

Edgar Filing: TENARIS SA - Form 6-K

TENARIS SA
Form 6-K
November 09, 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 November 9, 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- . -

TENARIS S.A.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

Edgar Filing: TENARIS SA - Form 6-K

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

Tenaris S.A. Consolidated Condensed Interim Financial Statements for the nine month period ended September 30, 2006

CONSOLIDATED CONDENSED INTERIM INCOME STATEMENT

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

	Notes	Three-month period ended September 30,		Nine-mon
		2006	2005	Sep
				2006
				(Unaudited)
Net sales	2	1,922,491	1,640,385	5,667,
Cost of sales	2 & 3	(982,487)	(962,929)	(2,974,
Gross profit		940,004	677,456	2,693,
Selling, general and administrative expenses	4	(246,506)	(205,937)	(712,
Other operating income, net		2,274	3,696	8,
Operating income		695,772	475,215	1,989,
Financial income (expenses), net	5	(3,743)	(5,141)	10,
Income before equity in earnings of associated companies and income tax		692,029	470,074	2,000,
Equity in earnings of associated companies		29,653	26,502	76,
Income before income tax		721,682	496,576	2,077,
Income tax		(211,726)	(145,678)	(629,
Income for the period		509,956	350,898	1,447,
Attributable to:				
Equity holders of the Company		479,105	318,897	1,370,
Minority interest		30,851	32,001	76,
		509,956	350,898	1,447,
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,
Earnings per share (U.S. dollars per share)		0.41	0.27	1
Earnings per ADS (U.S. dollars per ADS)		0.81	0.54	2

The ratio of ordinary shares per American Depositary Shares (ADSs) was changed

Edgar Filing: TENARIS SA - Form 6-K

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

The accompanying notes are an integral part of these consolidated condensed interim financial statements. The Report of the Independent Registered Public Accounting Firm on these consolidated condensed interim financial statements is issued as a separate document. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the fiscal year ended December 31, 2005.

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

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

		At September 30, 2006		At Decem
	Notes	----- (Unaudited)	-----	-----
ASSETS				
Non-current assets				
Property, plant and equipment, net	6	2,403,926		2,230,03
Intangible assets, net	6	165,673		159,09
Investments in associated companies		392,011		257,23
Other investments		27,473		25,64
Deferred tax assets		248,032		194,87
Receivables		39,310	3,276,425	65,85
		-----		-----
Current assets				
Inventories		1,668,723		1,376,11
Receivables and prepayments		192,433		143,28
Current tax assets		144,307		102,45
Trade receivables		1,438,470		1,324,17
Other investments		134,651		119,90
Cash and cash equivalents		1,295,184	4,873,768	707,35
		-----		-----
Total assets			8,150,193	
			=====	
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital		1,180,537		1,180,53
Legal reserves		118,054		118,05
Share premium		609,733		609,73
Currency translation adjustments		(29,371)		(59,743
Other reserves		28,835		2,71
Retained earnings		2,822,834	4,730,622	1,656,50
		-----		-----
Minority interest			328,255	

Total equity			5,058,877	

LIABILITIES				
Non-current liabilities				

Edgar Filing: TENARIS SA - Form 6-K

Borrowings	554,094		678,111
Deferred tax liabilities	361,974		353,391
Other liabilities	163,582		154,371
Provisions	80,079		43,961
Trade payables	521	1,160,250	1,201,111
	-----		-----
Current liabilities			
Borrowings	321,217		332,181
Current tax liabilities	463,448		452,531
Other liabilities	187,524		138,871
Provisions	9,037		36,941
Customer advances	180,381		113,241
Trade payables	769,459	1,931,066	625,321
	-----		-----
Total liabilities		3,091,316	
		=====	
Total equity and liabilities		8,150,193	
		=====	

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.

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 (
Balance at January 1, 2006	1,180,537	118,054	609,733	2,718	(59,743)	1,656,5
Currency translation differences	-	-	-	-	30,372	
Change in equity reserves (see Notes 1 and 9)	-	-	-	26,117	-	
Acquisition of minority interest	-	-	-	-	-	
Dividends paid in cash	-	-	-	-	-	(204,2
Income for the period	-	-	-	-	-	1,370,5
	-----	-----	-----	-----	-----	-----
Balance at September 30, 2006	1,180,537	118,054	609,733	28,835	(29,371)	2,822,8
	-----	-----	-----	-----	-----	-----

Edgar Filing: TENARIS SA - Form 6-K

	Attributable to equity holders of the Company					
	Share Capital	Legal Reserves	Share Premium	Other Reserves	Currency translation adjustment	Retained Earnings
Balance at January 1, 2005	1,180,537	118,054	609,733	82	(30,020)	617,5
Effect of adopting IFRS 3 (see Note 1)	-	-	-	-	-	110,7
Adjusted balance at January 1, 2005	1,180,537	118,054	609,733	82	(30,020)	728,3
Currency translation differences	-	-	-	-	(17,457)	
Acquisition and increase of minority interest	-	-	-	-	-	
Dividends paid in cash	-	-	-	(82)	-	(199,4
Income for the period	-	-	-	-	-	896,5
Balance at September 30, 2005	1,180,537	118,054	609,733	-	(47,477)	1,425,4

(*) 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.

3

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

	Nine-month pe
	----- 2006 -----
(all amounts in thousands of U.S. dollars)	
Cash flows from operating activities	(U
Income for the period	1,44
Adjustments for:	
Depreciation and amortization	16
Income tax accruals less payments	
Equity in earnings of associated companies	(7
Interest accruals less payments, net	
Income from disposal of investment	(
Changes in provisions	
Proceeds from Fintecna arbitration award net of BHP settlement	
Changes in working capital	(25
Other, including currency translation adjustment	2

Edgar Filing: TENARIS SA - Form 6-K

Net cash provided by operating activities	1,31
<hr/>	
Cash flows from investing activities	
Capital expenditures	(30)
Acquisitions of subsidiaries (see Note 9)	(3)
Convertible loan to associated companies	
Proceeds from disposal of property, plant and equipment and intangible assets	1
Dividends and distributions received from associated companies	
Changes in restricted bank deposits	
Reimbursement from trust funds	
Investments in short terms securities	(1)
	<hr/>
Net cash used in investing activities	(33)
<hr/>	
Cash flows from financing activities	
Dividends paid	(20)
Dividends paid to minority interest in subsidiaries	(1)
Proceeds from borrowings	29
Repayments of borrowings	(44)
	<hr/>
Net cash used in financing activities	(37)
<hr/>	
Increase in cash and cash equivalents	60
Movement in cash and cash equivalents	
At beginning of the period	68
Effect of exchange rate changes	(
Increase in cash and cash equivalents	60
	<hr/>
At September 30,	1,27
<hr/>	
Cash and cash equivalents	At S
<hr/>	
	2006
Cash and bank deposits	1,29
Bank overdrafts	(1
Restricted bank deposits	
	<hr/>
	1,27
<hr/>	

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.

Edgar Filing: TENARIS SA - Form 6-K

Index to the notes to the consolidated condensed interim financial statements

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

2

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(In the notes all amounts are shown in U.S. dollars, unless otherwise stated)

- 1 General information and basis of presentation

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

Edgar Filing: TENARIS SA - Form 6-K

respective local currencies as their functional currency for accounting purposes. Such gains and losses are included in the consolidated income statement under Financial income (expenses), net.

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

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

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

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

3

2 Segment information

Primary reporting format: business segments

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

	Seamless	Welded & Other Metallic Products	Energy	Other
(Unaudited)				
Nine-month period ended September 30, 2006				
Net sales	4,657,469	362,519	403,722	244
Cost of sales	(2,151,812)	(262,752)	(390,534)	(168)
Gross profit	2,505,657	99,767	13,188	75
Depreciation and amortization	140,241	15,879	1,503	8
Nine-month period ended September 30, 2005				
Net sales	3,667,049	636,849	362,593	171
Cost of sales	(1,987,376)	(425,808)	(354,959)	(103)
Gross profit	1,679,673	211,041	7,634	67
Depreciation and amortization	133,040	11,185	1,973	10

Edgar Filing: TENARIS SA - Form 6-K

Secondary reporting format: geographical segments

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

	South America	Europe	North America	Middle East & Africa	Far East & Oceania
Nine-month period ended September 30, 2006			(Unaudited)		
Net sales	1,091,230	1,394,850	1,321,558	1,335,281	524,000
Depreciation and amortization	69,723	46,306	44,940	583	4,000
Nine-month period ended September 30, 2005					
Net sales	1,353,356	1,114,478	1,281,329	636,435	452,000
Depreciation and amortization	62,151	53,755	35,925	50	4,000

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

4

3 Cost of sales

	Nine-month period September 30,
(all amounts in thousands of U.S. dollars)	2006
	(Unaudited)
Inventories at the beginning of the period	1,376,113
Plus: Charges of the period	
Raw materials, energy, consumables and other	2,372,914
Services and fees	275,865
Labor cost	346,522
Depreciation of property, plant and equipment	144,390
Amortization of intangible assets	2,163
Maintenance expenses	82,128
Provisions for contingencies	-
Allowance for obsolescence	6,932
Taxes	2,964
Other	32,747
	3,266,625
Less: Inventories at the end of the period	(1,668,723)
	2,974,015

4 Selling, general and administrative expenses

	Nine-month period September 30,
(all amounts in thousands of U.S. dollars)	2006

Edgar Filing: TENARIS SA - Form 6-K

	(Unaudited)
Services and fees	87,477
Labor cost	194,589
Depreciation of property, plant and equipment	6,473
Amortization of intangible assets	12,982
Commissions, freight and other selling expenses	261,127
Provisions for contingencies	7,915
Allowances for doubtful accounts	1,991
Taxes	81,684
Other	58,644

	712,882

5 Financial income (expenses), net

	Nine-month period September 30,

(all amounts in thousands of U.S. dollars)	2006

	(Unaudited)
Interest expense	(42,292)
Interest income	43,818
Net foreign exchange transaction results and changes in fair value of derivative instruments	9,304
Other	88

	10,918

5

6 Property, plant and equipment and Intangible assets, net

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

7 Dividends per share

The shareholders' meeting held on June 7, 2006 approved the payment of a dividend in the amount of \$0.30 per share or approximately \$354.1 million, corresponding to operating results for 2005. This amount included the interim

Edgar Filing: TENARIS SA - Form 6-K

dividend paid in November, 2005, in the amount of \$0.127 per share or approximately \$149.9 million. Tenaris paid the balance of the annual dividend amounting to approximately \$204.2 million corresponding to \$0.173 per share during 2006. During 2005 Tenaris paid \$199.5 million corresponding to \$0.169 per share.

8 Contingencies, commitments and restrictions to the distribution of profits

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

(i) Commitments

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

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

6

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

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

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

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

(unaudited)
1,180,537

Edgar Filing: TENARIS SA - Form 6-K

Legal reserve	118,054
Share premium	609,733
Retained earnings including net income for the nine-month period ended September 30, 2006	1,392,057

Total shareholders equity in accordance with Luxembourg law	3,300,381

At least 5% of the net income per year as calculated in accordance with Luxembourg law and regulations must be allocated to the creation of a legal reserve equivalent to 10% of share capital. As of September 30, 2006, this reserve is fully allocated and additional allocations to the reserve are not required under Luxembourg law. Dividends may not be paid from this reserve.

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

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

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

Retained earnings at September 30, 2006 under Luxembourg law	1,392,057

9 Business acquisitions, incorporation of subsidiaries and other significant events

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

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

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

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

Edgar Filing: TENARIS SA - Form 6-K

products division.

7

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

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

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

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

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

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

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

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

On February 6, 2006, Ternium completed its IPO, issuing an additional 248,447,200 shares (equivalent to 24,844,720 ADS) at a price of \$2.00 per share, or \$20.00 per ADS. Tenaris received an additional 20,252,338 shares upon the mandatory conversion of its loans to Ternium. In addition to the

Edgar Filing: TENARIS SA - Form 6-K

shares issued to Tenaris, Ternium issued shares to other shareholders corresponding to their mandatory convertible loans. On February 23, 2006, the underwriters of Ternium's IPO exercised an overallotment option under which Ternium issued an additional 37,267,080 shares (equivalent to 3,726,708 ADS). As a result of the IPO and the conversion of loans, as of February 6, 2006, Tenaris' ownership stake in Ternium amounted to 11.46%. The effect of these transactions resulted in an additional increase of the Company's proportional ownership in Ternium's equity of approximately \$27.7 million, which Tenaris recognized in Other Reserves in equity.

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

8

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

(d) Acquisition of Welded Pipe Business in Argentina

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

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

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

(e) Minority Interest

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

10 Related party disclosures

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

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

Edgar Filing: TENARIS SA - Form 6-K

with companies in which Tenaris owns 20% to 50% of the voting rights or over which Tenaris exerts significant influence in accordance with IFRS, but does not have control. All other transactions with related parties which are not Associated and which are not consolidated are disclosed as "Other".

The transactions and balances with related parties are shown below:

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

Nine-month period ended September 30, 2006		Associated (1)	Other	T
(i)	Transactions			
	(a) Sales of goods and services			
	Sales of goods	96,672	44,332	
	Sales of services	13,586	2,661	
		110,258	46,993	
	(b) Purchases of goods and services			
	Purchases of goods	66,658	16,903	
	Purchases of services	8,368	58,254	
		75,026	75,157	
9				
10	Related party disclosures (Cont'd)			
Nine-month period ended September 30, 2005		Associated (2)	Other	T
(i)	Transactions			
	(a) Sales of goods and services			
	Sales of goods	78,584	63,709	
	Sales of services	3,649	7,263	
		82,233	70,972	
	(b) Purchases of goods and services			
	Purchases of goods	31,215	33,144	
	Purchases of services	12,057	46,907	
		43,272	80,051	
At September 30, 2006		Associated (3)	Other	T
(ii)	Period-end balances			
	(a) Related to sales / purchases of goods / services			

Edgar Filing: TENARIS SA - Form 6-K

	Receivables from related parties	33,736	23,677
	Payables to related parties	(23,363)	(15,397)
		-----	-----
		10,373	8,280
		-----	-----
	(b) Other balances		
	Receivables	2,079	-
	(c) Financial debt		
	Borrowings (6)	(57,449)	-
	At December 31, 2005		
		Associated (4)	Other
		-----	-----
(ii)	Period-end balances		
	(a) Related to sales / purchases of goods / services		
	Receivables from related parties	30,988	15,228
	Payables to related parties	(21,034)	(8,413)
		-----	-----
		9,954	6,815
		-----	-----
	(b) Other balances (5)	42,437	-
	(c) Financial debt		
	Borrowings (6)	(54,801)	-
(1)	Includes Ternium S.A. and its subsidiaries, Conducid C.A. As from September 1, 2006, it also includes Finma S.A.I.F.		
(2)	Includes: Conducid, Ylopa, Amazonia and Sidor.		
(3)	Includes Ternium S.A. and its subsidiaries, Conducid C.A. and Finma S.A.I.F.		
(4)	Includes Ternium S.A. and its subsidiaries and Conducid C.A.		
(5)	Includes convertible loan to Ternium S.A. of \$40.4 million.		
(6)	Convertible loan from Sidor C.A. to Matesi (Materiales Siderurgicos S.A.).		

Carlos Condorelli
Chief Financial Officer

10

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 September 30, 2006.

SIGNATURE

Edgar Filing: TENARIS SA - Form 6-K

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: November 9, 2006

Tenaris, S.A.

By: /s/ Cecilia Bilesio

Cecilia Bilesio
Corporate Secretary