

NATIONAL STEEL CO  
Form 6-K  
May 17, 2004

---

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM 6-K**

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

**For the month of May, 2004**

**Commission File Number 1-14732**

---

**COMPANHIA SIDERÚRGICA NACIONAL**

(Exact name of registrant as specified in its charter)

**National Steel Company**

(Translation of Registrant's name into English)

**Rua Lauro Muller, 116 - sala 3702**

**Rio de Janeiro, RJ**

**Federative Republic of Brazil**

(Address of principal executive office)

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

---

## Edgar Filing: NATIONAL STEEL CO - Form 6-K

(Convenience Translation into English from the Original Previously Issued in Portuguese)

### Independent Accountants Special Review Report

To the Stockholders and Management of  
Companhia Siderúrgica Nacional  
Rio de Janeiro RJ

1. We have conducted a special review on the quarterly report (ITRs) of COMPANHIA SIDERÚRGICA NACIONAL (a Brazilian corporation), which includes the individual (Parent Company) and consolidated balance sheets as of March 31, 2004, the related statements of income for the quarter then ended, the performance report and the relevant information, presented in accordance with the accounting principles generally accepted in Brazil, prepared under the responsibility of the Company's management.
2. Except for the issue presented in paragraph (3), our review was conducted in accordance with specific standards established by the Brazilian Institute of Accountants - IBRACON, together with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries and discussions with the Company's management responsible for the accounting, financial and operating areas as to the principal criteria adopted in the preparation of the quarterly information; and (b) review of the information and subsequent events that had or may have significant effects on the Company's and its subsidiaries financial position and operations.
3. As described in Note 14 to the quarterly financial information, the Company and its affiliate MRS Logística S.A. and its subsidiary Galvasud S.A. elected to defer net losses arising from exchange variations in the year 2001, in conformity with Provisional Measure no.3/2001 and Deliberations no.404/2001 and 409/2001 from the Brazilian Securities Commission - CVM. The accounting practices adopted in Brazil require the recognition in income of the effects of exchange rate variations during the period in which they occurred. As a result, as of March 31, 2004 the stockholders' equity is overstated by approximately R\$55 million (R\$75 million in the year 2003) and the net income for the period ended March 31, 2004, is understated by approximately R\$20 million (R\$23 million for the first quarter of 2003), net of fiscal effects.
4. Based on our special review, except for the effects of the matter mentioned in paragraph (3), we are not aware of any material modification that should be made to the quarterly report referred to in paragraph (1) above for it to be in accordance with the accounting practices adopted in Brazil, applied in compliance with the standards laid down by CVM (Brazilian Securities Commission), specifically applicable to the preparation of the quarterly information.
5. As described in Note 7 to the Quarterly Information, as of March 31, 2004, the Company and its subsidiaries had recorded in current assets, accounts receivable in the amount of R\$77 million, related to the sale of energy in the Wholesale Electric Energy Market - MAE, for the period between September 2000 and September 2002. These amounts are subject to changes, depending on the decision on judicial process under-way filed by electric energy sector, related to the interpretation of market regulation in effect for that period.
6. The individual and consolidated financial statements as of December 31, 2003 presented for comparative purposes, were reviewed by us, and our report, dated February 27, 2004 included a qualification with respect to the deferral of net negative exchange variations for the year 2001 and an emphasis paragraph with respect to the realization of accounts receivable related to the sale of energy on the wholesale Electric Energy Market - MAE for the period September 2000 to September 2002. The individual and consolidated statements of income in the quarter ended March 31, 2003, presented for comparative purposes, were reviewed by us, and our report, dated May 2, 2003, contains a qualification with respect to the deferral of net negative exchange variations in the year 2001 and an emphasis paragraph with respect to the realization of accounts receivable related to the sale of energy on the MAE.
7. Our special review was conducted for the purpose of issuing a report on the Quarterly Information referred to in paragraph (1) above, taken as a whole. The Supplementary Information related to the Value-added Statement, presented in Note 24, the EBTIDA Statement included in Note 25, and the Statements of Changes in Financial Position and of Cash Flows presented in Attachment 16.01 to the Quarterly Information are presented for the purposes of allowing additional analyzes and are not required as part of the basic quarterly report. This information was reviewed according to the review procedures mentioned in paragraph (2) above, and based on our special review, is fairly stated, in all material respects, in relation to the Quarterly Information taken as a whole.

Rio de Janeiro, April 30, 2004

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Marcelo Cavalcanti Almeida  
Engagement Partner

Edgar Filing: NATIONAL STEEL CO - Form 6-K

(Translation of the report originally issued in Portuguese.

See Note 29 to the financial statements)

FEDERAL PUBLIC SERVICE

CORPORATE LAW

CVM - BRAZILIAN SECURITIES COMMISSION

QUARTERLY INFORMATION - ITR

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

DATE - 03/31/2004

01.01 - IDENTIFICATION

1 - CVM CODE 00403-0	2 - NAME OF COMPANY COMPANHIA SIDERÚRGICA NACIONAL	3 - TAX PAYER 33.042.730/0001-04
-------------------------	---	-------------------------------------

02.01 - BALANCE SHEET - ASSETS (IN THOUSANDS OF BRAZILIAN REAIS)

1- Code	2 - Description	3 - 03/31/2004	4 - 12/31/2003
1	Total Assets	24,463,953	24,310,482
1.01	Current Assets	5,444,298	5,507,669
1.01.01	Cash	123,428	69,027
1.01.02	Credits	1,682,192	1,740,091
1.01.02.01	Trade accounts receivable - Domestic Market	702,768	695,978
1.01.02.02	Trade Accounts Receivable - Export Market	1,080,337	1,142,383
1.01.02.03	Allowance for doubtful accounts	(100,913)	(98,270)
1.01.03	Inventories	832,916	642,435
1.01.04	Others	2,805,762	3,056,116
1.01.04.01	Marketable Securities	2,192,910	2,124,144
1.01.04.02	Withholding Income Tax and Social Contribution to Offset	4,668	75,407
1.01.04.03	Deferred Income Tax	213,372	241,194
1.01.04.04	Deferred Social Contribution	53,465	61,737
1.01.04.05	Dividends Receivable	68,643	117,219
1.01.04.06	Prepaid Expenses	42,341	38,456
1.01.04.07	Other	230,363	397,959
1.02	Long-Term Assets	3,266,334	3,162,132
1.02.01	Credits	28,312	27,066
1.02.01.01	Compulsory Loans - Eletrobras	28,312	27,066
1.02.02	Credit With Related Parties	1,310,366	1,285,434
1.02.02.01	Affiliates	-	-
1.02.02.02	Subsidiaries	1,310,366	1,285,434
1.02.02.03	Other Related Parties	-	-
1.02.03	Others	1,927,656	1,849,632
1.02.03.01	Deferred Income Tax	669,456	636,448
1.02.03.02	Deferred Social Contribution	72,353	72,456
1.02.03.03	Judicial Deposits	519,756	481,122
1.02.03.04	Securities Receivable	46,133	44,595

## Edgar Filing: NATIONAL STEEL CO - Form 6-K

1.02.03.05	Marketable Securities	154,270	154,458
1.02.03.06	Recoverable PIS/PASEP	56,176	55,031
1.02.03.07	Prepaid Expenses	48,437	48,110
1.02.03.08	Investment Available for Sale	253,021	248,691
1.02.03.09	Others	108,054	108,721
1.03	Permanent Assets	15,753,321	15,640,981
1.03.01	Investments	3,120,001	2,879,772
1.03.01.01	In Affiliates	-	-
1.03.01.02	In Subsidiaries	3,120,001	2,879,772
1.03.01.03	Other Investments	-	-
1.03.02	Property, plant and Equipment	12,333,522	12,430,298
1.03.02.01	In Net Operation	12,151,205	12,246,545
1.03.02.02	Construction	66,249	67,750
1.03.02.03	Lands	116,068	116,003
1.03.03	Deferred	299,798	330,911

Edgar Filing: NATIONAL STEEL CO - Form 6-K

02.01 - BALANCE SHEET - LIABILITIES (IN THOUSANDS OF BRAZILIAN REAIS)

1- Code	2 - Description	3 - 03/31/2004	4 - 12/31/2003
2	Total Liabilities	24,463,953	24,310,782
2.01	Current Liabilities	3,984,296	4,551,745
2.01.01	Loans and Financing	1,538,863	2,279,335
2.01.02	Debentures	577,938	89,152
2.01.03	Suppliers	243,033	432,791
2.01.04	Taxes and Contributions	592,602	799,413
2.01.04.01	Salaries and Social Contributions	46,897	91,805
2.01.04.02	Taxes Payable	324,695	546,047
2.01.04.03	Deferred Income Tax	162,507	118,795
2.01.04.04	Deferred Social Contribution	58,503	42,766
2.01.05	Dividends Payable	717,603	717,608
2.01.06	Provisions	12,570	8,177
2.01.06.01	Labor, Civil and Tax	12,570	8,177
2.01.07	Debt with Related Parties	-	-
2.01.08	Others	301,687	225,269
2.01.08.01	Accounts Payable - Affiliated Company	185,205	183,491
2.01.08.02	Others	116,482	41,778
2.02	Long-Term Liabilities	12,689,366	12,316,105
2.02.01	Loans and Financing	6,818,318	5,880,015
2.02.02	Debentures	900,000	1,566,550
2.02.03	Provisions	3,602,723	3,509,206
2.02.03.01	Labor, Civil, Fiscal and Environmental	588,818	584,309
2.02.03.02	For income Tax in judge	18,825	18,239
2.02.03.03	For Social Contribution in judge	42,585	42,334
2.02.03.04	Other Tax in judge	562,035	442,178
2.02.03.05	Deferred Income tax	1,757,691	1,780,990
2.02.03.06	Deferred Social Contribution	632,769	641,156
2.02.04	Debt with Related Parties	1,022,823	1,006,489
2.02.05	Others	345,502	353,845
2.02.05.01	Provision for Investment Devaluation	62,834	68,437
2.02.05.02	Others	282,668	285,408
2.03	Deferred Income	-	-
2.05	Stockholder's Equity	7,790,201	7,442,932
2.05.01	Paid-In Capital	1,680,947	1,680,947
2.05.02	Capital Reserve	17,319	17,319
2.05.03	Revaluation Reserve	4,946,563	5,008,072
2.05.03.01	Own Assets	4,946,563	5,008,072
2.05.03.02	Subsidiaries/Affiliates	-	-
2.05.04	Revenue Reserves	736,594	736,594
2.05.04.01	Legal	249,391	249,391

Edgar Filing: NATIONAL STEEL CO - Form 6-K

2.05.04.02	Estatutory	-	-
2.05.04.03	For Contingencies	-	-
2.05.04.04	Unrealized Income	-	-
2.05.04.05	Profit Retentions	-	-
2.05.04.06	Especial For Non-Distributesd Dividends	-	-
2.05.04.07	Other Profit Reserves	487,203	487,203
2.05.04.07.01	For Investments	487,203	487,203
2.05.05	Retained Earnings	408,868	-

Edgar Filing: NATIONAL STEEL CO - Form 6-K

03.01 - STATEMENT OF OPERATIONS (IN THOUSANDS OF BRAZILIAN REAIS)

1- Code	2 - Description	3 -01/01/2004 to 03/31/2004	4 - 01/01/2004 to 03/31/2003	5 - 01/01/2003 to 03/31/2003	6 - 01/01/2003 to 03/31/2003
3.01	Gross Revenue from Sales and Services	1,912,141	1,912,141	1,645,432	1,912,141
3.02	Deductions from Gross Revenue	(323,783)	(323,783)	(253,398)	(323,783)
3.03	Net Revenue from Sales and Services	1,588,358	1,588,358	1,392,034	1,588,358
3.04	Cost of Goods and Services Sold	(863,101)	(863,101)	(699,744)	(863,101)
3.04.01	Depreciation, Depletion and Amortization	(156,065)	(156,065)	(117,652)	(156,065)
3.04.02	Others	(707,036)	(707,036)	(582,092)	(707,036)
3.05	Gross Profit	725,257	725,257	692,290	725,257
3.06	Operating Income/Expenses	(250,082)	(250,082)	(142,635)	(250,082)
3.06.01	Selling	(59,606)	(59,606)	(47,604)	(59,606)
3.06.01.01	Depreciation and Amortization	(1,772)	(1,772)	(1,519)	(1,772)
3.06.01.02	Others	(57,834)	(57,834)	(46,085)	(57,834)
3.06.02	General and Administrative	(47,163)	(47,163)	(52,697)	(47,163)
3.06.02.01	Depreciation and Amortization	(5,565)	(5,565)	(5,570)	(5,565)
3.06.02.02	Others	(41,598)	(41,598)	(47,127)	(41,598)
3.06.03	Financial	(374,435)	(374,435)	(15,976)	(374,435)
3.06.03.01	Financial Income	32,371	32,371	(137,282)	32,371
3.06.03.02	Financial Expenses	(406,806)	(406,806)	121,306	(406,806)
3.06.03.02.01	Amortization of Especial Exchange Variation	(27,501)	(27,501)	(34,073)	(27,501)
3.06.03.02.02	Foreign Exchange and Monetary loss, net	(78,985)	(78,985)	337,712	(78,985)
3.06.03.02.03	Financial Expenses	(300,320)	(300,320)	(182,333)	(300,320)
3.06.04	Other Operating Income	11,762	11,762	71,937	11,762
3.06.05	Other Operating Expenses	(22,834)	(22,834)	(46,986)	(22,834)
3.06.06	Equity Results of Subsidiaries and Affiliated Companies	242,194	242,194	(51,309)	242,194
3.07	Operating Income/Loss	475,175	475,175	549,655	475,175
3.08	Non-Operating Income/Loss	(54)	(54)	(5,401)	(54)
3.08.01	Income	2	2	19	2
3.08.02	Expenses	(56)	(56)	(5,420)	(56)
3.09	Income before taxes and participations/contributions	475,121	475,121	544,254	475,121
3.10	Provision for income tax and social contribution	(65,125)	(65,125)	44,589	(65,125)
3.11	Deferred Income Tax	(62,637)	(62,637)	(182,811)	(62,637)
3.12	Statutory Participations/Contributions	-	-	-	-
3.12.01	Participations	-	-	-	-
3.12.02	Contributions	-	-	-	-
3.13	Reversal of Interest on Stockholder's Equity	-	-	-	-
3.15	Net Income (Loss) for the Period	347,359	347,359	406,032	347,359
	OUTSTANDING SHARES (THOUSANDS)	71,729,261	71,729,261		71,729,261
	EARNINGS PER SHARE (R\$)	0.00484	0.00484		0.00484
	LOSS PER SHARE (R\$)				

# Edgar Filing: NATIONAL STEEL CO - Form 6-K

## Companhia Siderúrgica Nacional Management Report for The first quarter of 2004

(Convenience Translation into English from the Original Previously Issued in Portuguese)

### 1. OPERATING CONTEXT

Companhia Siderúrgica Nacional ("CSN") is engaged in the production of flat steel products, its main industrial complexes being the Presidente Vargas Mill in the City of Volta Redonda, State of Rio de Janeiro, and the processing unit in the City of Araucaria, State of Paraná.

CSN is engaged in the mining of iron ore, limestone and dolomite in the State of Minas Gerais, to cater for the needs of the Presidente Vargas mill, and to improve their activities, the Company also maintains strategic investments in railroad, electricity and ports.

For the purpose of establishing a closer approach to its customers and winning additional markets on a global level, the Company has a steel distributor with service and distribution centers extending from the Northeast to the South of Brazil, a two-piece steel can plant geared to the Northeastern beverage industry, and also, a rolling mill in the United States and a 50% participation in another rolling mill in Portugal.

### 2. PRESENTATION OF THE FINANCIAL STATEMENTS

Hereunder the configuration of the Quarterly Information form, the Parent Company and Consolidated Statements of changes in Financial Position and Cash Flow are presented on table Other Information considered material by the Company .

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements were prepared in conformity with the accounting practices adopted in Brazil, as well as with the accounting standards and pronouncements established by CVM - the Brazilian Securities Commission and IBRACON - Brazilian Institute of Accountants

#### (a) Income statement

The results of operations are determined on an annual accrual basis. The Company decided to defer the net exchange variation incurred during fiscal year 2001, as detailed in Note 14.

#### (b) Marketable securities

Securities are recorded at cost plus yields accrued through the balance sheet date, and do not exceed the market value.

#### (c) Allowance for doubtful accounts

The allowance for doubtful accounts has been set up in an amount which, in the opinion of Management suffices to absorb any losses that might be incurred in realizing accounts receivable.

#### (d) Inventories

Inventories are stated at the lower of the average production/purchase cost and net realization value or replacement cost, except in the case of imports in process, which are stated at their identified cost.

#### (e) Other current and long-term assets

Other current and long-term assets are stated at their realization value, including, when applicable, yields accrued to the balance sheet date or, in the case of prepaid expenses, at cost.

#### (f) Investments

Investments in subsidiaries and jointly owned subsidiary companies are recorded by the equity accounting method, plus any amortizable goodwill and discount negative goodwill, if applicable.



## Edgar Filing: NATIONAL STEEL CO - Form 6-K

The other permanent investments are recorded at acquisition cost.

### (g) Property, plant and equipment

The property, plant and equipment of the Parent Company is presented at market or replacement values, based on appraisal reports (refer to note 13) conducted by independent expert appraisers firms, as permitted by Deliberation No. 288 issued by the Brazilian Securities Commission ("CVM") on December 3, 1998. Depreciation is computed by the straight-line method at the rates, shown in the same note, based on the remaining economic useful lives of the assets after revaluation. Iron mines Casa de Pedra depletion is calculated on the basis of the quantity of iron ore extracted. Interest charges related to capital funding for construction in progress are capitalized for as long as the projects remain uncompleted.

### (h) Deferred charges

The deferred charges are basically comprised of expenses incurred for development and implantation of projects that should generate a payback to the Company in the next few years, being the amortization applied on a straight-line basis will follow the period foreseen for the economic return on the above projects. The charges also include the unamortized net of the foreign exchange variations related to the year 2001.

### (i) Current and long-term liabilities

These are stated at their known or estimated values, including, when applicable, accrued charges, monetary and foreign exchange variation incurred through the balance sheet date.

### (j) Employees Benefit

In accordance with Deliberation No. 371, issued by the Brazilian Securities Commission ( CVM ), of December 13, 2000, the Company decided to record the respective actuarial liabilities as from January 1, 2002, in accordance with the above as mentioned in reported deliberation and based on by independent actuarial studies (see note 26 item d).

### (k) Income Tax and Social Contribution on Net Income

Income tax and social contribution on net income are calculated based at their effective tax rates and consider the tax loss absorption limited to 30%, to compute the tax liability. Tax credits are set up for deferred taxes on tax losses, negative basis of social contribution on net income and on temporary differences as well as income tax and social contribution on the 2001 deferred exchange variation and other temporary differences.

### (l) Derivatives

The derivatives operations are recorded in accordance with the characteristics of the financial instruments.

The swaps operations are recorded based on the operations net results, which are booked monthly as for the contractual conditions.

## 4. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of March 31, 2004 and December 31, 2003 include the following direct and indirect subsidiaries and joint subsidiaries:

Companies	Currency of Origin	Percentage share of total and voting capital stock (%)		Main Activities
		03/31/2004	12/31/2003	
<b>Direct Participation: Fully Consolidated</b>				
CSN Energy Corp.	US\$	100.00	100.00	Participation in other companies through equity states
CSN Export Co.	US\$	100.00	100.00	Financial Operations
CSN Islands Corp.	US\$	100.00	100.00	Financial Operations
CSN Islands II Corp.	US\$	100.00	100.00	Financial Operations
CSN Islands III Corp.	US\$	100.00	100.00	Financial Operations
CSN Islands IV Corp.	US\$	100.00	100.00	Financial Operations

## Edgar Filing: NATIONAL STEEL CO - Form 6-K

CSN Islands V Corp.	US\$	100.00	100.00	Financial Operations
CSN Islands VII Corp.	US\$	100.00	100.00	Financial Operations
CSN Islands VIII Corp.	US\$	100.00	100.00	Financial Operations
CSN Overseas	US\$	100.00	100.00	Financial Operations
CSN Panama, S.A.	US\$	100.00	100.00	Participation in other companies through equity states
CSN Steel Corp.	US\$	100.00	100.00	Participation in other companies through equity states
Cia. Metalic Nordeste	R\$	99.99	99.99	Production of packings
Indústria Nacional de Aços Laminados - INAL S.A.	R\$	99.99	99.99	Steel Products Service Center
FEM - Projetos, Construções e Montagens S.A.	R\$	99.99	99.99	Assembly and Maintenance
CSC - Cia. Siderúrgica do Ceará	R\$	99.99	99.99	Steel Marketing
CSN Energia S.A.	R\$	99.90	99.90	Trading of Electric Power
CSN Participações Energéticas S.A.	R\$	99.70	99.70	Participation in other companies through equity states
CSN I S.A.	R\$	99.67	99.67	Steel Marketing
Sepetiba Tecon S.A.	R\$	20.00	20.00	Maritime Port Services

### Direct Participation: Proportionally Consolidated

GalvaSud S.A.	R\$	51.00	51.00	Steel Products Service Center
Companhia Ferroviária do Nordeste (CFN)	R\$	49.99	48.60	Logistics

### Indirect Participation: Fully Consolidated

CSN Aceros, S.A.	US\$	100.00	100.00	Steel Products
CSN Cayman Ltd.	US\$	100.00	100.00	Financial Operation and Product Trading
CSN Iron, S.A.	US\$	100.00	100.00	Financial Operations
CSN LLC	US\$	100.00	100.00	Steel Marketing
CSN LLC Holding	US\$	100.00	100.00	Participation in other companies through equity states
CSN LLC Partner	US\$	100.00	100.00	Participation in other companies through equity states
Energy I Corp.	US\$	100.00	100.00	Participation in other companies through equity states
Management Services Co., Inc.	US\$	100.00	100.00	Services
Tangua Inc.	US\$	100.00	100.00	Participation in other companies through equity states
Sepetiba Tecon S.A.	R\$	80.00	80.00	Maritime Port Services

### Indirect Participation: Proportionally Consolidated

Lusosider	EUR	50.00	50.00	Steel Marketing
-----------	-----	-------	-------	-----------------

The Financial Statements prepared in US dollars and in Euros were translated at the exchange rate in effect on March 31, 2004 R\$/US\$2.9086 (R\$/US\$2.8892 on December 31, 2003) and EUR/US\$1.23182 (EUR/US\$1.26353 on December 31, 2003).

The gains/losses originated by this translation were accounted for in the income statements of the related periods, as equity accounting in the parent company and exchange variation in the consolidated. These Financial Statements were prepared applying the same accounting principles as those applied by the Parent Company.

All intercompany balances and transactions have been eliminated in the preparation of the consolidated Financial Statements.

The year-end closing dates for the consolidated subsidiaries and jointly owned subsidiaries coincide with those of the parent company.

Consistent with the Financial Statements for the year ended December 31, 2002, the Company did not consolidate the investee MRS Logística S.A., due to the fact that it does not represent any relevant change to the consolidated economic unit. As of March 31, 2004 and December 31, 2003, the Company holds 32.22% of participation in the total capital stock and 18.72% in the investee voting capital stock.

The participation in Itá Energética S.A. is shown, as investment available for sale in long-term assets, therefore, was not consolidated. (See note 11)

The reconciliation between shareholders' equity and net income for the year of the Parent Company and consolidated is as follows:

Edgar Filing: NATIONAL STEEL CO - Form 6-K

	Shareholder's equity		Net profit (loss)	
	31/3/2004	31/12/2003	31/3/2004	31/3/2003
<b>Parent company</b>	7,790,291	7,442,932	347,359	406,032
Elimination of gains on inventories	(39,558)	(23,561)	(15,999)	(9,483)
Other adjustments	1	11	1,925	
<b>Consolidated</b>	<b>7,750,734</b>	<b>7,419,382</b>	<b>333,285</b>	<b>396,549</b>

5. TRANSACTIONS WITH RELATED PARTIES

a) Asset

Companies	Accounts receivable	Financial Application	Mutua/ Current Accounts(1)	Debentures	Dividends Receivable	Advance for future capital	Advance to Suppliers	Total
CSN Cayman	359,507		247,860					607,367
CSN Export Co.	769,032							769,032
CSN Islands II Corp.	58							58
CSN Islands III Corp.	77							77
CSN Islands IV Corp.	48							48
CSN Islands V Corp.	57							57
CSN Islands VII Corp.	285							285
CSN Overseas			562,476					562,476
CSN Panama, S.A.	538		500,030					500,568
GalvaSud S.A.	4,577							4,577
INAL S.A.	38,838							38,838
MRS Logística S.A.	111							111
Exclusive Funds		2,121,474						2,121,474
CSN Energia S.A.	4				68,643			68,647
Others	48,766			36,000		54,031	29,647	168,444
<b>Total on 03/31/2004</b>	<b>1,221,898</b>	<b>2,121,474</b>	<b>1,310,366</b>	<b>36,000</b>	<b>68,643</b>	<b>54,031</b>	<b>29,647</b>	<b>4,842,059</b>
<b>Total on 12/31/2003</b>	<b>1,330,871</b>	<b>2,089,716</b>	<b>1,285,434</b>	<b>36,000</b>	<b>117,219</b>	<b>51,530</b>	<b>39,818</b>	<b>4,950,588</b>

b) Liabilities

Companies	Loans and Financing				Accounts Payable	Suppliers		Total
	Prepayments	Fixed Rate Notes <sup>(2)</sup>	Investees Loans	Swap	Mutual/Current Accounts(1)	Associated Companies Inventory	Other	
CSN Cayman	64,483				96,945			161,428
CSN Export Co.	782,084				14,289			796,373
CSN Iron		1,798,242						1,798,242
CSN Islands III Corp.		227,716						227,716
CSN Islands IV Corp.		297,391						297,391
CSN Islands V Corp.		444,689						444,689

Edgar Filing: NATIONAL STEEL CO - Form 6-K

CSN Islands VII Corp.		888,279						888,279
CSN Islands VIII Corp.		1,056,694			348			1,057,042
CSN Overseas	453,010		53,295		1,051,319			1,557,624
Banco Fibra				54,602				54,602
GalvaSud S.A.						51		51
INAL S.A.						11,840	(943)	10,897
MRS Logística S.A.							29,550	29,550
CSN Energia S.A.					45,126			45,126
Other					1		141,933	141,934
<b>Total on 03/31/2004</b>	<b>1,299,577</b>	<b>4,713,011</b>	<b>53,295</b>	<b>54,602</b>	<b>1,208,028</b>	<b>11,840</b>	<b>170,591</b>	<b>7,510,944</b>
<b>Total on 12/31/2003</b>	<b>1,297,617</b>	<b>4,000,792</b>	<b>100,864</b>	<b>(84,068)</b>	<b>1,189,980</b>	<b>23,227</b>	<b>172,652</b>	<b>6,701,064</b>

c) Result

Companies	Income				Expenses		
	Revenues from sales and services	Interest and exchange variation	Others	Total	Revenues from sales and services	Interest and exchange variation	Total
CSN Cayman	133,236	7,833		141,069		4,210	4,210
CSN Export Co.	282,059	7,558		289,617		16,837	16,837
CSN Iron						51,637	51,637
CSN Islands II Corp.						5,596	5,596
CSN Islands III Corp.						7,100	7,100
CSN Islands IV Corp.						7,580	7,580
CSN Islands V Corp.						11,663	11,663
CSN Islands VII Corp.						44,152	44,152
CSN Islands VIII Corp.						63,609	63,609
CSN Overseas		9,642		9,642		27,781	27,781
CSN Panama, S.A.		9,558		9,558			
Banco Fibra						96,752	96,752
GalvaSud S.A.	11,597			11,597	372		372
INAL S.A.	129,207			129,207	2,661		2,661
MRS Logística S.A.					38,160		38,160
Exclusive Funds		75,881		75,881			
Other			3	3	86,432		86,432
<b>Total on 03/31/2004</b>	<b>556,099</b>	<b>110,472</b>	<b>3</b>	<b>666,574</b>	<b>127,625</b>	<b>336,917</b>	<b>464,542</b>
<b>Total on 12/31/2003</b>	<b>541,125</b>	<b>(65,137)</b>	<b>39</b>	<b>476,027</b>	<b>88,840</b>	<b>(166,140)</b>	<b>(77,300)</b>

CSN Cayman and CSN Iron The Company has Indirect Participation through Energy I Corp. and CSN Panama S.A, respectively  
 Other: CFN, CSC, Fundação CSN, CBS Caixa Beneficente dos Empregados da CSN, FEM, Sepetiba Tecon S.A., Cia. Metalic Nordeste, CSN Aceros, CSN Steel, Lusosider, Itá Energética S.A., CSN I S.A. and CSN Participações Energéticas S.A.

These operations were carried out under conditions considered by the Company management as normal market terms and effective legislation for similar operations, being the main ones highlighted below:

(1) Annual Libor + 3% p.y. Indeterminate maturity CSN Cayman, CSN Export Co., CSN Overseas e CSN Panamá S.A. (part)

IGPM + 6% p.y indeterminate maturity CSN Panama S.A.(Part)

(2) Contracts in US\$ - interest of 9.5% p.y.. (1st tranche) and 8.25% p.y.(2st tranche) - maturity 1ª and 2ª tranche: 06/01/2007 CSN Iron

- Interest of 9.75%p.y. Maturity: 04/22/2005 CSN Islands III Corp

- Interest of 6.85%p.y. Maturity: 06/04/2005 CSN Islands IV Corp

- Interest of 7.875%p.y. Maturity: 07/07/2005 CSN Islands V Corp

## Edgar Filing: NATIONAL STEEL CO - Form 6-K

- Interest of 7.3 and 7.75% p.y. Maturity: 09/12/2008 CSN Island VII Corp

- Interest of 5.65% p.y. Maturity: 12/16/2013 CSN Island VIII Corp

### 6. MARKETABLE SECURITIES

	Parent Company		Consolidated	
	03/31/2004	12/31/2003	03/31/2004	12/31/2003
<b>Short term</b>				
Financial investment fund	2,121,474	2,089,716	2,218,778	2,225,245
Investments abroad (Time Deposit)	39,097	3,048	827,887	1,134,890
Fixed income investments	32,339	31,380	77,167	65,657
	2,192,910	2,124,144	3,123,832	3,425,792
Derivatives			370,446	228,965
	2,192,910	2,124,144	3,494,278	3,654,757
<b>Long Term</b>				
Fixed income investments and debentures (net of probables losses and with holding income tax)	154,270	154,458	169,247	169,335
	154,270	154,458	169,247	169,335
	2,347,180	2,278,602	3,663,525	3,824,092

The Company management applies most of the Company's financial resources in Investment Fund comprised of Brazilian government bonds and fixed income bonds issued in the Brazil, with monetary or foreign exchange variation.

### 7. ACCOUNTS RECEIVABLE

	Parent Company		Consolidated	
	03/31/2004	12/31/2003	03/31/2004	12/31/2003
Domestic market	702,768	695,978	936,626	935,143
Subsidiary and Associated Company	61,968	42,499		
Other clients	640,800	653,479	936,626	935,143
<b>Foreign market</b>	1,080,337	1,142,383	412,030	323,407
Subsidiary and Associated Company	1,159,930	1,288,372		
Other clients	16,390	21,585	426,573	410,083
Exportation Contract Advance	(95,983)	(167,574)	(14,543)	(86,676)
<b>Allowance for doubtful accounts</b>	(100,913)	(98,270)	(147,271)	(144,439)
	1,682,192	1,740,091	1,201,385	1,114,111

MAE

## Edgar Filing: NATIONAL STEEL CO - Form 6-K

The Company's subsidiary, CSN Energia, carries a balance receivable in respect of the sale and purchase of energy in the Wholesale Electric Energy Market - MAE that, as of March 31, 2004 amounted to R\$114.635 (R\$118.187 on December 31, 2003).

From September 2000 to September 2002, the Company recorded the amounts determined in conformity with the statements provided by the MAE amounted to R\$482,937 and until March 31, 2004, CSN received the amount of R\$368,302.

Further, with the respect to the balance receivable as of March 31, 2004, R\$77,496, it refers to amounts due by concessionaires and/or permissionaires under preliminary injunctions for suspending the corresponding payments. The Company's Management understands that it is not necessary to set up a provision for doubtful accounts in view of the actions being taken by the Company and by the official sector agencies.

### 8. INVENTORIES

	<b>Parent Company</b>		<b>Consolidated</b>	
	03/31/2004	12/31/2003	03/31/2004	12/31/2003
Finished products	232,301	125,740	369,333	272,354
Products in process	142,180	98,034	150,709	106,696
Rawmaterials	226,516	172,558	267,452	217,272
Spare parts and maintenance supplies	216,282	216,985	251,570	255,961
Imports in progress	7,064	9,083	8,856	11,879
Others	8,574	20,035	18,996	27,645
	<b>832,916</b>	<b>642,435</b>	<b>1,066,916</b>	<b>891,807</b>

### 9. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

	<b>Parent Company</b>		<b>Consolidated</b>	
	03/31/2004	12/31/2003	03/31/2004	12/31/2003
<b>Current assets</b>				
Income tax	213,372	241,194	229,907	251,609
Social contribution	53,465	61,737	59,417	65,486
	<b>266,837</b>	<b>302,931</b>	<b>289,324</b>	<b>317,095</b>
<b>Long-term assets</b>				
Income tax	669,456	636,448	681,698	650,401
Social contribution	72,353	72,456	76,774	77,493
	<b>741,809</b>	<b>708,904</b>	<b>758,472</b>	<b>727,894</b>
<b>Current liabilities</b>				
Income tax	162,507	118,795	163,008	119,462
Social contribution	58,503	42,766	58,683	43,006
	<b>221,010</b>	<b>161,561</b>	<b>221,691</b>	<b>162,468</b>
<b>Long-term liabilities</b>				
Income tax	1,757,691	1,780,990	1,794,171	1,818,851
Social contribution	632,769	641,156	632,769	641,156

Edgar Filing: NATIONAL STEEL CO - Form 6-K

	2,390,460	2,422,146	2,426,940	2,460,007
	31/3/2004	31/3/2003	31/3/2004	31/3/2003
<b>Income</b>				
Income tax	(38,526)	(132,990)	(32,005)	(125,923)
Social contribution	(24,111)	(49,821)	(21,766)	(47,248)
	(62,637)	(182,811)	(53,771)	(173,171)

The sources of the deferred social contribution and income tax of the Parent Company are shown as follows:

	03/31/2004				12/31/2003			
	Income Tax		Social Contribution		Income Tax		Social Contribution	
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
<b>Assets</b>								
Non deductible provisions	112,768	178,671	40,597	50,504	107,050	129,600	38,539	47,184
Taxes under litigation		123,201				112,279		
Taxes losses/ Negative basis	100,604	331,874	12,868		131,843	314,734	22,370	
Goodwill amortization		7,018				6,232		
Others		28,692		21,849	2,301	73,603	828	25,272
	213,372	669,456	53,465	72,353	241,194	636,448	61,737	72,456
<b>Liabilities</b>								
Deferred exchange variation	18,920		6,811		25,795	4,841	9,286	1,743
Income tax and social contribution on revaluation reserve	93,000	1,752,850	33,480	631,026	93,000	1,776,149	33,480	639,413
Other	50,587	4,841	18,212	1,743				
	162,507	1,757,691	58,503	632,769	118,795	1,780,990	42,766	641,156

The deferred assets related to income tax losses and social contribution negative basis were set up based on the history CSN's profitability and on projections of future profitability, which were approved by Company's Administration Council. These credits are expected to be completely offset in up to 5 years.

In addition to the credits already recorded, the Company has filed a lawsuit related to the "Plano Verão", claiming the financial and fiscal effects related to the computation of the Consumer Price Index (IPC) of January 1989, in the calculation of corporate income tax (IRPJ) and social contribution ("CSL") (refer to note 19, item c).

Reconciliation between expenses and income of current income tax (IRPJ) and social contribution ("CSL") of the parent company and the application of the effective rate on net income before CSL and IRPJ is as follows:

	03/31/2004		03/31/2003	
	IRPJ	CSL	IRPJ	CSL

Edgar Filing: NATIONAL STEEL CO - Form 6-K

Net income (Loss) before CSL and IRPJ	475,121	475,121	544,254	544,254
- Rate	25%	9%	25%	9%
Total	(118,780)	(42,761)	(136,064)	(48,983)
Adjustments to reflect the effective rate:				
Equity Result	60,609	21,819	(10,270)	(3,697)
Relief of MAE Exposition	2,833	1,020	(12,629)	(4,546)
Earnings from foreign subsidiary	(50,588)	(18,212)	(21,311)	(7,672)
"Plano Verão" effects			65,829	48,929
Temporary differences placed on deferred			132,989	49,820
Other permanent addition (writte off)	16,058	240	(5,740)	(2,066)
<b>Parent Company s current and deferred income tax and social contribution</b>	(89,868)	(37,894)	12,804	31,785
<b>Consolidated current and deferred income tax ando social contribution</b>	(90,251)	(37,993)	4,493	28,529

10. RECOVERABLE PIS/PASEP

As a result of a favorable final decision by the Federal Supreme Court of the unconstitutionality of the Decrees no. 2,445/88 and no. 2,449/88, by the Senate Resolution no. 49/95, and based on the legal counsel opinion, the Company states on March 31, 2004 the amount of R\$565,176 (R\$55,031 on December 31, 2003) in respect of this credit, which includes principal and legal charges.

11. INVESTMENTS AVAILABLE FOR SALE

The Board of Directors decided to sell the company s shareholding in Itá Energética and as a consequence, the investment balance was transferred to long term assets, not being part of this note equity accounting any more, although accounted by the same method, as determined by Instruction CVM No 247/96, art 7°. As of March 31, 2004, total assets amounts to R\$253,022 (R\$248,691 on December 31, 2003) and the equity result for the first quarter of 2004 amounts to R\$4,330 (R\$42,209 on the first quarter of 2003). The realization estimated value of such asset is higher than the accounted balance as of March 31, 2004

12. INVESTMENTS

a) Direct participation in subsidiary and jointly controlled companies

Companies			03/31/2004				12/31/2003	
	Number of shares		Net Income (loss) For the quarter	Stockholders equity (unsecured liability)	%	Net Income (loss) For the quarter	Stockholders equity (unsecured liability)	
	Common stock	Preferred stock						Ownership
Steel and services								
GalvaSud S.A.	3,538,541		51.00	(5,249)	7,643	51.00	26,422	15,945
INAL S.A.	130,000		99.99	16,652	309,724	99.99	34,768	293,072
Cia. Metalic Nordeste	75,763	4,425	99.99	(1,705)	90,684	99.99	10,964	87,005
CSC	1,100		99.99			99.99	(2)	(4,590)
FEM	376		99.99	17,910	(35,808)	99.99	(66,521)	(56,418)
CSN I S.A.	1	1	99.67		2	99.67		2
Corporative								
CSN Overseas	272,951		100.00	141,858	1,185,087	100.00	263,852	1,036,271
CSN Energy Corp.	200,000		100.00	1,644	536,146	100.00	75,443	530,937
CSN Islands Corp.	50		100.00		145	100.00		145



Edgar Filing: NATIONAL STEEL CO - Form 6-K

CSN Panama, S.A.	17	11	100.00	40,132	656,760	100.00	4,386	612,515
CSN Export Co.	1		100.00	18,717	23,364	100.00	4,613	4,616
CSN Islands II Corp.	1		100.00		(1,736)	100.00	(1,869)	(1,724)
CSN Islands III Corp.	1		100.00	(1)	(582)	100.00	(580)	(577)
CSN Islands IV Corp.	1		100.00	(1)	(92)	100.00	(93)	(90)
CSN Islands V Corp.	1		100.00	(1)	(151)	100.00	(153)	(150)
CSN Islands VII Corp.	1		100.00	(83)	(282)	100.00	(201)	(198)
CSN Islands VIII Corp.	1		100.00	(9,260)	(11,201)	100.00	(1,934)	(1,932)
CSN Steel Corp.	1		100.00	1,666	11,152	100.00	12,800	12,733
<b>Energy and infrastructure</b>								
MRS Logistica S.A	35,085	74,289	32.22	34,874	315,512	32.22	351,882	280,639
CFN	18,153		49.99	(8,493)	(12,266)	48.60	(38,678)	(3,037)
Sepetiba Tecon S.A.	12,444		20.00	(4,883)	(11,291)	20.00	(12,127)	(6,408)
CSN Energia S.A.	1		99.90	835	177,709	99.90	(16,559)	91,829
CSN Participações Energéticas S.A.	1		99.70		1	99.70		1
<b>b) Investment Movement</b>								

12/31/2003

03/31/2004

Companies	Investment Balance	Balance of (provision for loss)	Addition Retirements	Equity result	Net Goodwill (Negative Goodwill)	Investment Balance	Balance of (provision for loss)	Consolidated
<b>Steel and services</b>								
GalvaSud S.A.	8,132			(4,234)		3,898		
INAL S.A.	293,065			16,652		309,717		
Cia. Metalic Nordeste	199,130		5,268	(1,706)	(3,144)	199,548		108,990
CSC		(4,590)		(1)			(4,591)	
FEM		(56,418)	2,700	17,910			(35,808)	
CSN I S.A.	2					2		
	500,329	(61,008)	7,968	28,621	(3,144)	513,165	(40,399)	108,990
<b>Corporative Center</b>								
CSN Overseas	1,036,271							