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TENARIS SA
Form 6-K
August 06, 2007

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 6, 2007

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 X 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 X
 --- ---

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 for the six-month period ended June 30, 2007.

TENARIS S.A.

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CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2007

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

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

----- CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

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

| | | Three-month period ended S June 30 | |
|--|-------|---------------------------------------|-----------|
| | Notes | 2007 | 2006 |
| Continuing operations | | | (Unaudit |
| Net sales | 2 | 2,604,206 | 1,841,346 |
| Cost of sales | 2 & 3 | (1,404,558) | (903,261) |
| Gross profit | | 1,199,648 | 938,085 |
| Selling, general and administrative expenses | 2 & 4 | (408,511) | (246,142) |
| Other operating income (expense), net | 2 | (10,723) | (1,880) |
| Operating income | | 780,414 | 690,063 |
| Interest income | 5 | 20,208 | 13,221 |
| Interest expense | 5 | (67,996) | (14,437) |
| Other financial results | 5 | 15,121 | 5,386 |
| Income before equity in earnings of associated companies and income tax | | 747,747 | 694,233 |
| Equity in earnings of associated companies | | 29,398 | 25,551 |
| Income before income tax | | 777,145 | 719,784 |
| Income tax | | (242,659) | (225,739) |
| Income for continuing operations | | 534,486 | 494,045 |
| Discontinued operations | | | |
| Income for discontinued operations | | - | 1,719 |
| Income for the period | | 534,486 | 495,764 |

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| | | |
|-------------------------------|---------|---------|
| Attributable to: | | |
| Equity holders of the Company | 495,950 | 471,771 |
| Minority interest | 38,536 | 23,993 |
| | ----- | ----- |
| | 534,486 | 495,764 |
| | ----- | ----- |

| | | |
|--|-----------|-----------|
| 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 |
| Earnings per share (U.S. dollars per share) | 0.42 | 0.40 |
| Earnings per ADS (U.S. dollars per ADS) | 0.84 | 0.80 |

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.

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

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

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

| | | At June 30, 2007 |
|---|-------|------------------------------|
| | Notes | ----- (Unaudited) |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment, net | 6 | 3,228,277 |
| Intangible assets, net | 6 | 4,925,668 |
| Investments in associated companies | | 478,663 |
| Other investments | | 40,829 |
| Deferred tax assets | | 337,460 |
| Receivables | | 43,879 |
| | | ----- |
| | | 9,054,776 |
| Current assets | | |
| Inventories | | 2,640,572 |
| Receivables and prepayments | | 258,930 |
| Current tax assets | | 200,650 |
| Trade receivables | | 1,818,443 |
| Other investments | | 169,411 |
| Cash and cash equivalents | | 891,159 |
| | | ----- |
| | | 5,979,165 |
| Total assets | | ----- 15,033,941 ----- |
| EQUITY | | |
| Capital and reserves attributable to the Company's equity holders | | |
| Share capital | | 1,180,537 |
| Legal reserves | | 118,054 |

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| | | |
|----------------------------------|-----------|------------|
| Share premium | 609,733 | |
| Currency translation adjustments | 141,928 | |
| Other reserves | 27,931 | |
| Retained earnings | 4,019,677 | 6,097,860 |
| | ----- | |
| Minority interest | | 427,557 |
| | | ----- |
| Total equity | | 6,525,417 |
| | | ----- |
| LIABILITIES | | |
| Non-current liabilities | | |
| Borrowings | 3,955,243 | |
| Deferred tax liabilities | 1,358,852 | |
| Other liabilities | 218,543 | |
| Provisions | 92,899 | |
| Trade payables | 343 | 5,625,880 |
| | ----- | |
| Current liabilities | | |
| Borrowings | 867,049 | |
| Current tax liabilities | 397,853 | |
| Other liabilities | 261,535 | |
| Provisions | 24,453 | |
| Customer advances | 488,649 | |
| Trade payables | 843,105 | 2,882,644 |
| | ----- | |
| Total liabilities | | 8,508,524 |
| | | ----- |
| Total equity and liabilities | | 15,033,941 |
| | | ----- |

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

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.

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

 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 |
| ----- | ----- | ----- | ----- | ----- |

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| | | | | | |
|---|-----------|---------|---------|--------|---------|
| Balance at January 1, 2007 | 1,180,537 | 118,054 | 609,733 | 28,757 | 3,954 |
| Currency translation differences | - | - | - | - | 137,974 |
| Change in equity reserves | - | - | - | (826) | - |
| Acquisition and decrease of minority interest | - | - | - | - | - |
| Dividends paid in cash | - | - | - | - | - |
| Income for the period | - | - | - | - | - |
| Balance at June 30, 2007 | 1,180,537 | 118,054 | 609,733 | 27,931 | 141,928 |

Attributable to equity holders of the Company

| | Share Capital | Legal Reserves | Share Premium | Other Reserves | Currency translation adjustment |
|---|---------------|----------------|---------------|----------------|---------------------------------|
| Balance at January 1, 2006 | 1,180,537 | 118,054 | 609,733 | 2,718 | (59,743) |
| Currency translation differences | - | - | - | - | (2,475) |
| Change in equity reserves | - | - | - | 26,613 | - |
| Acquisition and increase of minority interest | - | - | - | - | - |
| Dividends paid in cash | - | - | - | - | - |
| Income for the period | - | - | - | - | - |
| Balance at June 30, 2006 | 1,180,537 | 118,054 | 609,733 | 29,331 | (62,218) |

(*) Retained Earnings calculated in accordance with Luxembourg Law 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, 2006.

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

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

Six-month pe

2007

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| | |
|---|---------|
| | (U |
| Cash flows from operating activities | |
| Income for the period | 1,043, |
| Adjustments for: | |
| Depreciation and amortization | 230, |
| Income tax accruals less payments | (249, |
| Equity in earnings of associated companies | (55, |
| Interest accruals less payments, net | 4, |
| Income from disposal of investment | |
| Changes in provisions | (3, |
| Changes in working capital | (125, |
| Other, including currency translation adjustment | 53, |
| Net cash provided by operating activities | 899, |
| Cash flows from investing activities | |
| Capital expenditures | (229, |
| Acquisitions of subsidiaries and minority interest (see Note 9) | (1,927, |
| Other disbursements relating to the acquisition of Hydril | (71, |
| Decrease in subsidiaries | (1, |
| Proceeds from disposal of property, plant and equipment and intangible assets | 4, |
| Dividends received | 11, |
| Changes in restricted bank deposits | |
| Investments in short terms securities | 14, |
| Net cash used in investing activities | (2,198, |
| Cash flows from financing activities | |
| Dividends paid | (354, |
| Dividends paid to minority interest in subsidiaries | (39, |
| Proceeds from borrowings | 2,208, |
| Repayments of borrowings | (1,018, |
| Net cash provided by (used in) financing activities | 795, |
| (Decrease) Increase in cash and cash equivalents | (504, |
| Movement in cash and cash equivalents | |
| At beginning of the period | 1,365, |
| Effect of exchange rate changes | 22, |
| (Decrease) Increase in cash and cash equivalents | (504, |
| At June 30, | 883, |
| | A |
| Cash and cash equivalents | 2007 |
| Cash and bank deposits | 891, |
| Bank overdrafts | (8, |
| Restricted bank deposits | |
| | 883, |
| Non-cash financing activity | |

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Conversion of debt to equity in subsidiaries

35,

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.

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Index to the notes to the consolidated condensed interim financial statements

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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)

1 General information and basis of presentation

Tenaris S.A. (the "Company"), a Luxembourg corporation (societe 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

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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 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, 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 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 August 3, 2007.

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2 Segment information

Reportable operating segments

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

| | Tubes | Projects | Pressure Control | Others | Con ope |
|--|-------|----------|------------------|--------|------------|
|--|-------|----------|------------------|--------|------------|

Six-month period ended June 30, 2007

(Unaudited)

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| | | | | | |
|--|-------------|-----------|----------|-----------|-----|
| Net sales | 4,337,062 | 325,254 | 49,238 | 317,951 | 5 |
| Cost of sales | (2,183,935) | (227,126) | (30,240) | (254,755) | (2) |
| Gross profit | 2,153,127 | 98,128 | 18,998 | 63,196 | 2 |
| Selling, general and administrative expenses | (695,727) | (35,194) | (9,502) | (42,355) | |
| Other operating income (expenses), net | (15,873) | 1,714 | (308) | 1,807 | |
| Operating income | 1,441,527 | 64,648 | 9,188 | 22,648 | 1 |
| Depreciation and amortization | 202,444 | 9,309 | 5,738 | 13,280 | |
| Six-month period ended June 30, 2006 | | | | | |
| Net sales | 3,099,412 | 201,024 | - | 162,801 | 3 |
| Cost of sales | (1,456,997) | (139,903) | - | (122,688) | (1) |
| Gross profit | 1,642,415 | 61,121 | - | 40,113 | 1 |
| Selling, general and administrative expenses | (400,207) | (34,316) | - | (28,259) | |
| Other operating income (expenses), net | 6,781 | 518 | - | (994) | |
| Operating income | 1,248,989 | 27,323 | - | 10,860 | 1 |
| Depreciation and amortization | 93,662 | 9,435 | - | 5,708 | |

Geographical information

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

| | North America | South America | Europe | Middle East & Africa | Far East & Oceania | Con ope |
|--------------------------------------|------------------|------------------|---------|----------------------------|--------------------------|------------|
| Six-month period ended June 30, 2007 | | | | (Unaudited) | | |
| Net sales | 1,572,839 | 1,020,398 | 874,882 | 1,168,005 | 393,381 | |
| Depreciation and amortization | 131,496 | 57,247 | 37,889 | 505 | 3,634 | |
| Six-month period ended June 30, 2006 | | | | | | |
| Net sales | 919,647 | 701,398 | 664,442 | 828,315 | 349,435 | |
| Depreciation and amortization | 30,469 | 45,233 | 29,773 | 387 | 2,943 | |

(*) 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.

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2 Segment information (Cont'd)

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

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3 Cost of sales

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

Inventories at the beginning of the period

Plus: Charges of the period

Raw materials, energy, consumables and other

Increase in inventory due to business combinations

Services and fees

Labor cost

Depreciation of property, plant and equipment

Amortization of intangible assets

Maintenance expenses

Provisions for contingencies

Allowance for obsolescence

Taxes

Other

Less: Inventories at the end of the period

From Discontinued operations

4 Selling, general and administrative expenses

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

Services and fees

Labor cost

Depreciation of property, plant and equipment

Amortization of intangible assets

Commissions, freight and other selling expenses

Provisions for contingencies

Allowances for doubtful accounts

Taxes

Other

From Discontinued operations

5 Financial income (expenses), net

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

| | |
|--|--|
| Interest expense | |
| Interest income | |
| Interest net | |
| Net foreign exchange transaction results and changes in fair value of derivative instruments | |
| Other | |
| Other financial results | |
| Net financial results | |
| From Discontinued operations | |

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

6 Property, plant and equipment and Intangible assets, net

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

| | Net Property Plant and Equipment |
|---------------------------------------|--|
| | (Unaudited) |
| Six-month period ended June 30, 2007 | |
| Opening net book amount | 2,939, |
| Currency translation differences | 71, |
| Additions | 217, |
| Increase due to business combinations | 152, |
| Disposals | (4, |
| Transfers | |
| Reclassifications | (19, |
| Depreciation / Amortization charge | (128, |
| At June 30, 2007 | 3,228, |

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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.

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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 14 civil proceedings for work-related injuries arising from the use of asbestos in its manufacturing processes during the period from 1960 to 1980, 39 asbestos-related out-of-court claims and 1 civil party claim, 2 new asbestos-related out-of-court claims and 1 asbestos civil proceedings have been notified to Tenaris's subsidiary Dalmine during 2007; 3 claims were adjudicated, dismissed or settled. Accordingly, as of June 30, 2007, the total asbestos-related claims pending against Dalmine are 53 (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 21.5 million (\$29 million) of which Euro 8.9 million (\$12 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 instead is 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 tortious

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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 (\$13.3 million). 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, who had instructed Dalmine to appeal, is required and has acknowledged its responsibility to pay 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.

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

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 June 30, 2007, is \$7.3 million. As of June 30, 2007, Tenaris has recorded a total liability of \$14.9 million taking into account expected industry growth and discount rate.

Commitments

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

- o Tenaris is party to a five year contract with Nucor Corporation, under which it committed to purchase from Nucor approximately 435,000 tons of steel coils per year, 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 \$1,432 million.
- o Tenaris is party to a steel supply agreement with IPSCO, under which it is committed to purchase around 55,000 tons of steel per year, until 2011. Prices are adjusted monthly or quarterly and the estimated

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aggregate amount of the contract at current prices is approximately \$213 million. Each party may terminate this agreement at any time upon one year notice.

- o Tenaris is party to a contract with Nacion Fideicomisos, an Argentine governmental agency, to deliver welded steel pipes for the project Loops (2006-2008 Expansions) which are partially guaranteed by a stand-by letter of credit of \$51.1 million. In addition, Tenaris entered into a purchase contract with Usiminas in order to secure the source of steel to produce the pipes. At June 30, 2007, Tenaris maintained in stock pipes and plates for this project amounting to \$77.5 million. Delivery and invoicing of this project have been delayed. Any cancellation of the project, in total or in part, could result in an impairment charge to the stock.
- o Tenaris is 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 June 30, 2007, the outstanding value of this commitment was approximately \$58 million. Tenaris 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.
- o Tenaris 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, Tenaris 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.

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

Restrictions to the distribution of profits and payment of dividends

As of June 30, 2007, shareholders' equity as defined under Luxembourg law and regulations consisted of the following:

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

Share capital

Legal reserve

Share premium

Retained earnings including net income for the six-month period ended June 30, 2007

Total shareholders equity in accordance with Luxembourg law

At least 5% of the Company's net income per year, as calculated in accordance with Luxembourg law and regulations, must be allocated to the creation of a legal reserve equivalent to 10% of the Company's share capital. As of June 30, 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.

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

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regulations and providing the compliance of the covenant related to restricted payments stated in Note 9.

At June 30, 2007, retained earnings under Luxembourg law totalled \$2,067.4 million, as detailed below.

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

Retained earnings at December 31, 2006 under Luxembourg law

Dividends received

Other income and expenses for the six-month period ended June 30, 2007

Dividends paid

Retained earnings at June 30, 2007 under Luxembourg law

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 is less than \$1,000 million, no such restrictions will apply.

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

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

(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

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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.

Tenaris syndicated loan facility credit 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.

(c) Minority Interest

During the six-month period ended June 30, 2007, additional shares of Silcotub and Dalmine were acquired from minority shareholders for an aggregate purchase price of approximately \$3.2 million.

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

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

| | Six-month period 2007 |
|------------------------------------|--------------------------|
| Other assets and liabilities (net) | (348,8 |
| Property, plant and equipment | 152,5 |
| Customer relationships / Backlog | 593,8 |
| Trade names | 149,1 |
| Proprietary technology | 333,4 |
| Goodwill | 1,042,0 |
| Net assets acquired | 1,921,9 |
| Minority interest | 5,2 |
| Sub-total | 1,927,1 |
| Cash-acquired | 117,3 |
| Purchase consideration | 2,044,5 |

The businesses acquired as of June 30, 2007 contributed revenues of \$103.7 million and an operating income of \$12.7 million. Businesses acquired as of June 30, 2006 did not materially contribute to the Tenaris's revenue and operating income.

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10 Discontinued operations

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 Sales and Trading GmbH, a wholly owned subsidiary of E.ON Energie AG ("E.ON") and an indirect subsidiary of E.O.N AG. Following consummation of the sale, Tenaris

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maintains a 25% interest in Dalmine Energie.

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:

| | June 30, |
|---|----------|
| Net sales | |
| Cost of sales | |
| Gross profit | |
| Selling, general and administrative expenses | |
| Other operating income (expense), net | |
| Operating income | |
| Interest income | |
| Interest expense | |
| Other financial results | |
| Income before equity in earnings of associated companies and income tax | |
| Equity in earnings of associated companies | |
| Income before income tax | |
| Income tax | |
| Income for the period from discontinued operations | |

Cash from discontinued operations increased by \$1.4 million in the six-months period ended June 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' 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 June 30, 2007, the closing price of Ternium ADS as quoted on the New York Stock Exchange was \$30.29 per ADS, giving Tenaris' ownership stake a market value of approximately \$696 million. At June 30, 2007, the carrying value of Tenaris' ownership stake in Ternium was approximately \$450 million.

Transactions and balances disclosed as with "Associated" companies are those companies 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".

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The transactions and balances with related parties are shown below:

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

| | Associated (1) | Other |
|--|----------------|----------|
| Six-month period ended June 30, 2007 | | |
| (i) Transactions | | |
| (a) Sales of goods and services | | |
| Sales of goods | 48,345 | |
| Sales of services | 16,591 | |
| | 64,936 | |
| (b) Purchases of goods and services | | |
| Purchases of goods | 124,519 | |
| Purchases of services | 42,140 | |
| | 166,659 | |
| Six-month period ended June 30, 2006 | | |
| (i) Transactions | | |
| (a) Sales of goods and services | | |
| Sales of goods | 59,285 | |
| Sales of services | 7,887 | |
| | 67,172 | |
| (b) Purchases of goods and services | | |
| Purchases of goods | 41,623 | |
| Purchases of services | 2,419 | |
| | 44,042 | |
| At June 30, 2007 | | |
| (ii) Period-end balances | | |
| (a) Related to sales / purchases of goods / services | | |
| Receivables from related parties | 53,553 | |
| Payables to related parties | (45,425) | |
| | 8,128 | |
| (b) Other balances | | - |
| (c) Financial debt Borrowings (4) | | (27,931) |

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11 Related party disclosures (Cont'd)

At December 31, 2006

| | Associated (3) | Oth |
|--|----------------|-----|
| | | |
| (ii) Period-end balances | | |
| (a) Related to sales / purchases of goods / services | | |
| Receivables from related parties | 25,400 | |
| Payables to related parties | (37,920) | |
| | | |
| | (12,520) | |
| | | |
| (b) Other balances | 2,079 | |
| (c) Financial debt Borrowings (5) | (60,101) | |

- (1) Includes Ternium S.A. and its subsidiaries ("Ternium"), Conducid C.A. ("Conducid"), 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 Conducid.
- (3) Includes Ternium, Conducid, Finma, Lomond and Dalmine Energie.
- (4) Includes convertible loan from Sidor to Materiales Siderurgicos S.A. ("Matesi") of \$25.5 million at June 30, 2007. During second quarter 2007, \$34.9 million were capitalized.
- (5) Includes convertible loan from Sidor to Matesi of \$58.4 million at December 31, 2006.

Carlos Condorelli
Chief Financial Officer

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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

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undersigned, thereunto duly authorized.

Date: August 6, 2007

Tenaris, S.A.

By: /s/ Cecilia Bilesio

Cecilia Bilesio
Corporate Secretary