

TENARIS S.A.

**CONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS**

JUNE 30, 2008

46a, Avenue John F. Kennedy - 2nd Floor.
L - 1855 Luxembourg

CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

(all amounts in thousands of U.S. dollars, unless otherwise stated)

	Note	Three-month period ended June 30,		Six-month period ended June 30,	
		2008	2007	2008	2007
(Unaudited)					
Continuing operations					
Net sales	3	3,148,385	2,554,968	5,774,572	4,980,267
Cost of sales	3 & 4	(1,842,911)	(1,374,318)	(3,343,600)	(2,665,816)
Gross profit		1,305,474	1,180,650	2,430,972	2,314,451
Selling, general and administrative expenses	3 & 5	(478,076)	(399,009)	(891,670)	(773,276)
Other operating income (expense), net	3	(3,676)	(10,415)	(4,667)	(12,352)
Operating income		823,722	771,226	1,534,635	1,528,823
Interest income	6	16,510	20,191	28,779	42,382
Interest expense	6	(35,178)	(67,982)	(102,270)	(125,709)
Other financial results	6	1,146	15,169	(13,156)	2,126
Income before equity in earnings of associated companies and income tax		806,200	738,604	1,447,988	1,447,622
Equity in earnings of associated companies		48,102	29,398	98,096	55,305
Income before income tax		854,302	768,002	1,546,084	1,502,927
Income tax		(218,590)	(240,683)	(427,196)	(466,214)
Income for continuing operations		635,712	527,319	1,118,888	1,036,713
Discontinued operations					
Income for discontinued operations	12	394,323	7,167	411,110	7,167
Income for the period		1,030,035	534,486	1,529,998	1,043,880
Attributable to:					
Equity holders of the Company		987,471	495,950	1,460,514	976,254
Minority interest		42,564	38,536	69,484	67,626
		1,030,035	534,486	1,529,998	1,043,880
Earnings per share attributable to the equity holders of the Company during the period					
Weighted average number of ordinary shares (thousands)		1,180,537	1,180,537	1,180,537	1,180,537
Earnings per share (U.S. dollars per share)		0.84	0.42	1.24	0.83
Earnings per ADS (U.S. dollars per ADS)		1.67	0.84	2.47	1.65

The accompanying notes are an integral part of these Consolidated Condensed Interim Financial Statements. The report of the Independent Registered Public Accounting Firm on these Consolidated Condensed Interim Financial Statements is issued as a separate document. These Consolidated Condensed Interim Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2007.

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

(all amounts in thousands of U.S. dollars)

		<u>At June 30, 2008</u>	<u>At December 31, 2007</u>	
	Notes	(Unaudited)		
ASSETS				
Non-current assets				
Property, plant and equipment, net	7	3,423,072		3,269,007
Intangible assets, net	8	4,427,486		4,542,352
Investments in associated companies		614,006		509,354
Other investments		36,215		35,503
Deferred tax assets		323,094		310,590
Receivables		65,841	8,889,714	63,738
				8,730,544
Current assets				
Inventories		2,991,850		2,598,856
Receivables and prepayments		227,667		222,410
Current tax assets		188,553		242,757
Trade receivables		2,182,535		1,748,833
Other investments		351,931		87,530
Cash and cash equivalents		1,337,838	7,280,374	962,497
				5,862,883
Current and non current assets held for sale	12	-		651,160
			7,280,374	6,514,043
Total assets		16,170,088		15,244,587
EQUITY				
Capital and reserves attributable to the Company's equity holders			8,324,767	7,006,277
Minority interest			577,061	523,573
Total equity			8,901,828	7,529,850
LIABILITIES				
Non-current liabilities				
Borrowings		1,589,712		2,869,466
Deferred tax liabilities		1,150,807		1,233,836
Other tax liabilities		8,566		-
Other liabilities		198,498		185,410
Provisions		100,674		97,912
Trade payables		800	3,049,057	47
				4,386,671
Current liabilities				
Borrowings		1,544,755		1,150,779
Current tax liabilities		813,402		341,028
Other liabilities		315,647		252,204
Provisions		31,823		19,342
Customer advances		418,361		449,829
Trade payables		1,095,215	4,219,203	847,842
				3,061,024
Liabilities associated with current and non-current assets held for sale	12	-		267,042
			4,219,203	3,328,066
Total liabilities			7,268,260	7,714,737
Total equity and liabilities			16,170,088	15,244,587

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

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CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(all amounts in thousands of U.S. dollars)

	Attributable to equity holders of the Company							Total (Unaudited)
	Share Capital	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves	Retained Earnings (*)	Minority Interest	
Balance at January 1, 2008	1,180,537	118,054	609,733	266,049	18,203	4,813,701	523,573	7,529,850
Currency translation differences	-	-	-	150,986	-	-	45,767	196,753
Change in equity reserves	-	-	-	-	2,124	-	(4,762)	(2,638)
Acquisition and decrease of minority interest	-	-	-	-	-	-	(1,865)	(1,865)
Dividends paid in cash	-	-	-	-	-	(295,134)	(55,136)	(350,270)
Income for the period	-	-	-	-	-	1,460,514	69,484	1,529,998
Balance at June 30, 2008	1,180,537	118,054	609,733	417,035	20,327	5,979,081	577,061	8,901,828

	Attributable to equity holders of the Company							Total (Unaudited)
	Share Capital	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves	Retained Earnings	Minority Interest	
Balance at January 1, 2007	1,180,537	118,054	609,733	3,954	28,757	3,397,584	363,011	5,701,630
Currency translation differences	-	-	-	137,974	-	-	16,014	153,988
Change in equity reserves	-	-	-	-	(826)	-	-	(826)
Acquisition and decrease of minority interest	-	-	-	-	-	-	20,828	20,828
Dividends paid in cash	-	-	-	-	-	(354,161)	(39,922)	(394,083)
Income for the period	-	-	-	-	-	976,254	67,626	1,043,880
Balance at June 30, 2007	1,180,537	118,054	609,733	141,928	27,931	4,019,677	427,557	6,525,417

(*) Retained Earnings calculated in accordance with Luxembourg Law are disclosed in Note 10.

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CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

(all amounts in thousands of U.S. dollars)	Notes	Six-month period ended June 30,	
		2008	2007
Cash flows from operating activities		(Unaudited)	
Income for the period		1,529,998	1,043,880
Adjustments for:			
Depreciation and amortization	7 & 8	268,873	230,771
Income tax accruals less payments		89,747	(249,793)
Equity in earnings of associated companies		(98,096)	(55,305)
Income from the sale of pressure control business		(394,323)	-
Interest accruals less payments, net		(7,894)	4,865
Changes in provisions		15,243	(3,480)
Changes in working capital		(545,614)	(125,365)
Other, including currency translation adjustment		(15,017)	53,803
Net cash provided by operating activities		842,917	899,376
Cash flows from investing activities			
Capital expenditures	7 & 8	(205,366)	(229,149)
Acquisitions of subsidiaries and minority interest	11	(1,865)	(1,927,182)
Other disbursements relating to the acquisition of Hydril		-	(71,580)
Proceeds from the sale of pressure control business (*)	12	1,113,805	-
Decrease in subsidiaries		-	(1,195)
Proceeds from disposal of property, plant and equipment and intangible assets		8,826	4,596
Dividends received		13,636	11,496
Investments in short terms securities		(264,401)	14,193
Other		(3,428)	-
Net cash provided by / (used in) investing activities		661,207	(2,198,821)
Cash flows from financing activities			
Dividends paid		(295,134)	(354,161)
Dividends paid to minority interest in subsidiaries		(55,136)	(39,922)
Proceeds from borrowings		430,088	2,208,026
Repayments of borrowings		(1,332,755)	(1,018,713)
Net cash (used in) / provided by financing activities		(1,252,937)	795,230
Increase / (decrease) in cash and cash equivalents		251,187	(504,215)
Movement in cash and cash equivalents			
At the beginning of the period		954,303	1,365,008
Effect of exchange rate changes		113,559	22,249
Increase / (decrease) in cash and cash equivalents		251,187	(504,215)
At June 30,		1,319,049	883,042
		At June 30,	
Cash and cash equivalents		2008	2007
Cash and bank deposits		1,337,838	891,159
Bank overdrafts		(18,789)	(8,096)
Restricted bank deposits		-	(21)
		1,319,049	883,042
Non-cash financing activity			
Conversion of debt to equity in subsidiaries		-	35,140

(*) Includes \$394 million of after-tax gain, \$381 million of assets and liabilities held for sale and \$339 million of income tax charges and related expenses.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

- 1 General information
- 2 Accounting policies and basis of presentation
- 3 Segment information
- 4 Cost of sales
- 5 Selling, general and administrative expenses
- 6 Financial results
- 7 Property, plant and equipment, net
- 8 Intangible assets, net
- 9 Earnings and dividends per share
- 10 Contingencies, commitments and restrictions to the distribution of profits
- 11 Business combinations and other acquisitions
- 12 Current and non current assets held for sale and discontinued operations
- 13 Related party transactions
- 14 Investment in Ternium: Sidor nationalization process
- 15 Recently issued accounting pronouncements

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(In the notes all amounts are shown in U.S. dollars, unless otherwise stated)

1 General information

Tenaris S.A. (the “Company”), a Luxembourg corporation (société anonyme holding), was incorporated on December 17, 2001 as a holding company in steel pipe manufacturing and distributing operations. The Company holds, either directly or indirectly, controlling interests in various subsidiaries. References in these Consolidated Condensed Interim Financial Statements to “Tenaris” refer to Tenaris S.A. and its consolidated subsidiaries. A list of the principal Company’s subsidiaries is included in Note 31 to the audited Consolidated Financial Statements for the year ended December 31, 2007.

These Consolidated Condensed Interim Financial Statements were approved for issue by the Company’s Board of Directors on August 6, 2008.

2 Accounting policies and basis of presentation

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. The accounting policies used in the preparation of these Consolidated Condensed Interim Financial Statements are consistent with those used in the audited Consolidated Financial Statements for the year ended December 31, 2007. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2007, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board and adopted by the European Union.

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

The preparation of Consolidated Condensed Interim Financial Statements in conformity with IFRS requires management to make certain accounting estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet dates, and the reported amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates.

Material intercompany transactions and balances between the Company’s subsidiaries have been eliminated in consolidation. However, since the functional currency of some subsidiaries is its respective local currency, some financial gains (losses) arising from intercompany transactions are generated. These are included in the Consolidated Condensed Interim Income Statement under *Other financial results*.

3 Segment information

Reportable operating segments

(all amounts in thousands of U.S. dollars)	(Unaudited)				
	Tubes	Projects	Other	Total Continuing operations	Total Discontinued operations (*)
Six-month period ended June 30, 2008					
Net sales	4,724,843	639,848	409,881	5,774,572	98,388
Cost of sales	(2,596,219)	(456,549)	(290,832)	(3,343,600)	(57,712)
Gross profit	2,128,624	183,299	119,049	2,430,972	40,676
Selling, general and administrative expenses	(782,946)	(54,067)	(54,657)	(891,670)	(13,799)
Other operating income (expenses), net	(1,115)	(316)	(3,236)	(4,667)	129
Operating income	1,344,563	128,916	61,156	1,534,635	27,006
Depreciation and amortization	243,887	10,432	14,554	268,873	8,965
Six-month period ended June 30, 2007					
Net sales	4,337,062	325,254	317,951	4,980,267	49,238
Cost of sales	(2,183,935)	(227,126)	(254,755)	(2,665,816)	(30,240)
Gross profit	2,153,127	98,128	63,196	2,314,451	18,998
Selling, general and administrative expenses	(695,727)	(35,194)	(42,355)	(773,276)	(9,502)
Other operating income (expenses), net	(15,873)	1,714	1,807	(12,352)	(308)
Operating income	1,441,527	64,648	22,648	1,528,823	9,188
Depreciation and amortization	202,444	9,309	13,280	225,033	5,738

Geographical information

(all amounts in thousands of U.S. dollars)	(Unaudited)						
	North America	South America	Europe	Middle East & Africa	Far East & Oceania	Total Continuing operations	Total Discontinued operations (*)
Six-month period ended June 30, 2008							
Net sales	1,994,333	1,373,699	1,000,841	1,041,299	364,400	5,774,572	98,388
Depreciation and amortization	151,081	54,301	55,958	621	6,912	268,873	8,965
Six-month period ended June 30, 2007							
Net sales	1,562,864	1,016,091	868,853	1,162,559	369,900	4,980,267	49,238
Depreciation and amortization	125,962	57,247	37,741	505	3,578	225,033	5,738

(*) Corresponds to pressure control operations.

Allocation of net sales to geographical information is based on customer location. Allocation of depreciation and amortization is based on the geographical location of the underlying assets.

There are no revenues from external customers attributable to the Company's country of incorporation (Luxembourg). For geographical information purposes, "North America" comprises principally Canada, Mexico and the USA; "South America" comprises principally Argentina, Brazil and Venezuela; "Europe" comprises principally Italy, Romania and the United Kingdom; "Middle East and Africa" comprises principally Algeria, Kuwait, Saudi Arabia and the United Arab Emirates; "Far East and Oceania" comprises principally China and Japan.

4 Cost of sales

(all amounts in thousands of U.S. dollars)

	Six-month period ended June 30,	
	2008	2007
	(Unaudited)	(Unaudited)
Inventories at the beginning of the period	2,598,856	2,372,308
Plus: Charges of the year		
Raw materials, energy, consumables and other	2,825,458	1,995,595
Increase in inventory due to business combinations	-	152,500
Services and fees	204,830	204,376
Labor cost	463,678	349,472
Depreciation of property, plant and equipment	144,107	121,728
Amortization of intangible assets	1,061	671
Maintenance expenses	105,953	93,488
Provisions for contingencies	12	4,300
Allowance for obsolescence	(10,259)	6,080
Taxes	4,953	2,999
Other	54,513	33,111
	3,794,306	2,964,320
Less: Inventories at the end of the period	(2,991,850)	(2,640,572)
	3,401,312	2,696,056
From Discontinued operations	(57,712)	(30,240)
	3,343,600	2,665,816

5 Selling, general and administrative expenses

(all amounts in thousands of U.S. dollars)

	Six-month period ended June 30,	
	2008	2007
	(Unaudited)	(Unaudited)
Services and fees	108,024	97,696
Labor cost	221,264	199,343
Depreciation of property, plant and equipment	6,402	6,856
Amortization of intangible assets	126,268	101,516
Commissions, freight and other selling expenses	283,484	225,358
Provisions for contingencies	15,632	19,741
Allowances for doubtful accounts	4,881	(188)
Taxes	77,928	72,954
Other	61,586	59,502
	905,469	782,778
From Discontinued operations	(13,799)	(9,502)
	891,670	773,276

6 Financial results

(all amounts in thousands of U.S. dollars)

	Six-month period ended June 30,	
	2008	2007
	(Unaudited)	(Unaudited)
Interest income	29,020	42,399
Interest expense	(102,285)	(125,723)
Interest net	(73,265)	(83,324)
Net foreign exchange transaction results and changes in fair value of derivative instruments	(5,714)	6,484
Other	(7,430)	(4,406)
Other financial results	(13,144)	2,078
Net financial results	(86,409)	(81,246)
From Discontinued operations	(238)	45
	(86,647)	(81,201)

Each comparative item included in this note differs from its corresponding line in the income statement because it includes discontinued operations' results.

Tenaris has identified certain embedded derivatives and in accordance with IAS 39 ("Financial Instruments: Recognition and Measurement") accounted them separately from their host contracts. This result has been recognized under "Net foreign exchange transaction results and changes in fair value of derivative instruments".

7 Property, plant and equipment, net

(all amounts in thousands of U.S. dollars)

	2008	2007
	(Unaudited)	(Unaudited)
Six-month period ended June 30,		
Opening net book amount	3,269,007	2,939,241
Currency translation differences	125,124	71,293
Additions	185,440	217,852
Increase due to business combinations	-	152,540
Disposals	(7,338)	(4,573)
Transfers	(906)	(96)
Reclassifications	-	(19,396)
Depreciation charge	(148,255)	(128,584)
At June 30,	3,423,072	3,228,277

8 Intangible assets, net

(all amounts in thousands of U.S. dollars)

	2008	2007
	(Unaudited)	(Unaudited)
Six-month period ended June 30,		
Opening net book amount	4,542,352	2,844,498
Currency translation differences	(13,592)	48,431
Additions	19,926	11,297
Increase due to business combinations	-	2,135,196
Disposals	(1,488)	(23)
Transfers	906	96
Reclassifications	-	(11,640)
Amortization charge	(120,618)	(102,187)
At June 30,	4,427,486	4,925,668

9 Earnings and dividends per share

Earnings per share are calculated by dividing the net income attributable to equity holders of the Company by the daily weighted average number of ordinary shares in issue during the period.

	Six-month period ended June 30,	
	2008	2007
	(Unaudited)	(Unaudited)
Net income attributable to equity holders	1,460,514	976,254
Weighted average number of ordinary shares in issue	1,180,537	1,180,537
Basic and diluted earnings per share	1.24	0.83
Basic and diluted earnings per ADS	2.47	1.65
Net income from discontinued operations	411,110	7,167
Basic and diluted earnings per share	0.35	0.01
Basic and diluted earnings per ADS	0.70	0.01

On June 4, 2008, the Company's shareholders approved an annual dividend in the amount of \$0.38 per share (\$0.76 per ADS) of common stock currently issued and outstanding. The amount approved included the interim dividend previously paid in November 2007, in the amount of \$0.13 per share (\$0.26 per ADS). The balance, amounting to \$0.25 per share (\$0.50 per ADS), was paid on June 26, 2008. In the aggregate, the interim dividend paid in November 2007 and the balance paid in June 2008 amounted to approximately \$450 million.

10 Contingencies, commitments and restrictions to the distribution of profits

Contingencies

This note should be read in conjunction with Note 26 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2007.

Asbestos-related litigation

Dalmine S.p.A. ("Dalmine"), a Tenaris subsidiary organized in Italy is currently subject to 11 civil proceedings for work-related injuries arising from the use of asbestos in its manufacturing processes during the period from 1960 to 1980. In addition, another 47 asbestos related out-of-court claims and 1 civil party claim have been forwarded to Dalmine.

As of June 30, 2008, the total claims pending against Dalmine were 59 (of which, 1 is covered by insurance): during the six-month period ended June 30, 2008 4 new claims were filed, 4 claims were adjudicated, no claim was dismissed and no claim was settled. Aggregate settlement costs to date for Tenaris are Euro 6.6 million (\$10.4 million). Dalmine estimates that its potential liability in connection with the claims not yet settled is approximately Euro 20.2 million (\$31.8 million).

Accruals for Dalmine's potential liability are based on the average of the amounts paid by Dalmine for asbestos-related claims plus an additional amount related to some reimbursements requested by the social security authority. The maximum potential liability is not determinable as in some cases the requests for damages do not specify amounts, and instead is to be determined by the court. The timing of payment of the amounts claimed is not presently determinable.

10 Contingencies, commitments and restrictions to the distribution of profits (Cont.)

Contingencies (Cont.)

Maverick litigation

On December 11, 2006, The Bank of New York (“BNY”), as trustee for the holders of Tenaris’ subsidiary Maverick Tube Corporation (“Maverick”) 2004 4% Convertible Senior Subordinated Notes due 2033 issued pursuant to an Indenture between Maverick and BNY (“Noteholders”), filed a complaint against Maverick and Tenaris in the United States District Court for the Southern District of New York. The complaint alleges that Tenaris’ acquisition of Maverick triggered the “Public Acquirer Change of Control” provision of Indenture, asserting breach of contract claim against Maverick for refusing to deliver the consideration specified in the “Public Acquirer Change of Control” provision of the Indenture to Noteholders who entered their notes for such consideration. This complaint seeks a declaratory judgment that Tenaris’ acquisition of Maverick was a “Public Acquirer Change of Control” under the Indenture, and asserts claims for tortious interference with contract and unjust enrichment against Tenaris. Defendants filed a motion to dismiss the complaint, or in the alternative, for summary judgment on March 13, 2007. Plaintiff filed a motion for partial summary judgment on the same date. Briefing on the motions has been completed. On January 25, 2008, Law Debenture Trust Company of New York (as successor to BNY as trustee under the Indenture) was substituted for BNY as plaintiff. Oral arguments on the outstanding motions were held on April 15, 2008.

Tenaris believes that these claims are without merit. Accordingly, no provision was recorded in these Consolidated Condensed Interim Financial Statements. Were plaintiff to prevail, Tenaris estimates that the recovery would be approximately \$50 million.

Conversion of tax loss carry-forwards

On December 18, 2000, the Argentine tax authorities notified Siderca S.A.I.C., a Tenaris subsidiary organized in Argentina (“Siderca”), of an income tax assessment related to the conversion of tax loss carry-forwards into Debt Consolidation Bonds under Argentine Law No. 24.073. The adjustments proposed by the tax authorities represent an estimated contingency of ARP80.1 million (approximately \$26.3 million) at June 30, 2008, in taxes and penalties. Based on the views of Siderca’s tax advisors, Tenaris believes that the ultimate resolution of the matter will not result in a material obligation. Accordingly, no provision was recorded in these Consolidated Condensed Interim Financial Statements.

Customer Claim

A lawsuit was filed on September 6, 2007 against two Tenaris’s subsidiaries, alleging negligence, gross negligence and intentional acts characterized as fraudulent inducement concerning allegedly defective well casing. Plaintiff alleges the complete loss of one natural gas production well and “formation damage” that precludes further exploration and production at the well site. Plaintiff seeks compensatory and punitive damages in an amount of \$25 million. On September 10, 2007, this lawsuit was tendered to a Tenaris subsidiary insurer and on September 26, 2007, a Tenaris subsidiary received the insurer’s agreement to provide a defense. The insurer has reserved its rights regarding any potential indemnity obligation. Tenaris believes that the ultimate resolution of the matter will not result in a material obligation.

Commitments

Set forth is a description of Tenaris’s main outstanding commitments:

- A Tenaris company is a party to a five year contract with Nucor Corporation, under which it committed to purchase from Nucor steel coils, with deliveries starting in January 2007. Prices are adjusted quarterly in accordance with market conditions and the estimated aggregate amount of the contract at current prices is approximately \$1,914 million.
- A Tenaris company is a party to a ten year raw material purchase contract with QIT, under which it committed to purchase steel bars, with deliveries starting in July 2007. The estimated aggregate amount of the contract at current prices is approximately \$280 million.

10 Contingencies, commitments and restrictions to the distribution of profits (Cont.)

Commitments (Cont.)

- A Tenaris company is a party to a steel coils supply agreement with IPSCO, under which it is committed to purchase steel until 2011. Prices are adjusted monthly or quarterly and the estimated aggregate amount of the contract at current prices is approximately \$183 million. Each party may terminate this agreement at any time upon a one-year notice.
- A Tenaris company is a party to transportation capacity agreements with Transportadora de Gas del Norte S.A. for purchasing capacity of 1,000,000 cubic meters per day until 2017. As of June 30, 2008, the outstanding value of this commitment was approximately \$49.6 million. The Tenaris company also expects to obtain additional gas transportation capacity of 315,000 cubic meters per day until 2027. This commitment is subject to the enlargement of certain pipelines in Argentina.
- In August 2004 Matesi Materiales Siderúrgicos S.A. (“Matesi”) a Tenaris subsidiary organized in Venezuela, entered into a ten-year off-take contract pursuant to which Matesi is required to sell to Sidor S.A. (“Sidor”) on a take-or-pay basis 29.9% of Matesi’s HBI production. In addition, Sidor has the right to increase its proportion on Matesi’s production by an extra 19.9% until reaching 49.8% of Matesi’s HBI production. Under the contract, the sale price is determined on a cost-plus basis. The contract is renewable for additional three year periods unless Matesi or Sidor object its renewal upon one-year notice.
- In July 2004, Matesi entered into a twenty-year agreement with C.V.G. Electrificación del Caroní, C.A. (“Edelca”) for the purchase of electric power under certain take-or-pay conditions, with an option to terminate the contract at any time upon three years notice. The outstanding value of the contract at June 30, 2008 is approximately \$40.6 million.
- A Tenaris company is a party to a contract with Siderar for the supply of steam generated at the power generation facility owned by Tenaris in San Nicolas, Argentina. Under this contract, the Tenaris company is required to provide 250 tn/hour of steam and Siderar has the obligation to take or pay this volume. The contract is due to terminate in 2018.

Restrictions to the distribution of profits and payment of dividends

As of June 30, 2008, shareholders' equity as defined under Luxembourg law and regulations consisted of:

(all amounts in thousands of U.S. dollars)	(unaudited)
Share capital	1,180,537
Legal reserve	118,054
Share premium	609,733
Retained earnings including net income for the six-month period ended June 30, 2008	2,738,205
Total shareholders equity in accordance with Luxembourg law	4,646,529

At least 5% of the Company’s net income per year, as calculated in accordance with Luxembourg law and regulations, must be allocated to the creation of a legal reserve equivalent to 10% of the Company’s share capital. As of June 30, 2008, this reserve is fully allocated and additional allocations to the reserve are not required under Luxembourg law. Dividends may not be paid out of the legal reserve.

The Company may pay dividends to the extent, among other conditions, that it has distributable retained earnings calculated in accordance with Luxembourg law and regulations.

10 Contingencies, commitments and restrictions to the distribution of profits (Cont.)

Restrictions to the distribution of profits and payment of dividends (Cont.)

At June 30, 2008, retained earnings and result for the financial period of Tenaris under Luxembourg law totals \$2.7 billion, as detailed below.

(all amounts in thousands of U.S. dollars)	(unaudited)
Retained earnings at December 31, 2007 under Luxembourg law	2,399,973
Dividends received	661,486
Dividends paid	(295,134)
Other income and expenses for the six-month period ended June 30, 2008	<u>(28,120)</u>
Retained earnings at June 30, 2008 under Luxembourg law	<u>2,738,205</u>

11 Business combinations and other acquisitions

(a) Acquisition of Hydril Company ("Hydril")

On May 7, 2007, Tenaris paid \$2.0 billion to acquire Hydril, a North American manufacturer of premium connections and pressure control products for the oil and gas industry. To finance the acquisition, Tenaris entered into syndicated loans in the amount of \$2.0 billion, of which \$0.5 billion were used to refinance an existing loan in the Company. The balance of the acquisition cost was paid out of cash on hand. Of the loan amount, \$1.7 billion was allocated to the Company and the balance to Hydril.

The main covenants on these loan agreements are limitations on liens and encumbrances, limitations on the sale of certain assets, restrictions in investments and compliance with financial ratios (e.g., leverage ratio and interest coverage ratio in Hydril's syndicated loan agreement, and leverage ratio and debt service coverage ratio in the Company's syndicated loan agreement). In addition, Hydril's syndicated loan agreement has certain restrictions in capital expenditures. The Company's syndicated loan agreement was secured with a pledge of 100% of Hydril's shares; upon each payment or prepayment under this agreement, the number of shares subject to the pledge would be reduced proportionally, and the pledge would be completely released immediately after the aggregate outstanding principal amount of the loan is less than or equal to \$0.6 billion.

On November 8, 2007, the Company prepaid loans under the Company's syndicated loan agreement in a principal amount of \$0.7 billion plus accrued interest thereon to such date. In May 2008, the Company prepaid loans under the Company's syndicated loan agreement in a principal amount of \$0.5 billion. As a result of such prepayments, the pledge of Hydril's shares has been released and currently restrictions on payments of dividends, repurchase or redemption of shares under the Company's syndicated loan are not applicable.

During 2008, Hydril's syndicated loan was partially prepaid in an amount of \$33 million.

Tenaris began consolidating Hydril's balance sheet and results of operations as from May, 2007.

11 Business combinations and other acquisitions (Cont.)

(b) Minority Interest

During the six-month period ended June 30, 2008, additional shares of Confab, Dalmine, Donasid and Energy Network were acquired from minority shareholders for approximately \$1.8 million.

12 Current and non current assets held for sale and discontinued operations

Sale of Hydril pressure control business

On January 28, 2008, Tenaris entered into an agreement with General Electric Company (GE) for the sale to GE of the pressure control business acquired as part of the Hydril transaction for an amount equivalent on a debt-free basis to approximately \$1,114 million. On April 1, 2008, the sale was completed. The result of this transaction was an after-tax gain of \$ 394.3 million, calculated as the net proceeds of the sale less the book value of net assets held for sale, the corresponding tax effect and related expenses.

(i) Income for discontinued operations:

(all amounts in thousands of U.S. dollars)

	Six-month period ended June 30,	
	2008	2007
	(Unaudited)	(Unaudited)
Income for discontinued operations	16,787	7,167
After tax gain on the sale of pressure control business	394,323	-
Net Income for discontinued operations	411,110	7,167

(ii) Net cash flows attributable to discontinued operations

Cash flows provided by operating activities in 2008 until the sale of the pressure control business amounted to \$40.7 million. Cash flows used in investing activities amounted to \$3.4 million. These amounts were estimated only for disclosure purposes.

Cash and cash equivalents from discontinued operations increased by \$37.3 million in 2008.

13 Related party transactions

San Faustín N.V. has notified the Company that it owns 713,605,187 shares in the Company, representing 60.4% of the Company's capital and voting rights. San Faustín N.V. owns all of its shares in the Company through its wholly-owned subsidiary I.I.I. Industrial Investments Inc.. Rocca & Partners S.A. controls a significant portion of the voting power of San Faustín N.V. and has the ability to influence matters affecting, or submitted to a vote of the shareholders of San Faustín N.V., such as the election of directors, the approval of certain corporate transactions and other matters concerning the company's policies. There are no controlling shareholders for Rocca & Partners. Tenaris' directors and executive officers as a group own 0.2% of the Company's outstanding shares, while the remaining 39.4% are publicly traded.

At June 30, 2008, the closing price of Ternium S.A. ("Ternium") ADS as quoted on the New York Stock Exchange was \$42.00 per ADS, giving Tenaris's ownership stake a market value of approximately \$965 million. At June 30, 2008, the carrying value of Tenaris's ownership stake in Ternium was approximately \$591 million.

Transactions and balances disclosed as with "Associated" companies are those with companies over which Tenaris exerts significant influence or joint control in accordance with IFRS, but does not have control. All other transactions with related parties which are not Associated and which are not consolidated are disclosed as "Other".

13 Related party transactions (Cont.)

The transactions and balances with related parties are shown below:

		(Unaudited)		
		Associated (1)	Other	Total
		Six-month period ended June 30, 2008		
(i) Transactions				
(a) Sales of goods and services				
	Sales of goods	32,893	17,365	50,258
	Sales of services	11,711	1,985	13,696
		44,604	19,350	63,954
(b) Purchases of goods and services				
	Purchases of goods	45,501	7,460	52,961
	Purchases of services	55,390	31,818	87,208
		100,891	39,278	140,169
		Six-month period ended June 30, 2007		
		(Unaudited)		
		Associated (2)	Other	Total
(i) Transactions				
(a) Sales of goods and services				
	Sales of goods	48,345	22,157	70,502
	Sales of services	16,591	2,979	19,570
		64,936	25,136	90,072
(b) Purchases of goods and services				
	Purchases of goods	124,519	9,686	134,205
	Purchases of services	42,140	39,724	81,864
		166,659	49,410	216,069
		At June 30, 2008		
		(Unaudited)		
		Associated (1)	Other	Total
(ii) Period-end balances				
(a) Arising from sales / purchases of goods / services				
	Receivables from related parties	43,462	11,794	55,256
	Payables to related parties	(28,533)	(11,677)	(40,210)
		14,929	117	15,046
(b) Financial debt				
	Borrowings	(3,732)	-	(3,732)
		At December 31, 2007		
		(Unaudited)		
		Associated (1)	Other	Total
(ii) Year-end balances				
(a) Arising from sales / purchases of goods / services				
	Receivables from related parties	45,773	8,015	53,788
	Payables to related parties	(61,597)	(7,379)	(68,976)
		(15,824)	636	(15,188)
(b) Financial debt				
	Borrowings (3)	(27,482)	-	(27,482)

(1) Includes Ternium S.A. and its subsidiaries ("Ternium"), Condisid C.A. ("Condisid"), Finma S.A.I.F ("Finma"), Lomond Holdings B.V. group ("Lomond"), Socotherm Brasil S.A. ("Socotherm"), Hydril Jindal International Private Ltd. and TMK – Hydril JV.

(2) Includes Ternium, Condisid, Finma, Lomond, Dalmine Energie, Socotherm, Hydril Jindal International Private Ltd. and TMK – Hydril JV.

(3) Includes loan from Sidor to Materiales Siderurgicos S.A. ("Matesi") of \$26.4 million at December 31, 2007.

14 Investment in Ternium: Sidor nationalization process

On June 30, 2008, the Company held 11.46% of the capital stock of Ternium S.A. As publicly stated by Ternium, the book value of Ternium's interest in Sidor was \$1.3 billion at June 30, 2008.

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

On April 8, 2008, the Venezuelan government announced its intention to take control over Sidor. On April 29, 2008, the National Assembly of the Republic of Venezuela passed a resolution declaring that the shares of Sidor, together with all of its assets, are of public and social interest. This resolution authorized the Venezuelan government to take any action it may deem appropriate in connection with any such assets, which may include expropriation.

On May 11, 2008, the Venezuelan government announced that Decree Law 6058 regulating the steel production activity in the Guayana, Venezuela region (the "Decree") became effective upon its publication on Venezuela's Official Gazette. The Decree ordered that Sidor and its subsidiaries and associated companies be transformed into state-owned enterprises ("*empresas del estado*"), with Venezuela owning not less than 60% of their share capital. Among other things, the Decree required the Venezuelan government to create a committee to negotiate over a 60-day period a fair price for the shares to be transferred to Venezuela.

Upon expiration of the term contemplated under the Decree, on July 12, 2008, Venezuela, acting through CVG, assumed operational control of Sidor. Following the change in operational control, CVG assumed complete responsibility for Sidor's operations, Sidor's board of directors ceased to function and Sidor's operations are managed by a 6-member temporary operating committee, the majority of whose members are appointed by CVG. Ternium, however, has not yet transferred its ownership interest in Sidor to Venezuela.

The term provided in the Decree for the negotiation of the conditions under which all or a significant part of Ternium's interest in Sidor will be transferred to Venezuela was extended until August 18, 2008. The negotiation of proposed future business relationships between Ternium and Sidor is also expected to be completed during that term.

15 Recently issued accounting pronouncements

(i) International Accounting Standard 27 (amended 2008), "Consolidated and separate financial statements"

In January 2008, the International Accounting Standards Board ("IASB") issued International Accounting Standard 27 (amended 2008), "Consolidated and separate financial statements" ("IAS 27 - amended"). IAS 27 - amended includes modifications to International Accounting Standard 27 that are related, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary.

IAS 27 - amended must be applied for annual periods beginning on or after 1 July 2009, although earlier application is permitted. However, an entity must not apply the amendments contained in IAS 27 - amended for annual periods beginning before 1 July 2009 unless it also applies IFRS 3 (as revised in 2008).

In May 2008, the IASB issued International Accounting Standard 27 (amended 2008), "Consolidated and Separate Financial Statements Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate" ("IAS 27 - amended"). IAS 27 - amended includes modifications to International Accounting Standard 27 that are related, primarily, to the accounting for investments in subsidiaries, jointly controlled Entities or associates in separate financial statements when reorganizations are established.

The Company's management has not assessed the potential impact that the application of IAS 27 - amended may have on the Company's financial condition or results of operations.

15 Recently issued accounting pronouncements (Cont.)

(ii) International Financial Reporting Standard 3 (revised January 2008), “Business Combinations”

In January 2008, the IASB issued International Financial Reporting Standard 3 (revised January 2008), “Business Combinations” (“IFRS 3 revised”). IFRS 3 revised includes amendments that are meant to provide guidance for applying the acquisition method.

IFRS 3 revised replaces IFRS 3 (as issued in 2004) and comes into effect for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Earlier application is permitted, provided that IAS 27 – amended is applied at the same time.

The Company’s management estimates that the application of IFRS 3 revised will not have a material effect on the Company’s financial condition or results of operations.

(iii) Amendment to International Financial Reporting Standard 5 “Non-current Assets held for sale and Discontinued Operations”

In May 2008, the IASB amended International Financial Reporting Standard 5 “Non-current Assets held for sale and Discontinued Operations” by requiring this classification although the entity retains a non-controlling interest.

Entities shall apply these amendments for annual periods beginning on or after 1 July 2009. Earlier application is permitted, provided that IAS 27 – amended is applied at the same time.

Ricardo Soler
Chief Financial Officer