

Ternium S.A.  
Form 6-K/A  
May 29, 2015

**FORM 6 - K/A**

**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 5/28/2015**

**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 Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015.

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 28, 2015

---

**Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015  
and for the three-month periods  
ended on March 31, 2015 and 2014**

---

**INDEX**

	<b>Page</b>
Restated Consolidated Condensed Interim Income Statements	2
Restated Consolidated Condensed Interim Statements of Comprehensive Income	3
Restated Consolidated Condensed Interim Statements of Financial Position	4
Restated Consolidated Condensed Interim Statements of Changes in Equity	5
Restated Consolidated Condensed Interim Statements of Cash Flows	7
Notes to the Restated Consolidated Condensed Interim Financial Statements	
1 General information and basis of presentation	8
2 Accounting policies	12
3 Segment information	12
4 Cost of sales	14
5 Selling, general and administrative expenses	15
6 Finance expense, Finance income and Other financial income (expenses), net	15
7 Property, plant and equipment, net	15
8 Intangible assets, net	16
9 Investments in non-consolidated companies	16
10 Distribution of dividends	18
11 Contingencies, commitments and restrictions on the distribution of profits	18
12 Related party transactions	23
13 Fair value measurement	24
14 Subsequent events	24
15 Update as of May 28, 2015	24

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

**Restated Consolidated Condensed Interim Income Statements**

		<b>Three-month period ended</b>	
		<b>March 31,</b>	
	<b>Notes</b>	<b>2015 (restated)</b>	<b>2014</b>
		<b>(Unaudited)</b>	
Net sales	<b>3</b>	2,126,075	2,149,393
Cost of sales	<b>3 &amp; 4</b>	(1,728,303)	(1,637,375)
<b>Gross profit</b>	<b>3</b>	<b>397,772</b>	<b>512,018</b>
Selling, general and administrative expenses	<b>3 &amp; 5</b>	(197,366)	(195,600)
Other operating income (expenses), net	<b>3</b>	3,740	2,571
<b>Operating income</b>	<b>3</b>	<b>204,146</b>	<b>318,989</b>
Finance expense		(24,049)	(24,346)
Finance income		1,726	833
Other financial income (expenses), net	<b>6</b>	16,524	(822)
Equity in (losses) earnings of non-consolidated companies		(9,520)	2,650
<b>Profit before income tax expense</b>		<b>188,827</b>	<b>297,304</b>
Income tax expense		(93,036)	(109,080)
<b>Profit for the period</b>		<b>95,791</b>	<b>188,224</b>
<b>Attributable to:</b>			
Owners of the parent		68,455	149,996
Non-controlling interest		27,336	38,228
<b>Profit for the period</b>		<b>95,791</b>	<b>188,224</b>
Weighted average number of shares outstanding		1,963,076,776	1,963,076,776
Basic and diluted (losses) earnings per share for (loss) profit attributable to the equity holders of the company (expressed in USD per share)		0.03	0.08

The accompanying notes are an integral part of these restated consolidated condensed interim financial statements. These restated consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

	<b>Three-month period ended</b>	
	<b>March 31,</b>	
	<b>2015 (restated)</b>	<b>2014</b>
	<b>(Unaudited)</b>	
<b>Profit for the period</b>	<b>95,791</b>	<b>188,224</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation adjustment	(34,257)	(210,734)
Currency translation adjustment from participation in non-consolidated companies	(126,687)	48,227
Changes in the fair value of derivatives classified as cash flow hedges and others	(7,817)	(655)
Income tax relating to cash flow hedges	2,626	196
Changes in the fair value of derivatives classified as cash flow hedges from participation in non-consolidated companies	-	154
Others from participation in non-consolidated companies	(1,620)	(1,754)
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Remeasurement of post employment benefit obligations	343	(21)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(167,412)</b>	<b>(164,587)</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(71,621)</b>	<b>23,637</b>
<b>Attributable to:</b>		
Owners of the parent	(74,273)	64,224
Non-controlling interest	2,652	(40,587)
<b>Total comprehensive (loss) income for the period</b>	<b>(71,621)</b>	<b>23,637</b>

The accompanying notes are an integral part of these restated consolidated condensed interim financial statements. These restated consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.





TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

**Restated Consolidated Condensed Interim Statements of Financial Position**

	Notes	Balances as of	
		March 31, 2015 (restated) (Unaudited)	December 31, 2014 (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	7	4,435,376	4,481,027
Intangible assets, net	8	936,236	948,886
Investments in non-consolidated companies	9	610,694	748,178
Deferred tax assets		41,947	31,626
Receivables, net		40,228	47,482
Trade receivables, net		-	91
		<b>6,064,481</b>	<b>6,257,290</b>
<b>Current assets</b>			
Receivables		114,706	112,229
Derivative financial instruments		4,529	4,338
Inventories, net		2,060,162	2,134,034
Trade receivables, net		750,314	720,214
Other investments		170,682	149,995
Cash and cash equivalents		265,523	213,303
		<b>3,365,916</b>	<b>3,334,113</b>
Non-current assets classified as held for sale		14,699	14,756
		<b>3,380,615</b>	<b>3,348,869</b>
<b>Total Assets</b>		<b>9,445,096</b>	<b>9,606,159</b>
<b>EQUITY</b>			
Capital and reserves attributable to the owners of the parent		4,622,928	4,697,201
Non-controlling interest		939,790	937,502
<b>Total Equity</b>		<b>5,562,718</b>	<b>5,634,703</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions		9,360	9,067

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

Deferred tax liabilities	598,379		586,523	
Other liabilities	364,655		371,900	
Trade payables	11,140		11,969	
Borrowings	853,876	<b>1,837,410</b>	900,611	<b>1,880,070</b>
<b>Current liabilities</b>				
Current income tax liabilities	58,479		51,083	
Other liabilities	253,696		210,206	
Trade payables	627,749		564,513	
Derivative financial instruments	1,710		1,376	
Borrowings	1,103,334	<b>2,044,968</b>	1,264,208	<b>2,091,386</b>
<b>Total Liabilities</b>		<b>3,882,378</b>		<b>3,971,456</b>
<b>Total Equity and Liabilities</b>		<b>9,445,096</b>		<b>9,606,159</b>

The accompanying notes are an integral part of these restated consolidated condensed interim financial statements. These restated consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

	Attributable to the owners of the parent (1)						Total	Non-controlling	Total	
	Capital	Treasury	Initial	Reserves	Capital	Currency	Retained	interest	Equity	
	stock (2)	shares	public	(3)	stock issue	translation	earnings			
			offering		discount	adjustment				
			expenses		(4)					
<b>Balance as of</b>										
<b>January 1,</b>										
<b>2015 (restated)</b>	<b>2,004,743</b>	<b>(150,000)</b>	<b>(23,295)</b>	<b>1,475,619</b>	<b>(2,324,866)</b>	<b>(1,836,057)</b>	<b>5,551,057</b>	<b>4,697,201</b>	<b>937,502</b>	<b>5,634,703</b>
Profit for the period (restated)							68,455	68,455	27,336	95,791
Other comprehensive income (loss) for the period										
Currency translation adjustment (restated)							(138,375)	(138,375)	(22,569)	(160,944)
Remeasurement of post employment benefit obligations				209				209	134	343
Cash flow hedges and others, net of tax				(3,056)				(3,056)	(2,135)	(5,191)
Others				(1,506)				(1,506)	(114)	(1,620)
<b>Total comprehensive loss for the period (restated)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,353)</b>	<b>-</b>	<b>(138,375)</b>	<b>68,455</b>	<b>(74,273)</b>	<b>2,652</b>	<b>(71,621)</b>
Dividends paid in cash by								-	(32,743)	(32,743)

subsidiary companies Contributions from non-controlling shareholders in consolidated subsidiaries (5)				-	30,870	30,8
Sale of participation in subsidiary companies (6)				-	1,509	1,5
<b>Balance as of March 31, 2015 (restated) (unaudited)</b>	<b>2,004,743(150,000)</b>	<b>(23,295)1,471,266</b>	<b>(2,324,866)</b>	<b>(1,974,432)</b>	<b>5,619,512</b>	<b>4,622,928</b>
					<b>939,790</b>	<b>5,562,7</b>

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 11 (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 March 31, 2015, 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 (1.0) million and reserves related to the acquisition of non-controlling interest in subsidiaries according to IAS 27 for USD (58.9) million.

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

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

(6) Corresponds to the sale of the participation in Ferrasa Panamá S.A.

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 11 (iii).

The accompanying notes are an integral part of these restated consolidated condensed interim financial statements. These restated consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

	Attributable to the owners of the parent (1)						Total	Non-controlling interest	Total Equity	
	Capital stock (2)	Treasury shares	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment				Retained earnings
<b>Balance as of January 1, 2014</b>	<b>2,004,743</b>	<b>(150,000)</b>	<b>(23,295)</b>	<b>1,499,976</b>	<b>(2,324,866)</b>	<b>(1,563,562)</b>	<b>5,897,039</b>	<b>5,340,035</b>	<b>998,009</b>	<b>6,338,0</b>
Profit for the period						149,996	149,996	38,228	188,2	
Other comprehensive income (loss) for the period										
Currency translation adjustment						(84,088)	(84,088)	(78,419)	(162,50	
Remeasurement of post employment benefit obligations				(13)			(13)	(8)	(2	
Cash flow hedges, net of tax				(96)			(96)	(209)	(30	
Others				(1,575)			(1,575)	(179)	(1,75	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,684)</b>	<b>-</b>	<b>(84,088)</b>	<b>149,996</b>	<b>64,224</b>	<b>(40,587)</b>	<b>23,6</b>
<b>Balance as of March 31, 2014</b>	<b>2,004,743</b>	<b>(150,000)</b>	<b>(23,295)</b>	<b>1,498,292</b>	<b>(2,324,866)</b>	<b>(1,647,650)</b>	<b>6,047,035</b>	<b>5,404,259</b>	<b>957,422</b>	<b>6,361,6</b>

**(unaudited)**

(1) Shareholders' equity determined in accordance with accounting principles generally accepted in Luxembourg is disclosed in Note 11 (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 March 31, 2014, 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 0.7 million and reserves related to the acquisition of non-controlling interest in subsidiaries according to IAS 27 for USD (58.9) million.

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

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 11 (iii).

The accompanying notes are an integral part of these restated consolidated condensed interim financial statements. These restated consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

**Restated Consolidated Condensed Interim Statements of Cash Flows**



(1) The working capital is impacted by non-cash movement of USD (24.4) million as of March 31, 2015 (USD (91.7) million as of March 31, 2014) due to the variations in the exchange rates used by subsidiaries with functional currencies different from the US dollar.

(2) It includes restricted cash of USD 91 and USD 869 as of March 31, 2015 and 2014, respectively. In addition, the Company had other investments with a maturity of more than three months for USD 170,682 and USD 138,868 as of March 31, 2015 and 2014, respectively.

The accompanying notes are an integral part of these restated consolidated condensed interim financial statements. These restated consolidated condensed interim financial statements should be read in conjunction with our audited Restated Consolidated Financial Statements and notes for the fiscal year ended December 31, 2014.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

## Notes to the Restated Consolidated Condensed Interim Financial Statements

### 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

#### a) General information and basis of presentation

Ternium S.A. (the “Company” or “Ternium”), was incorporated on December 22, 2003 to hold investments in flat and long steel manufacturing and distributing companies. The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of USD 1.00 per share. As of March 31, 2015, 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.

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 condensed interim financial statements, the assets contributed by Ternium to its wholly-owned subsidiary Ternium Investments were recorded based on their historical carrying amounts in accordance with IFRS, with no impact on the financial statements.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

Following the completion of the corporate reorganization, and upon its conversion into an ordinary Luxembourg holding company, the Company voluntarily recorded a special reserve exclusively for tax-basis purposes. As of December 31, 2014 and 2013, this special reserve amounted to USD 7.3 billion and USD 7.5 billion, respectively. The Company expects that, as a result of its corporate reorganization, its current overall tax burden will not increase, as all or substantially all of its dividend income will come from high income tax jurisdictions. In addition, the Company expects that dividend distributions for the foreseeable future will be imputed to the special reserve and therefore should be exempt from Luxembourg withholding tax under current Luxembourg law.

The name and percentage of ownership of subsidiaries that have been included in consolidation in these Consolidated Condensed Interim Financial Statements is disclosed in Note 2 to the audited Consolidated Financial Statements for the year ended December 31, 2014.

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 and losses that are included in the Consolidated Condensed Interim Income Statement under "Other financial income (expenses), net".

### b) Restatement of Previously Issued Interim Financial Statements

Subsequent to the issuance of the Company's consolidated condensed interim financial statements as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014 and following the approval of such consolidated financial statements by the Board of Directors, the Company has restated such consolidated condensed interim financial statements to reduce the carrying amount of the Company's investment in Usinas Siderúrgicas de Minas Gerais S.A. – Usiminas ("Usiminas").

This restatement follows the conclusion of previously disclosed discussions with the Staff of the U.S. Securities and Exchange Commission regarding Staff comments relating to the carrying value of the Company's investment in Usiminas under IFRS as of September 30, 2014 and subsequent periods. The Staff had requested information regarding Ternium's value in use calculations and the differences between the carrying amounts and certain other indicators of value, including the purchase price of BRL 12 (approximately USD 4.8) per share which the Company paid in October 2014 for the acquisition of 51.4 million additional Usiminas ordinary shares from Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI ("PREVI"), and indicated that the PREVI transaction price provided objective evidence of the value of the Usiminas investment.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

As a result of these discussions, the Company has re-evaluated and revised the assumptions used to calculate the carrying value of the Usiminas investment at September 30, 2014. In calculating the value in use of the Usiminas investment initially reported at September 30, 2014, the Company had combined the assumptions used in two different projected scenarios. For the purposes of these Restated Consolidated Condensed Interim Financial Statements, however, the Company recalculated value in use as of September 30, 2014 based primarily on the assumptions in the most conservative scenario, including, among other revisions, a lower operating income, an increase in the discount rate and a decrease in the perpetuity growth rate (see note 9). As a result, the Company recorded an impairment of USD 739.8 million as of September 30, 2014, reaching a carrying value for the Usiminas investment of BRL12 per share. As a result of the impairment as of September 30, 2014, the Company did not record a further impairment as of March 31, 2015.

Accordingly, the Company's consolidated condensed interim financial statements as of March 31, 2015 and for the three-month period ended March 31, 2015 have been amended and restated to reduce the carrying amount of the Company's investment in Usiminas. The restatement, which is treated as the correction of an error under accounting rules, impacts the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated income statement, the consolidated statement of other comprehensive income and the consolidated statement of cash flows for the three-month period ended March 31, 2015. The restatement impacts only the period ended March 31, 2015. No impact was recorded on the consolidated condensed interim financial statements for the three-month period ended March 31, 2014.

As a result of the restatement, non-current assets have decreased by USD 415.1 million, non-current liabilities have decreased by USD 19.4 million, accumulated income have increased by USD 118.0 million and cumulative translation adjustment have increased by USD 110.1 million. As a result of the above adjustment, the basic and diluted earnings per share for profit attributable to the owners of the parent increased from USD 0.02 loss per share to USD 0.03 gain per share.

Following the restatement, these restated consolidated condensed interim financial statements as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014 of the Company were approved and authorized for issue by the Board of Directors on May 28, 2015.

The effect of the restatement on the previously issued consolidated condensed interim income statement for the three-month period ended March 31, 2015 is as follows:

	<b>Three-months period ended March 31,</b>		
	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>(as reported)</b>	<b>(adjustment)</b>	<b>(restated)</b>
Equity in (losses) earnings of non-consolidated companies	(132,700)	123,180	(9,520)
Income tax expense	(87,808)	(5,228)	(93,036)
<b>(Loss) Profit for the period</b>	<b>(22,161)</b>	<b>117,952</b>	<b>95,791</b>
<b>Attributable to:</b>			
Owners of the parent	(42,787)	111,242	68,455
Non-controlling interest	20,626	6,710	27,336
<b>(Loss) Profit for the period</b>	<b>(22,161)</b>	<b>117,952</b>	<b>95,791</b>
Basic and diluted (losses) earnings per share for profit attributable to the owners of the parent (expressed in USD per share)	(0.02)	0.06	0.03

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

The effect of the restatement on the previously issued consolidated condensed interim statement of comprehensive income for the three-month period ended March 31, 2015, is as follows:

	<b>Three-months period ended March 31,</b>		
	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>(as reported)</b>	<b>(adjustment)</b>	<b>(restated)</b>
<b>(Loss) Profit for the period</b>	<b>(22,161)</b>	<b>117,952</b>	<b>95,791</b>
Currency translation adjustment from participation in non-consolidated companies	(236,793)	110,106	(126,687)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(277,518)</b>	<b>110,106</b>	<b>(167,412)</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(299,679)</b>	<b>228,058</b>	<b>(71,621)</b>
<b>Attributable to:</b>			
Equity holders of the Company	(287,866)	213,593	(74,273)
Non-controlling interest	(11,813)	14,465	2,652
<b>Total comprehensive (loss) income for the period</b>	<b>(299,679)</b>	<b>228,058</b>	<b>(71,621)</b>

The effect of the restatement on the previously issued consolidated condensed interim statement of financial position as of March 31, 2015 is as follows:



The effect of the restatement on the previously issued consolidated condensed interim statement of changes in equity for the three-month period ended March 31, 2015 is as follows:

	Attributable to the owners of the parent						Total	Non-controlling interest	Total Equity	
	Capital stock	Treasury shares	Initial public offering expenses	Reserves	Capital stock issue discount	Currency translation adjustment				Retained earnings
<b>Balance at March 31, 2015 (as reported)</b>	<b>2,004,743</b>	<b>(150,000)</b>	<b>(23,295)</b>	<b>1,471,266</b>	<b>(2,324,866)</b>	<b>(2,140,180)</b>	<b>6,159,425</b>	<b>4,997,093</b>	<b>961,346</b>	<b>5,958,439</b>
Balance at March 31, 2015 (adjustment)	-	-	-	-	-	165,748	(539,913)	(374,165)	(21,556)	(395,724)
<b>Balance at March 31, 2015 (restated)</b>	<b>2,004,743</b>	<b>(150,000)</b>	<b>(23,295)</b>	<b>1,471,266</b>	<b>(2,324,866)</b>	<b>(1,974,432)</b>	<b>5,619,512</b>	<b>4,622,928</b>	<b>939,790</b>	<b>5,562,718</b>

The effect of the restatement on the previously issued consolidated condensed interim statement of cash flows for the three-month period ended March 31, 2015 is as follows:

	Three-months period ended March 31,		
	2015 (as reported)	2015 (adjustment)	2015 (restated)
<b>Cash flows from operating activities</b>			
<b>(Loss) Profit for the period</b>	<b>(22,161)</b>	<b>117,952</b>	<b>95,791</b>
Income tax accruals less payments	26,151	5,228	31,379
Equity in losses (earnings) of non-consolidated companies	132,700	(123,180)	9,520
<b>Net cash provided by operating activities</b>	<b>323,791</b>	<b>-</b>	<b>323,791</b>

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

## 2. ACCOUNTING POLICIES

These Restated Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” and are unaudited. These Restated Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and adopted by the European Union (“EU”). 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, 2014.

None of the accounting pronouncements issued after December 31, 2014, and as of the date of these Consolidated Condensed Interim Financial Statements have a material effect on the Company’s financial condition or result or operations.

## 3. SEGMENT INFORMATION

### *REPORTABLE OPERATING SEGMENTS*

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

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

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

The Mining segment includes the sales of mining products, mainly iron ore and pellets, and comprises the mining activities of Las Encinas, an iron ore mining company in which Ternium holds a 100% equity interest and the 50% of the operations and results performed by Peña Colorada, another iron ore mining company in which Ternium maintains that same percentage over its equity interest. Both mining operations are located in Mexico.

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

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

### 3. SEGMENT INFORMATION (continued)

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

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

- Other timing and non-significant differences.

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



TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

### 3. SEGMENT INFORMATION (continued)

#### *GEOGRAPHICAL INFORMATION*

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

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

	<b>Three-month period ended March 31, 2015 (Unaudited)</b>			
	<b>Mexico</b>	<b>Southern region</b>	<b>Other markets</b>	<b>Total</b>
Net sales	1,251,589	632,789	241,697	2,126,075
Non-current assets (1)	4,196,845	912,282	262,485	5,371,612
	<b>Three-month period ended March 31, 2014 (Unaudited)</b>			
	<b>Mexico</b>	<b>Southern region</b>	<b>Other markets</b>	<b>Total</b>
Net sales	1,220,442	642,028	286,923	2,149,393
Non-current assets (1)	4,309,531	896,041	267,893	5,473,465

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

### 4. COST OF SALES

<b>Three-month period ended</b>	
<b>March 31,</b>	
<b>2015</b>	<b>2014</b>

**(Unaudited)**

<b>Inventories at the beginning of the year</b>	<b>2,134,034</b>	<b>1,941,130</b>
Translation differences	(18,748)	(117,935)
<b>Plus: Charges for the period</b>		
Raw materials and consumables used and other movements	1,282,221	1,549,397
Services and fees	22,058	24,789
Labor cost	148,337	143,264
Depreciation of property, plant and equipment	85,454	80,798
Amortization of intangible assets	11,587	3,818
Maintenance expenses	113,175	102,240
Office expenses	1,500	1,441
Insurance	2,504	3,867
Change of obsolescence allowance	8,135	6,629
Recovery from sales of scrap and by-products	(6,722)	(11,239)
Others	4,931	4,828
<b>Less: Inventories at the end of the period</b>	<b>(2,060,163)</b>	<b>(2,095,652)</b>
<b>Cost of Sales</b>	<b>1,728,303</b>	<b>1,637,375</b>

Page 14 of 24

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

	<b>Three-month period ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	
Services and fees	17,039	15,363
Labor cost	56,481	58,359
Depreciation of property, plant and equipment	3,459	4,071
Amortization of intangible assets	8,795	9,231
Maintenance and expenses	1,218	1,450
Taxes	32,861	31,731
Office expenses	10,641	8,732
Freight and transportation	64,332	62,544
Increase (decrease) of allowance for doubtful accounts	(353)	660
Others	2,893	3,459
<b>Selling, general and administrative expenses</b>	<b>197,366</b>	<b>195,600</b>

**6.FINANCE EXPENSE, FINANCE INCOME AND FINANCIAL INCOME (EXPENSES) , NET**

	<b>Three-month period ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	
Interest expense	(23,541)	(23,297)
Debt issue costs	(508)	(1,049)
<b>Finance expense</b>	<b>(24,049)</b>	<b>(24,346)</b>
Interest income	2,127	2,057
Change in fair value of financial assets	(401)	(1,224)
<b>Finance income</b>	<b>1,726</b>	<b>833</b>



Net foreign exchange gain (loss)	9,121	(1,004)
Derivative contract results	8,066	513
Others	(663)	(331)
<b>Other financial income (expenses), net</b>	<b>16,524</b>	<b>(822)</b>

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

	<b>Three-month period ended</b>	
	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	
<b>At the beginning of the year</b>	<b>4,481,027</b>	<b>4,708,895</b>
Currency translation differences	(28,314)	(198,411)
Additions	75,822	91,890
Disposals	(4,246)	(2,129)
Depreciation charge	(88,913)	(84,869)
<b>At the end of the period</b>	<b>4,435,376</b>	<b>4,515,376</b>

Page 15 of 24

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

**8.INTANGIBLE ASSETS, NET**

	<b>Three-month period ended</b>	
	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	
<b>At the beginning of the year</b>	<b>948,886</b>	<b>961,504</b>
Currency translation differences	(274)	(2,063)
Additions	8,006	11,697
Amortization charge	(20,382)	(13,049)
<b>At the end of the period</b>	<b>936,236</b>	<b>958,089</b>

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

<b>Company</b>	<b>Country of incorporation</b>	<b>Main activity</b>	<b>Voting rights as of</b>		<b>Value as of</b>	
			<b>March 31, 2015</b>	<b>December 31, 2014</b>	<b>March 31, 2015 (restated) (unaudited)</b>	<b>December 31, 2014 (restated)</b>
Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS	Brazil	Manufacturing and selling of steel products	32.88%	32.88%	604,897	742,335
Techgen S.A. de C.V.	Mexico	Provision of electric power	48.00%	48.00%	233	1,119
Other non-consolidated companies (1)					5,564	4,724
					<b>610,694</b>	<b>748,178</b>

(1) It includes the investments held in Finma S.A.I.F., Arhsa S.A., Techinst S.A., Recrotek S.R.L. de C.V. and Gas Industrial de Monterrey S.A. de C.V.

(a) *Techgen S.A. de C.V.*

Techgen is a Mexican project company currently undertaking the construction and operation of a natural gas-fired combined cycle electric power plant in the Pesquería area of the State of Nuevo León, Mexico. As of February 2014, Ternium, Tenaris, and Tecpetrol International S.A. (a wholly-owned subsidiary of San Faustin S.A., the controlling shareholder of both Ternium and Tenaris) completed their initial investments in Techgen. Techgen is currently owned 48% by Ternium, 30% by Tecpetrol and 22% by Tenaris. Ternium and Tenaris also agreed to enter into power supply and transportation agreements with Techgen, pursuant to which Ternium and Tenaris will contract 78% and 22%, respectively, of Techgen's power capacity of between 850 and 900 megawatts. For commitments from Ternium in connection with Techgen, see note 11.

(b) *Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS*

On January 16, 2012, the Company's wholly-owned Luxembourg subsidiary Ternium Investments S.à r.l. ("Ternium Investments"), together with the Company's Argentine majority-owned subsidiary Siderar S.A.I.C., Siderar's wholly-owned Uruguayan subsidiary Prosid Investments S.A., and Confab Industrial S.A., a Brazilian subsidiary of Tenaris S.A. ("TenarisConfab"), joined Usiminas' existing control group through the acquisition of 84.7, 30.0, and 25.0 million ordinary shares, respectively. The rights and obligations of the control group members are governed under a shareholders agreement. As a result of these transactions, the control group, which holds 322.7 million ordinary shares representing the majority of Usiminas' voting rights, is formed as follows: Nippon Steel & Sumitomo Metal Corporation Group (formerly Nippon Group) 46.1%, Ternium/Tenaris Group 43.3%, and CEU 10.6%.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

## 9. INVESTMENTS IN NON-CONSOLIDATED COMPANIES (continued)

On October 2, 2014, Ternium Investments entered into a purchase agreement with Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI for the acquisition of 51.4 million ordinary shares of Usiminas at a price of BRL 12 per share, for a total amount of BRL 616.7 million. On October 30, 2014, Ternium Investments completed the acquisition. These additional shares are not subject to the Usiminas shareholders agreement, but must be voted in accordance with the control group decisions.

Following the acquisition of these additional shares, Ternium (through Ternium Investments, Siderar and Prosid) owns 166.1 million ordinary shares, representing 32.9% of Usiminas' ordinary shares (114.7 of which are subject to the Usiminas shareholders agreement). Ternium continues to hold 35.6% of Usiminas' voting rights over the control group and has a participation in Usiminas' results of 16.82%.

The Company reviews periodically the recoverability of its investment in Usiminas. To determine the recoverable value, the Company estimates the value in use of the investment by calculating the present value of the expected cash flows. There is a significant interaction among the principal assumptions made in estimating Usiminas cash flow projections, which include iron ore and steel prices, foreign exchange and interest rates, Brazilian GDP and steel consumption in the Brazilian market. The key assumptions used by the Company are based on external and internal sources of information, management judgment based on past experience and expectations of future changes in the market.

Value-in-use was calculated by discounting the estimated cash flows over a six year period based on forecasts approved by management. For the subsequent years beyond the six-year period, a terminal value was calculated based on perpetuity considering a nominal growth rate of 2%. The discount rates used are based on the respective weighted average cost of capital (WACC), which is considered to be a good indicator of capital cost. The discount rate used to test the investment in Usiminas for impairment was 10.4%.

As mentioned in note 1 (b), as of September 30, 2014, following discussions with the Staff of the U.S. Securities and Exchange Commission, the Company re-evaluated and revised the assumptions used to calculate the carrying value of the Usiminas investment at September 30, 2014 and, as a result, wrote down the carrying value of its investment in Usiminas by USD 739.8 million.

As of March 31, 2015, following the recording of the impairment charge discussed in note 1(b), the value of the investment in Usiminas is comprised as follows:

<b>Value of investment</b>	<b>USIMINAS</b>
<b>As of January 1, 2015 (restated)</b>	<b>742,335</b>
Share of results	(9,282)
Other comprehensive income	(128,156)
<b>As of March 31, 2015 (restated)</b>	<b>604,897</b>

At March 31, 2015, the closing price of the Usiminas' ordinary shares as quoted on the BM&FBovespa Stock Exchange was BRL 21.50 (approximately USD 6.70) per share, giving Ternium's ownership stake a market value of approximately USD 1,113.4 million.

On April 22, 2015, Usiminas approved its interim accounts as of and for the three-months ended March 31, 2015, which state that revenues, post-tax loss from continuing operations and shareholders' equity amounted to USD 934 million, USD 86 million and USD 5,126 million, respectively.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

**USIMINAS**

**10. DISTRIBUTION OF DIVIDENDS**

On February 18, 2015, the Board of Directors proposed a dividend distribution of USD 0.09 per share (USD 0.90 per ADS), or approximately USD 180.4 million in the aggregate, which is subject to shareholders' approval at the Company's annual general shareholders' meeting to be held on May 6, 2015.

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

This note should be read in conjunction with Note 24 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2014. Significant changes or events since the date of issue of such financial statements are as follows:

(i) Tax claims and other contingencies

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

The Argentine tax authority (Administración Federal de Ingresos Públicos, or "AFIP") has challenged the deduction from income of certain disbursements treated by Siderar as expenses necessary to maintain industrial installations, alleging that these expenses should have been treated as investments or improvements subject to capitalization. Accordingly, AFIP made income tax assessments against Siderar with respect to fiscal years 1995 through 1999.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

As of March 31, 2015, Siderar's aggregate exposure under these assessments (including principal, interest and fines) amounts to approximately USD 11.2 million. Siderar appealed each of these assessments before the National Tax Court, which, in successive rulings, reduced the amount of each of the assessments made by AFIP; the National Tax Court decisions were, however, further appealed by both Siderar and AFIP.

On May 15, 2014, Siderar was notified of a new National Tax Court ruling approving the AFIP assessment for fiscal year 1997 in an amount of approximately USD 0.8 million (including principal and interest); as the Tax Court did not grant a stay with respect to this decision, Siderar paid the full amount of the ruling, reserving its right to seek reimbursement of that payment.

Based on the recent National Tax Court decision, management believes that there could be an additional potential cash outflow in connection with this assessment and, as a result, Siderar recognized a provision which, as of March 31, 2015, amounts to USD 0.6 million.

### *(b) Companhia Siderúrgica Nacional (CSN) – Tender offer litigation*

In 2013, the Company was notified of a lawsuit filed in Brazil by Companhia Siderúrgica Nacional (CSN) and various entities affiliated with CSN against Ternium Investments S.à r.l., its subsidiary Siderar, and Confab Industrial S.A., a Brazilian subsidiary of Tenaris S.A. The entities named in the CSN lawsuit had acquired a participation in Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS (Usiminas) in January 2012. The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all non-controlling holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL 28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas' control group; Ternium Investments and Siderar's respective shares in the offer would be 60.6% and 21.5%.



On September 23, 2013, the first instance court issued its decision finding in favor of the defendants and dismissing the CSN lawsuit. The claimants appealed the court decision and the defendants filed their response to the appeal. It is currently expected that the court of appeals will issue its judgment on the appeal within 2015.

Ternium is aware that on November 10, 2014, CSN filed a separate complaint with Brazil's securities regulator Comissão de Valores Mobiliários (CVM) on the same grounds and with the same purpose as the lawsuit referred to above. The CVM proceeding is underway and the Company has not yet been served with process or requested to provide its response.

Finally, on December 11, 2014, CSN filed a claim with Brazil's antitrust regulator Consejo Administrativo de Defesa Econômica (CADE). In its claim, CSN alleges that the antitrust clearance request related to the January 2012 acquisition, which was approved by CADE without restrictions in August 2012, contained a false and deceitful description of the acquisition aimed at frustrating the minority shareholders' right to a tag-along tender offer, and requests that CADE investigate and reopen the antitrust review of the acquisition and suspend the Company's voting rights in Usiminas until the review is completed. The case is currently under review by CADE's Administrative Tribunal.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

Ternium believes that all of CSN's claims and allegations are groundless and without merit, as confirmed by several opinions of Brazilian legal counsels and previous decisions by CVM, including a February 2012 decision determining that the above mentioned acquisition did not trigger any tender offer requirement, and, more recently, the first instance court decision on this matter first referred to above. Accordingly, no provision was recorded in these Consolidated Condensed Interim Financial Statements.

### *(c) Shareholder claims relating to the October 2014 acquisition of Usiminas shares*

On April 14, 2015, the staff of the Brazilian securities regulator, the Comissão de Valores Mobiliários (CVM), determined that Ternium's acquisition of 51.4 million ordinary shares of Usiminas, completed on October 30, 2014, triggered a requirement under applicable Brazilian laws and regulations for Usiminas' controlling shareholders to launch a tender offer to all non-controlling holders of Usiminas ordinary shares. The CVM staff's determination was made further to a request by Nippon Steel & Sumitomo Corporation and its affiliates, who alleged that Ternium's 2014 acquisition had exceeded a threshold that triggers the tender offer requirement. In the CVM staff's view, the 2014 acquisition exceeded the applicable threshold by 5.2 million shares. On April 29, 2015, Ternium filed an appeal before the CVM's Board of Commissioners, which would stay the effects of the staff's decision until such Board rules on the matter. In the event the appeal is not successful, under applicable CVM rules Ternium may elect to sell to third parties the 5.2 million shares allegedly acquired in excess of the threshold, in which case no tender offer would be required.

### *(d) Potential Mexican income tax adjustment*

In March 2015, the Mexican tax authorities, as part of a tax audit to Ternium Mexico with respect to fiscal year 2008, challenged the deduction by Ternium Mexico's predecessor IMSA Acero of a tax loss arising from an intercompany sale of shares in December 2008. Although the tax authorities have not yet determined the amount of their claim, they have indicated in a preliminary report that they have observations that may result in an income tax adjustment currently estimated at approximately USD 34 million, plus interest and fines. Ternium Mexico requested an injunction from the Mexican courts against the audit observations, and also filed its defense and supporting documents with the Mexican tax authorities. The Company, based on the advice of counsel, believes that an unfavorable outcome in

connection with this matter is not probable and, accordingly, no provision has been recorded in its financial statements.

(ii) Commitments

(a) Siderar entered into a contract with Tenaris, a related company of Ternium, for the supply of steam generated at the power generation facility that Tenaris owns in the compound of the Ramallo facility of Siderar. Under this contract, Tenaris has to provide 250 tn/hour of steam, and Siderar has the obligation to take or pay this volume. The amount of this outsourcing agreement totals USD 49.1 million and is due to terminate in 2018.

(b) Siderar, within the investment plan, has entered into several commitments to acquire new production equipment for a total consideration of USD 66.7 million.

(c) Siderar assumed fixed commitments for the purchase of raw materials for a total amount of USD 40.0 million to be expended until June 30, 2016.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

(d) Siderar is a party to a long-term contract with Air Liquide Argentina S.A. for the supply of oxygen, nitrogen and argon. The agreement requires Siderar to take or pay minimum daily amounts of these gases for an aggregate amount of USD 39.0 million to satisfy Siderar's current production needs through 2021, and to make incremental purchases of these gases for an aggregate amount of USD 131.4 million to satisfy the requirements through 2030.

(e) On December 20, 2000, Hylsa (Ternium Mexico's predecessor) entered into a 25-year contract with Iberdrola Energia Monterrey, S.A. de C.V. ("Iberdrola"), a Mexican subsidiary of Iberdrola Energía, S.A., for the supply to four of Ternium Mexico's plants of a contracted electrical demand of 111.2 MW. Iberdrola currently supplies approximately 24% of Ternium Mexico's electricity needs under this contract. Although the contract was to be effective through 2027, on April 28, 2014, Ternium Mexico and Iberdrola entered into a new supply contract and terminated the previous one. In consideration of the termination of the previous contract, Iberdrola has granted Ternium Mexico a credit of USD 750 thousand per MW of the 111.2 MW contracted capacity, resulting over time in a total value of USD 73.5 million. In addition, Iberdrola agreed to recognize to Ternium México USD 15 million through discounted rates. As a result of the above mentioned credit and discount, the company expects to incur in electricity rates comparable to those obtained in the past under the previous contract's terms for a period that is estimated to be approximately 2 years. Following such period, Ternium Mexico's rates under the contract will increase to market rates with a 2.5% discount; however, Ternium Mexico will be entitled to terminate the contract without penalty.

(f) Several Ternium Mexico's subsidiaries which have facilities throughout the Mexican territory are parties to a long term energy purchase agreement for purchased capacity of electricity with Tractebel Energía de Monterrey, S. de R.L. de C.V., distributed among each plant defined as a capacity user. Each capacity user is committed to pay Tractebel for the purchased capacity and for the net energy delivered. Ternium Mexico is required to provide its best estimate of its expected nomination for capacity and energy under the specific limits and timelines. The monthly payments are calculated considering the capacity charges, energy charges, back-up power charges, and transmission charges, less any steam credits. The contracted amount is of USD 108.0 million and the contract will terminate in 2018.

(g) Following the maturity of a previously existing railroad freight services agreement during 2013, in April 2014, Ternium México and Ferrocarril Mexicano, S. A. de C. V. ("Ferromex") entered into a new railroad freight services agreement pursuant to which Ferromex will transport Ternium Mexico's products through railroads operated by Ferromex for a term of five years through 2019. Subject to Ternium's board approval, both Ternium Mexico and

Ferromex would be required to make (within a period of 36 months) certain investments to improve the loading and unloading of gondolas. Ternium Mexico's total investment commitment would amount to approximately USD 15.5 million, while Ferromex's would amount to approximately USD 5.4 million. Under the agreement, Ternium Mexico has guaranteed to Ferromex a minimum average transport load of 200 metric tons per month in any six-month period.

In the event that the actual per-month average transport loads in any six-month period were lower than such guaranteed minimum, Ternium Mexico would be required to compensate Ferromex for the shortfall so that Ferromex receives a rate equivalent to a total transport load of 1,200 metric tons for such six-month period. However, any such compensation will not be payable if the lower transport loads were due to adverse market conditions, or to adverse operating conditions at Ternium Mexico's facilities.

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

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

(h) Techgen is a party to transportation capacity agreements with Kinder Morgan Gas Natural de Mexico, S. de R.L. de C.V., Kinder Morgan Texas Pipeline LLC and Kinder Morgan Tejas Pipeline LLC for a purchasing capacity of 150,000 MMBtu/Gas per day starting on June 1, 2016 and ending on May 31, 2036. As of March 31, 2015, the outstanding value of this commitment was approximately USD 285 million. Ternium's exposure under the guarantee in connection with these agreements amounts to USD 136.7 million, corresponding to the 48% of the agreements' outstanding value as of March 31, 2015.

(i) Techgen is a party to a contract with GE Power Systems, Inc. and General Electric International Operations Company, Inc Mexico Branch for the purchase of power generation equipment and other services related to the equipment for an outstanding amount of approximately USD 238 million. These agreements required Techgen to issue stand-by letters of credit up to an amount of USD 47.5 million. Ternium's exposure under the guarantee in connection with these stand-by letters of credit issued by Techgen is of USD 10.4 million.

(j) Ternium issued a Corporate Guarantee covering 48% of the obligations of Techgen under a syndicated loan agreement between Techgen and several banks led by Citigroup Global Markets Inc., Credit Agricole Corporate and Investment Bank, and Natixis, New York Branch acting as joint bookrunners. The loan agreement amounted to USD 800 million and the proceeds will be used by Techgen in the construction of the facility. As of March 31, 2015, disbursements under the loan agreement amounted USD 569 million, as a result the amount guaranteed by Ternium was approximately USD 273 million. If the loan is disbursed in full, the amount guaranteed by Ternium will be approximately USD 384 million. The main covenants under the Corporate Guarantee are limitations on the sale of certain assets and compliance with financial ratios (e.g. leverage ratio). As of March 31, 2015, Techgen was in compliance with all of its covenants.

(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, 2013, this reserve reached the above-mentioned threshold.

As of December 31, 2014, Ternium may pay dividends up to USD 5.4 billion in accordance with Luxembourg law and regulations.

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

	<b>As of December 31, 2014</b>
Share capital	2,004,743
Legal reserve	200,474
Non distributable reserves	1,414,122
Accumulated profit at January 1, 2014	5,687,690
Loss for the year	(289,975)
<b>Total shareholders' equity under Luxembourg GAAP</b>	<b>9,017,054</b>

TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

## 12. RELATED PARTY TRANSACTIONS

As of March 31, 2015, Techint Holdings S.à r.l. (“Techint”) owned 62.02% of the Company’s share capital and Tenaris Investments S.à r.l. (“Tenaris”) held 11.46% of the Company’s share capital. Each of Techint and Tenaris were controlled by San Faustin S.A., a Luxembourg company (“San Faustin”). Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin (“RP STAK”), a Dutch private foundation (Stichting), held shares in San Faustin sufficient in number to control San Faustin. No person or group of persons controls RP STAK.

The following transactions were carried out with related parties:





TERNIUM S.A.

Restated Consolidated Condensed Interim Financial Statements as of March 31, 2015

and for the three-month periods ended March 31, 2015 and 2014

(All amounts in USD thousands)

**13. FAIR VALUE MEASUREMENT**

IFRS 13 requires for financial instruments that are measured at fair value, a disclosure of fair value measurements by level. See note 28 of the Consolidated Financial Statements as of December 31, 2014 for definitions of levels of fair values and figures at that date.

The following table presents the assets and liabilities that are measured at fair value:

Description	Fair value measurement as of March 31, 2015 (in USD thousands):		
	Total	Level 1	Level 2
<b>Financial assets at fair value through profit or loss</b>			
Cash and cash equivalents	264,406	264,406	-
Other investments	120,216	82,147	38,069
Derivative financial instruments	4,529	-	4,529
<b>Total assets</b>	<b>389,151</b>	<b>346,553</b>	<b>42,598</b>
<b>Financial liabilities at fair value through profit or loss</b>			
Derivative financial instruments	1,710	-	1,710
<b>Total liabilities</b>	<b>1,710</b>	<b>-</b>	<b>1,710</b>
Description	Fair value measurement as of December 31, 2014 (in USD thousands):		
	Total	Level 1	Level 2
<b>Financial assets at fair value through profit or loss</b>			
Cash and cash equivalents	197,058	197,057	-
Other investments	82,502	56,466	26,036
Derivative financial instruments	4,338	-	4,338
<b>Total assets</b>	<b>283,898</b>	<b>253,524</b>	<b>30,374</b>

**Financial liabilities at fair value through profit or loss**

Derivative financial instruments	1,376	-	1,376
<b>Total liabilities</b>	<b>1,376</b>	<b>-</b>	<b>1,376</b>

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy and there were no financial assets and liabilities considered as Level 3.

**14. SUBSEQUENT EVENTS**

On January 20, 2015, Ternium announced that it had entered into a definitive agreement to acquire the remaining 46% minority interest in its Colombian subsidiary Ferrasa for a total consideration of USD 74.0 million. The company completed this acquisition on April 7, 2015.

**15. UPDATE AS OF MAY 28, 2015**

a) Distribution of dividends

On May 6, 2015, the annual general meeting of shareholders of the Company approved an annual dividend of USD 0.090 per share (USD 0.90 per ADS), or approximately USD 180.4 million in the aggregate. The dividend was paid on May 15, 2015.

b) Companhia Siderúrgica Nacional (CSN) – Tender offer litigation (Update)

In connection with note 11 (i) (b), on May 6, 2015, CADE rejected CSN's claim. CSN did not appeal the decision and, on May 19, 2015 CADE formally closed the file.

