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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
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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's press release announcing its 2007 Second Quarter Results.

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.

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Date: August 6, 2007

Tenaris, S.A.

By: /s/ Cecilia Bilesio

Cecilia Bilesio
Corporate Secretary

Tenaris Announces 2007 Second Quarter Results

The financial and operational information contained in this press release is based on unaudited consolidated condensed interim financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and presented in U.S. dollars.

LUXEMBOURG--(BUSINESS WIRE)--Aug. 3, 2007--Tenaris S.A. (NYSE:TS) (BI:TEN) (BMV:TS) (BCBA:TS) ("Tenaris") today announced its results for the quarter and semester ended June 30, 2007 with comparison to its results for the quarter and semester ended June 30, 2006.

Summary of 2007 Second Quarter Results

(Comparison with first quarter of 2007 and second quarter of 2006)

	----- Q2 2007 -----	----- Q1 2007 -----		----- Q2 2006 -----	
Net sales (US\$ million)	2,604.2	2,425.3	7%	1,841.3	41%
Operating income (US\$ million)	780.4	757.6	3%	690.1	13%
Net income (US\$ million)	534.5	509.4	5%	495.8	8%
Shareholders' net income (US\$ million)	496.0	480.3	3%	471.8	5%
Earnings per ADS (US\$)	0.84	0.81	3%	0.80	5%
Earnings per share (US\$)	0.42	0.41	3%	0.40	5%
EBITDA (US\$ million)	910.7	858.1	6%	745.2	22%
EBITDA margin (% of net sales)	35%	35%		40%	

Our results in the second quarter continue to reflect a solid operating performance. Net sales were up 41%, operating income up 13% and earnings per share up 5% year on year, as a positive operating environment in the rest of the world offset a sharp decline in drilling activity in Canada. We continue to make progress in integrating our North American operations and positioning our commercial offer with its full range of products. Free cash flow (net cash provided by operations less capital expenditures) totaled

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US\$101.9 million, and net financial debt (total financial debt less cash and other current investments) increased to US\$3,761.7 million at June 30, 2007 following the Hydril acquisition and payment of an annual dividend.

Appointment of Chief Financial Officer

Carlos Condorelli, who was recently elected to serve as a member of our Board of Directors, will retire from his position as our Chief Financial Officer as of September 30, 2007. He will continue to serve as an advisor to Paolo Rocca, our Chairman and CEO. Ricardo Soler, who served as Executive Vice-President of Confab, our Brazilian welded pipe subsidiary, until November 2006 and is currently serving as CEO of our recently acquired Hydril subsidiary, will be our new CFO. As our CFO since inception as a publicly listed company in 2002, Carlos Condorelli has played a key role in the growth of Tenaris overseeing the exchange offer through which Tenaris was consolidated into a single, global enterprise as well as the subsequent expansion of the Company into Eastern Europe and North America.

Consolidation of Hydril

These second quarter results include the consolidation of Hydril's results of operations and financial condition beginning in May. Hydril's premium connection business has been included in our Tubes segment and a new segment has been created for Hydril's pressure control business.

Market Background and Outlook

After fluctuating in the first quarter, oil prices have resumed the upwards trend shown in the past three years as global demand projections have been revised upwards. On the other hand, North American gas prices, which had shown signs of recovery in the first half of 2007 have been falling again as the level of gas in storage has risen to the higher end of the seasonal range. The international count of active drilling rigs, as published by Baker Hughes, continued to rise and averaged 1002 during the second quarter, an increase of 2% over the previous quarter and one of 10% compared to the same quarter of the previous year. In North America, however, where drilling activity is more sensitive to regional gas prices, the Canadian rig count, in addition to showing its customary seasonal weakness, registered a 51% decline in the second quarter of 2007 compared to the same quarter of 2006. The U.S. rig count remained stable showing a 1% increase during the second quarter of 2007 compared to the first quarter of 2007 and was up 8% compared to the second quarter of 2006.

The decline in the Canadian rig count was to a level last seen in 2002 and was concentrated in Western Canadian gas drilling. With North American gas prices continuing to fall, any recovery in Canadian drilling activity in the second half of the year is likely to be limited. Demand in the rest of the world, however, remains firm as oil and gas operators continue to increase investments in exploration and production activity.

The costs of our steelmaking raw materials and energy have risen in the year to date and these cost increases will be more fully reflected in our results for the second half. However, continuing improvements in our product mix should offset the impact of higher costs and the normal seasonal decline in seamless pipe sales volumes in the third quarter on our operating margins in the second half.

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Sales of our pipes for pipeline projects in South America picked up at the end of the first quarter as we commenced deliveries to the GASCAC phase of the GASENE project in Brazil. Sales are expected to remain strong during the rest of the year as we complete deliveries to this and other projects in Brazil.

Analysis of 2007 Second Quarter Results

----- Sales volume (metric tons) -----	----- Q2 2007 -----	----- Q2 2006 -----	----- Increase/ (Decrease) -----
Tubes - Seamless	750,000	765,000	(2%)
Tubes - Welded	215,000	13,000	
Tubes - Total	965,000	778,000	24%
Projects - Welded	115,000	69,000	67%
Total	1,080,000	847,000	28%

----- Tubes -----	----- Q2 2007 -----	----- Q2 2006 -----	----- Increase/ (Decrease) -----
(Net sales - US\$ million)			
North America	693.8	404.4	72%
South America	326.5	238.4	37%
Europe	421.6	339.1	24%
Middle East & Africa	547.3	494.0	11%
Far East & Oceania	203.2	175.5	16%
Total net sales (US\$ million)	2,192.3	1,651.4	33%
Cost of sales (% of sales)	50%	46%	
Operating income (US\$ million)	719.5	676.8	6%
Operating income (% of sales)	33%	41%	

Net sales of tubular products and services rose 33% to US\$2,192.3 million in the second quarter of 2007, compared to US\$1,651.4 million in the second quarter of 2006, due primarily to the incorporation of sales from the former Maverick and Hydril operations. On a like for like basis, average selling prices rose largely due to product mix improvements. In North America, sales were affected by a sharp decline in drilling activity in Canada, but sales of OCTG products rose in Mexico reflecting a moderate increase in oil and gas drilling activity. In South America, sales benefited from a recovery in demand in Venezuela. In the Middle East and Africa, sales of premium connection and other specialized products increased but demand for API products was lower in some markets following a build up of stocks in 2006. In Europe, sales increased primarily due to an increase in average selling prices.

----- Projects -----	----- Q2 2007 -----	----- Q2 2006 -----	----- Increase/ (Decrease) -----
Net sales (US\$ million)	200.8	104.8	92%
Cost of sales (% of sales)	72%	73%	

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Operating income (US\$ million)	38.3	11.0	248%
Operating income (% of sales)	19%	11%	

Net sales of pipes for pipeline projects increased 92% to US\$200.8 million in the second quarter of 2007, compared to US\$104.8 million in the second quarter of 2006, reflecting higher sales in Brazil where deliveries for the GASCAC phase of the GASENE project which commenced at the end of the first quarter continued during the period.

Pressure Control	Q2 2007
Net sales (US\$ million)	49.2
Cost of sales (% of sales)	61%
Operating income (US\$ million)	9.2
Operating income (% of sales)	19%

Net sales of pressure control products amounted to US\$49.2 million in the two months since we acquired this business from Hydril. The business has a good backlog of orders and sales are expected to remain strong into 2009.

Others	Q2 2007	Q2 2006	Increase/(Decrease)
Net sales (US\$ million)	161.8	85.2	90%
Cost of sales (% of sales)	79%	74%	
Operating income (US\$ million)	13.4	2.3	484%
Operating income (% of sales)	8%	3%	

Net sales of other products and services rose 90% to US\$161.8 million in the second quarter of 2007, compared to US\$85.2 million in the second quarter of 2006, reflecting the inclusion of sales of conduit pipes.

Selling, general and administrative expenses, or SG&A, increased as a percentage of net sales to 15.7% in the quarter ended June 30, 2007 compared to 13.4% in the corresponding quarter of 2006 due primarily to an increase in amortization expenses following the incorporation of Maverick and Hydril. Amortization of customer relationships and other intangibles acquired with Maverick and Hydril amounted to US\$58 million in the quarter, of which US\$19 million corresponded to Hydril.

Other income and expenses included an expense of US\$10.3 million relating to the settlement of outstanding redemptions on Maverick's 2005 notes.

Net interest expenses rose to US\$47.8 million in the second quarter of 2007 compared to US\$1.2 million in the same period of 2006 reflecting an increased net debt position following the Maverick and Hydril acquisitions.

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Other financial results recorded a gain of US\$15.1 million during the second quarter of 2007, compared to a gain of US\$5.4 million during the second quarter of 2006. These results largely reflect gains and losses on net foreign exchange transactions and the fair value of derivative instruments and are to a large extent offset by changes to our net equity position. They arise due to the fact that most of our subsidiaries prepare their financial statements in currencies other than the US dollar in accordance with IFRS.

Equity in earnings of associated companies generated a gain of US\$29.4 million in the second quarter of 2007, compared to a gain of US\$25.6 million in the second quarter of 2006. These gains were derived mainly from our equity investment in Ternium.

Income tax charges totaled US\$242.7 million in the second quarter of 2007, equivalent to 32% of income before equity in earnings of associated companies and income tax, compared to US\$225.7 million in the second quarter of 2006, equivalent to 33% of income before equity in earnings of associated companies and income tax.

Income attributable to minority interest rose to US\$38.5 million in the second quarter of 2007, compared to US\$24.0 million in the corresponding quarter of 2006 reflecting higher operating and financial results at our Confab and NKKTubes subsidiaries.

Cash Flow and Liquidity

Net cash provided by operations during the second quarter of 2007 was US\$211.1 million (US\$899.4 million in the first half), compared to US\$170.0 million in the second quarter of 2006 (US\$714.1 million in the first half). Cash flow in the second quarter is affected by the concentration of income tax payments made in this quarter. Working capital increased by US\$34.8 million during the second quarter principally in our Projects segment.

Capital expenditures amounted to US\$109.2 million in the second quarter of 2007 (\$229.1 million in the first half), compared to US\$99.6 million in the second quarter of 2006 (US\$169.1 million in the first half). These expenditures reflect the progress of implementation of our two-year investment program to increase capacity for specialized products. During this second quarter of 2007 we completed construction of new heat treatment plants in Mexico and Argentina.

During the first half of 2007, total financial debt increased by US\$1,171.0 million to US\$4,822.3 million at June 30, 2007 from US\$3,651.2 million at December 31, 2006. Net financial debt during the first half of 2007 increased by US\$1,666.4 million to US\$3,761.7 million at June 30, 2007 following the acquisition of Hydril for a total consideration of \$2.0 billion and the payment of \$354 million as an annual dividend in June 2007.

Analysis of 2007 First Half Results

Net income attributable to equity holders in the company during the first semester of 2007 was US\$976.3 million, or US\$0.83 per share (US\$1.65 per ADS), which compares with net income attributable to equity holders in the company during the first semester of 2006 of US\$891.5 million, or US\$0.76 per share (US\$1.51 per ADS). Operating income was US\$1,538.0 million, or 31% of net sales, compared to US\$1,287.2 million, or 37% of net sales. Operating income plus depreciation and amortization was US\$1,768.8 million, or 35% of net sales, compared to US\$1,397.0 million, or 40% of net sales.

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Sales volume (metric tons)	H1 2007	H1 2006	Increase/ (Decrease)
Tubes - Seamless	1,497,000	1,480,000	1%
Tubes - Welded	466,000	20,000	
Tubes - Total	1,963,000	1,500,000	31%
Projects - Welded	190,000	127,000	50%
Total	2,153,000	1,627,000	32%

Tubes	H1 2007	H1 2006	Increase/ (Decrease)
(Net sales - US\$ million)			
North America	1,421.6	853.9	66%
South America	587.1	457.2	28%
Europe	840.3	635.2	32%
Middle East & Africa	1,127.2	804.9	40%
Far East & Oceania	360.9	348.2	4%
Total net sales (US\$ million)	4,337.1	3,099.4	40%
Cost of sales (% of sales)	50%	47%	
Operating income (US\$ million)	1,441.5	1,249.0	15%
Operating income (% of sales)	33%	40%	

Net sales of tubular products and services rose 40% to US\$4,337.1 million in the first half of 2007, compared to US\$3,099.4 million in the first half of 2006, due primarily to the incorporation of sales from the former Maverick and Hydril operations. On a like for like basis, average selling prices increased due largely to product mix improvements and volumes registered a marginal increase.

Projects	H1 2007	H1 2006	Increase/ (Decrease)
Net sales (US\$ million)	325.3	201.0	62%
Cost of sales (% of sales)	70%	70%	
Operating income (US\$ million)	64.6	27.3	137%
Operating income (% of sales)	20%	14%	

Net sales of pipes for pipeline projects increased 62% to US\$325.3 million in the first half of 2007, compared to US\$201.0 million in the first half of 2006, reflecting higher sales in Brazil where deliveries for the GASCAC phase of the GASENE project began during the period.

Pressure Control	H1 2007
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Net sales (US\$ million)	49.2
Cost of sales (% of sales)	61%
Operating income (US\$ million)	9.2
Operating income (% of sales)	19%

Others	H1 2007	H1 2006	Increase/ (Decrease)
Net sales (US\$ million)	318.0	162.8	95%
Cost of sales (% of sales)	80%	75%	
Operating income (US\$ million)	22.6	10.9	109%
Operating income (% of sales)	7%	7%	

Net sales of other products and services rose 95% to US\$318.0 million in the first half of 2007, compared to US\$162.8 million in the first half of 2006, reflecting the inclusion of sales of conduit pipes.

Selling, general and administrative expenses, or SG&A, increased as a percentage of net sales to 15.6% in the semester ended June 30, 2007 compared to 13.4% in the corresponding semester of 2006 due primarily to an increase in amortization expenses following the incorporation of Maverick and Hydril. Amortization of customer relationships and other intangibles acquired with Maverick and Hydril amounted to US\$95 million in the semester, of which US\$19 million corresponded to Hydril.

Net interest expenses rose to US\$83.3 million in the first half of 2007 compared to US\$0.5 million in the same period of 2006 reflecting an increased net debt position following the Maverick and Hydril acquisitions.

Other financial results recorded a gain of US\$2.1 million during the first half of 2007, compared to a gain of US\$15.1 million during the first half of 2006. These results largely reflect gains and losses on net foreign exchange transactions and the fair value of derivative instruments and are to a large extent offset by changes to our net equity position. They arise due to the fact that most of our subsidiaries prepare their financial statements in currencies other than the US dollar in accordance with IFRS.

Equity in earnings of associated companies generated a gain of US\$55.3 million in the first half of 2007, compared to a gain of US\$47.1 million in the first half of 2006. These gains were derived mainly from our equity investment in Ternium.

Income tax charges totaled US\$468.2 million in the first half of 2007, equivalent to 32% of income before equity in earnings of associated companies and income tax, compared to US\$415.8 million in the first half of 2006, equivalent to 32% of income before equity in earnings of associated companies and income tax.

Income attributable to minority interest rose to US\$67.6 million in the first half of 2007, compared to US\$46.0 million in the corresponding semester of 2006 reflecting higher operating and financial results at our Confab and NKK Tubes subsidiaries.

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Some of the statements contained in this press release are "forward-looking statements." Forward-looking statements are based on management's current views and assumptions and involve known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied by those statements. These risks include but are not limited to risks arising from uncertainties as to future oil and gas prices and their impact on investment programs by oil and gas companies.

Consolidated 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,	
	2007	2006	2007	2006
Continuing operations	(Unaudited)		(Unaudited)	
Net sales	2,604,206	1,841,346	5,029,505	3,463,237
Cost of sales	(1,404,558)	(903,261)	(2,696,056)	(1,719,588)
Gross profit	1,199,648	938,085	2,333,449	1,743,649
Selling, general and administrative expenses	(408,511)	(246,142)	(782,778)	(462,782)
Other operating income (expense), net	(10,723)	(1,880)	(12,660)	6,305
Operating income	780,414	690,063	1,538,011	1,287,172
Interest income	20,208	13,221	42,399	25,616
Interest expense	(67,996)	(14,437)	(125,723)	(26,076)
Other financial results	15,121	5,386	2,078	15,083
Income before equity in earnings of associated companies and income tax	747,747	694,233	1,456,765	1,301,795
Equity in earnings of associated companies	29,398	25,551	55,305	47,072
Income before income tax	777,145	719,784	1,512,070	1,348,867
Income tax	(242,659)	(225,739)	(468,190)	(415,765)
Income for continuing operations	534,486	494,045	1,043,880	933,102
Discontinued operations				
Income for discontinued operations	-	1,719	-	4,352
Income for the period	534,486	495,764	1,043,880	937,454
Attributable to:				
Equity holders of the Company	495,950	471,771	976,254	891,459
Minority interest	38,536	23,993	67,626	45,995

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534,486	495,764	1,043,880	937,454
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Consolidated Interim Balance Sheet

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

At June 30, 2007	At December 31, 2006
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(Unaudited)

ASSETS

Non-current assets

Property, plant and equipment, net	3,228,277		2,939,241	
Intangible assets, net	4,925,668		2,844,498	
Investments in associated companies	478,663		422,958	
Other investments	40,829		26,834	
Deferred tax assets	337,460		291,641	
Receivables	43,879	9,054,776	41,238	6,566,410

Current assets

Inventories	2,640,572		2,372,308	
Receivables and prepayments	258,930		272,632	
Current tax assets	200,650		202,718	
Trade receivables	1,818,443		1,625,241	
Other investments	169,411		183,604	
Cash and cash equivalents	891,159	5,979,165	1,372,329	6,028,832

Total assets

15,033,941	12,595,242
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EQUITY

Capital and reserves attributable to the Company's equity holders

Share capital	1,180,537		1,180,537	
Legal reserves	118,054		118,054	
Share premium	609,733		609,733	
Currency translation adjustments	141,928		3,954	
Other reserves	27,931		28,757	
Retained earnings	4,019,677	6,097,860	3,397,584	5,338,619

Minority interest

427,557	363,011
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Total equity

6,525,417	5,701,630
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LIABILITIES

Non-current liabilities

Borrowings	3,955,243	2,857,046
Deferred tax liabilities	1,358,852	991,945
Other liabilities	218,543	186,724
Provisions	92,899	92,027

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Trade payables	343	5,625,880	366	4,128,108
	-----		-----	
Current liabilities				
Borrowings	867,049		794,197	
Current tax liabilities	397,853		565,985	
Other liabilities	261,535		187,701	
Provisions	24,453		26,645	
Customer advances	488,649		352,717	
Trade payables	843,105	2,882,644	838,259	2,765,504
Total liabilities		8,508,524		6,893,612
Total equity and liabilities		15,033,941		12,595,242

Consolidated Interim Cash Flow Statement

	Three-month period ended June 30,		Six-month period ended June 30,	
	-----		-----	
(all amounts in thousands of U.S. dollars)	2007	2006	2007	2006
	-----	-----	-----	-----
	(Unaudited)		(Unaudited)	
Cash flows from operating activities				
Income for the period	534,486	495,764	1,043,880	937,454
Adjustments for:				
Depreciation and amortization	130,284	55,115	230,771	109,790
Income tax accruals less payments	(375,170)	(173,618)	(249,793)	(90,160)
Equity in earnings of associated companies	(29,398)	(25,551)	(55,305)	(47,072)
Interest accruals less payments, net	(40,564)	(6,756)	4,865	(1,464)
Income from disposal of investment	-	-	-	(6,933)
Changes in provisions	3,750	4,800	(3,480)	5,531
Changes in working capital	(34,846)	(195,284)	(125,365)	(219,541)
Other, including currency translation adjustment	22,560	15,525	53,803	26,472
	-----	-----	-----	-----
Net cash provided by operating activities	211,102	169,995	899,376	714,077
	-----	-----	-----	-----
Cash flows from investing activities				
Capital expenditures	(109,237)	(99,572)	(229,149)	(169,101)
Acquisitions of subsidiaries and minority interest	(1,925,432)	(9,301)	(1,927,182)	(39,110)
Other disbursements relating to the				

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acquisition of Hydril	(71,580)	-	(71,580)	-
Decrease in subsidiaries	-	-	(1,195)	-
Proceeds from disposal of property, plant and equipment and intangible assets	1,903	1,568	4,596	3,388
Dividends received	11,496	-	11,496	-
Changes in restricted bank deposits	-	(21)	-	627
Investments in short terms securities	19,277	1,120	14,193	(176,530)
Net cash used in investing activities	(2,073,573)	(106,206)	(2,198,821)	(380,726)
Cash flows from financing activities				
Dividends paid	(354,161)	(204,233)	(354,161)	(204,233)
Dividends paid to minority interest in subsidiaries	(36,563)	(8,420)	(39,922)	(16,001)
Proceeds from borrowings	2,159,852	133,478	2,208,026	234,563
Repayments of borrowings	(657,814)	(115,558)	(1,018,713)	(270,159)
Net cash provided by (used in) financing activities	1,111,314	(194,733)	795,230	(255,830)
(Decrease) Increase in cash and cash equivalents	(751,157)	(130,944)	(504,215)	77,521
Movement in cash and cash equivalents				
At beginning of the period	1,614,686	887,222	1,365,008	680,591
Effect of exchange rate changes	19,513	(4,019)	22,249	(5,853)
(Decrease) Increase in cash and cash equivalents	(751,157)	(130,944)	(504,215)	77,521
At June 30,	883,042	752,259	883,042	752,259
	At June 30,		At June 30,	
Cash and cash equivalents	2007	2006	2007	2006
Cash and bank deposits	891,159	776,146	891,159	776,146
Bank overdrafts	(8,096)	(22,466)	(8,096)	(22,466)
Restricted bank deposits	(21)	(1,421)	(21)	(1,421)
	883,042	752,259	883,042	752,259
Non-cash financing activity	2007	2006	2007	2006
Conversion of debt to equity in subsidiaries	35,140	-	35,140	-

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