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TENARIS SA  
Form 6-K  
August 07, 2006

FORM 6 - K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Report of Foreign Private Issuer  
Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934

As of August 7, 2006

TENARIS, S.A.  
(Translation of Registrant's name into English)

TENARIS, S.A.  
46a, Avenue John F. Kennedy  
L-1855 Luxembourg  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12G3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- . -

The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended. This report contains Tenaris' Consolidated Condensed Interim Financial Statements as of June 30, 2006.

TENARIS S.A.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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JUNE 30, 2006

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

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the  
six-month period ended June 30, 2006

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## CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

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

		Three-month period ended June 30,		Six-month period ended June 30,	
	Notes	2006	2005	2006	2005
		-----			
		(Unaudited)			
Net sales	2	1,962,265	1,744,311	3,745,417	3,197,238
Cost of sales	3	(1,019,036)	(1,043,774)	(1,991,528)	(1,908,902)
		-----			
Gross profit		943,229	700,537	1,753,889	1,288,336
Selling, general and administrative expenses	4	(248,492)	(212,510)	(466,376)	(397,593)
Other operating income (expenses), net		(1,939)	2,602	6,191	5,569
		-----			
Operating income		692,798	490,629	1,293,704	896,312
Financial income (expenses), net	5	4,065	(42,643)	14,661	(84,450)
		-----			
Income before equity in earnings of associated companies and income tax		696,863	447,986	1,308,365	811,862
Equity in earnings of associated companies		25,551	38,279	47,072	68,442
		-----			
Income before income tax		722,414	486,265	1,355,437	880,304
Income tax		(226,650)	(144,645)	(417,983)	(258,714)
		-----			
Income for the period		495,764	341,620	937,454	621,590
Attributable to:					
Equity holders of the Company		471,771	313,456	891,459	577,690
Minority interest		23,993	28,164	45,995	43,900
		-----			
		495,764	341,620	937,454	621,590
		-----			

Earnings per share attributable to the

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equity holders of the Company during the period				
Weighted average number of ordinary shares in issue (thousands)	1,180,537	1,180,537	1,180,537	1,180,537
Earnings per share (U.S. dollars per share)	0.40	0.27	0.76	0.49
Earnings per ADS (U.S. dollars per ADS)	0.80	0.53	1.51	0.98

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 are 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.

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

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### CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

(all amounts in thousands of U.S. dollars)	Notes	At June 30, 2006 (Unaudited)	At December 31, 2005	
			-----	
<b>ASSETS</b>				
Non-current assets				
Property, plant and equipment, net	6	2,319,381	2,230,038	
Intangible assets, net	6	164,993	159,099	
Investments in associated companies		355,652	257,234	
Other investments		25,711	25,647	
Deferred tax assets		213,715	194,874	
Receivables		27,706	3,107,158	2,932,744
		-----	-----	
Current assets				
Inventories		1,550,704	1,376,113	
Receivables and prepayments		182,332	143,282	
Current tax assets		127,163	102,455	
Trade receivables		1,458,265	1,324,171	
Other investments		296,437	119,907	
Cash and cash equivalents		776,146	4,391,047	3,773,284
		-----	-----	
Total assets		7,498,205	6,706,028	
		=====	=====	
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders				

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Share capital	1,180,537		1,180,537	
Legal reserves	118,054		118,054	
Share premium	609,733		609,733	
Currency translation adjustments	(62,218)		(59,743)	
Other reserves	29,331		2,718	
Retained earnings	2,343,729	4,219,166	1,656,503	3,507,802
	-----		-----	
Minority interest		304,525		268,071
		-----		-----
Total equity		4,523,691		3,775,873
		-----		-----
LIABILITIES				
Non-current liabilities				
Borrowings	584,962		678,112	
Deferred tax liabilities	354,716		353,395	
Other liabilities	159,661		154,378	
Provisions	48,464		43,964	
Trade payables	703	1,148,506	1,205	1,231,054
	-----		-----	
Current liabilities				
Borrowings	405,389		332,180	
Current tax liabilities	345,605		452,534	
Other liabilities	178,955		138,875	
Provisions	37,976		36,945	
Customer advances	96,753		113,243	
Trade payables	761,330	1,826,008	625,324	1,699,101
	-----		-----	
Total liabilities		2,974,514		2,930,155
		=====		=====
Total equity and liabilities		7,498,205		6,706,028
		=====		=====

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

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.

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

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CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
(all amounts in thousands of U.S. dollars)

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Attributable to equity holders of the Company

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Currency      Retai

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	Share Capital	Legal Reserves	Share Premium	Other Reserves	translation adjustment	Earni (*
Balance at January 1, 2006	1,180,537	118,054	609,733	2,718	(59,743)	1,656
Currency translation differences	-	-	-	-	(2,475)	
Change in equity reserves (see Notes 1 and 9)	-	-	-	26,613	-	
Acquisition of minority interest	-	-	-	-	-	
Dividends paid in cash	-	-	-	-	-	(204)
Income for the period	-	-	-	-	-	891
Balance at June 30, 2006	1,180,537	118,054	609,733	29,331	(62,218)	2,343
Attributable to equity holders of the Company						
	Share Capital	Legal Reserves	Share Premium	Other Reserves	Currency translation adjustment	Retai Earni
Balance at January 1, 2005	1,180,537	118,054	609,733	82	(30,020)	617
Effect of adopting IFRS 3 (see Note 1)	-	-	-	-	-	110
Adjusted balance at January 1, 2005	1,180,537	118,054	609,733	82	(30,020)	728
Currency translation differences	-	-	-	-	(21,602)	
Acquisition and increase of minority interest	-	-	-	-	-	
Dividends paid in cash	-	-	-	(82)	-	(199)
Income for the period	-	-	-	-	-	577
Balance at June 30, 2005	1,180,537	118,054	609,733	-	(51,622)	1,106

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

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.

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

Six-month period  
ended June 30,

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(all amounts in thousands of U.S. dollars)	2006	2005
	----- (Unaudited)	
Cash flows from operating activities		
Income for the period	937,454	621,590
Adjustments for:		
Depreciation and amortization	109,790	103,743
Income tax accruals less payments	(90,160)	35,756
Equity in earnings of associated companies	(47,072)	(68,442)
Interest accruals less payments, net	(1,464)	6,210
Income from disposal of Investment	(6,933)	-
Changes in provisions	5,531	(2,636)
Proceeds from Fintecna arbitration award net of BHP settlement	-	66,594
Changes in working capital	(219,541)	(334,106)
Other, including currency translation adjustment	26,472	16,979
	-----	-----
Net cash provided by operating activities	714,077	445,688
	=====	=====
Cash flows from investing activities		
Capital expenditures	(169,101)	(131,634)
Acquisitions of subsidiaries (see Note 9)	(39,110)	(47,930)
Proceeds from disposal of property, plant and equipment and intangible assets	3,388	2,890
Dividends and distributions received from associated companies	-	41,118
Changes in restricted bank deposits	627	9,634
Reimbursement from trust funds	-	119,666
Investments in short terms securities	(176,530)	-
	-----	-----
Net cash used in investing activities	(380,726)	(6,256)
	=====	=====
Cash flows from financing activities		
Dividends paid	(204,233)	(199,511)
Dividends paid to minority interest in subsidiaries	(16,001)	(2,730)
Proceeds from borrowings	234,563	645,763
Repayments of borrowings	(270,159)	(734,247)
	-----	-----
Net cash used in financing activities	(255,830)	(290,725)
	=====	=====
Increase in cash and cash equivalents	77,521	148,707
Movement in cash and cash equivalents		
At beginning of the period	680,591	293,824
Effect of exchange rate changes	(5,853)	(12,247)
Increase in cash and cash equivalents	77,521	148,707
	-----	-----
At June 30,	752,259	430,284
	=====	=====
	-----	-----
Cash and cash equivalents	At June 30,	
	-----	-----
	2006	2005
Cash and bank deposits	776,146	450,586
Bank overdrafts	(22,466)	(16,436)
Restricted bank deposits	(1,421)	(3,866)
	-----	-----
	752,259	430,284

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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.

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

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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
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- 8 Contingencies, commitments and restrictions to the distribution of profits
- 9 Business acquisitions, incorporation of subsidiaries and other significant events
- 10 Related party disclosures

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

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

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### 1 General information and basis of presentation

Tenaris S.A. (the "Company" or "Tenaris"), a Luxembourg corporation (societe 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 June 30, 2006, the effective portion of designated cash flow hedges amounts to \$1.8 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.



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These consolidated condensed interim financial statements were approved for issue by the Tenaris Board of Directors on August 3, 2006.

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Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

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### 2 Segment information

Primary reporting format: business segments

(all amounts in thousands of U.S. dollars)	Seamless	Welded & Other Metallic Products	Energy	Other	Total
Six-month period ended June 30, 2006	(Unaudited)				
Net sales	3,077,876	244,876	283,818	138,847	3,745,417
Cost of sales	(1,442,438)	(174,818)	(273,516)	(100,756)	(1,991,528)
Gross profit	1,635,438	70,058	10,302	38,091	1,753,889
Depreciation and amortization	93,421	9,678	985	5,706	109,790
Six-month period ended June 30, 2005					
Net sales	2,413,116	415,866	256,193	112,063	3,197,238
Cost of sales	(1,320,512)	(273,314)	(248,406)	(66,670)	(1,908,902)
Gross profit	1,092,604	142,552	7,787	45,393	1,288,336
Depreciation and amortization	88,851	7,356	1,570	5,966	103,743

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
Six-month period ended June 30, 2006	(Unaudited)					
Net sales	701,398	946,622	919,647	828,315	349,435	3,745,417
Depreciation and amortization	45,233	30,758	30,469	387	2,943	109,790
Six-month period ended June 30, 2005						
Net sales	884,884	789,659	879,846	360,206	282,643	3,197,238
Depreciation and amortization	41,578	35,471	23,472	30	3,192	103,743

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

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location of the underlying assets.

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Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

3 Cost of sales

(all amounts in thousands of U.S. dollars)	Six-month period ended June 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	1,588,691	1,513,516
Services and fees	177,990	153,656
Labor cost	227,144	201,826
Depreciation of property, plant and equipment	95,175	89,219
Amortization of intangible assets	1,508	3,541
Maintenance expenses	55,202	50,039
Provisions for contingencies	-	1,200
Allowance for obsolescence	(2,395)	1,202
Taxes	1,959	1,477
Other	20,845	13,387
	3,542,232	3,298,533
Less: Inventories at the end of the period	(1,550,704)	(1,389,631)
	1,991,528	1,908,902

4 Selling, general and administrative expenses

(all amounts in thousands of U.S. dollars)	Six-month period ended June 30,	
	2006	2005
	(Unaudited)	
Services and fees	56,380	63,130
Labor cost	124,272	97,324
Depreciation of property, plant and equipment	4,400	5,014
Amortization of intangible assets	8,707	5,969
Commissions, freight and other selling expenses	175,385	144,549
Provisions for contingencies	5,587	5,439
Allowances for doubtful accounts	2,288	6,936
Taxes	50,115	40,189
Other	39,242	29,043
	466,376	397,593

5 Financial income (expenses), net

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	Six-month period ended June 30,	
(all amounts in thousands of U.S. dollars)	2006	2005
	(Unaudited)	
Interest expense	(26,502)	(29,746)
Interest income	25,868	8,781
Net foreign exchange transaction losses and changes in fair value of derivative instruments	15,007	(66,564)
Other	288	3,079
	14,661	(84,450)

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Tenaris S.A. Consolidated Condensed Interim Financial Statements for the  
six-month period ended June 30, 2006

6 Property, plant and equipment and Intangible assets, net

	Net Property, Plant and Equipment	Net Intangible Assets
(all amounts in thousands of U.S. dollars)	(Unaudited)	(Unaudited)
Six-month period ended June 30, 2006		
Opening net book amount	2,230,038	159,099
Currency translation differences	26,863	662
Transfers	(125)	125
Additions	154,847	14,254
Disposals	(15,559)	(95)
Increase due to business acquisition	22,892	1,163
Depreciation / Amortization charge	(99,575)	(10,215)
At June 30, 2006	2,319,381	164,993

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 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

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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 June 30, 2006 amounts to approximately EUR 724.5 million (\$921.0 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 EUR 221.8 million (\$281.9 million), based on prices prevailing at June 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 EUR 5.0 million per year. Tenaris provided bank guarantees in the amount of EUR 15.1 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.

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Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

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 June 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 six month period ended June 30, 2006	1,102,589
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Total shareholders equity in accordance with Luxembourg law	3,010,913

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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 June 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 June 30, 2006, Tenaris's retained earnings under Luxembourg law totalled \$1,102.6 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	130,000
Other income and expenses for the six-month period ended June 30, 2006	5,084
Dividends paid	(204,233)
	-----
Retained earnings at June 30, 2006 under Luxembourg law	1,102,589
	=====

9 Business acquisitions, incorporation of subsidiaries and other significant events

(a) Agreement to acquire Maverick Tube Corporation ("Maverick")

On June 12, 2006, Tenaris entered into a merger agreement (the "agreement") to acquire Maverick, pursuant to which Maverick will merge with and into a wholly owned subsidiary of Tenaris. With operations in the United States, Canada and Colombia, Maverick is a leading North American producer of welded oil country tubular goods (OCTG), line pipe and coiled tubing for use in oil and natural gas wells, and also produces 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, reported net revenues of approximately \$1.8 billion, of which 82% were from its energy products division. The transaction remains subject to regulatory approvals, majority approval of Maverick's shareholders and other customary conditions. The transaction is valued at \$3,185 million, including Maverick's net debt. The value of the transaction is based on the assumption that the holders of Maverick's convertible notes elect to exercise their conversion rights pursuant to their applicable terms and conditions.

Tenaris expects to finance the Maverick acquisition mainly through debt. BNP Paribas Securities Corp. and Citigroup Global Markets Inc. have provided to Tenaris commitments for several syndicated five-year term loan facilities in an aggregate principal amount of up to \$2.7 billion. If Tenaris enters into these facilities, the relevant loan documentation would contain customary terms and covenants that may limit the Company's ability to, among other things, pay dividends or make other restricted payments in excess of amounts to be agreed, make capital expenditures in excess of specified thresholds, dispose of material assets or amend certain significant agreements. The loan documentation would also require the Company and its subsidiaries to meet certain financial covenants, ratios and other tests.

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Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

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

(a) Agreement to acquire Maverick Tube Corporation ("Maverick") (Cont'd)

This agreement could be terminated in certain circumstances at any time upon the mutual written consent of the parties with certain exceptions. In the event that Maverick's board accepts an unsolicited superior proposal, there would be a termination fee of \$72.5 million plus up to \$5 million of out-of-pocket expenses that Maverick would pay to Tenaris. If the agreement is terminated because of failure to obtain required regulatory approvals, Tenaris would pay Maverick a termination fee of \$30 million.

(b) 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 Servicios de Consultoria 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 issue 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,

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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 June 30, 2006, the closing price of Ternium shares as quoted on the New York Stock Exchange was \$24.17 per ADS, giving Tenaris' ownership stake a market value of approximately \$555 million. At June 30, 2006, the carrying value of Tenaris's ownership stake in Ternium was approximately \$353 million.

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Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

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

(c) 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 Constitucion, province of Santa Fe, Argentina, belonging to Industria Argentina de Acero, S.A. ("Acindar") for \$29.1 million. The acquisition was approved by the Argentine antitrust authorities (Comision Nacional de Defensa de la Competencia). 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:

	Six-month period ended June 30, 2006
	-----
(all amounts in thousands of U.S. dollars)	(Unaudited)
	-----
Other assets and liabilities (net)	5,033
Property, plant and equipment	22,892
Goodwill	1,163
	-----
Net assets acquired	29,088
	-----

(d) Minority Interest

During the six month period ended June 30, 2006, additional shares of Silcotub and Dalmine were acquired from minority shareholders for approximately \$9.7 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

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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 following transactions were carried out with related parties:

(all amounts in thousands of U.S. dollars)			
Six-month period ended June 30, 2006			
	Associated (1)	Other	Total
<b>(i) Transactions</b>			
<b>(a) Sales of goods and services</b>			
Sales of goods	59,285	27,974	87,259
Sales of services	7,887	1,741	9,628
	-----	-----	-----
	67,172	29,715	96,887
	=====	=====	=====
<b>(b) Purchases of goods and services</b>			
Purchases of goods	41,623	12,384	54,007
Purchases of services	2,419	33,545	35,964
	-----	-----	-----
	44,042	45,929	89,971
	=====	=====	=====

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Tenaris S.A. Consolidated Condensed Interim Financial Statements for the six-month period ended June 30, 2006

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10 Related party disclosures (Cont'd)

Six-month period ended June 30, 2005			
	Associated (2)	Other	Total
<b>(i) Transactions</b>			
<b>(a) Sales of goods and services</b>			
Sales of goods	51,322	42,806	94,128
Sales of services	1,541	4,800	6,341
	-----	-----	-----
	52,863	47,606	100,469
	=====	=====	=====
<b>(b) Purchases of goods and services</b>			
Purchases of goods	21,079	21,821	42,900
Purchases of services	9,835	25,285	35,120
	-----	-----	-----
	30,914	47,106	78,020
	=====	=====	=====
At June 30, 2006			
	Associated	Other	Total
	-----	-----	-----
<b>(ii) Period-end balances</b>			



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(a) Related to sales/purchases of goods/ services			
Receivables from related parties	31,151	22,985	54,136
Payables to related parties	(20,045)	(9,456)	(29,501)
	-----		
	11,106	13,529	24,635
	=====		

(b) Other balances			
Receivables	2,079	-	2,079
(c) Financial debt			
Borrowings (4)	(56,500)	-	(56,500)

At December 31, 2005

	Associated	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)
	-----		
	9,954	6,815	16,769
	=====		
(b) Other balances (3)	42,437	-	42,437
(c) Financial debt			
Borrowings (4)	(54,801)	-	(54,801)

- (1) Includes Ternium S.A. and its subsidiaries and Condisid C.A.
- (2) Includes: Condisid, Ylopa, Amazonia and Sidor.
- (3) Includes convertible loan to Ternium S.A. of \$40.4 million.
- (4) Convertible loan from Sidor C.A. to Matesi (Materiales Siderurgicos S.A.).

Carlos Condorelli  
Chief Financial Officer

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 7, 2006

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Tenaris, S.A.

By: /s/ Cecilia Bilesio

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Cecilia Bilesio  
Corporate Secretary