Minority interest | Total Equity     |
|--|--|----------------------------------|--------------------------------|----------------------------------|---------------------------------|-------------------|------------------|-------------------|------------------|
|  | Capital stock (2)                                | Initial public offering expenses | Revaluation and other reserves | Capital stock issue discount (3) | Currency translation adjustment |                   |                  |                   |                  |
| <b>Balance at January 1, 2010</b>                | <b>2,004,743</b>                                 | <b>(23,295)</b>                  | <b>1,726,216</b>               | <b>(2,324,866)</b>               | <b>(570,844)</b>                | <b>4,484,388</b>  | <b>5,296,342</b> | <b>964,897</b>    | <b>6,261,239</b> |
| Profit for the period                            |  |                                  |                                |                                  |                                 | 205,238           | 205,238          | 39,879            | 245,117          |
| Other comprehensive income (loss) for the period |  |                                  | 491                            |                                  | 60,143                          |                   | 60,634           | (2,270)           | 58,364           |
| Total comprehensive income for the period        |  |                                  | 491                            |                                  | 60,143                          | 205,238           | 265,872          | 37,609            | 303,481          |
| <b>Balance at March 31, 2010 (unaudited)</b>     | <b>2,004,743</b>                                 | <b>(23,295)</b>                  | <b>1,726,707</b>               | <b>(2,324,866)</b>               | <b>(510,701)</b>                | <b>4,689,626</b>  | <b>5,562,214</b> | <b>1,002,506</b>  | <b>6,564,720</b> |

(1) Shareholders equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 10 (iii).

- (2) At March 31, 2010, the Capital Stock adds up to 2,004,743,442 shares at a nominal value of USD 1 each.
  
- (3) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

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 condensed interim financial statements may not be wholly distributable. See Note 10 (iii).

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

**TERNIUM S.A.****Consolidated condensed interim financial statements as of March 31, 2010  
and for the three-month periods ended March 31, 2010 and 2009**

(All amounts in USD thousands)

**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY  
(continued)**

|  | Attributable to the Company's equity holders (1) |   |                                      |  |                                       |                      |                  | Minority<br>interest | Total<br>Equity  |
|--|--|---|--------------------------------------|--|---------------------------------------|----------------------|------------------|----------------------|------------------|
|  | Capital<br>stock (2)                             | Initial<br>public<br>offering<br>expenses | Revaluation<br>and other<br>reserves | Capital<br>stock<br>issue<br>discount<br>(3) | Currency<br>translation<br>adjustment | Retained<br>earnings | Total            |                      |                  |
| <b>Balance at<br/>January 1,<br/>2009</b>                    | <b>2,004,743</b>                                 | <b>(23,295)</b>                           | <b>1,702,285</b>                     | <b>(2,324,866)</b>                           | <b>(528,485)</b>                      | <b>3,766,988</b>     | <b>4,597,370</b> | <b>964,094</b>       | <b>5,561,464</b> |
| Loss for the<br>period                                       |  |   |                                      |  |                                       | (93,182)             | (93,182)         | (23,836)             | (117,018)        |
| Other<br>comprehensive<br>income<br>(loss) for the<br>period |  |   | 5,574                                |  | (145,197)                             |                      | (139,623)        | (52,765)             | (192,388)        |
| Total<br>comprehensive<br>income<br>(loss) for the<br>period |  |   | 5,574                                |  | (145,197)                             | (93,182)             | (232,805)        | (76,601)             | (309,406)        |
| Acquisition of<br>business (4)                               |  |   | 182                                  |  |                                       |                      | 182              | (378)                | (196)            |
| <b>Balance at<br/>March 31,<br/>2009<br/>(unaudited)</b>     | <b>2,004,743</b>                                 | <b>(23,295)</b>                           | <b>1,708,041</b>                     | <b>(2,324,866)</b>                           | <b>(673,682)</b>                      | <b>3,673,806</b>     | <b>4,364,747</b> | <b>887,115</b>       | <b>5,251,862</b> |

(1) Shareholders  
equity  
determined in  
accordance with  
accounting  
principles  
generally

accepted in  
Luxembourg is  
disclosed in  
Note 10 (iii).

- (2) At March 31, 2009, the Capital Stock adds up to 2,004,743,442 shares at a nominal value of USD 1 each.
- (3) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.
- (4) On February 5, 2009, Ternium Internacional España S.L.U. acquired from its related company Siderca S.A.I.C., 53,452 shares of Siderar S.A.I.C., representing 0.015% of that company's share capital, for an aggregate purchase price of USD 196 thousand. After this acquisition, Ternium increased its ownership in Siderar to

60.94%.

As permitted by IFRS 3, the Company accounted for this acquisition under the economic entity model, which requires that the acquisition of an additional equity interest in a controlled subsidiary be accounted for at its carrying amount, with the difference arising on purchase price allocation being recorded directly in equity.

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 condensed interim financial statements may not be wholly distributable. See Note 10 (iii).

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

**TERNIUM S.A.****Consolidated condensed interim financial statements as of March 31, 2010  
and for the three-month periods ended March 31, 2010 and 2009**

(All amounts in USD thousands)

**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

|  | Notes   | <b>Three-month period<br/>ended March, 31</b> |                  |
|--|---------|---|------------------|
|  |         | <b>2010</b>                                   | <b>2009</b>      |
|  |         | <b>(Unaudited)</b>                            |                  |
| <b>Cash flows from operating activities</b>                |         |   |                  |
| Profit (loss) for the period                               |         | 245,117                                       | (117,018)        |
| Adjustments for:   |         |   |                  |
| Depreciation and amortization                              | 7 & 8   | 91,279  | 94,429           |
| Income tax accruals less payments                          |         | 116,793                                       | (148,004)        |
| Equity in losses (earnings) of associated companies        |         | 223   | (541)            |
| Interest accruals less payments                            |         | (9,599)                                       | 9,670            |
| Impairment charge  | 10 (ii) |   | 27,022           |
| Changes in provisions                                      |         | 1,953   | (1,196)          |
| Changes in working capital                                 |         | (22,961)                                      | 371,291          |
| Interest income Sidor financial asset                      | 11      | (27,232)                                      |                  |
| Net foreign exchange results and others                    |         | (82,401)                                      | 173,670          |
| <b>Net cash provided by operating activities</b>           |         | <b>313,172</b>                                | <b>409,323</b>   |
| <b>Cash flows from investing activities</b>                |         |   |                  |
| Capital expenditures                                       | 7 & 8   | (54,534)                                      | (68,298)         |
| Proceeds from the sale of property, plant and equipment    |         | 665   | 347              |
| Decrease (increase) in other investments                   |         | 19,639  | (868)            |
| Acquisition of business                                    |         |   | (196)            |
| Proceeds from Sidor financial asset                        | 11      | 300,209                                       |                  |
| <b>Net cash provided by (used in) investing activities</b> |         | <b>265,979</b>                                | <b>(69,015)</b>  |
| <b>Cash flows from financing activities</b>                |         |   |                  |
| Proceeds from borrowings                                   |         | 1,439   | 74,219           |
| Repayments of borrowings                                   |         | (290,479)                                     | (395,910)        |
| <b>Net cash used in financing activities</b>               |         | <b>(289,040)</b>                              | <b>(321,691)</b> |
| <b>Increase in cash and cash equivalents</b>               |         | <b>290,111</b>                                | <b>18,617</b>    |
| <b>Movement in cash and cash equivalents</b>               |         |   |                  |
| At January 1,  |         | 2,095,798                                     | 1,065,552        |
| Effect of exchange rate changes                            |         | 1,051   | (3,752)          |

|   |                  |                  |
|---|------------------|------------------|
| Increase in cash and cash equivalents         | 290,111          | 18,617           |
| <b>Cash and cash equivalents at March 31,</b> | <b>2,386,960</b> | <b>1,080,417</b> |

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

**TERNIUM S.A.**

**Notes to the Consolidated Condensed Interim Financial Statements**

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

|    |  |
|----|--|
| 1  | General information and basis of presentation                              |
| 2  | Accounting policies  |
| 3  | Segment information  |
| 4  | Cost of sales  |
| 5  | Selling, general and administrative expenses                               |
| 6  | Other financial income (expenses), net                                     |
| 7  | Property, plant and equipment, net   |
| 8  | Intangible assets, net   |
| 9  | Distribution of dividends  |
| 10 | Contingencies, commitments and restrictions on the distribution of profits |
| 11 | Nationalization of Sidor   |
| 12 | Related party transactions   |
| 13 | Recently issued accounting pronouncements                                  |
| 14 | Subsequent Events: Acquisition of business                                 |



**TERNIUM S.A.**

**Notes to the Consolidated Condensed Interim Financial Statements (Contd.)**

**1 General information and basis of presentation**

Ternium S.A. (the Company or Ternium ), a Luxembourg Corporation (Société Anonyme), was incorporated on December 22, 2003 under the name of Zoompart Holding S.A. to hold investments in flat and long steel manufacturing and distributing companies. The extraordinary shareholders meeting held on August 18, 2005, changed the corporate name to Ternium S.A.

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 ). As from February 1, 2006, the Company s shares are listed in the New York Stock Exchange.

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, 2009.

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

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 (losses) that are included in the consolidated condensed interim income statement under Other financial income (expenses), net .

These Consolidated Condensed Interim Financial Statements were approved by the Board of Directors of Ternium on May 4, 2010.

**2 Accounting policies**

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting . These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2009, which have been prepared in accordance with International Financial Reporting Standards ( 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, 2009.

**TERNIUM S.A.****Notes to the Consolidated Condensed Interim Financial Statements (Contd.)****3 Segment information****Reportable operating segments**

For management purposes, the Company is organized on a worldwide basis into the following segments: flat steel products, long steel products and others.

The flat steel products segment comprises the manufacturing and marketing of hot rolled coils and sheets, cold rolled coils and sheets, tin plate, welded pipes, hot dipped galvanized and electro-galvanized sheets, pre-painted sheets and other tailor-made products to serve its customers' requirements.

The long steel products segment comprises the manufacturing and marketing of billets (steel in its basic, semi-finished state), wire rod and bars.

The other products segment includes products other than flat and long steel, mainly pig iron, pellets and pre-engineered metal buildings.

|  | <b>Flat steel<br/>products</b> | <b>Long steel<br/>products</b> | <b>Other</b> | <b>Total</b> |
|--|--------------------------------|--------------------------------|--------------|--------------|
|  |                                | <b>(Unaudited)</b>             |              |              |
| <b>Three-month period ended March 31, 2010</b> |                                |                                |              |              |
| Net sales                                      | 1,427,088                      | 172,652                        | 50,859       | 1,650,599    |
| Cost of sales                                  | (1,066,189)                    | (120,254)                      | (27,202)     | (1,213,645)  |
| Gross profit                                   | 360,899                        | 52,398                         | 23,657       | 436,954      |
| Selling, general and administrative expenses   | (127,728)                      | (12,045)                       | (4,537)      | (144,310)    |
| Other operating income (expenses), net         | 590                            | 275                            | (10)         | 855          |
| Operating income                               | 233,761                        | 40,628                         | 19,110       | 293,499      |
| Depreciation PP&E                              | 68,286                         | 4,586                          | 1,522        | 74,394       |

**TERNIUM S.A.****Notes to the Consolidated Condensed Interim Financial Statements (Contd.)****3 Segment information (continued)**

|  | <b>Flat steel<br/>products</b> | <b>Long steel<br/>products</b> | <b>Other</b> | <b>Total</b> |
|--|--------------------------------|--------------------------------|--------------|--------------|
|  |                                |                                |              |              |
|  |                                | <b>(Unaudited)</b>             |              |              |
| <b>Three-month period ended March 31, 2009</b> |                                |                                |              |              |
| Net sales                                      | 996,795                        | 148,193                        | 29,667       | 1,174,655    |
| Cost of sales                                  | (928,424)                      | (97,690)                       | (18,458)     | (1,044,572)  |
| Gross profit                                   | 68,371                         | 50,503                         | 11,209       | 130,083      |
| Selling, general and administrative expenses   | (119,627)                      | (12,747)                       | (3,792)      | (136,166)    |
| Other operating (expenses) income, net (*)     | (21,625)                       | 952                            | 273          | (20,400)     |
| Operating (loss) income                        | (72,881)                       | 38,708                         | 7,690        | (26,483)     |
| Depreciation PP&E                              | 68,072                         | 4,201                          | 1,497        | 73,770       |

(\*) Flat steel products segment includes an impairment charge of intangible assets of USD 27.0 million (see Note 10 (ii)).

**Geographical information**

Ternium sells its products to three main geographical areas: South and Central America, North America, and Europe and others. The North American area comprises principally United States, Canada and Mexico. The South and Central American area comprises principally Argentina, Colombia, Chile, Paraguay, Ecuador, Guatemala, Costa Rica and Brazil.

|  | <b>South and<br/>Central<br/>America</b> | <b>North<br/>America</b> | <b>Europe<br/>and others</b> | <b>Total</b> |
|--|--|--------------------------|------------------------------|--------------|
|  |  |                          |                              |              |
|  |  | <b>(Unaudited)</b>       |                              |              |
| <b>Three-month period ended March 31, 2010</b> |  |                          |                              |              |
| Net sales                                      | 614,945                                  | 1,007,250                | 28,404                       | 1,650,599    |
| Depreciation PP&E                              | 26,784                                   | 47,606                   | 4                            | 74,394       |
| <b>Three-month period ended March 31, 2009</b> |  |                          |                              |              |
| Net sales                                      | 372,908                                  | 700,177                  | 101,570                      | 1,174,655    |
| Depreciation PP&E                              | 29,197                                   | 44,570                   | 3                            | 73,770       |



**TERNIUM S.A.****Notes to the Consolidated Condensed Interim Financial Statements (Contd.)****4 Cost of sales**

|  | <b>Three-month period<br/>ended March 31,<br/>2010                  2009<br/>(Unaudited)</b> |                  |
|--|--|------------------|
| <b>Inventories at the beginning of the year</b>        | 1,350,568  | 1,826,547        |
| Translation differences                                | 29,315   | (102,090)        |
| <b>Plus: Charges for the period</b>                    |  |                  |
| Raw materials and consumables used and other movements | 920,238  | 320,055          |
| Services and fees                                      | 36,530   | 28,471           |
| Labor cost   | 108,808  | 81,706           |
| Depreciation of property, plant and equipment          | 70,122   | 72,625           |
| Amortization of intangible assets                      | 4,482  | 5,433            |
| Maintenance expenses                                   | 68,979   | 44,102           |
| Office expenses  | 1,372  | 1,322            |
| Freight and transportation                             | 7,739  | 5,686            |
| Insurance  | 1,982  | 2,206            |
| Recovery of provision for obsolescence                 | (2,121)  | (22,176)         |
| Valuation allowance                                    |  | 123,058          |
| Recovery from sales of scrap and by-products           | (11,781)   | (4,358)          |
| Others   | 6,321  | 6,958            |
| <b>Less: Inventories at the end of the period</b>      | (1,378,909)  | (1,344,973)      |
| <b>Cost of sales</b>                                   | <b>1,213,645</b>   | <b>1,044,572</b> |

**5 Selling, general and administrative expenses**

|  | <b>Three-month period<br/>ended March 31,<br/>2010                  2009<br/>(Unaudited)</b> |        |
|--|--|--------|
| Services and fees                            | 11,110   | 11,305 |
| Labor cost                                   | 35,397   | 36,220 |
| Depreciation of property plant and equipment | 4,272  | 1,145  |
| Amortization of intangible assets            | 12,403   | 15,226 |
| Maintenance expenses                         | 1,932  | 1,617  |
| Taxes  | 18,714   | 15,775 |
| Office expenses                              | 7,917  | 7,051  |
| Freight and transportation                   | 49,302   | 43,172 |
| Decrease of allowances for doubtful accounts | (182)  | (601)  |
| Others                                       | 3,445  | 5,256  |

|   |                |                |
|---|----------------|----------------|
| <b>Selling, general and administrative expenses</b> | <b>144,310</b> | <b>136,166</b> |
|---|----------------|----------------|

-12-

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**TERNIUM S.A.****Notes to the Consolidated Condensed Interim Financial Statements (Contd.)****6 Other financial income (expenses), net**

|  | <b>Three-month period<br/>Ended March 31,<br/>2010                      2009<br/>(Unaudited)</b> |                  |
|--|--|------------------|
| Net foreign exchange gains (losses)            | 100,965  | (160,534)        |
| Change in fair value of derivative instruments | (2,073)  | (1,431)          |
| Debt issue costs                               | (1,146)  | (1,394)          |
| Others   | (1,511)  | (1,646)          |
| <b>Other financial income (expenses), net</b>  | <b>96,235</b>  | <b>(165,005)</b> |

**7 Property, plant and equipment, net**

|                                  | <b>Three-month period<br/>ended March 31,<br/>2010                      2009<br/>(Unaudited)</b> |                  |
|----------------------------------|--|------------------|
| At the beginning of the year     | 4,040,415  | 4,212,313        |
| Currency translation differences | 100,025  | (250,524)        |
| Additions                        | 50,818   | 61,027           |
| Disposals                        | (745)  | (507)            |
| Depreciation charge              | (74,394)   | (73,770)         |
| Transfers and other movements    |  | (12,917)         |
| <b>At the end of the period</b>  | <b>4,116,119</b>   | <b>3,935,622</b> |

**8 Intangible assets, net**

|                                  | <b>Three-month period<br/>ended March 31,<br/>2010                      2009<br/>(Unaudited)</b> |                  |
|----------------------------------|--|------------------|
| At the beginning of the year     | 1,085,412  | 1,136,367        |
| Currency translation differences | 49,461   | (59,889)         |
| Additions                        | 3,716  | 7,271            |
| Amortization charge              | (16,885)   | (20,659)         |
| Impairment charge (*)            |  | (27,022)         |
| <b>At the end of the period</b>  | <b>1,121,704</b>   | <b>1,036,068</b> |

(\*) This charge represents the full impairment over the steel supply contract mentioned in Note 10 (ii).



**TERNIUM S.A.**

**Notes to the Consolidated Condensed Interim Financial Statements (Contd.)**

**9 Distribution of dividends**

On February 23, 2010, the Board of Directors proposed a dividend distribution of USD 0.05 per share (USD 0.50 per ADS), or approximately USD 100.2 million in the aggregate, which is subject to shareholder s approval at the Company s annual general shareholders meeting to be held on June 2, 2010. If the annual dividend is approved at the annual general shareholders meeting, the payment date is expected to be on June 10, 2010.

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

This note should be read in conjunction with Note 27 to the Company s audited Consolidated Financial Statements for the year ended December 31, 2009. Significant changes or events since the date of issue of such financial statements are as follows:

*(i) Siderar*

**(a) Expansion project**

Within the investment plan to increase its production capacity, Siderar has entered into several commitments to acquire new production equipment for a total consideration of USD 145.7 million.

Furthermore, related to operating activities and to the investment plan, Siderar entered into an agreement with Air Liquide Argentina S.A. ( Alasa ) for the supply of oxygen, nitrogen and argon for a contracted amount of USD 175.2 million which is due to terminate in 2025.

Given the severe international financial crisis initiated in 2008, its impact on the steel global market and the uncertainty about the evolution of steel demand, Siderar rescheduled the execution of its investment plan. Consequently, Siderar agreed with some suppliers to cancel or postpone some purchase orders.

Regarding the agreement entered with Alasa and after several negotiations, a provisory suspension of services and supplies from both parties related to the construction of the new gas facility was agreed until June 30, 2010. If a new postponement is not agreed, or a definitive agreement is not reached, Alasa would be entitled to claim Siderar fulfillment of the commitments starting July 1, 2010.

**(b) Raw material contracts**

Siderar has assumed firm commitments for the purchase of raw materials for a total consideration USD 733.0 million. These commitments include certain purchases of raw materials at prices that are in aggregate USD 26.7 million higher than current market conditions.

*(ii) Steel supply contracts*

Grupo Imsa (now Ternium Mexico), together with Grupo Marcegaglia, Duferco International and Dongkuk Steel were parties to a ten-year steel slab off-take framework agreement with Corus UK Limited dated as of December 16, 2004, which was supplemented by bilateral off-take agreements. Under the agreements, the off-takers could be required, in the aggregate, to purchase approximately 78% of the steel slab production of Corus Teeside facility in the North East of England, of which Grupo Imsa s share was 15.38%, or approximately 0.5 million tons per year

In addition, the offtakers were required to make, in the aggregate and according to their respective pro rata shares, significant payments to Corus to finance capital expenditures. In December 2007, all of Grupo Imsa s rights and obligations under this contract were assigned to Ternium Procurement S.A. (formerly known as Alvory S.A.).

**TERNIUM S.A.****Notes to the Consolidated Condensed Interim Financial Statements (Contd.)****10 Contingencies, commitments and restrictions on the distribution of profits (continued)***(ii) Steel supply contracts (continued)*

On April 7, 2009, Ternium Procurement S.A., together with the other off-takers, declared the early termination of the off-take framework agreement and their respective off-take agreements with Corus pursuant to a provision allowing the off-takers to terminate the agreements upon the occurrence of certain events specified in the off-take framework agreement. Corus initially denied the occurrence of the alleged termination event, stated that it would pursue specific performance and initiated an arbitration proceeding against the off-takers and Ternium Mexico seeking damages arising out of the alleged wrongful termination of the off-take agreements, which damages Corus has not quantified but has stated would exceed the USD150 million, the maximum aggregate cap on liability that the off-takers understand would have under the off-take framework agreement (a limitation that Corus disputes). In addition, Corus threatened to submit to arbitration further claims in tort against the off-takers, and also threatened to submit such claims against certain third-parties to such agreements, including the Company. The off-takers and Ternium Mexico, in turn, denied Corus' claims and brought counterclaims against Corus which, in the aggregate, would also be greater than USD150 million. On May 12, 2009, Corus, by a letter from its lawyers, alleged that the off-takers' termination notice amounted to a repudiatory breach of the agreements and stated that it accepted that the agreements had come to an end and that it would no longer pursue a claim for specific performance in the arbitration; the claim for damages, for all losses caused by the alleged off-takers' wrongful repudiation of the agreements, however, would be maintained. On July 9, 2009, Corus submitted an amended request for arbitration adding tortious claims against the off-takers and adding to its claims the payment of punitive or exemplary damages. The arbitration proceeding has not yet concluded. At the date of issue of these financial statements it is impossible to foresee the final outcome of this arbitration proceeding.

*(iii) 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, 2009, this reserve reached the above-mentioned threshold.

Ternium may pay dividends to the extent that it has distributable retained earnings and distributable reserves calculated in accordance with Luxembourg law and regulations. Therefore, retained earnings included in these consolidated condensed interim financial statements may not be wholly distributable.

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

|   | <b>At December 31,<br/>2009</b> |
|---|---------------------------------|
| Share capital   | 2,004,743                       |
| Legal reserve   | 200,474                         |
| Distributable reserves                                  | 201,674                         |
| Non distributable reserves                              | 1,414,123                       |
| Accumulated profit at December 31, 2009                 | 1,535,379                       |
| <b>Total shareholders' equity under Luxembourg GAAP</b> | <b>5,356,393</b>                |

**TERNIUM S.A.**

**Notes to the Consolidated Condensed Interim Financial Statements (Contd.)**

**11 Nationalization of Sidor**

On March 31, 2008, Ternium S.A. (the Company) controlled approximately 59.7% of Sidor, while Corporación Venezolana de Guayana, or CVG (a Venezuelan governmental entity), and Banco de Desarrollo Económico y Social de Venezuela, or BANDES (a bank owned by the Venezuelan government), held approximately 20.4% of Sidor and certain Sidor employees and former employees held the remaining 19.9% interest.

Further to several threats of nationalization and various adverse interferences with management in preceding years, on April 8, 2008, the Venezuelan government announced its intention to take control over Sidor. On April 29, 2008, the National Assembly of Venezuela passed a resolution declaring that the shares of Sidor, together with all of its assets, were of public and social interest, and authorizing the Venezuelan government to take any action it deemed appropriate in connection with any such assets, including expropriation.

On May 11, 2008, Decree Law 6058 of the President of Venezuela regulating the steel production activity in the Guayana, Venezuela region (the Decree), dated April 30, 2008, was published. The Decree ordered that Sidor and its subsidiaries and associated companies be transformed into state-owned enterprises (empresas del Estado), with the government owning not less than 60% of their share capital. The Decree required the Venezuelan government to create two committees: a transition committee to be incorporated into Sidor's management and to ensure that control over the current operations of Sidor and its subsidiaries and associated companies was transferred to the government on or prior to July 12, 2008, and a separate technical committee, composed of representatives of the government and the private shareholders of Sidor and its subsidiaries and associated companies, to negotiate over a 60-day period (extendable by mutual agreement) a fair price for the shares to be transferred to Venezuela. The Decree also stated that, in the event the parties failed to reach agreement by the expiration of the 60-day period, the Venezuelan Ministry of Basic Industries and Mining (the MIBAM) would assume control and exclusive operation of, and the Executive Branch would order the expropriation of, the shares of the relevant companies in accordance with the Venezuelan Expropriation Law.

Upon expiration of the term contemplated under the Decree, on July 12, 2008, Venezuela, acting through CVG, assumed operational control and complete responsibility for Sidor's operations, and Sidor's board of directors ceased to function. However, negotiations between the Venezuelan government and the Company regarding the terms of the compensation continued over several months, and the Company retained formal title over the Sidor shares during that period.

On May 7, 2009, the Company completed the transfer of its entire 59.7% interest in Sidor to CVG. The Company agreed to receive an aggregate amount of USD 1.97 billion as compensation for its Sidor shares. Of that amount, CVG paid USD 400 million in cash at closing. The balance was divided in two tranches: the first tranche of USD 945 million is being paid in six equal quarterly installments beginning in August 2009 until November 2010, while the second tranche will be due in November 2010, subject to quarterly mandatory prepayment events based on the increase of the WTI crude oil price over its May 6, 2009 level. While the first two installments were paid upon maturity, the third installment, due on February 8, 2010, was paid on March 3, 2010. Under the agreements with CVG and Venezuela, in the event of non-compliance by CVG with its payment obligations, the Company has reserved the rights and remedies that it had prior to the transfer of the Sidor shares in relation to any claim against Venezuela, subject to certain limitations, including that the Company may not claim an amount exceeding the outstanding balance due from CVG.

**TERNIUM S.A.****Notes to the Consolidated Condensed Interim Financial Statements (Contd.)****11 Nationalization of Sidor (continued)**

At March 31, 2010, the carrying amount of the Sidor financial asset (following the receipt of USD 1.253.8 million cash payments) amounted to USD 691.4 million after application of a 14.36% annual discount rate to adequately reflect, and only for the purpose of recording, the present accounting value of the receivable with CVG.

In the three-month period ended June 30, 2009, the Company recorded a net gain, in accounting terms, of USD 428.0 million in connection with this transaction which was disclosed within *Income from discontinued operations* in the Income Statement. This result represents the difference between (i) the fair value, in accounting terms, net of taxes and other transaction costs, of the compensation for the Sidor financial asset (which comprised a USD 400 million cash payment and a receivable against CVG that, at May 7, 2009, had a fair value of USD 1,382.0 million after application of the discount rate stated above, net of taxes and other transaction costs of USD 35.1 million) and (ii) the carrying amount of the Sidor financial asset at March 31, 2009.

In the three-month period ended March 31, 2010, the Company recorded a gain in the amount of USD 27.2 million included in *Interest income - Sidor financial asset* in the Income Statement. All the above is without prejudice to the rights of the Company, including the rights and remedies reserved in the agreement with CVG and Venezuela as described above, in the event of non-compliance by CVG with its payment obligations.

**12 Related party transactions**

The Company is controlled by San Faustín N.V. As of March 31, 2010, San Faustin N.V. beneficially owned 60.64% and Tenaris, which is also controlled by San Faustin, held 11.46%, of our outstanding voting stock. Rocca & Partners S.A. controls a significant portion of the voting power of San Faustin N.V. and has the ability to influence matters affecting, or submitted to a vote of the shareholders of San Faustin N.V., such as the election of directors, the approval of certain corporate transactions and other matters concerning the Company's policies. There are no controlling shareholders for Rocca & Partners S.A.

The following transactions were carried out with related parties:

|   | <b>Three-month period<br/>ended March, 31</b> |               |
|---|---|---------------|
|   | <b>2010</b>                                   | <b>2009</b>   |
|   | <b>(Unaudited)</b>                            |               |
| <b>(i) Transactions</b>                                     |   |               |
| <b>(a) Sales of goods and services</b>                      |   |               |
| Sales of goods to other related parties                     | 36,054  | 5,086         |
| Sales of services and others to associated parties          | 13  | 33            |
| Sales of services and others to other related parties       | 402   | 55            |
|   | <b>36,469</b>                                 | <b>5,174</b>  |
| <b>(b) Purchases of goods and services</b>                  |   |               |
| Purchases of goods from other related parties               | 7,633   | 9,077         |
| Purchases of services and others from associated parties    | 7,598   | 8,456         |
| Purchases of services and others from other related parties | 31,423  | 24,596        |
|   | <b>46,654</b>                                 | <b>42,129</b> |
| <b>(c) Financial results</b>                                |   |               |
| Income with associated parties                              | 12  | 306           |
| Expenses with other related parties                         |   | (16)          |



**TERNIUM S.A.****Notes to the Consolidated Condensed Interim Financial Statements (Contd.)****12 Related party transactions (continued)**

|   | <b>March 31,<br/>2010<br/>(Unaudited)</b> | <b>December 31,<br/>2009</b> |
|---|---|------------------------------|
| <b>(ii) Period-end balances</b>                           |   |                              |
| <b>(a) Arising from sales/purchases of goods/services</b> |   |                              |
| Receivables from associated parties                       | 330                                       | 329                          |
| Receivables from other related parties                    | 24,183                                    | 13,128                       |
| Advances to suppliers with other related parties          | 12,995                                    | 15,687                       |
| Payables to associated parties                            | (1,469)                                   | (1,775)                      |
| Payables to other related parties                         | (17,477)                                  | (16,541)                     |
|   | <b>18,562</b>                             | <b>10,828</b>                |
| <b>(b) Other investments non current</b>                  |   |                              |
| Time deposits   | 16,386                                    | 16,161                       |
|   | <b>16,386</b>                             | <b>16,161</b>                |

**13 Recently issued accounting pronouncements**

None of the accounting pronouncements issued after December 31, 2009 and as of the date of these financial statements have a material effect on the Company's financial condition or result of operations.

**14 Subsequent Events: Acquisition of business**

On April 8, 2010 Ternium S.A. has entered into a definitive agreement to acquire a 54% ownership interest in Colombia-based Ferrasa through a capital contribution in the amount of USD 74.5 million. Upon completion of this transaction, Ferrasa will have a 100% ownership interest in the Colombian subsidiaries Sidecaldas, Figuraciones and Perfilamos del Cauca.

Ferrasa is a leading long and flat steel products processor and distributor. Sidecaldas is a scrap-based long steel making and rolling facility, with an annual production capacity of approximately 140,000 tons. Figuraciones and Perfilamos del Cauca manufacture welded steel tubes, profiles and beams. These companies have combined annual sales of approximately 300,000 tons, of which approximately 70% are long products and 30% are flat and tubular products, used mainly in the construction sector.

The transaction, which is subject to Colombian antitrust clearance and other customary conditions, is expected to close in the third quarter of 2010. Upon its completion Ferrasa is expected to have consolidated financial debt of approximately USD 120 million.

Ternium also has agreed to purchase a 54% ownership interest in Ferrasa Panamá for USD 0.5 million. Ferrasa Panamá is a long steel products processor and distributor based in Panama, with annual sales of approximately 8,000 tons.

In addition, the former controlling shareholders will have an option to sell to Ternium, at any time, all or part of their remaining 46% interest in each of Ferrasa and Ferrasa Panamá, and Ternium will have an option to purchase all or part of that remaining interest from the former controlling shareholders, at any time after the second anniversary of the closing.

Pablo Brizzio  
Chief Financial Officer

