Ternium S.A.
Form 6-K
February 21, 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 2/20/2012

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)

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

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 December 31, 2012.

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: February 20, 2013

TERNIUM S.A.

Consolidated Financial Statements

as of December 31, 2012 and 2011 and

for the years ended on December 31, 2012, 2011 and 2010

29 Avenue de la Porte-Neuve, 3rd floor

L – 2227

R.C.S. Luxembourg: B 98 668

TERNIUM S.A.
Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

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TERNIUM S.A.
Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010
Consolidated Income Statements

		Year ended December 31,		
	Notes	**2012**	**2011**	**2010**
Net sales	**5**	8,608,054	9,122,832	7,339,901
Cost of sales	**6**	(6,871,090)	(7,020,127)	(5,560,201)
Gross profit		1,736,964	2,102,705	1,779,700
Selling, general and administrative expenses	**7**	(809,181)	(839,362)	(738,304)
Other operating (expenses) income, net	**9**	(11,881)	(11,495)	2,162
Operating income		915,902	1,251,848	1,043,558
Interest expense		(144,439)	(100,712)	(72,953)
Interest income		19,226	39,981	87,323
Other financial (expenses) income, net	**10**	7,865	(239,691)	114,867
Equity in (losses) earnings of non-consolidated companies	**3 & 14**	(346,833)	10,137	12,867
Income before income tax expense		451,721	961,563	1,185,662
Income tax expense	**11**	(264,567)	(311,656)	(406,193)
Profit for the year		**187,154**	**649,907**	**779,470**
Attributable to:				
Equity holders of the Company		139,235	513,540	622,076
Non-controlling interest		47,919	136,367	157,394
Profit for the year		**187,154**	**649,907**	**779,470**
Weighted average number of shares outstanding		1,963,076,776	1,968,327,917	2,004,743,442
Basic and diluted earnings per share for profit attributable to the equity holders of the company (expressed in USD per share)		0.07	0.26	0.31

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

TERNIUM S.A.
Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010
Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2012	**2011**	**2010**
Profit for the period	**187,154**	**649,907**	**779,470**
Other comprehensive income:			
Currency translation adjustment	(149,551)	(422,230)	30,494
Changes in the fair value of derivatives classified as cash flow hedges	17,556	14,134	14,729
Income tax relating to cash flow hedges	(2,808)	(6,701)	(4,419)
Other comprehensive income from participation in non-consolidated companies:			
Currency translation adjustment	(275,897)	(11,403)	5,421
Changes in the fair value of derivatives classified as cash flow hedges	1,438	-	-
Others	(1,961)	-	-
Other comprehensive (loss) income for the period, net of tax	**(411,223)**	**(426,200)**	**46,225**
Total comprehensive income for the period	**(224,069)**	**223,707**	**825,695**
Attributable to:			
Equity holders of the Company	(188,258)	172,862	684,635
Non-controlling interest	(35,811)	50,845	141,060
Total comprehensive income for the period	**(224,069)**	**223,707**	**825,695**

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

TERNIUM S.A.
Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Financial Position

		Balance as of			
	Notes	**December 31, 2012**		**December 31, 2011**	
ASSETS					
Non-current assets					
Property, plant and equipment, net	**12**	4,438,117		3,969,187	
Intangible assets, net	**13**	965,206		977,711	
Investments in non-consolidated companies	**14**	1,710,514		94,875	
Other investments	**15**	7,137		14,087	
Deferred tax assets	**21**	12,541		8,101	
Receivables, net	**16**	72,827		124,201	
Trade receivables, net	**17**	5,029	7,211,371	7,526	5,195,688
Current assets					
Receivables	**16**	187,212		91,516	
Derivative financial instruments	**23**	64		50	
Inventories, net	**18**	2,000,137		2,123,516	
Trade receivables, net	**17**	735,140		745,904	
Sidor financial asset	**27**	-		136,294	
Other investments	**19**	160,750		281,676	
Cash and cash equivalents	**19**	560,307	3,643,610	2,158,044	5,537,000
Non-current assets classified as held for sale			12,018		10,374
			3,655,628		5,547,374
Total assets			**10,866,999**		**10,743,062**
EQUITY					
Capital and reserves attributable to the company's equity holders			5,420,883		5,756,371
Non-controlling interest			1,074,763		1,084,827
Total equity			6,495,646		6,841,198
LIABILITIES					
Non-current liabilities					
Provisions	**20**	17,499		15,340	

Deferred income tax	**21**	682,091		740,576	
Other liabilities	**22**	224,956		196,974	
Trade payables		18,337		21,096	
Derivative financial instruments	**23**	271		-	
Borrowings	**24**	1,302,753	2,245,907	948,495	1,922,481
Current liabilities					
Current tax liabilities		153,071		106,625	
Other liabilities	**22**	88,540		112,923	
Trade payables		762,225		682,292	
Derivative financial instruments	**23**	-		29,902	
Borrowings	**24**	1,121,610	2,125,446	1,047,641	1,979,383
Total liabilities			4,371,353		3,901,864
Total equity and liabilities			**10,866,999**		**10,743,062**

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

TERNIUM S.A.
Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Changes in Equity

	Attributable to the Company's equity holders (1)									
	Capital stock (2)	Treasury shares	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment	Retained earnings	Total	Non-controlling interest	Total Equity
Balance at January 1, 2012	**2,004,743**	**(150,000)**	**(23,295)**	**1,542,040**	**(2,324,866)**	**(864,353)**	**5,572,102**	**5,756,371**	**1,084,827**	**6,841,1**
Profit for the period							139,235	139,235	47,919	187,1
Other comprehensive income (loss) for the period										
Currency translation adjustment						(340,531)		(340,531)	(84,916)	(425,44
Cash flow hedges, net of tax				14,800				14,800	1,385	16,1
Others				(1,761)				(1,761)	(200)	(1,96
Total comprehensive income for the period	-	-	-	13,039	-	(340,531)	139,235	(188,257)	(35,812)	(224,06
Dividends paid in cash (5)							(147,231)	(147,231)	-	(147,23
Dividends paid in cash by subsidiary companies								-	(15,902)	(15,90
Contributions from non-controlling shareholders in consolidated subsidiaries (6)								-	41,650	41,6
	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**

Balance at December 31, 2012

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 25 (iii).

(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 December 31, 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 1.2 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) Represents USD 0.075 per share (USD 0.75 per ADS).

(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 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.
Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Changes in Equity

	Attributable to the Company's equity holders (1)									
	Capital stock (2)	**Treasury shares (3)**	**Initial public offering expenses**	**Reserves (4)**	**Capital stock issue discount (5)**	**Currency translation adjustment**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total Equity**
Balance at January 1, 2011	**2,004,743**	**-**	**(23,295)**	**1,635,126**	**(2,324,866)**	**(517,432)**	**5,106,464**	**5,880,740**	**1,135,361**	**7,016,1**
Profit for the period							513,540	513,540	136,367	649,9
Other comprehensive income (loss) for the period										
Currency translation adjustment						(346,921)		(346,921)	(86,712)	(433,63
Cash flow hedges, net of tax				6,243				6,243	1,190	7,4
Total comprehensive income for the period	-	-	-	6,243	-	(346,921)	513,540	172,862	50,845	223,7
Dividends paid in cash (6)				(99,329)			(47,902)	(147,231)	-	(147,23
Dividends paid in cash by subsidiary companies								-	(140,579)	(140,57
Repurchase of own shares to Usiminas (3)		(150,000)						(150,000)	-	(150,00
Contributions from non-controlling shareholders in								-	39,200	39,2

consolidated subsidiaries (7)										
Balance at December 31, 2011	**2,004,743**	**(150,000)**	**(23,295)**	**1,542,040**	**(2,324,866)**	**(864,353)**	**5,572,102**	**5,756,371**	**1,084,827**	**6,841,1**

(1) Shareholders’ equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 25 (iii).

(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 December 31, 2011, there were 2,004,743,442 shares issued. All issued shares are fully paid.

(3) See note 30.

(4) Include legal reserve under Luxembourg law for USD 200.5 million, distributable reserves under Luxembourg law for USD 101.4 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD (14.9) million and reserves related to the acquisition of non-controlling interest in subsidiaries according to IAS 27 for USD (58.5) million.

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

(6) Represents USD 0.075 USD per share (USD 0.75 per ADS).

(7) 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 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.
Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Changes in Equity

	Attributable to the Company's equity holders (1)								
	Capital stock (2)	**Initial public offering expenses**	**Reserves (3)**	**Capital stock issue discount (4)**	**Currency translation adjustment**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total Equity**
Balance at January 1, 2010	**2,004,743**	**(23,295)**	**1,726,216**	**(2,324,866)**	**(570,844)**	**4,484,388**	**5,296,342**	**964,897**	**6,261,239**
Profit for the period						622,076	622,076	157,394	779,470
Other comprehensive income (loss) for the period									
Currency translation adjustment					53,412		53,412	(17,497)	35,915
Cash flow hedges, net of tax			9,147				9,147	1,163	10,310
Total comprehensive income for the period	-	-	9,147	-	53,412	622,076	684,635	141,060	825,695
Dividends paid in cash (5)			(100,237)				(100,237)		(100,237)
Dividends paid in cash by subsidiary companies							-	(38,304)	(38,304)
Contributions from non-controlling shareholders in consolidated subsidiaries							-	4,900	4,900
							-	62,808	62,808

Acquisition of business									
Balance at December 31, 2010	**2,004,743**	**(23,295)**	**1,635,126**	**(2,324,866)**	**(517,432)**	**5,106,464**	**5,880,740**	**1,135,361**	**7,016,101**

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 25 (iii).

(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 December 31, 2010, 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, distributable reserves under Luxembourg law for USD 101.4 million, undistributable reserves under Luxembourg law for USD 1.4 billion, hedge accounting reserve, net of tax effect, for USD (22.4) 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) Represents USD 0.05 USD per share (USD 0.50 per ADS).

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 25 (iii). The accompanying notes are an integral part of these consolidated financial statements.

TERNIUM S.A.
Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

Consolidated Statements of Cash Flows

	Notes	Year ended December 31, 2012	2011	2010
Cash flows from operating activities				
Profit for the period		**187,154**	**649,907**	**779,470**
Adjustments for:				
Depreciation and amortization	**12 & 13**	370,855	395,989	374,201
Income tax accruals less payments	**31 (b)**	44,370	(260,264)	226,355
Equity in losses (earnings) of non-consolidated companies	**3 & 14**	346,833	(10,137)	(12,867)
Interest accruals less payments	**31 (b)**	816	43,047	(59)
Changes in provisions	**20**	5,754	29,932	5,543
Changes in working capital	**31 (b)**	23,533	(399,292)	(437,079)
Net foreign exchange results and others		75,777	173,188	(138,308)
Net cash provided by operating activities		**1,055,092**	**622,370**	**797,256**
Cash flows from investing activities				
Capital expenditures	**12 & 13**	(1,022,592)	(577,001)	(339,378)
Acquisition of business/stake - purchase consideration				
Purchase consideration	**3**	(2,243,610)	-	(75,000)
Cash acquired	**3**	-	-	6,593
Decrease (Increase) in other investments	**15 & 19**	127,875	588,212	(820,672)
Proceeds from the sale of property, plant and equipment		2,143	1,696	1,693
Proceeds from Sidor financial asset	**27**	136,719	133,084	767,382
Dividends received from non-consolidated companies	**14**	4,718	-	302
Contributions in non-consolidated companies	**14**	-	-	(302)
Net cash (used in) provided by investing activities		**(2,994,747)**	**145,991**	**(459,382)**
Cash flows from financing activities				
Dividends paid in cash to company's shareholders		(147,231)	(147,231)	(100,237)
Dividends paid in cash by subsidiary companies		(15,902)	(140,579)	(38,304)
Contributions from non-controlling shareholders in consolidated subsidiaries		41,650	39,200	4,900
Repurchase of treasury shares	**30**	-	(150,000)	-
Proceeds from borrowings		1,284,659	666,180	35,441

Repayments of borrowings	(814,976)	(632,140)	(555,216)
Net cash provided by (used in) financing activities	**348,200**	**(364,570)**	**(653,416)**
(Decrease) Increase in cash and cash equivalents	**(1,591,455)**	**403,791**	**(315,542)**
Movement in cash and cash equivalents			
At January 1,	2,158,044	1,779,295	2,093,800
Effect of exchange rate changes	(6,282)	(25,042)	1,037
(Decrease) Increase in cash and cash equivalents	(1,591,455)	403,791	(315,542)
Cash and cash equivalents at December 31, (1)	**560,307**	**2,158,044**	**1,779,295**

(1) It includes restricted cash of USD 941, USD 248 and USD 12,343 as of December 31, 2012, 2011 and 2010, respectively. In addition , the Company had other investments with a maturity of more than three months for USD 160,750, USD 281,676 and USD 848,800 as of December 31, 2012, 2011 and 2010, respectively.

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

TERNIUM S.A.
Consolidated Financial Statements as of December 31, 2012 and 2011

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TERNIUM S.A.
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Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

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 December 31, 2012, 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 USD 4.0 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.

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and for the years ended December 31, 2012, 2011 and 2010

1. GENERAL INFORMATION (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.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) issued and effective or issued and early adopted as at the time of preparing these statements (February 2013), as issued by the International Accounting Standards Board, and adopted by the European Union (“EU”). These consolidated financial statements are presented in thousands of United States dollars (“USD”), except otherwise indicated.

Elimination of all material intercompany transactions and balances between the Company and their respective subsidiaries has been made in consolidation.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Certain comparative amounts have been reclassified to conform to changes in presentation in the current period. These reclassifications do not have a material effect on the Company’s consolidated financial statements.

These consolidated financial statements have been approved for issue by the Board of Directors on February 20, 2013.

Detailed below are the companies whose financial statements have been consolidated in these consolidated financial statements.

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Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

2. BASIS OF PRESENTATION (continued)

Company	Country of Organization	Main activity	Percentage of ownership at December 31, 2012	2011	2010
Ternium S.A.	Luxembourg	Holding	100.00%	100.00%	100.00%
Ternium Investments S.à.r.l. (1)	Luxembourg	Holding	100.00%	100.00%	100.00%
Ternium Solutions A.G. (2)	Switzerland	Services	100.00%	100.00%	-
Ternium Brasil S.A. (3)	Brazil	Holding	100.00%	100.00%	100.00%
Siderúrgica do Norte Fluminense S.A. (4)	Brazil	Manufacturing and selling of steel products	100.00%	100.00%	100.00%
Ylopa - Servicos de Consultadoria Lda. (5)	Portugal	Holding	-	-	94.38%
Consorcio Siderurgia Amazonia S.L. (formerly Consorcio Siderurgia Amazonia S.L.U.) (6)	Spain	Holding	94.38%	94.38%	94.38%
Secor - Servicios Corporativos S.A. (6)	Venezuela	Holding	94.53%	94.38%	94.38%
Ternium Internacional España S.L.U. (3)	Spain	Marketing of steel products	100.00%	100.00%	100.00%
Siderar S.A.I.C. (7)	Argentina	Manufacturing and selling of flat steel products	60.94%	60.94%	60.94%
Impeco S.A. (8)	Argentina	Manufacturing of pipe products	60.97%	60.97%	60.97%
Prosid Investments S.C.A. (8)	Uruguay	Holding	60.94%	60.94%	60.94%
Inversiones Basilea S.A. (9)	Chile	Purchase and sale of real estate and other	-	60.94%	60.94%
Ternium Mexico S.A. de C.V. (10)	Mexico	Holding	88.72%	88.72%	88.72%
Hylsa S.A. de C.V. (11)	Mexico	Manufacturing and selling of steel products	88.72%	88.72%	88.72%
Las Encinas S.A. de C.V. (11)	Mexico	Exploration, exploitation and pelletizing of iron ore	88.72%	88.72%	88.72%
Ferropak Comercial S.A. de C.V. (11)	Mexico	Scrap services company	88.72%	88.72%	88.72%
Ferropak Servicios S.A. de C.V. (11)	Mexico	Services	88.72%	88.72%	88.72%
Galvacer America Inc (11)	USA	Distributing company	88.72%	88.72%	88.72%
Galvamet America Corp (11)	USA	Manufacturing and selling of insulated panel products	88.72%	88.72%	88.72%
Transamerica E. & I. Trading Corp. (11)	USA	Scrap services company	88.72%	88.72%	88.72%
Técnica Industrial S.A. de C.V. (11)	Mexico	Services	88.72%	88.72%	88.72%
Ternium Gas México S.A. de C.V. (formerly Sefimsa S.A. de C.V.) (12)	Mexico	Financial Services	88.72%	88.72%	88.72%
Ecore Holding S. de R.L. de C.V. (11)	Mexico	Holding	88.72%	88.72%	88.72%
Neotec L.L.C. (11)	USA	Holding	88.72%	88.72%	88.72%

Treasury Services S.A. de C.V. (11)	Mexico	Financial Services	88.72%	88.72%	88.72%
APM, S.A. de C.V. (11)	Mexico	Manufacturing and selling of steel products	88.72%	88.72%	88.72%
Acedor, S.A. de C.V. (11)	Mexico	Holding	88.72%	88.72%	88.72%
Empresas Stabilit S.A. de C.V. (13)	Mexico	Holding	-	-	88.72%
Acerus S.A. de C.V. (11)	Mexico	Manufacturing and selling of steel products	88.72%	88.72%	88.72%
Imsa Monclova S.A. de C.V. (11)	Mexico	Services	88.72%	88.72%	88.72%
Ternium Internacional Guatemala S.A. (14)	Guatemala	Selling of steel products	99.98%	99.98%	88.72%
Corporativo Grupo Imsa S.A. de C.V. (11)	Mexico	Services	88.72%	88.72%	88.72%

TERNIUM S.A.
Consolidated Financial Statements as of December 31, 2012 and 2011

and for the years ended December 31, 2012, 2011 and 2010

2. BASIS OF PRESENTATION (continued)

Company	Country of Organization	Main activity	Percentage of ownership at December 31, 2012	2011	2010
Ternium USA Inc. (11)	USA	Manufacturing and selling of steel products	88.72%	88.72%	88.72%
Servicios Integrales Nova de Monterrey S.A. de C.V. (15)	Mexico	Medical and Social Services	66.09%	66.09%	66.09%
Ternium Guatemala S.A. (16)	Guatemala	Manufacturing and selling of steel products	-	-	88.72%
Ternium Internacional Nicaragua S.A.	Nicaragua	Manufacturing and selling of steel products	99.38%	99.38%	88.18%
Ternium Internacional Honduras S.A. de C.V.	Honduras	Manufacturing and selling of steel products	99.18%	99.18%	88.01%
Ternium Internacional El Salvador S.A. de C.V.	El Salvador	Manufacturing and selling of steel products	99.91%	99.91%	88.66%
Ternium Internacional Costa Rica S.A.	Costa Rica	Manufacturing and selling of steel products	99.98%	99.98%	88.72%
Ferrasa S.A.S. (17)	Colombia	Manufacturing and selling of steel products	54.00%	54.00%	54.00%
Perfilamos del Cauca S.A.S. (17)	Colombia	Manufacturing and selling of steel products	54.00%	54.00%	54.00%
Figuraciones S.A.S. (17)	Colombia	Manufacturing and selling of steel products	54.00%	54.00%	54.00%
Siderúrgica de Caldas S.A.S. (17)	Colombia	Manufacturing and selling of steel products	54.00%	54.00%	54.00%
Procesadora de Materiales Industriales S.A.	Colombia	Scrap services company	32.40%	32.40%	32.40%
Recolectora Industrial de Colombia S.A. (18)	Colombia	Scrap services company	-	-	28.70%
Desechos Industriales de Colombia S.A. (18)	Colombia	Scrap services company	-	-	29.70%
Tenigal S. de R.L. de C.V. (19)	Mexico	Manufacturing and selling of steel products	51.00%	51.00%	51.00%
Ternium Investments Switzerland AG (3)	Switzerland	Holding	100.00%	100.00%	100.00%
Ternium Internacional S.A. (20)	Uruguay	Holding and marketing of steel products	100.00%	100.00%	100.00%
Ternium International Ecuador S.A. (21)	Ecuador	Marketing of steel products	100.00%	100.00%	100.00%
Ternium International USA Corporation (21)	USA	Marketing of steel products	100.00%	100.00%	100.00%

Ternium Internationaal B.V. (21)	Netherlands	Marketing of steel products	100.00%	100.00%	100.00%
Ternium Internacional Perú S.A. (22)	Peru	Marketing of steel products	-	100.00%	100.00%
Ternium Internacional de Colombia S.A.S. (formerly Ternium Internacional de Colombia S.A.) (21)	Colombia	Marketing of steel products	100.00%	100.00%	100.00%
Ternium Procurement S.A. (20)	Uruguay	Procurement services	100.00%	100.00%	100.00%
Ternium International Inc. (20)	Panama	Marketing of steel products	100.00%	100.00%	100.00%
Ternium Engineering & Services S.A. (23)	Uruguay	Engineering and other services	100.00%	100.00%	100.00%
Ternium Ingeniería y Servicios de Argentina S.A.	Argentina	Engineering and other services	100.00%	100.00%	100.00%
Ternium Ingeniería y Servicios de México S.A. de C.V.	Mexico	Engineering and other services	100.00%	100.00%	100.00%
Ternium Treasury Services S.A. (20)	Uruguay	Financial Services	100.00%	100.00%	100.00%
Ternium Treasury Services B.V. (20)	Netherlands	Financial Services	100.00%	100.00%	100.00%
Ferrasa Panamá, S.A. (24)	Panama	Manufacturing and selling of steel products	54.00%	54.00%	54.00%
Aceros Transformados de Panamá, S.A. (24)	Panama	Manufacturing and selling of steel products	54.00%	54.00%	54.00%

2. BASIS OF PRESENTATION (continued)

(1) Incorporated in the fourth quarter of 2010.

(2) Indirectly through Ternium Investments S.à.r.l. Total voting rights held: 100.00%. Incorporated in the first quarter of 2011.

(3) Indirectly through Ternium Investments S.à.r.l. Total voting rights held: 100.00%.

(4) Indirectly through Ternium Brasil S.A. Total voting rights held: 100.00%. Incorporated during 2010.

(5) This company was dissolved as of December 27, 2011.

(6) Since December 27, 2011, indirectly through Ternium Investments S.á.r.l. (85.77%) and Prosid Investments S.C.A. (8.76%). Total voting rights held: 100.00%. Before that, indirectly through Ylopa – Servicos de Consultadoría Lda.

(7) Indirectly through Ternium Internacional España S.L.U. Total voting rights held: 60.94%.

(8) Indirectly through Siderar S.A.I.C and Ternium Internacional S.A. Total voting rights held 100.00%.

(9) This company was dissolved as of November 14, 2012.

(10) Indirectly through Siderar S.A.I.C., Inversiones Basilea S.A. and Ternium Internacional España S.L.U. Total voting rights held 99.93%.

(11) Indirectly through Ternium Mexico S.A. de C.V. Total voting rights held: 100.00%.

(12) Indirectly through Ternium Mexico S.A. de C.V. and Tenigal S. de R.L. de C.V. Total voting rights held: 100.00%.

(13) Merged with Ternium Mexico S.A. de C.V. during the fourth quarter of 2011.

(14) Indirectly through Ternium Internacional España S.L.U. Total voting rights held: 100%.

(15) Indirectly through Ternium Mexico S.A. de C.V. Total voting rights held: 74.50%.

(16) This company was merged with Ternium Internacional Guatemala, S.A. during the first quarter of 2011.

(17) Indirectly through Ternium Internacional España S.L.U.. Total voting rights held: 54.00%. Incorporated during 2010. (See note 3.)

(18) These companies were sold during the second quarter of 2011.

(19) Indirectly through Ternium Internacional España S.L.U.. Total voting rights held: 51.00%. Incorporated during 2010. (See note 31.)

(20) Indirectly through Ternium Investments Switzerland AG. Total voting rights held: 100.00%.

(21) Indirectly through Ternium Internacional S.A. Total voting rights held 100.00%.

(22) This company was dissolved as of February 18, 2012.

(23) Indirectly through Ternium Internacional Inc.. Total voting rights held 100.00%.

(24) Indirectly through Ternium Treasury Services S.A. Total voting rights held: 54.00%. Incorporated during 2010. (See note 3.)

3. ACQUISITION OF BUSINESS – USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. - USIMINAS

On November 27, 2011, 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"), entered into share purchase agreements with Camargo Corrêa, Votorantim and Caixa dos Empregados da Usiminas (Usiminas employee pension fund, or CEU) for the acquisition of 139.7 million ordinary shares of Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS ("Usiminas"), representing 27.66% of Usiminas' voting capital, at a price of BRL 36.0 (approximately USD 19.0) per ordinary share.

With strategically located facilities near the main consumers of steel in Brazil and iron ore mines in the Serra Azul region, Usiminas is organized under four main business units: Mining, Steel, Steel Processing and Capital Goods.

3. ACQUISITION OF BUSINESS – USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. - USIMINAS (continued)

Upon closing of the transaction on January 16, 2012, Ternium Investments, Siderar and TenarisConfab joined Usiminas' existing control group through the acquisition of 84.7, 30.0, and 25.0 million ordinary shares, respectively. In addition, Nippon Steel acquired from CEU 8.5 million ordinary shares. In addition, Ternium Investments, Siderar, Prosid and TenarisConfab entered into an amended and restated Usiminas shareholders' agreement with Nippon Steel, Mitsubishi, Metal One and CEU, governing Ternium Investments, Siderar (and Prosid) and TenarisConfab's rights within the Usiminas control group; most decisions in that control group are subject for its approval to a 65% majority of the control group shares. As a result of these transactions, the control group, which holds 322.7 million ordinary shares representing the majority of Usiminas' voting rights, is now formed as follows: Nippon Group 46.1%, Ternium/Tenaris Group 43.3%, and CEU 10.6%. The rights of Ternium Investments, Siderar (and Prosid) and TenarisConfab within the Ternium/Tenaris Group are governed under a separate shareholders agreement.

Ternium holds 35.6% of Usiminas' voting rights over the control group and 22.71% of Usiminas' ordinary shares, and has a participation in Usiminas' results of 11.32%.

As of the date of issuance of these consolidated financial statements, the Company has completed its purchase price allocation procedures and determined a notional goodwill included within the investment balance of USD 583 million, according to the following calculation:

Opening net assets at January 16, 2012	**9,690,397**
Percentage of interest of the Company over opening net assets (1)	11.62%
Interest of the Company over opening net assets	**1,126,306**
Net assets at fair value vs. book value	534,531
Goodwill	582,773
Total Purchase consideration	**2,243,610**

(1) This percentage of interest is calculated considering treasury shares.

The Company has performed an impairment test over its investment in Usiminas as of December 31, 2012, and subsequently wrote down the investment by USD 275 million. The impairment was mainly due to expectations of a weaker industrial environment in Brazil, where industrial production and consequently steel demand have been suffering downward adjustments. In addition, a higher degree of uncertainty regarding future prices of iron ore led to a reduction in Ternium's forecast of long term iron ore prices that affected cash flow expectations.

In 2012, the Company's investment in Usiminas, which is accounted for under the equity method, contributed a total loss of USD 364 million mainly as a result of the above mentioned impairment of goodwill, a USD 51 million depreciation of the difference between the fair value and book value of net assets and a USD 37 million loss from Usiminas' net losses in the year.

To determine the recoverable value, the Company used the value in use, which was calculated as the present value of the expected cash flows, considering the expected prices for the years covered by the projection. As of December 31, 2012 the discount rate used to test the investment in Usiminas for impairment was 9.6%.

3. ACQUISITION OF BUSINESS – USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. - USIMINAS (continued)

As a result of this impairment charge and considering the results and all other adjustments to the equity, the investment in Usiminas as of December 31, 2012, is as follows:

Purchase consideration	2,243,610
Dividends received	(4,718)
Share of results	(88,556)
Other comprehensive income	(282,662)
Impairment charge	(275,334)
At December 31, 2012	**1,592,340**

The aggregated amounts disclosed as Other comprehensive income are mainly attributable to a currency translation adjustment generated by the investment in Usiminas being maintained in Brazilian real and are calculated as provided by IAS 21 “The effects of changes in foreign exchange rates”.

On February 18, 2013, Usiminas published its annual accounts as of and for the year ended December 31, 2012, which include the following information:

Summarized balance sheet (in million USD)	**As of December 31, 2012**
Assets	
Non-current	10,763
Current	5,276
Total Assets	**16,039**
Liabilities	
Non-current	(4,335)
Current	(2,645)
Total Liabilities	**(6,980)**
Minority interest	**(932)**
Shareholders' equity	**8,127**

Summarized income statement (in million USD)

	As of December 31, 2012
Net sales	6,502
Cost of sales	(6,162)
Gross Profit	**340**
Selling, general and administrative expenses	(439)
Other operating expenses, net	-
Operating income	**(99)**
Financial income (expenses), net	(253)
Equity in earnings (losses) of associated companies	31
Income before income tax	**(321)**
Income tax expense	58
Net Income before minority interest	**(263)**
Minority interest in other subsidiaries	(56)
Net income (loss) for the year/period	**(319)**

3. ACQUISITION OF BUSINESS – USINAS SIDERÚRGICAS DE MINAS GERAIS S.A. - USIMINAS (continued)

Ternium Investments and Siderar financed their BRL 4.1 billion share (approximately USD 2.2 billion) of the Usiminas acquisition with cash on hand and, in the case of Ternium Investments, a USD 700 million term loan with a syndicate of banks led by Credit Agricole Corporate and Investment Bank as administrative agent (the "Ternium facility").

Ternium Investments' loans under the Ternium Facility are to be repaid in nine consecutive and equal semi-annual installments commencing on January 2013. The Ternium facility contains covenants customary for transactions of this type, including limitations to additional debt; limitations on the sale of certain assets and compliance with financial ratios (e.g., leverage ratio and minimum cash requirements). There are no limitations to the payment of dividends or capital expenditures under the Ternium facility, except in case of non-compliance with the above mentioned covenants.

4. ACCOUNTING POLICIES

These Consolidated 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, 2011, except for the changes described below.

The Company has early-adopted the following standards, together with the consequential amendments to other IFRS, for the year ended December 31, 2012:

- IFRS 10, "Consolidated financial statements": IFRS 10 was issued in May 2011 and replaces all the guidance on control and consolidation in IAS 27, "Consolidated and separate financial statements", and SIC-12, "Consolidation – special purpose entities". Full retrospective application is required in accordance with the transition provisions of the standard, unless impracticable, in which case the Company applies it from the earliest practicable date.

- IFRS 11, “Joint arrangements”: IFRS 11 was issued in May 2011 and replaces all the guidance on joint arrangements included in IAS 31, “Interests in joint ventures”.

- IFRS 12, “Disclosure of interests in other entities”: IFRS 12 was issued in May 2011, and provides disclosure requirements on interests in subsidiaries, associates, joint arrangements, and unconsolidated structured entities.

- IAS 27, “Separate financial statements”: IAS 27 was amended in May 2011 following the issuance of IFRS 10. The revised IAS 27 deals only with the accounting for subsidiaries, associates and joint arrangements in the separate financial statements of the parent company.

The Company has applied the above standards retrospectively. The above standards did not result in significant changes to the Company’s financial statements as at the date of the early adoption. Investments in joint ventures are shown together with investments in associates under the caption "Investments in non-consolidated companies". The main change is the deconsolidation of Consorcio Minero Benito Juarez Peña Colorada S.A. de C.V., which was proportionately consolidated until December 31, 2011. Accordingly, no additional disclosures have been considered necessary. See also note 14.

4. ACCOUNTING POLICIES (continued)

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

(a) Group accounting

(1) Subsidiary companies and transactions with non-controlling interests

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date. Indemnification assets are recognized at the same time that the Company recognizes the indemnified item and measures them on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts. The Company measures the value of a reacquired right recognized as an intangible asset on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals in determining its fair value.

On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

The measurement period is the earlier of the date that the acquirer receives the information that it is looking for or cannot obtain the information and one year after the acquisition date. Where the accounting for a business combination is not complete by the end of the reporting period in which the business combination occurred provisional amounts are reported.

The Company treats transactions with non-controlling interests as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.