TENARIS S.A.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

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)		Three-month period ended September 30,		Nine-month period ended September 30,	
	Notes	**2005**	**2004**	**2005**	**2004**
		(Unaudited)			
Net sales	**3**	1,640,385	1,007,157	4,837,623	2,863,352
Cost of sales	**4**	(962,929)	(641,293)	(2,871,831)	(1,939,405)
Gross profit		677,456	365,864	1,965,792	923,947
Selling, general and administrative expenses	**5**	(205,937)	(168,922)	(603,530)	(476,287)
Other operating income (expense), net		3,696	4,917	9,265	10,482
Operating income		475,215	201,859	1,371,527	458,142
Financial income (expense), net	**6**	(5,141)	(3,132)	(89,591)	(22,455)
Income before equity in earnings (losses) of associated companies and income tax		470,074	198,727	1,281,936	435,687
Equity in earnings of associated companies		26,502	17,300	94,944	56,969
Income before income tax		496,576	216,027	1,376,880	492,656
Income tax		(145,678)	(67,204)	(404,392)	(167,184)
Income for the period (1)		350,898	148,823	972,488	325,472
Attributable to (1):					
Equity holders of the Company		318,897	141,599	896,587	317,281
Minority interest		32,001	7,224	75,901	8,191
		350,898	148,823	972,488	325,472
Earnings per share attributable to the equity holders of the Company during the period (1)					
Weighted average number of ordinary shares in issue (thousands)		1,180,537	1,180,537	1,180,537	1,180,497
Earnings per share (U.S. dollars per share)		0.27	0.12	0.76	0.27

(1) Prior to December 31, 2004 minority interest was shown in the income statement before net income , as required by International Financial Reporting Standards in effect. For periods beginning on or after January 1, 2005, IAS 1 (revised) requires that income for the period as shown on the income statement not exclude minority interest. Earnings per share, however, continue to be calculated on the basis of net income attributable solely to the equity holders of the Company (see Note 2 (a)).

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, 2004.

Consolidated condensed interim balance sheet

(all amounts in thousands of U.S. dollars)	Notes	At September 30, 2005 (Unaudited)		At December 31, 2004	
ASSETS					
Non-current assets					
Property, plant and equipment, net	**8**	2,222,228		2,164,601	
Intangible assets, net (see Note 2 (b))	**8**	160,036		49,211	
Investments in associated companies		233,177		99,451	
Other investments		25,251		24,395	
Deferred tax assets		169,560		161,173	
Receivables		75,766	2,886,018	151,365	2,650,196
Current assets					
Inventories		1,445,100		1,269,470	
Receivables and prepayments		160,961		279,450	
Current tax assets		112,188		94,996	
Trade receivables		1,163,876		936,931	
Other investments		144,659		119,666	
Cash and cash equivalents		567,773	3,594,557	311,579	3,012,092
Total assets			6,480,575		5,662,288
EQUITY (see Note 2 (a))					
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	
Other distributable reserve		-		82	
Currency translation adjustments		(47,477)		(30,020)	
Retained earnings		1,425,471	3,286,318	617,538	2,495,924
Minority interest			252,354		165,271
Total equity			3,538,672		2,661,195
LIABILITIES					
Non-current liabilities					
Borrowings		642,434		420,751	
Deferred tax liabilities		350,474		371,975	
Other liabilities		160,454		172,442	
Provisions		45,042		31,776	
Trade payables		3,874	1,202,278	4,303	1,001,247
Current liabilities					
Borrowings		383,971		838,591	
Current tax liabilities		357,279		222,735	
Other liabilities		183,736		194,945	
Provisions		28,947		42,636	
Customer advances		171,039		108,847	
Trade payables		614,653	1,739,625	592,092	1,999,846
Total liabilities			2,941,903		3,001,093
Total equity and liabilities			6,480,575		5,662,288

Contingencies, commitments and restrictions to the distribution of profits are disclosed in Note 9.

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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							
	Share Capital	Legal Reserves	Share Premium	Other Distributable Reserve (*)	Currency translation adjustment	Retained Earnings (*)	Minority Interest (see Note 2)	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 2 (b))	-	-	-	-	-	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

	Attributable to equity holders of the Company							
	Share Capital	Legal Reserves	Share Premium	Other Distributable Reserve	Currency translation adjustments	Retained Earnings	Minority Interest (see Note 2)	Total
								(Unaudited)
Balance at January 1, 2004	1,180,288	118,029	609,269	96,555	(34,194)	(128,667)	119,984	1,961,264
Currency translation differences	-	-	-	-	(16,855)	-	(344)	(17,199)
Capital Increase and acquisition of minority interest	249	25	464	82	-	-	19,842	20,662
Dividends paid in cash	-	-	-	(96,555)	-	(38,498)	(23)	(135,076)
Income for the period	-	-	-	-	-	317,281	8,191	325,472
Balance at September 30, 2004	1,180,537	118,054	609,733	82	(51,049)	150,116	147,650	2,155,123

(*) The Distributable Reserve and Retained Earnings calculated according to Luxembourg Law are disclosed in Note 9 (iv).

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Consolidated condensed interim cash flow statement

	Nine-month period ended September 30,	
(all amounts in thousands of U.S. dollars)	2005	2004
	(Unaudited)	
Cash flows from operating activities		
Income for the period	972,488	325,472
Adjustments for:		
Depreciation and amortization	156,654	150,369
Income tax accruals less payments	104,425	35,936
Equity in earnings of associated companies	(94,944)	(56,969)
Interest accruals less payments, net	3,006	7,130
Changes in provisions	(423)	7,010
Proceeds from Fintecna arbitration award net of BHP settlement (See Note 9 (i))	66,594	-
Changes in working capital (1)	(301,376)	(411,928)
Other, including currency translation adjustment	25,549	(10,736)
Net cash provided by operating activities	**931,973**	**46,284**
Cash flows from investing activities		
Capital expenditures	(194,428)	(122,478)
Capital increase and acquisitions of subsidiaries and associated companies (see Note 10)	(48,002)	(97,555)
Convertible loan to associated companies	(39,944)	-
Cost of disposition of property, plant and equipment and intangible assets	5,413	10,292
Dividends and distributions received from associated companies	59,127	40,595
Changes in restricted bank deposits	10,060	-
Investments in short term securities	(144,659)	-
Reimbursement from trust funds	119,666	-
Net cash used in investing activities	**(232,767)**	**(169,146)**
Cash flows from financing activities		
Dividends paid	(199,511)	(135,053)
Dividends paid to minority interest in subsidiaries	(7,924)	(23)
Proceeds from borrowings	775,930	456,192
Repayments of borrowings	(1,019,006)	(163,063)
Net cash (used in) provided by financing activities	**(450,511)**	**158,053**
Increase in cash and cash equivalents	**248,695**	**35,191**
Movement in cash and cash equivalents		
At beginning of the period	293,824	238,030
Effect of exchange rate changes	(11,057)	2,984
Increase in cash and cash equivalents	248,695	35,191
At September 30,	**531,462**	**276,205**
Non-cash financing activities:		
Conversion of debt to equity in subsidiaries	**-**	**13,072**

Cash and cash equivalents	At September 30,	
	2005	2004
Cash and bank deposits	567,773	287,424
Bank overdrafts	(32,871)	(11,219)
Restricted bank deposits	(3,440)	-
	531,462	**276,205**

(1) In 2004, includes USD55.1 million corresponding to the first installment paid in connection with the final settlement of BHP claim

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, 2004.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Index to the notes to the consolidated condensed interim financial statements

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(In the notes all amounts are shown in U.S. dollars, unless otherwise stated)

1 Basis of presentation

Tenaris S.A. (the "Company" or "Tenaris"), a Luxembourg corporation (societé anonyme holding), was incorporated on December 17, 2001 for the purpose of holding investments in steel pipe manufacturing and distribution companies. The Company consolidates its subsidiary companies, as detailed in Note 32 to audited Consolidated Financial Statements for the year ended December 31, 2004, and modified as discussed in Note 10 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, 2004, except for the impact of changes resulting from the adoption of new accounting pronouncements, as discussed in Note 2. These consolidated condensed interim financial statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2004.

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 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, the fact that the functional currency of the Company's subsidiaries differ results in the generation of foreign exchange gains (losses) that are included in the consolidated condensed interim income statement under "Financial income (expense), net".

These consolidated condensed interim financial statements were approved by the Board of Directors of Tenaris on November 8, 2005.

2 Impact of New Accounting Pronouncements: International Financial Reporting Standards

In December 2003, as a part of the IASB's project to improve International Financial Reporting Standards, the IASB released revisions to certain standards including: IAS 1, "Presentation of Financial Statements"; IAS 16, "Property, Plant and Equipment"; IAS 24, "Related Party Disclosures" and IAS 33, "Earnings per Share". The revised standards apply to annual periods beginning on or after January 1, 2005. In addition, during 2004 International Financial Reporting Standard (IFRS) 3, "Business Combinations" was issued. Adoption of new or revised standards has been made in accordance with the respective transition provisions.

The main impacts to the Company's consolidated financial statements are:

(a) Presentation of minority interest
IAS 1 (revised) requires disclosure on the face of the income statement of an entity's income or loss for the period and the allocation of that amount between " income or loss attributable to minority interest" and " income or loss attributable to equity holders of the Company". Earnings per share continue to be calculated on the basis of net income attributable solely to the equity holders of the entity. Also, for periods beginning on or after January 1, 2005 minority interest is included within equity in the consolidated balance sheet and is no longer shown as a separate category in the Liabilities section of the balance sheet. This change resulted in an increase of U.S. $165.3 million in the Company's reported equity at January 1, 2005.

2 Impact of New Accounting Pronouncements: International Financial Reporting Standards (Cont'd)

(b) Goodwill and negative goodwill
Prior to January 1, 2005 goodwill was amortized on a straight line basis over its estimated useful life, not to exceed 15 years, and tested for impairment at each balance sheet date in the event indicators of impairment were present. As required by IFRS 3, the Company ceased amortization of goodwill for periods beginning on or after January 1, 2005. In addition, accumulated amortization as of December 31, 2004 has been netted against the cost of the goodwill. Furthermore, for years ending on or after December 31, 2005 goodwill is required to be tested annually for impairment, as well as when there are indicators of impairment. Amortization of goodwill expense included in the nine-month period ended September 30, 2004 amounted to U.S. $6.7 million.

IFRS 3 also requires accumulated negative goodwill at December 31, 2004 to be derecognized through an adjustment to retained earnings. The derecognition of negative goodwill in this manner resulted in an increase of U.S. $110.8 million in the beginning balance of the Company's equity at January 1, 2005. Amortization of negative goodwill income included in the nine-month period ended September 30, 2004 amounted to U.S. $6.4 million.

(c) Financial instruments: recognition and measurement
In accordance with the transition provisions of IAS 39 (revised), the Company designated financial assets previously recognized as "available for sale" as "financial assets carried at fair value through profit or loss". Accordingly, the Company changed the classification of these financial assets using the new designation in its financial statements.

3 Segment information

Primary reporting format: business segments

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

	Seamless	Welded & Other Metallic Products	Energy	Other	Total
Nine-month period ended September 30, 2005			**(Unaudited)**		
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
Nine-month period ended September 30, 2004					
Net sales	2,267,064	270,405	277,290	48,593	2,863,352
Cost of sales	(1,448,587)	(193,146)	(268,936)	(28,736)	(1,939,405)
Gross profit	818,477	77,259	8,354	19,857	923,947
Depreciation and amortization	134,933	9,194	2,674	3,568	150,369

3 Segment information (Cont'd)

Secondary reporting format: geographical segments

	(all amounts in thousands of U.S. dollars)					
	South America	**Europe**	**North America**	**Middle East & Africa**	**Far East & Oceania**	**Total**
Nine-month period ended September 30, 2005			(Unaudited)			
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
Nine-month period ended September 30, 2004						
Net sales	568,401	850,059	763,821	382,025	299,046	2,863,352
Depreciation and amortization	67,953	48,400	29,105	22	4,889	150,369

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.

4 Cost of sales

	Nine-month period ended September 30,	
(all amounts in thousands of U.S. dollars)	**2005**	**2004**
	(Unaudited)	
Inventories at the beginning of the period	**1,269,470**	**831,879**
Plus: Charges of the period		
Raw materials, energy, consumables and other	2,242,620	1,514,506
Services and fees	243,318	183,242
Labor cost	313,733	259,470
Depreciation of property, plant and equipment	134,778	127,731
Amortization of intangible assets	4,278	7,700
Maintenance expenses	75,507	57,926
Provisions for contingencies	1,200	156
Allowance for obsolescence	6,808	9,309
Taxes	2,317	1,933
Other	22,902	9,889
	3,047,461	**2,171,862**
Less: Inventories at the end of the period	**(1,445,100)**	**(1,064,336)**
	2,871,831	**1,939,405**

5 Selling, general and administrative expenses

(all amounts in thousands of U.S. dollars)	Nine-month period ended September 30, 2005	2004
	(Unaudited)	
Services and fees	90,190	81,347
Labor cost	159,578	107,821
Depreciation of property, plant and equipment	7,465	7,910
Amortization of intangible assets	10,133	7,028
Commissions, freight and other selling expenses	212,174	178,317
Provisions for contingencies	9,629	13,220
Allowances for doubtful accounts	6,059	9,504
Taxes	65,282	40,753
Other	43,020	30,387
	603,530	**476,287**

6 Financial income (expense), net

(all amounts in thousands of U.S. dollars)	Nine-month period ended September 30, 2005	2004
	(Unaudited)	
Interest expense	(40,122)	(32,435)
Interest income	15,449	10,388
Net foreign exchange transaction losses and changes in fair value of derivative instruments	(70,162)	(6,433)
Other	5,244	6,025
	(89,591)	**(22,455)**

7 Dividends per share

Dividends paid in 2005 and 2004 were approximately U.S. $199.5 million and U.S. $135.1 million, respectively, corresponding to U.S. $0.169 and U.S. $ 0.114 per share, respectively .

8 Property, plant and equipment and Intangible assets, net

(all amounts in thousands of U.S. dollars)	Net Property, Plant and Equipment (Unaudited)	Net Intangible Assets (Unaudited)
Nine-month period ended September 30, 2005		
Opening net book amount	2,164,601	49,211
Effect of adopting IFRS 3 (see Note 2 (b))	-	110,775
Currency translation differences	(42,828)	12
Transfers	3	(3)
Additions	180,836	13,592
Disposals	(5,352)	(61)
Increase due to business acquisition	67,211	921
Depreciation/ Amortization charge	(142,243)	(14,411)
At September 30, 2005	**2,222,228**	**160,036**

9 Contingencies, commitments and restrictions to the distribution of profits

This note should be read in conjunction with Note 25 included in the Company's audited Consolidated Financial Statements for the year ended December 31, 2004. Significant changes or events since the date of the annual report are the following:

(i) Arbitration proceeding against Fintecna

On December 28, 2004, an arbitral tribunal rendered a final award in the arbitration proceeding against Fintecna S.p.A. ("Fintecna"), an Italian state-owned entity and successor to ILVA S.p.A, the former owner of Dalmine S.p.A. ("Dalmine"). In this arbitration proceeding, Tenaris sought indemnification from Fintecna for amounts paid or payable by Dalmine to a consortium led by BHP Billiton Petroleum Ltd. ("BHP") as indemnification for the failure of an underwater pipeline manufactured and sold prior to the privatization of Dalmine. Pursuant to this final award, Fintecna paid Tenaris a total amount of euros 93.8 million (approximately U.S. $124.9 million) on March 15, 2005. In addition, on March 29, 2005, Tenaris prepaid a total of British pounds 30.4 million plus interest (approximately U.S. $57.0 million) corresponding to payment in full of its liability under the terms of the settlement agreement with BHP. No charges against income resulted from this payment, as Tenaris had previously recorded a provision related to this matter. As a result of these settlements, the arbitration proceedings have been definitively concluded and Tenaris has no further oustanding obligations under the BHP settlement agreement.

(ii) Tax matters: Application of inflationary adjustment correction deduction

On February 11, 2005, Siderca S.A.I.C. ("Siderca") was granted the right to participate in the promotional tax regime established by Argentine Law 25,924 under which it could potentially earn certain tax benefits. As a condition to receive these benefits, Siderca withdrew its claim against the Argentine fiscal authorities seeking relief through the application of the inflationary adjustment correction in the calculation of its income tax liability for the year ended December 31, 2002. On February 21, 2005, Siderca paid ARP $69.4 million (U.S. $23.8 million). No charges against income resulted from this payment, as Tenaris had previously recorded a provision related to this matter.

(iii) Commitments

a) On March 15, 2005 Complejo Siderúrgico de Guayana C.A. ("Comsigua") prepaid 100% of the amount owed to the International Finance Corporation ("IFC"), for approximately U.S. $42.5 million, related with project financing loans. Tenaris has applied to the IFC for release from its proportional guarantee commitment of Comsigua´s project loan.

b) As discussed in Note 25 to the audited Consolidated Financial Statements for the year ended December 31, 2004, Dalmine Energie S.p.A. entered into two agreements with Eni S.p.A. Gas & Power Division for the purchase of natural gas with certain take-or-pay provisions. The outstanding value of these commitments at September 30, 2005, amount to approximately euros 1,017 million (approximately U.S. $1,225 million).

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

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

As of September 30, 2005, shareholders' equity as defined under Luxembourg law and regulations consisted of the following:

	(all amounts in thousands of U.S. dollars)
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, 2005	940,667
Total shareholders equity according to Luxembourg law	**2,848,991**

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, 2005, 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 that it has distributable retained earnings and distributable reserve calculated in accordance with Luxembourg law and regulations.

At September 30, 2005, the distributable reserve, including retained earnings, of Tenaris under Luxembourg law totalled U.S. $940.7 million, as detailed below.

	(all amounts in thousands of U.S. dollars)
Distributable reserve at December 31, 2004 under Luxembourg law	536,541
Dividends and distributions received	285,838
Other income and expenses for the nine-month period ended September 30, 2005	317,799
Dividends paid	(199,511)
Distributable reserve at September 30, 2005 under Luxembourg law	**940,667**

10 Business acquisitions, incorporation of subsidiaries and other significant events

(a) The financial assets held in trust funds at December 31, 2004 (U.S. $119.7 million) were received in shares of two wholly-owned Chilean subsidiaries (Inversiones Berna S.A. and Inversiones Lucerna S.A.) on January 1, 2005.

(b) On May 4, 2005, the Company completed the acquisition of 97% of the equity in S.C. Donasid S.A., a Romanian steel producer, for approximately U.S. $47.9 million in cash and assumed liabilities. The shares of Siprofer A.G. and Donasid Service s.r.l. were also acquired as part of this transaction.

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

The assets and liabilities arising from the acquisitions are as a follows:

(all amounts in thousands of U.S. dollars)	Nine-month period ended September 30, 2005 (Unaudited)
Other assets and liabilities (net)	(41,755)
Property, plant and equipment	67,211
Goodwill	921
Net assets acquired	26,377
Minority Interest	(969)
Purchase consideration	25,408
Liabilities paid as part of purchase agreement	22,594
Total disbursement related to S.C. Donasid S.A. and related companies	48,002

(c) Capitalization of Convertible Debt of Consorcio Siderurgia Amazonia, Ltd. ("Amazonia") and Exchange of Interests in Amazonia and Ylopa Serviços de Consultadoria Lda. ("Ylopa") for shares of Ternium S.A. ("Ternium")

On February 3, 2005, Ylopa exercised its option to convert the convertible debt it held in Amazonia into common stock. As a result, Tenaris' ownership stake in Amazonia increased from 14.5% to 21.2%, and its indirect ownership in Sidor C.A. ("Sidor") increased from 8.7% to 12.6%.

On September 9, 2005, the Company exchanged its 21.2% equity interest in Amazonia and its 24.4% equity interest in Ylopa, for 209,460,856 shares in Ternium, a new company formed by the Techint group to consolidate its Latin American holdings in flat and long steel producers Siderar S.A.I.C., Sidor C.A. and Hylsamex, S.A de C.V. The Techint group is an international group of companies with operations focused primarily in the steel and energy sectors which are controlled or over which significant influence is exercised by San Faustin N.V. (a Netherlands Antilles corporation and controlling shareholder of Tenaris). 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 ownership interest of approximately 17.9% in Ternium.

Subsequently, on October 27, 2005, Usinas Siderurgicas de Minas Gerais S.A. reached agreement with Ternium to exchange its interests in Amazonia, Ylopa and Siderar S.A.I.C., plus additional consideration of approximately U.S. $114.1 million provided as a convertible loan, for an equity stake in Ternium. As a result of this transaction, Tenaris current ownership stake in Ternium corresponds to 15.0% of Ternium´s outstanding common stock.

In addition, as of September 30, 2005, Tenaris had also extended two loans totaling approximately U.S. $39.9 million to Ternium. The amount of these loans correspond to the the amount of excess cash distributions received from Amazonia during the second and third quarters of 2005. The loans are convertible into shares of Ternium at the discretion of Tenaris upon the occurrence of any of two events: 1) maturity of the loan in July and August 2011; and, 2) an event of default as defined in certain loan agreements between Ternium and its banks. The conversion price under events (1) and (2) will be based on a fair value opinion by a major bank contracted for that purpose by Tenaris. It is not currently possible to estimate the price at which a conversion could take place. In the event of an initial public offering of shares by Ternium, conversion is mandatory and the conversion price will be the net price set at the initial public offering.

Because the exchange is a transaction between companies under common control, Tenaris has recorded its ownership interest in Ternium at the carrying value of the investments exchanged, Amazonia and Ylopa. At the transaction date, the carrying value of Amazonia and Ylopa was U.S. $229.7 million.

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

For the quarter ended September 30, 2005, Tenaris recognized its proportional earnings in Amazonia and Ylopa, which amounted to U.S. $26.5 millon. In the future, Tenaris will recognize earnings from its investment in Ternium to the extent of its proportional ownership.

(d) On May 18, 2005, Siat S.A., a subsidiary of Tenaris, and Acindar Industria Argentina de Aceros S.A. ("Acindar") signed a letter of intent pursuant to which Siat confirmed its intention to acquire Acindar's welded pipe assets and facilities located in Villa Constitución, province of Santa Fe, Argentina, for approximately U.S. $28.0 million. Completion of this acquisition is subject to due diligence findings and negotiation of definitive documentation and other precedent conditions, including the approval of the Argentine antitrust authorities *(Comisión Nacional de Defensa de la Competencia)*.

11 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. The Company's directors and executive officers as a group own 0.2% of the Company's outstanding shares, while the remaining 39.35% is publicly traded. 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, 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 following transactions were carried out with related parties:

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

Nine-month period ended September 30, 2005	**Associated (1)**	**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
	82,233	70,972	153,205
(b) Purchases of goods and services			
Purchases of goods	31,215	33,144	64,359
Purchases of services	12,057	46,907	58,964
	43,272	80,051	123,323

Nine-month period ended September 30, 2004	**Associated (1)**	**Other**	**Total**
(i) Transactions			
(a) Sales of goods and services			
Sales of goods	3,910	32,197	36,107
Sales of services	6,023	7,354	13,377
	9,933	39,551	49,484

11 Related party disclosures (Cont'd)

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

(b) Purchases of goods and services

Purchases of goods	24,591	20,248	44,839
Purchases of services	3,499	35,805	39,304
	28,090	56,053	84,143

At September 30, 2005

	Associated (1)	Other	Total
(ii) Period-end balances			
(a) Related to sales/purchases of goods/services			
Receivables from related parties	24,700	18,707	43,407
Payables to related parties	(18,464)	(11,421)	(29,885)
	6,236	7,286	13,522
(b) Other balances			
Receivables	42,023	-	42,023
(c) Financial debt			
Borrowings (2)	(54,034)	-	(54,034)

At December 31, 2004

	Associated (1)	Other	Total
(ii) Period-end balances			
(a) Related to sales/purchases of goods/services			
Receivables from related parties	25,593	27,070	52,663
Payables to related parties	(4,914)	(12,487)	(17,401)
	20,679	14,583	35,262
(b) Cash and cash equivalents			
Time deposits	-	6	6
(c) Other balances			
Trust fund	-	119,666	119,666
Convertible debt instruments – Ylopa	121,955	-	121,955
(d) Financial debt			
Borrowings (3)	(51,457)	(5,449)	(56,906)

(1) Includes Condusid C.A. and Ternium S.A. and its subsidiaries.

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

(3) Includes convertible loan from Sidor to Matesi (Materiales Siderurgicos S.A.) of U.S. $51.5 million at December 31, 2004.

11 Related party disclosures (Cont'd)

(iii) Officers and director's compensation

The aggregate compensation of the directors and executive officers earned during the nine-month period ended September 30, 2005 amounted to U.S. $10.2 million.

Carlos Condorelli
Chief Financial Officer