

TENARIS S.A.

**CONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS**

SEPTEMBER 30, 2006

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)

	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2006	2005	2006	2005
(Unaudited)					
Net sales	2	1,922,491	1,640,385	5,667,908	4,837,623
Cost of sales	2 & 3	(982,487)	(962,929)	(2,974,015)	(2,871,831)
Gross profit		940,004	677,456	2,693,893	1,965,792
Selling, general and administrative expenses	4	(246,506)	(205,937)	(712,882)	(603,530)
Other operating income, net		2,274	3,696	8,465	9,265
Operating income		695,772	475,215	1,989,476	1,371,527
Financial income (expenses), net	5	(3,743)	(5,141)	10,918	(89,591)
Income before equity in earnings of associated companies and income tax		692,029	470,074	2,000,394	1,281,936
Equity in earnings of associated companies		29,653	26,502	76,725	94,944
Income before income tax		721,682	496,576	2,077,119	1,376,880
Income tax		(211,726)	(145,678)	(629,709)	(404,392)
Income for the period		509,956	350,898	1,447,410	972,488
Attributable to:					
Equity holders of the Company		479,105	318,897	1,370,564	896,587
Minority interest		30,851	32,001	76,846	75,901
		509,956	350,898	1,447,410	972,488

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)	0.41	0.27	1.16	0.76
Earnings per ADS (U.S. dollars per ADS)	0.81	0.54	2.32	1.52

The ratio of ordinary shares per American Depositary Shares (ADSs) was changed from a ratio of one ADS equal to ten ordinary shares to a new ratio of one ADS equal to two ordinary shares. The implementation date for this change was April 26, 2006, for shareholders of record at April 17, 2006. Earnings per ADS reflected above have been adjusted for this change in the conversion ratio.

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, 2005.

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

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

	Notes	<u>At September 30, 2006</u> (Unaudited)	<u>At December 31, 2005</u>	
ASSETS				
Non-current assets				
Property, plant and equipment, net	6	2,403,926		2,230,038
Intangible assets, net	6	165,673		159,099
Investments in associated companies		392,011		257,234
Other investments		27,473		25,647
Deferred tax assets		248,032		194,874
Receivables		<u>39,310</u>	3,276,425	<u>65,852</u> 2,932,744
Current assets				
Inventories		1,668,723		1,376,113
Receivables and prepayments		192,433		143,282
Current tax assets		144,307		102,455
Trade receivables		1,438,470		1,324,171
Other investments		134,651		119,907
Cash and cash equivalents		<u>1,295,184</u>	4,873,768	<u>707,356</u> 3,773,284
Total assets			<u>8,150,193</u>	<u>6,706,028</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital		1,180,537		1,180,537
Legal reserves		118,054		118,054
Share premium		609,733		609,733
Currency translation adjustments		(29,371)		(59,743)
Other reserves		28,835		2,718
Retained earnings		<u>2,822,834</u>	4,730,622	<u>1,656,503</u> 3,507,802
Minority interest			<u>328,255</u>	<u>268,071</u>
Total equity			<u>5,058,877</u>	<u>3,775,873</u>
LIABILITIES				
Non-current liabilities				
Borrowings		554,094		678,112
Deferred tax liabilities		361,974		353,395
Other liabilities		163,582		154,378
Provisions		80,079		43,964
Trade payables		<u>521</u>	1,160,250	<u>1,205</u> 1,231,054
Current liabilities				
Borrowings		321,217		332,180
Current tax liabilities		463,448		452,534
Other liabilities		187,524		138,875
Provisions		9,037		36,945
Customer advances		180,381		113,243
Trade payables		<u>769,459</u>	1,931,066	<u>625,324</u> 1,699,101
Total liabilities			<u>3,091,316</u>	<u>2,930,155</u>
Total equity and liabilities			<u>8,150,193</u>	<u>6,706,028</u>

Contingencies, commitments and restrictions to the distribution of profits are disclosed in Note 8.

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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
	Share Capital	Legal Reserves	Share Premium	Other Reserves	Currency translation adjustment	Retained Earnings (*)	Minority Interest	
Balance at January 1, 2006	1,180,537	118,054	609,733	2,718	(59,743)	1,656,503	268,071	3,775,873
Currency translation differences	-	-	-	-	30,372	-	13,090	43,462
Change in equity reserves (see Notes 1 and 9)	-	-	-	26,117	-	-	-	26,117
Acquisition of minority interest	-	-	-	-	-	-	(10,131)	(10,131)
Dividends paid in cash	-	-	-	-	-	(204,233)	(19,621)	(223,854)
Income for the period	-	-	-	-	-	1,370,564	76,846	1,447,410
Balance at September 30, 2006	1,180,537	118,054	609,733	28,835	(29,371)	2,822,834	328,255	5,058,877
	Attributable to equity holders of the Company							
	Share Capital	Legal Reserves	Share Premium	Other Reserves	Currency translation adjustment	Retained Earnings	Minority Interest	Total
								(Unaudited)
Balance at January 1, 2005	1,180,537	118,054	609,733	82	(30,020)	617,538	165,271	2,661,195
Effect of adopting IFRS 3 (see Note 1)	-	-	-	-	-	110,775	-	110,775
Adjusted balance at January 1, 2005	1,180,537	118,054	609,733	82	(30,020)	728,313	165,271	2,771,970
Currency translation differences	-	-	-	-	(17,457)	-	18,137	680
Acquisition and increase of minority interest	-	-	-	-	-	-	969	969
Dividends paid in cash	-	-	-	(82)	-	(199,429)	(7,924)	(207,435)
Income for the period	-	-	-	-	-	896,587	75,901	972,488
Balance at September 30, 2005	1,180,537	118,054	609,733	-	(47,477)	1,425,471	252,354	3,538,672

(*) Retained Earnings calculated in accordance with Luxembourg Law are disclosed in Note 8 (ii).

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CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

	Nine-month period ended September 30,	
	2006	2005
	(Unaudited)	
(all amounts in thousands of U.S. dollars)		
Cash flows from operating activities		
Income for the period	1,447,410	972,488
Adjustments for:		
Depreciation and amortization	166,008	156,654
Income tax accruals less payments	1,947	104,425
Equity in earnings of associated companies	(76,725)	(94,944)
Interest accruals less payments, net	1,456	3,006
Income from disposal of investment	(6,933)	-
Changes in provisions	8,207	(423)
Proceeds from Fintecna arbitration award net of BHP settlement	-	66,594
Changes in working capital	(250,654)	(301,376)
Other, including currency translation adjustment	21,447	25,549
Net cash provided by operating activities	1,312,163	931,973
Cash flows from investing activities		
Capital expenditures	(302,077)	(194,428)
Acquisitions of subsidiaries (see Note 9)	(39,828)	(48,002)
Convertible loan to associated companies	-	(39,944)
Proceeds from disposal of property, plant and equipment and intangible assets	16,568	5,413
Dividends and distributions received from associated companies	-	59,127
Changes in restricted bank deposits	2,027	10,060
Reimbursement from trust funds	-	119,666
Investments in short terms securities	(14,744)	(144,659)
Net cash used in investing activities	(338,054)	(232,767)
Cash flows from financing activities		
Dividends paid	(204,233)	(199,511)
Dividends paid to minority interest in subsidiaries	(19,621)	(7,924)
Proceeds from borrowings	293,845	775,930
Repayments of borrowings	(443,328)	(1,019,006)
Net cash used in financing activities	(373,337)	(450,511)
Increase in cash and cash equivalents	600,772	248,695
Movement in cash and cash equivalents		
At beginning of the period	680,591	293,824
Effect of exchange rate changes	(4,951)	(11,057)
Increase in cash and cash equivalents	600,772	248,695
At September 30,	1,276,412	531,462
	At September 30,	
	2006	2005
Cash and cash equivalents	1,295,184	567,773
Cash and bank deposits	(18,751)	(32,871)
Bank overdrafts	(21)	(3,440)
Restricted bank deposits	(21)	(3,440)
	1,276,412	531,462

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Index to the notes to the consolidated condensed interim financial statements

- 1 General information and basis of presentation
- 2 Segment information
- 3 Cost of sales
- 4 Selling, general and administrative expenses
- 5 Financial income (expenses), net
- 6 Property, plant and equipment and Intangible assets, net
- 7 Dividends per share
- 8 Contingencies, commitments and restrictions to the distribution of profits
- 9 Business acquisitions, incorporation of subsidiaries and other significant events
- 10 Related party disclosures

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 and basis of presentation

Tenaris S.A. (the “Company” or “Tenaris”), a Luxembourg corporation (société anonyme holding), was incorporated on December 17, 2001 as a holding company for investments in steel pipe manufacturing and distribution companies. The Company consolidates its subsidiary companies, as detailed in Note 31 to the audited Consolidated Financial Statements for the year ended December 31, 2005, and modified as discussed in Note 9 to these consolidated condensed interim financial statements.

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, 2005. These consolidated condensed interim financial statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2005, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

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 also the reported amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates.

Material intercompany transactions and balances between Tenaris subsidiaries have been eliminated in consolidation. However, some financial gains and losses do arise from intercompany transactions because certain subsidiaries use their respective local currencies as their functional currency for accounting purposes. Such gains and losses are included in the consolidated income statement under Financial income (expenses), net.

The Company applies hedge accounting treatment for certain qualifying financial instruments. These transactions are classified as cash flow hedges (mainly currency forward contracts on highly probable forecast transactions and interest rate swaps). The effective portion of the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. Amounts accumulated in equity are charged in the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the ineffective portion is recognized in the income statement. The fair value of the Company’s derivative financial instruments (asset or liability) is reflected on the Balance Sheet.

For transactions designated and qualifying for hedge accounting, the Company documents at the time of designation of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives. The Company also documents its assessment at hedge designation and at each period end of whether the derivatives that are used in hedging transactions are expected to be effective in offsetting changes in cash flows of hedged items. At September 30, 2006, the effective portion of designated cash flow hedges amounts to \$1.2 million and is included in Other reserves in equity.

Upon the adoption of IFRS 3, which was adopted together with the revised IAS 38, “Intangible Assets”, and IAS 36, “Impairment of Assets”, previously accumulated negative goodwill is required to be derecognized through an adjustment to retained earnings. The derecognition of negative goodwill in this manner resulted in an increase of \$110.8 million in the beginning balance of the Company's equity at January 1, 2005.

These consolidated condensed interim financial statements were approved for issue by the Tenaris Board of Directors on November 8, 2006.

2 Segment information

Primary reporting format: business segments

(all amounts in thousands of U.S. dollars)	Welded & Other Metallic				
	Seamless	Products	Energy	Other	Total
Nine-month period ended September 30, 2006	(Unaudited)				
Net sales	4,657,469	362,519	403,722	244,198	5,667,908
Cost of sales	(2,151,812)	(262,752)	(390,534)	(168,917)	(2,974,015)
Gross profit	2,505,657	99,767	13,188	75,281	2,693,893
Depreciation and amortization	140,241	15,879	1,503	8,385	166,008
Nine-month period ended September 30, 2005					
Net sales	3,667,049	636,849	362,593	171,132	4,837,623
Cost of sales	(1,987,376)	(425,808)	(354,959)	(103,688)	(2,871,831)
Gross profit	1,679,673	211,041	7,634	67,444	1,965,792
Depreciation and amortization	133,040	11,185	1,973	10,456	156,654

Secondary reporting format: geographical segments

(all amounts in thousands of U.S. dollars)	Geographical Segments					Total
	South America	Europe	North America	Middle East & Africa	Far East & Oceania	
Nine-month period ended September 30, 2006	(Unaudited)					
Net sales	1,091,230	1,394,850	1,321,558	1,335,281	524,989	5,667,908
Depreciation and amortization	69,723	46,306	44,940	583	4,456	166,008
Nine-month period ended September 30, 2005						
Net sales	1,353,356	1,114,478	1,281,329	636,435	452,025	4,837,623
Depreciation and amortization	62,151	53,755	35,925	50	4,773	156,654

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

3 Cost of sales

(all amounts in thousands of U.S. dollars)	Nine-month period ended	
	September 30,	
	2006	2005
	(Unaudited)	
Inventories at the beginning of the period	1,376,113	1,269,470
Plus: Charges of the period		
Raw materials, energy, consumables and other	2,372,914	2,242,620
Services and fees	275,865	243,318
Labor cost	346,522	313,733
Depreciation of property, plant and equipment	144,390	134,778
Amortization of intangible assets	2,163	4,278
Maintenance expenses	82,128	75,507
Provisions for contingencies	-	1,200
Allowance for obsolescence	6,932	6,808
Taxes	2,964	2,317
Other	32,747	22,902
	3,266,625	3,047,461
Less: Inventories at the end of the period	(1,668,723)	(1,445,100)
	2,974,015	2,871,831

4 Selling, general and administrative expenses

(all amounts in thousands of U.S. dollars)	Nine-month period ended	
	September 30,	
	2006	2005
	(Unaudited)	
Services and fees	87,477	90,190
Labor cost	194,589	159,578
Depreciation of property, plant and equipment	6,473	7,465
Amortization of intangible assets	12,982	10,133
Commissions, freight and other selling expenses	261,127	212,174
Provisions for contingencies	7,915	9,629
Allowances for doubtful accounts	1,991	6,059
Taxes	81,684	65,282
Other	58,644	43,020
	712,882	603,530

5 Financial income (expenses), net

(all amounts in thousands of U.S. dollars)	Nine-month period ended	
	September 30,	
	2006	2005
	(Unaudited)	
Interest expense	(42,292)	(40,122)
Interest income	43,818	15,449
Net foreign exchange transaction results and changes in fair value of derivative instruments	9,304	(70,162)
Other	88	5,244
	10,918	(89,591)

6 Property, plant and equipment and Intangible assets, net

(all amounts in thousands of U.S. dollars)	Net Property, Plant and Equipment	Net Intangible Assets
	(Unaudited)	(Unaudited)
Nine-month period ended September 30, 2006		
Opening net book amount	2,230,038	159,099
Currency translation differences	48,098	835
Transfers	(125)	125
Additions	282,621	19,456
Disposals	(28,735)	(99)
Increase due to business acquisition	22,892	1,402
Depreciation / Amortization charge	(150,863)	(15,145)
At September 30, 2006	2,403,926	165,673

7 Dividends per share

The shareholders' meeting held on June 7, 2006 approved the payment of a dividend in the amount of \$0.30 per share or approximately \$354.1 million, corresponding to operating results for 2005. This amount included the interim dividend paid in November, 2005, in the amount of \$0.127 per share or approximately \$149.9 million. Tenaris paid the balance of the annual dividend amounting to approximately \$204.2 million corresponding to \$0.173 per share during 2006. During 2005 Tenaris paid \$199.5 million corresponding to \$0.169 per share.

8 Contingencies, commitments and restrictions to the distribution of profits

This note should be read in conjunction with Note 26 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2005. Significant changes or events since the date of such financial statements are the following:

(i) Commitments

- (a) In August 2001, Dalmine Energie S.p.A. ("Dalmine Energie") entered into a ten-year contract ending October 1, 2011 with Eni S.p.A. Gas & Power Division ("Eni") for the purchase of natural gas with certain take-or-pay conditions. The outstanding value of these commitments at September 30, 2006 amounts to approximately EUR701.9 million (\$888.6 million).
- (b) Under the Gas Release Program enacted by Eni, in August 2004, Dalmine Energie increased its supply of natural gas for the period from October 1, 2004 to September 30, 2008. The gas purchase and sale agreements entered into with Eni contain customary take-or-pay conditions. The additional gas supply mentioned above is valued at approximately EUR205.2 million (\$259.8 million), based on prices prevailing at September 2006. Dalmine Energie has also obtained the necessary capacity on the interconnection infrastructure at the Italian border to transport the natural gas to Italy for the supply period.
- (c) Dalmine Energie has entered into arrangements and expects to obtain additional gas transportation capacity on the Trans Austria Gasleitung GmbH ("TAG") pipeline, which is presently under construction. This capacity will allow Dalmine Energie to import an incremental 1,176.5 million cubic meters of natural gas per year. The additional transportation capacity, which is subject to "ship or pay" provisions, will be available on a firm basis on the TAG pipeline beginning October 2008 and through September 2028.

The expected annual value of this "ship or pay" commitment is approximately EUR5.0 million per year. Tenaris provided bank guarantees in the amount of EUR15.1 million in support of Dalmine Energie. The value of the bank guarantees corresponds to the termination penalties that would be due to TAG in the event of termination due to shipper's default.

8 Contingencies, commitments and restrictions to the distribution of profits (Cont'd)

(ii) Restrictions to the distribution of profits and payment of dividends

As of September 30, 2006, shareholders' equity as defined under Luxembourg law and regulations consisted of the following:

(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 nine-month period ended September 30, 2006	<u>1,392,057</u>
Total shareholders equity in accordance with Luxembourg law	<u>3,300,381</u>

At least 5% of the 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 share capital. As of September 30, 2006, this reserve is fully allocated and additional allocations to the reserve are not required under Luxembourg law. Dividends may not be paid from this reserve.

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

At September 30, 2006, Tenaris's retained earnings under Luxembourg law totalled \$1,392.1 million, as detailed below.

(all amounts in thousands of U.S. dollars)	(unaudited)
Retained earnings at December 31, 2005 under Luxembourg law	1,171,738
Dividends received	416,831
Other income and expenses for the nine-month period ended September 30, 2006	7,721
Dividends paid	<u>(204,233)</u>
Retained earnings at September 30, 2006 under Luxembourg law	<u>1,392,057</u>

9 Business acquisitions, incorporation of subsidiaries and other significant events

(a) Acquisition of Maverick Tube Corporation ("Maverick")

On October 5, 2006, Tenaris completed its acquisition of Maverick, pursuant to which, Maverick merged with and into a wholly owned subsidiary of Tenaris. On that date, Tenaris transferred to the paying agent for the transaction \$65 per share in cash for each issued and outstanding share of Maverick's common stock. The transaction was valued at \$3,185 million, including Maverick's net debt.

To finance the acquisition and the payment of related obligations, Tenaris and some of its subsidiaries entered into syndicated five-year term loan facilities in an aggregate of up to \$2.7 billion; the balance was met from cash on hand. Tenaris will consolidate Maverick's balance sheet and results of operations in its consolidated financial statements beginning in the fourth quarter of 2006.

With operations in the United States, Canada and Colombia, Maverick is a producer of welded oil country tubular goods (OCTG), line pipe and coiled tubing for use in oil and natural gas wells, also producing welded pipes for electrical conduits. Maverick has a combined annual capacity of two million short tons of steel pipes with a size range from one-quarter inch to 16 inches, and approximately 4,650 employees. In 2005, Maverick reported net revenues of approximately \$1.8 billion, of which 82% were from its energy products division.

9 Business acquisitions, incorporation of subsidiaries and other significant events (Cont'd)

(b) Letter of intent relating to sale of 75% interest in Dalmine Energie

On September 13, 2006, Tenaris signed a letter of intent with E.ON Sales and Trading GmbH, an indirect subsidiary of E.ON AG, for the sale to E.ON of a 75% interest in Dalmine Energie, Tenaris's Italian energy supply business, for a purchase price of approximately EUR39 million, subject to adjustments. The transaction, which is subject to negotiation and execution of definitive documentation, clearance by the applicable competition authorities and customary due diligence conditions, is expected to close before the end of 2006.

The Company cannot give assurance that the transaction will be completed. Should it be completed, Tenaris will represent the results of Dalmine Energie as results of discontinued operations in accordance with the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

(c) Investment in Ternium S.A. ("Ternium")

On September 9, 2005, the Company exchanged its 21.2% equity interest in Consorcio Siderurgia Amazonia Ltd. ("Amazonia") and its 24.4% equity interest in Ylopa Servicos de Consultadoria Ltda. ("Ylopa"), for 209,460,856 shares in Ternium, the company into which San Faustin N.V. (a Netherlands Antilles corporation and the controlling shareholder of Tenaris) consolidated its Latin American holdings in flat and long steel producers Siderar S.A.I.C. ("Siderar"), Sidor C.A. ("Sidor") and Hylsamex, S.A de C.V. As a result of the exchange, which was carried out based on fair values as determined by an internationally recognized investment bank engaged for this purpose, Tenaris obtained an initial ownership interest of approximately 17.9% in Ternium.

Subsequently, on October 27, 2005, Usinas Siderurgicas de Minas Gerais S.A. reached an agreement with Ternium to exchange its interests in Amazonia, Ylopa and Siderar, plus additional consideration of approximately \$114.1 million provided as a convertible loan, for an equity stake in Ternium. As a consequence of the additional shares issued under this transaction, Tenaris' ownership stake was reduced to 15.0% of Ternium's outstanding common stock at December 31, 2005. The effect of this transaction resulted in an increase of the Company's proportional ownership in Ternium's equity of approximately \$2.7 million, which Tenaris recognized in Other Reserves in equity.

In addition, in August 2005 Tenaris extended to Ternium two subordinated convertible loans consisting of principal amount of \$39.7 million. The principal amount of these loans at the date issued corresponded to the amount of certain distributions received from Amazonia during the second and third quarters of 2005 in connection with Ternium's participation in Amazonia's financial debt restructuring in 2003. At the date of Ternium's initial public offering ("IPO"), the loans totaled approximately \$40.5 million, including accrued interest.

On February 6, 2006, Ternium completed its IPO, issuing an additional 248,447,200 shares (equivalent to 24,844,720 ADS) at a price of \$2.00 per share, or \$20.00 per ADS. Tenaris received an additional 20,252,338 shares upon the mandatory conversion of its loans to Ternium. In addition to the shares issued to Tenaris, Ternium issued shares to other shareholders corresponding to their mandatory convertible loans. On February 23, 2006, the underwriters of Ternium's IPO exercised an overallotment option under which Ternium issued an additional 37,267,080 shares (equivalent to 3,726,708 ADS). As a result of the IPO and the conversion of loans, as of February 6, 2006, Tenaris' ownership stake in Ternium amounted to 11.46%. The effect of these transactions resulted in an additional increase of the Company's proportional ownership in Ternium's equity of approximately \$27.7 million, which Tenaris recognized in Other Reserves in equity.

At September 30, 2006, the closing price of Ternium shares as quoted on the New York Stock Exchange was \$23.16 per ADS, giving Tenaris' ownership stake a market value of approximately \$532 million. At September 30, 2006, the carrying value of Tenaris's ownership stake in Ternium was approximately \$389 million.

9 Business acquisitions, incorporation of subsidiaries and other significant events (Cont'd)

(d) Acquisition of Welded Pipe Business in Argentina

On January 31, 2006, Siat S.A., a subsidiary of Tenaris, completed its acquisition of the welded pipe assets and facilities located in Villa Constitución, province of Santa Fe, Argentina, belonging to Industria Argentina de Acero, S.A. (“Acindar”) for \$29.3 million. The facilities acquired have an annual capacity of 80,000 tons of welded pipes whose small diameter range largely complements the range of welded pipes that Tenaris produces in Argentina.

The acquired business did not materially contribute to the Company’s revenue and income. The fair value of acquired assets and liabilities were:

	Nine-month period ended September 30, 2006
	(Unaudited)
(all amounts in thousands of U.S. dollars)	
Other assets and liabilities (net)	5,052
Property, plant and equipment	22,892
Goodwill	1,402
Net assets acquired	<u>29,346</u>

(e) Minority Interest

During the nine-month period ended September 30, 2006, additional shares of Silcotub and Dalmine were acquired from minority shareholders for approximately \$10.1 million.

10 Related party disclosures

The Company is controlled by San Faustin N.V., a Netherlands Antilles corporation, which owns 60.45% of the Company’s outstanding shares, either directly or through its wholly-owned subsidiary I.I.I. Industrial Investments Inc., a Cayman Islands corporation. San Faustin N.V. is controlled by Rocca & Partners, a British Virgin Islands corporation.

Transactions and balances disclosed as with “Associated” companies are those with companies in which Tenaris owns 20% to 50% of the voting rights or over which Tenaris exerts significant influence 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”.

The transactions and balances with related parties are shown below:

		(all amounts in thousands of U.S. dollars)		
		Nine-month period ended September 30, 2006		
		Associated (1)	Other	Total
(i) Transactions				
(a) Sales of goods and services				
Sales of goods		96,672	44,332	141,004
Sales of services		13,586	2,661	16,247
		<u>110,258</u>	<u>46,993</u>	<u>157,251</u>
(b) Purchases of goods and services				
Purchases of goods		66,658	16,903	83,561
Purchases of services		8,368	58,254	66,622
		<u>75,026</u>	<u>75,157</u>	<u>150,183</u>

10 Related party disclosures (Cont'd)

Nine-month period ended September 30, 2005

	Associated (2)	Other	Total
(i) Transactions			
(a) Sales of goods and services			
Sales of goods	78,584	63,709	142,293
Sales of services	3,649	7,263	10,912
	<u>82,233</u>	<u>70,972</u>	<u>153,205</u>
(b) Purchases of goods and services			
Purchases of goods	31,215	33,144	64,359
Purchases of services	12,057	46,907	58,964
	<u>43,272</u>	<u>80,051</u>	<u>123,323</u>

At September 30, 2006

	Associated (3)	Other	Total
(ii) Period-end balances			
(a) Related to sales / purchases of goods / services			
Receivables from related parties	33,736	23,677	57,413
Payables to related parties	(23,363)	(15,397)	(38,760)
	<u>10,373</u>	<u>8,280</u>	<u>18,653</u>
(b) Other balances			
Receivables	2,079	-	2,079
(c) Financial debt			
Borrowings (6)	(57,449)	-	(57,449)

At December 31, 2005

	Associated (4)	Other	Total
(ii) Period-end balances			
(a) Related to sales / purchases of goods / services			
Receivables from related parties	30,988	15,228	46,216
Payables to related parties	(21,034)	(8,413)	(29,447)
	<u>9,954</u>	<u>6,815</u>	<u>16,769</u>
(b) Other balances (5)	42,437	-	42,437
(c) Financial debt			
Borrowings (6)	(54,801)	-	(54,801)

(1) Includes Ternium S.A. and its subsidiaries, Condisid C.A. As from September 1, 2006, it also includes Finma S.A.I.F.

(2) Includes: Condisid, Ylopa, Amazonia and Sidor.

(3) Includes Ternium S.A. and its subsidiaries, Condisid C.A. and Finma S.A.I.F.

(4) Includes Ternium S.A. and its subsidiaries and Condisid C.A.

(5) Includes convertible loan to Ternium S.A. of \$40.4 million.

(6) Convertible loan from Sidor C.A. to Matesi (Materiales Siderurgicos S.A.).

Carlos Condorelli
Chief Financial Officer