TENARIS S.A.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

46a, Avenue John F. Kennedy - 2nd Floor.
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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	**2007**	**2006**	**2007**	**2006**
Continuing operations		**(Unaudited)**			
Net sales	**2**	2,523,553	1,803,598	7,553,058	5,266,835
Cost of sales	**2 & 3**	(1,436,511)	(866,310)	(4,132,567)	(2,585,898)
Gross profit		**1,087,042**	**937,288**	**3,420,491**	**2,680,937**
Selling, general and administrative expenses	**2 & 4**	(400,886)	(244,153)	(1,183,664)	(706,935)
Other operating income (expense), net	**2**	1,152	(359)	(11,508)	5,946
Operating income		**687,308**	**692,776**	**2,225,319**	**1,979,948**
Interest income	**5**	22,666	17,687	65,065	43,303
Interest expense	**5**	(79,770)	(15,482)	(205,493)	(41,558)
Other financial results	**5**	(12,900)	(6,483)	(10,822)	8,601
Income before equity in earnings of associated companies and income tax		**617,304**	**688,498**	**2,074,069**	**1,990,294**
Equity in earnings of associated companies		18,280	29,653	73,585	76,725
Income before income tax		**635,584**	**718,151**	**2,147,654**	**2,067,019**
Income tax		(199,220)	(210,533)	(667,410)	(626,298)
Income for continuing operations		**436,364**	**507,618**	**1,480,244**	**1,440,721**
Discontinued operations					
Income for discontinued operations		-	2,338	-	6,689
Income for the period		**436,364**	**509,956**	**1,480,244**	**1,447,410**
Attributable to:					
Equity holders of the Company		400,952	479,105	1,377,206	1,370,564
Minority interest		35,412	30,851	103,038	76,846
		436,364	**509,956**	**1,480,244**	**1,447,410**
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)		0.34	0.41	1.17	1.16
Earnings per ADS (U.S. dollars per ADS)		0.68	0.81	2.33	2.32

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, 2006.

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

(all amounts in thousands of U.S. dollars)	Notes	At September 30, 2007 (Unaudited)		At December 31, 2006	
ASSETS					
Non-current assets					
Property, plant and equipment, net	**6**	3,286,163		2,939,241	
Intangible assets, net	**6**	4,900,650		2,844,498	
Investments in associated companies		487,662		422,958	
Other investments		43,912		26,834	
Deferred tax assets		337,807		291,641	
Receivables		56,067	9,112,261	41,238	6,566,410
Current assets					
Inventories		2,642,851		2,372,308	
Receivables and prepayments		234,040		272,632	
Current tax assets		221,713		202,718	
Trade receivables		1,717,578		1,625,241	
Non current assets held for sale		10,128		-	
Other investments		214,446		183,604	
Cash and cash equivalents		1,651,780	6,692,536	1,372,329	6,028,832
Total assets			**15,804,797**		**12,595,242**
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		230,441		3,954	
Other reserves		20,528		28,757	
Retained earnings		4,420,629	6,579,922	3,397,584	5,338,619
Minority interest			**477,759**		**363,011**
Total equity			**7,057,681**		**5,701,630**
LIABILITIES					
Non-current liabilities					
Borrowings		3,769,956		2,857,046	
Deferred tax liabilities		1,360,203		991,945	
Other liabilities		204,151		186,724	
Provisions		91,199		92,027	
Trade payables		31	5,425,540	366	4,128,108
Current liabilities					
Borrowings		1,139,789		794,197	
Current tax liabilities		441,200		565,985	
Other liabilities		302,347		187,701	
Provisions		25,354		26,645	
Customer advances		601,788		352,717	
Trade payables		811,098	3,321,576	838,259	2,765,504
Total liabilities			**8,747,116**		**6,893,612**
Total equity and liabilities			**15,804,797**		**12,595,242**

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							
	Share Capital	**Legal Reserves**	**Share Premium**	**Other Reserves**	**Currency translation adjustment**	**Retained Earnings (*)**	**Minority Interest**	**Total**
								(Unaudited)
Balance at January 1, 2007	1,180,537	118,054	609,733	28,757	3,954	3,397,584	363,011	5,701,630
Currency translation differences	-	-	-	-	226,487	-	36,242	262,729
Change in equity reserves	-	-	-	(8,229)	-	-	-	(8,229)
Acquisition and decrease of minority interest	-	-	-	-	-	-	20,783	20,783
Dividends paid in cash	-	-	-	-	-	(354,161)	(45,315)	(399,476)
Income for the period	-	-	-	-	-	1,377,206	103,038	1,480,244
Balance at September 30, 2007	**1,180,537**	**118,054**	**609,733**	**20,528**	**230,441**	**4,420,629**	**477,759**	**7,057,681**

	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, 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	-	-	-	26,117	-	-	-	26,117
Acquisition and increase 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**

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

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CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

(all amounts in thousands of U.S. dollars)	Nine-month period ended September 30, 2007	Nine-month period ended September 30, 2006
	(Unaudited)	
Cash flows from operating activities		
Income for the period	1,480,244	1,447,410
Adjustments for:		
Depreciation and amortization	371,647	166,008
Income tax accruals less payments	(220,582)	1,947
Equity in earnings of associated companies	(73,585)	(76,725)
Interest accruals less payments, net	63,519	1,456
Income from disposal of investment	-	(6,933)
Changes in provisions	(4,279)	8,207
Changes in working capital	94,669	(250,654)
Other, including currency translation adjustment	77,498	21,447
Net cash provided by operating activities	**1,789,131**	**1,312,163**
Cash flows from investing activities		
Capital expenditures	(334,568)	(302,077)
Acquisitions of subsidiaries and minority interest (see Note 9)	(1,927,227)	(39,828)
Other disbursements relating to the acquisition of Hydril	(71,580)	-
Decrease in subsidiaries	(1,195)	-
Proceeds from disposal of property, plant and equipment and intangible assets	6,923	16,568
Dividends received	11,496	-
Changes in restricted bank deposits	-	2,027
Investments in short terms securities	(30,842)	(14,744)
Net cash used in investing activities	**(2,346,993)**	**(338,054)**
Cash flows from financing activities		
Dividends paid	(354,161)	(204,233)
Dividends paid to minority interest in subsidiaries	(45,315)	(19,621)
Proceeds from borrowings	2,451,963	293,845
Repayments of borrowings	(1,247,324)	(443,328)
Net cash provided by (used in) financing activities	**805,163**	**(373,337)**
Increase in cash and cash equivalents	**247,301**	**600,772**
Movement in cash and cash equivalents		
At beginning of the period	1,365,008	680,591
Effect of exchange rate changes	36,245	(4,951)
Increase in cash and cash equivalents	247,301	600,772
At September 30,	**1,648,554**	**1,276,412**

Cash and cash equivalents	At September 30, 2007	At September 30, 2006
Cash and bank deposits	1,651,780	1,295,184
Bank overdrafts	(3,205)	(18,751)
Restricted bank deposits	(21)	(21)
	1,648,554	**1,276,412**

Non-cash financing activity		
Conversion of debt to equity in subsidiaries	35,140	-

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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 General information and basis of presentation

Tenaris S.A. (the "Company"), a Luxembourg corporation (societé anonyme holding), was incorporated on December 17, 2001 as a holding company for investments in steel pipe manufacturing and distributing operations. The Company holds, either directly or indirectly, controlling interests in various subsidiaries. References in these financial statements to "Tenaris" refer to Tenaris S.A. and its consolidated subsidiaries. A list of the Company's subsidiaries is included in Note 32 to the audited Consolidated Financial Statements for the year ended December 31, 2006 and updated 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, 2006. These consolidated condensed interim financial statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2006, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

In May 2007, Tenaris acquired Hydril Company ("Hydril"), a company engaged in engineering, manufacturing and selling of premium connections and pressure control products for oil and gas drilling production. Hydril's premium connections business was allocated to the Tubes segment and a new segment was created -Pressure Control- for Hydril's pressure control business.

The Tubes segment includes the operations that consist in the production and selling of both seamless and welded steel tubular products and related services mainly for energy and industrial applications.

The Projects segment includes the operations that consist in the production and selling of welded steel pipe products mainly used in the construction of major pipeline projects.

The Pressure Control segment includes the operations that consist in the production and selling of products such as blowout preventers and subsea control systems and related products used in oil and gas drilling applications.

The Others segment includes the operations that consist in the production and selling of sucker rods, welded steel pipes for electric conduits, industrial equipment and raw materials, such as hot briquetted iron, or HBI, that exceed Tenaris's internal requirements.

Corporate general and administrative expenses have been allocated to the Tubes segment.

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, 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.

These consolidated condensed interim financial statements were approved for issue by Tenaris's Board of Directors on November 7, 2007.

2 Segment information

Reportable operating segments

(all amounts in thousands of U.S. dollars)	Tubes	Projects	Pressure Control	Others	Total Continuing operations	Total Discontinued operations (*)
Nine-month period ended September 30, 2007				(Unaudited)		
Net sales	6,399,655	560,871	139,018	453,514	7,553,058	-
Cost of sales	(3,291,194)	(396,979)	(91,015)	(353,379)	(4,132,567)	-
Gross profit	**3,108,461**	**163,892**	**48,003**	**100,135**	**3,420,491**	**-**
Selling, general and administrative expenses	(1,035,141)	(60,181)	(22,756)	(65,586)	(1,183,664)	-
Other operating income (expenses), net	(16,323)	2,977	(433)	2,271	(11,508)	-
Operating income	**2,056,997**	**106,688**	**24,814**	**36,820**	**2,225,319**	**-**
Depreciation and amortization	323,673	14,331	13,790	19,853	371,647	-
Nine-month period ended September 30, 2006						
Net sales	4,694,370	281,089	-	291,376	5,266,835	401,073
Cost of sales	(2,179,881)	(202,050)	-	(203,967)	(2,585,898)	(388,117)
Gross profit	**2,514,489**	**79,039**	**-**	**87,409**	**2,680,937**	**12,956**
Selling, general and administrative expenses	(610,187)	(50,588)	-	(46,160)	(706,935)	(5,947)
Other operating income (expenses), net	5,411	570	-	(35)	5,946	2,519
Operating income	**1,909,713**	**29,021**	**-**	**41,214**	**1,979,948**	**9,528**
Depreciation and amortization	140,844	15,071	-	8,590	164,505	1,503

Geographical information

(all amounts in thousands of U.S. dollars)	North America	South America	Europe	Middle East & Africa	Far East & Oceania	Total Continuing operations	Total Discontinued operations (*)
Nine-month period ended September 30, 2007				(Unaudited)			
Net sales	2,393,551	1,648,514	1,246,614	1,647,244	617,135	7,553,058	-
Depreciation and amortization	212,681	90,416	61,103	815	6,632	371,647	-
Nine-month period ended September 30, 2006							
Net sales	1,321,558	1,091,230	993,777	1,335,281	524,989	5,266,835	401,073
Depreciation and amortization	44,940	69,723	44,803	583	4,456	164,505	1,503

(*) Corresponds to Dalmine Energie 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.

2 Segment information (Cont'd)

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

3 Cost of sales

	Nine-month period ended September 30,	
(all amounts in thousands of U.S. dollars)	**2007**	**2006**
	(Unaudited)	
Inventories at the beginning of the period	**2,372,308**	**1,376,113**
Plus: Charges of the period		
Raw materials, energy, consumables and other	3,003,477	2,367,881
Increase in inventory due to business combinations	152,500	5,033
Services and fees	293,941	275,865
Labor cost	542,308	346,522
Depreciation of property, plant and equipment	191,939	144,390
Amortization of intangible assets	1,015	2,163
Maintenance expenses	139,406	82,128
Provisions for contingencies	3,212	-
Allowance for obsolescence	16,429	6,932
Taxes	5,428	2,964
Other	53,455	32,747
	4,403,110	**3,266,625**
Less: Inventories at the end of the period	**(2,642,851)**	**(1,668,723)**
	4,132,567	**2,974,015**
From Discontinued operations	-	(388,117)
	4,132,567	**2,585,898**

4 Selling, general and administrative expenses

	Nine-month period ended September 30,	
(all amounts in thousands of U.S. dollars)	**2007**	**2006**
	(Unaudited)	
Services and fees	144,071	87,477
Labor cost	297,446	194,589
Depreciation of property, plant and equipment	9,731	6,473
Amortization of intangible assets	168,962	12,982
Commissions, freight and other selling expenses	339,983	261,127
Provisions for contingencies	24,872	7,915
Allowances for doubtful accounts	3,961	1,991
Taxes	108,467	81,684
Other	86,171	58,644
	1,183,664	**712,882**
From Discontinued operations	-	(5,947)
	1,183,664	**706,935**

5 Financial income (expenses), net

	Nine-month period ended September 30,	
(all amounts in thousands of U.S. dollars)	**2007**	**2006**
	(Unaudited)	
Interest expense	(205,493)	(42,292)
Interest income	65,065	43,818
Interest net	**(140,428)**	**1,526**
Net foreign exchange transaction results and changes in fair value of derivative instruments	(3,626)	9,304
Other	(7,196)	88
Other financial results	**(10,822)**	**9,392**
Net financial results	**(151,250)**	**10,918**
From Discontinued operations	-	(572)
	(151,250)	**10,346**

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".

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, 2007		
Opening net book amount	2,939,241	2,844,498
Currency translation differences	105,782	84,024
Additions	317,813	16,755
Increase due to business combinations	152,540	2,135,195
Disposals	(6,741)	(182)
Transfers	(1,406)	1,406
Reclassifications	(19,396)	(11,069)
Depreciation / Amortization charge	(201,670)	(169,977)
At September 30, 2007	**3,286,163**	**4,900,650**

7 Dividends per share

On June 6, 2007, the Company's shareholders approved an annual dividend in the amount of $0.30 per share of common stock currently issued and outstanding, which in the aggregate amounted to approximately $354 million. The cash dividend was paid on June 21, 2007.

On June 7, 2006, the Company's shareholders approved an annual dividend in the amount of $0.30 per share of common stock currently issued and outstanding. The amount approved included the interim dividend previously paid on November 16, 2005, in the amount of $0.127 per share. Tenaris paid the balance of the annual dividend amounting to $0.173 per share ($0.346 per ADS) on June 16, 2006. In the aggregate, the interim dividend paid in November 2005 and the balance paid in June 2006 amounted to approximately $354 million.

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, 2006. Significant changes or events since the date of such financial statements are the following:

Asbestos-related Litigation

In addition to the previously known 12 civil proceedings for work-related injuries arising from the use of asbestos in its manufacturing processes during the period from 1960 to 1980, 40 asbestos-related out-of-court claims and 1 civil party claim, 2 new asbestos-related out-of-court claims have been notified to Tenaris's subsidiary Dalmine during third quarter 2007; while 1 claim was adjudicated, dismissed or settled. Accordingly, as of September 30, 2007, the total asbestos-related claims pending against Dalmine are 54 (of which, 3 are covered by insurance). Aggregate settlement costs to date are Euro 5.1 million. Dalmine estimates that its potential liability in connection with the claims above that are not yet settled is approximately Euro 17.7 million ($25.1 million) of which Euro 8.7 million ($12.3 million) relate to the claims and proceedings notified to Dalmine during 2007.

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 are instead to be determined by the court. The timing of payment of the amounts claimed is not presently determinable.

Maverick litigation

On December 11, 2006, The Bank of New York ("BNY"), as trustee for the holders of Tenaris's 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's 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 judgement that Tenaris's acquisition of Maverick was a Public Acquirer Change of Control under the Indenture, and asserts claims for tortuous 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.

Tenaris believes that these claims are without merit. Accordingly, no provision was recorded in these financial statements. Were plaintiff to prevail, Tenaris estimates that the recovery would be approximately $50 million.

European Commission Fine

On January 25, 2007, the Court of Justice of the European Commission confirmed the December 8, 1998 decision by the European Commission to fine eight international steel pipe manufacturers, including Dalmine, for violation of European competition laws. Pursuant to the Court's decision, Dalmine is required to pay a fine of Euro 10.1 million plus interest ($13.3 million plus interest). Since the infringements for which the fine was imposed took place prior to the acquisition of Dalmine by Tenaris in 1996, Dalmine's former owner, has reimbursed Dalmine for 84.1% of the fine. The remaining 15.9% of the fine has been paid out in 2007 of the provision that Dalmine established in 1999 for such proceeding.

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

Customer Claim

A lawsuit was filed on September 6, 2007 against Tenaris's subsidiary Maverick Tube Corporation ("Maverick"), alleging negligence, gross negligence and intentional acts characterized as fraudulent inducement concerning allegedly defective well casing and the complete loss of one natural gas production well. Plaintiff seeks compensatory and punitive damages of $25 million in its original petition. On September 10, 2007, this lawsuit was tendered to Maverick's insurer and on September 26, 2007, Maverick received the insurer's agreement to provide a defense. No provision was recorded on these financial statements.

Employee retention and long term incentive program

On January 1, 2007 Tenaris adopted an employee retention and long term incentive program. Pursuant to this program, certain senior executives will be granted a number of units equivalent in value to the equity book value per share (excluding minority interest). The units will be vested over a period of four years and Tenaris will redeem vested units following a period of ten years from the grant date, or when the employee ceases employment, at the equity book value per share at the time of payment. Beneficiaries will also receive a cash amount per unit equivalent to the dividend paid per share whenever the Company pays a cash dividend to its shareholders.

Compensation under this program is not expected to exceed 35% in average of the total annual compensation of the beneficiaries.

The total value of the units granted to date under the program, considering the number of units and the book value per share as of September 30, 2007, is $7.6 million. As of September 30, 2007, Tenaris has recorded a total liability of $14.3 million taking into account expected industry growth and discount rate.

Commitments

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

- 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 $299 million.

- 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 $1,053 million.

- A Tenaris company is a party to a steel 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 $123 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 capacity of 1,000,000 cubic meters per day until 2017. As of September 30, 2007, the outstanding value of this commitment was approximately $55.4 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.

- A Tenaris company is party to a contract with Siderar for the supply of steam generated at the power generation facility owned by Tenaris in San Nicolas. 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. This outsourcing contract is due to terminate in 2018.

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

Restrictions to the distribution of profits and payment of dividends

As of September 30, 2007, 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, 2007	2,095,862
Total shareholders equity in accordance with Luxembourg law	**4,004,186**

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 September 30, 2007, 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 and providing the compliance of the covenant related to restricted payments stated in Note 9.

At September 30, 2007, retained earnings under Luxembourg law totalled $2,095.9 million, as detailed below.

(all amounts in thousands of U.S. dollars)	(unaudited)
Retained earnings at December 31, 2006 under Luxembourg law	1,527,096
Dividends received	897,110
Other income and expenses for the nine-month period ended September 30, 2007	25,817
Dividends paid	(354,161)
Retained earnings at September 30, 2007 under Luxembourg law	**2,095,862**

9 Business acquisitions, incorporation of subsidiaries and other significant events

(a) Acquisition of Hydril Company

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, restrictions on investments and capital expenditures, limitations on the sale of certain assets 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, the Company's syndicated loan agreement is secured with a pledge of 100% of Hydril's shares; immediately upon each payment or prepayment under this agreement, the number of shares subject to the pledge shall be reduced proportionally, and the pledge will be completely released immediately after the aggregate outstanding principal amount of the loan is less than or equal to $600 million. The Company is allowed to make payments such as dividends, repurchase or redemption of shares up to the greater of $475 million or 25% of the consolidated operating profit for the previous fiscal year; once the outstanding amount of this facility does not exceed $1,000 million, no such restrictions will apply.

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

(a) Acquisition of Hydril Company (Cont'd)

On October 29, 2007, Tenaris gave notice to the administrative agent under its syndicated loan agreement entered into to finance the acquisition of Hydril, of its commitment to prepay, on November 8, 2007, loans there under in a principal amount of $0.7 billion plus accrued interest thereon to such date. Immediately upon such prepayment, approximately 64% of Hydril shares shall be released from the pledge granted to secure the obligations under the loan agreement, and all dividend restrictions under the syndicated loan agreement will cease to apply.

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

Pro forma data including acquisitions for the nine-month period ended September 30, 2007

Had the Hydril transaction been consummated on January 1, 2007, then Tenaris's unaudited pro forma net sales and net income for the nine-month period ended September 30, 2007 would have been approximately $7.7 billion and $1.5 billion, respectively. These pro forma results were prepared based on public information and unaudited accounting records maintained under US GAAP prior to such acquisition and adjusted by depreciation and amortization of tangible and intangible assets and interest expense of the borrowing incurred for the acquisition as described in Note 9(a) considering the repayment stated in Note 9(b). Carrying amounts of assets, liabilities and contingent liabilities in Hydril's books, determined in accordance with IFRS immediately before the combination are not disclosed separately, as Hydril did not report financial information under IFRS.

(b) Acquisition of 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 paid $65 per share in cash for each issued and outstanding share of Maverick's common stock. The value of the transaction at the acquisition date was $3,160 million, including Maverick's financial debt. Tenaris began consolidating Maverick's balance sheet and results of operations in the fourth quarter of 2006.

A Tenaris syndicated loan facility in an aggregate principal amount of $500 million, which had been incurred in connection with the Maverick acquisition, was prepaid in its entirety in May 2007, and upon such prepayment the previous pledge on Maverick's shares was released. During this quarter, Tenaris's subsidiary Algoma Tubes syndicated loan facility in an aggregate amount of $100 million was prepaid in its entirety.

(c) Minority Interest

During the nine-month period ended September 30, 2007, additional shares of Silcotub and Dalmine were acquired from minority shareholders for an aggregate purchase price of approximately $3.3 million.

Effective July 12, 2007 Silcotub was delisted from the Romanian Stock Exchange.

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

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

	Nine-month period ended September 30,	
	2007	**2006**
Other assets and liabilities (net)	(348,876)	5,052
Property, plant and equipment	152,540	22,892
Customer relationships / Backlog	593,800	-
Trade names	149,100	-
Proprietary technology	333,400	-
Goodwill	1,042,015	1,402
Net assets acquired	**1,921,979**	**29,346**
Minority interest	5,248	10,131
Sub-total	**1,927,227**	**39,477**
Cash-acquired	117,326	-
Purchase consideration	**2,044,553**	**39,477**

Businesses acquired during the nine-month period ended September 30, 2007 contributed revenues of $266.9 million and an operating income of $34.9 million. Businesses acquired during the nine-month period ended September 30, 2006 did not materially contribute to the Tenaris's revenue and operating income.

10 Non current assets held for sale and discontinued operations

(a) Subsequent event: Sale of 25% interest in Dalmine Energie S.p.A. ("Dalmine Energie")

On November 5, 2007, Tenaris completed the sale of its remaining 25% interest in Dalmine Energie to E.ON Sales and Trading GmbH, an indirect subsidiary of E.ON AG (E.ON), for a purchase price of approximately $28.0 million. As a result, Tenaris has classified its 25% participation in Dalmine Energie as an asset held for sale in accordance with IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations."

(b) Sale of a 75% interest in Dalmine Energie

On December 1, 2006, Tenaris completed for $58.9 million the sale of a 75% participation of Dalmine Energie, its Italian supply business, to E.ON.

This note should be read in conjunction with Note 30 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2006.

Analysis of the result of discontinued operations:

	September 30, 2006
Net sales	401,073
Cost of sales	(388,117)
Gross profit	**12,956**
Selling, general and administrative expenses	(5,947)
Other operating income (expense), net	2,519
Operating income	**9,528**
Interest income	515
Interest expense	(734)
Other financial results	791
Income before equity in earnings of associated companies and income tax	**10,100**
Equity in earnings of associated companies	-
Income before income tax	**10,100**
Income tax	(3,411)
Income for the period from discontinued operations	**6,689**

10 Non current assets held for sale and discontinued operations (Cont'd)

Cash and cash equivalents from discontinued operations increased by $3.0 million in the nine-month period ended September 30, 2006.

11 Related party disclosures

The Company is controlled by San Faustin N.V., a Netherlands Antilles corporation, which owns 60.4% of the Company's outstanding shares through its wholly-owned subsidiary I.I.I. Industrial Investments Inc., a Cayman Islands corporation. Tenaris's directors and executive officers as a group own 0.2% of the Company's shares, while the remaining 39.4% is publicly traded. The ultimate controlling entity of the Company is Rocca & Partners.

At September 30, 2007, the closing price of Ternium ADS as quoted on the New York Stock Exchange was $31.40 per ADS, giving Tenaris's ownership stake a market value of approximately $721 million. At September 30, 2007, the carrying value of Tenaris's ownership stake in Ternium was approximately $468 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".

The transactions and balances with related parties are shown below:

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

Nine-month period ended September 30, 2007

		Associated (1)	Other	Total
(i)	**Transactions**			
	(a) Sales of goods and services			
	Sales of goods	74,494	30,731	105,225
	Sales of services	16,314	4,073	20,387
		90,808	**34,804**	**125,612**
	(b) Purchases of goods and services			
	Purchases of goods	188,436	14,627	203,063
	Purchases of services	69,608	57,821	127,429
		258,044	**72,448**	**330,492**

Nine-month period ended September 30, 2006

		Associated (2)	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
		110,258	**46,993**	**157,251**
	(b) Purchases of goods and services			
	Purchases of goods	66,658	16,903	83,561
	Purchases of services	8,368	58,254	66,622
		75,026	**75,157**	**150,183**

11 Related party disclosures (Cont'd)

At September 30, 2007

		Associated (1)	Other	Total
(ii)	**Period-end balances**			
	(a) Related to sales / purchases of goods / services			
	Receivables from related parties	57,764	7,903	65,667
	Payables to related parties	(65,942)	(10,047)	(75,989)
		(8,178)	**(2,144)**	**(10,322)**
	(b) Other balances	-	-	-
	(c) Financial debt			
	Borrowings (4)	(28,057)	-	(28,057)

At December 31, 2006

		Associated (3)	Other	Total
(ii)	**Period-end balances**			
	(a) Related to sales / purchases of goods / services			
	Receivables from related parties	25,400	14,429	39,829
	Payables to related parties	(37,920)	(13,388)	(51,308)
		(12,520)	**1,041**	**(11,479)**
	(b) Other balances	2,079	-	2,079
	(c) Financial debt			
	Borrowings (5)	(60,101)	-	(60,101)

(1) Includes Ternium S.A. and its subsidiaries ("Ternium"), Condusid C.A. ("Condusid"), Finma S.A.I.F ("Finma"), Lomond Holdings B.V. group ("Lomond"), Dalmine Energie S.p.A. ("Dalmine Energie"), Socotherm Brasil S.A. ("Socotherm"), Hydril Jindal International Private Ltd. and TMK – Hydril JV.
(2) Includes Ternium and Condusid. It also includes Finma since September 1, 2006.
(3) Includes Ternium, Condusid, Finma, Lomond and Dalmine Energie.
(4) Includes convertible loan from Sidor to Materiales Siderurgicos S.A. ("Matesi") of $26.0 million at September 30, 2007.
(5) Includes convertible loan from Sidor to Matesi of $58.4 million at December 31, 2006.

Ricardo Soler
Chief Financial Officer