

NATIONAL STEEL CO  
Form 6-K  
August 14, 2014

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## 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 August 14, 2014  
Commission File Number 1-14732

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## COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

### National Steel Company

(Translation of Registrant's name into English)

Av. Brigadeiro Faria Lima 3400, 20º andar  
São Paulo, SP, Brazil  
04538-132

(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 ☒

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**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL  
PREVIOUSLY ISSUED IN PORTUGUESE)**

ITR — Quarterly Financial Information - June 30, 2014 – CIA SIDERURGICA  
NACIONAL

**Version:**  
**1**

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**Company Information / Capital Breakdown**

<b>Number of Shares</b>	<b>Current Quarter</b>
<b>(Units)</b>	<b>6/30/2014</b>
<b>Paid-in Capital</b>	
<b>Common</b>	1,457,970,108
<b>Preferred</b>	0
<b>Total</b>	1,457,970,108
<b>Treasury Shares</b>	
<b>Common</b>	48.146.800
<b>Preferred</b>	0
<b>Total</b>	48.146.800

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**Company Information / Cash  
distribution**

Event	Approval	Dividends	Initiation	Payment Type	of share Class of share	Dividends per common share (R\$/share)
Meeting of Board of Directors	02/28/2014	Dividends	03/11/2014	Ordinary		0.29150

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**Parent Company Statements / Balance Sheet - Assets  
(R\$ thousand)**

<i>Code</i>	<i>Description</i>	<b>Current Quarter 6/30/2014</b>	<b>YTD Previous Year 12/31/2013</b>
1	Total assets	47,574,049	48,689,176
1.01	Current assets	4,719,017	5,054,174
1.01.01	Cash and cash equivalents	147,428	206,624
1.01.03	Trade receivables	1,165,868	1,992,704
1.01.04	Inventories	2,908,734	2,459,230
1.01.08	Other current assets	496,987	395,616
1.02	Non-current assets	42,855,032	43,635,002
1.02.01	Long-term receivables	4,265,886	4,134,846
1.02.01.06	Deferred taxes	3,118,904	2,612,998
1.02.01.09	Other non-current assets	1,146,982	1,521,848
1.02.02	Investments	25,823,849	27,005,592
1.02.03	Property, plant and equipment	12,680,210	12,418,095
1.02.04	Intangible assets	85,087	76,469

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**Parent Company Statements / Balance Sheet – Liabilities  
(R\$ thousand)**

<i>Code</i>	<i>Description</i>	<b>Current Quarter 6/30/2014</b>	<b>YTD Previous Year 12/31/2013</b>
2	Total liabilities	47,574,049	48,689,176
2.01	Current liabilities	5,156,710	6,503,789
2.01.01	Payroll and related taxes	162,184	159,892
2.01.02	Trade payables	1,259,734	926,935
2.01.03	Taxes payable	84,511	150,066
2.01.04	Borrowings and financing	2,433,807	3,854,694
2.01.05	Other payables	856,040	1,138,956
2.01.06	Provisions	360,434	273,246
2.01.06.01	Provision for tax, social security, labor and civil risks	360,434	273,246
2.02	Non-current liabilities	35,881,801	34,088,817
2.02.01	Borrowings and financing	22,918,920	21,394,660
2.02.02	Other payables	10,611,017	10,173,732
2.02.04	Provisions	2,351,864	2,520,425
2.02.04.01	Provision for tax, social security, labor and civil risks	330,697	438,114
2.02.04.02	Other provisions	2,021,167	2,082,311
2.02.04.02.03	Provision for environmental liabilities and asset retirement obligation - ARO	235,882	365,716
2.02.04.02.04	Pension and healthcare plan	485,084	485,084
2.02.04.02.05	Provision for losses on investments	1,300,201	1,231,511
2.03	Shareholders' equity	6,535,538	8,096,570
2.03.01	Issued capital	4,540,000	4,540,000
2.03.02	Capital reserves	30	30
2.03.04	Earnings reserves	1,972,130	2,839,568
2.03.04.01	Legal reserve	361,641	361,641
2.03.04.02	Statutory reserve	2,052,927	2,477,927
2.03.04.09	Treasury shares	-442,438	0
2.03.05	Retained earnings/Accumulated losses	77,049	0
2.03.08	Other comprehensive income	-53,671	716,972



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**Parent Company Statements / Statements of Income  
(R\$ thousand)**

Code	Description	Current Quarter	YTD Current Year	Same Quarter of Previous Year	YTD Previous Year
		4/1/2014 to 6/30/2014	1/1/2014 to 6/30/2014	4/1/2013 to 6/30/2013	1/1/2013 to 6/30/2013
3.01	Net revenue from sales and/or services	3,230,159	6,720,612	3,288,085	6,141,300
3.02	Cost of sales and/or services	-2,060,158	-4,371,387	-2,416,470	-4,621,746
3.03	Gross profit	1,170,001	2,349,225	871,615	1,519,554
3.04	Operating expenses/income	-483,847	-1,116,623	695,221	322,343
3.04.01	Selling expenses	-114,031	-211,408	-130,157	-239,424
3.04.02	General and administrative expenses	-103,896	-186,759	-87,064	-163,193
3.04.04	Other operating income	5,183	9,829	1,691	5,209
3.04.05	Other operating expenses	-14,184	-180,241	-144,158	-222,685
3.04.06	Share of profits of investees	-256,919	-548,044	1,054,909	942,436
3.05	Profit before finance income (costs) and taxes	686,154	1,232,602	1,566,836	1,841,897
3.06	Finance income (costs)	-738,750	-1,317,577	-1,314,739	-1,779,978
3.06.01	Finance income	17,297	25,866	45,587	70,620
3.06.02	Finance costs	-756,047	-1,343,443	-1,360,326	-1,850,598
3.06.02.01	Net exchange gains (losses) on financial instruments	233,413	547,915	-705,470	-589,257
3.06.02.02	Finance costs	-989,460	-1,891,358	-654,856	-1,261,341
3.07	Loss (profit) before taxes on income	-52,596	-84,975	252,097	61,919
3.08	Income tax and social contribution	74,311	162,024	242,372	459,876
3.09	Profit from continuing operations	21,715	77,049	494,469	521,795
3.11	Profit for the period	21,715	77,049	494,469	521,795
3.99	Earnings per share - (R\$/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.01505	0.05313	0.33915	0.35789





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**Parent Company Statements / Statement of Comprehensive Income  
(R\$ thousand)**

Code	Description	Current	YTD	San
		Quarter	Current	Quar
		4/1/2014	1/1/2014	4/1/2014
		to	to	to
		6/30/2014	6/30/2014	6/30/2014
4.01	Profit for the period	21,715	77,049	494,4
4.02	Other comprehensive income	-299,832	-770,643	-272,4
4.02.01	Cumulative translation adjustments for the period	-43,021	-87,347	124,2
4.02.02	Actuarial (losses) gains on defined benefit pension plan from investments in subsidiaries	0	1,710	
4.02.03	Available-for-sale financial assets	-428,462	-1,059,465	-455,0
4.02.04	Income tax and social contribution on available-for-sale financial assets	145,677	360,218	154,7
4.02.05	Available-for-sale financial assets from investments in subsidiaries	-5,737	-17,470	-98,6
4.02.06	Impairment of available-for-sale financial assets	48,047	48,047	3,3
4.02.07	Income tax and social contribution on available-for-sale financial assets	-16,336	-16,336	-1,1
4.03	Comprehensive income for the period	-278,117	-693,594	222,0

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**Parent Company Statements / Statement of Cash Flows – Indirect Method  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>YTD</b>	<b>YTD</b>
		<b>Current</b>	<b>Previous</b>
		<b>Year</b>	<b>Year</b>
		<b>1/1/2014 to 6/30/2014</b>	<b>1/1/2013 to 6/30/2013</b>
6.01	Net cash generated by operating activities	765,413	619,321
6.01.01	Cash generated from operations	2,036,338	1,520,086
6.01.01.01	Profit for the period	77,049	521,795
6.01.01.02	Charges on borrowings and financing	1,558,999	1,172,598
6.01.01.03	Charges on loans and financing granted	-6,136	-18,885
6.01.01.04	Depreciation, depletion and amortization	477,392	466,832
6.01.01.05	Share of profits of investees	548,044	-942,436
6.01.01.06	Deferred income tax and social contribution	-162,024	-459,876
6.01.01.08	Provision for tax, social security, labor, civil and environmental risks	-13,702	81,589
6.01.01.09	Monetary variation and exchange differences, net	-557,575	717,004
6.01.01.10	Gain on derivative transactions	943	2,294
6.01.01.11	Impairment of available-for-sale financial assets	48,047	3,369
6.01.01.12	Residual value of permanent assets written off	5,090	7,262
6.01.01.14	Other provisions	60,211	-31,460
6.01.02	Changes in assets and liabilities	-1,270,925	-900,765
6.01.02.01	Trade receivables - third parties	36,317	-78,773
6.01.02.02	Trade receivables - related parties	-78,039	-88,274
6.01.02.03	Inventories	-519,235	19,331
6.01.02.05	Recoverable taxes	-37,133	-423
6.01.02.06	Judicial deposits	-22,281	1,125
6.01.02.07	Dividends received from related parties	236,892	262,807
6.01.02.10	Trade payables	346,314	-49,798
6.01.02.11	Payroll and related taxes	-55,818	19,868
6.01.02.12	Taxes in installments - REFIS	-95,102	-108,036
6.01.02.14	Payables to related parties	48,136	-1,692
6.01.02.16	Interest paid	-1,142,625	-863,981
6.01.02.17	Interest received	13,580	2,420
6.01.02.18	Interest on swaps paid	-633	-2,466
6.01.02.19	Other	-1,298	-12,873
6.02	Net cash used in investing activities	-543,785	-964,922
6.02.01	Investments	-37,574	-67,370

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6.02.02	Purchase of property, plant and equipment	-654,445	-624,309
6.02.07	Purchase of intangible assets	0	-11
6.02.08	Related parties loans	-19,956	-293,307
6.02.09	Receipt of related parties loans	168,190	20,075
6.03	Net cash used in financing activities	-280,824	-556,347
6.03.01	Borrowings and financing raised	1,134,086	553,071
6.03.02	Borrowings and financing raised - related parties	382,977	0
6.03.03	Repayment of borrowings	-874,313	-321,345
6.03.04	Repayment of borrowings - related parties	-100,724	-97,110
6.03.05	Dividends and interest on capital paid	-424,933	-690,963
6.03.06	Treasury shares	-397,917	0

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**Parent Company Statements / Statement of Cash Flows – Indirect Method  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>YTD Current</b>	<b>YTD Previous</b>
		<b>Year</b>	<b>Year</b>
		<b>1/1/2014 to</b>	<b>1/1/2013 to</b>
		<b>6/30/2014</b>	<b>6/30/2013</b>
6.05	Increase (decrease) in cash and cash equivalents	-59,196	-901,948
6.05.01	Cash and equivalents at the beginning of the period	206,624	2,995,757
6.05.02	Cash and equivalents at the end of the period	147,428	2,093,809

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**Parent Company Statements / Statement of Changes in Shareholders' Equity - 1/1/2014 to 6/30/2014  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-in capital</b>	<b>Capital reserve, granted options and treasury shares</b>	<b>Earnings reserve (ac</b>
5.01	Opening balances	4,540,000	302,839,568	
5.03	Adjusted opening balances	4,540,000	302,839,568	
5.04	Capital transactions with shareholders	0	0	-867,438
5.04.04	Treasury shares acquired	0	0	-442,438
5.04.06	Dividends	0	0	-425,000
5.05	Total comprehensive income	0	0	0
5.05.01	Profit for the period	0	0	0
5.05.02	Other comprehensive income	0	0	0
5.05.02.04	Cumulative translation adjustments for the period	0	0	0
5.05.02.08	Actuarial (losses) gains on defined benefit pension plan, net of taxes	0	0	0
5.05.02.09	Available-for-sale financial assets, net of taxes	0	0	0
5.07	Closing balances	4,540,000	301,972,130	

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**Parent Company Statements / Statement of Changes in Shareholders' Equity - 1/1/2013 to 6/30/2013  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-in capital</b>	<b>Capital reserve, granted options and treasury shares</b>	<b>Earnings reserve</b>	<b>Retained earnings/ comprehensive income (accumulated losses)</b>
5.01	Opening balances	4,540,000		303,690,543	0
5.03	Adjusted opening balances	4,540,000		303,690,543	0
5.04	Capital transactions with shareholders	0	0	-560,000	0
5.04.08	Approval of prior year's proposed dividends	0	0	-560,000	0
5.05	Total comprehensive income	0	0	0	521,795
5.05.01	Profit for the period	0	0	0	521,795
5.05.02	Other comprehensive income	0	0	0	0
5.05.02.04	Cumulative translation adjustments for the period	0	0	0	0
5.05.02.09	Available-for-sale financial assets, net of taxes	0	0	0	0
5.07	Closing balances	4,540,000		303,130,543	521,795

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**Parent Company Statements / Statement of Value Added  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>YTD Current</b>	<b>YTD Previous</b>
		<b>year</b>	<b>year</b>
		<b>1/1/2014 to</b>	<b>1/1/2013 to</b>
		<b>6/30/2014</b>	<b>6/30/2013</b>
7.01	Revenues	8,175,552	7,628,632
7.01.01	Sales of products and services	8,130,141	7,582,244
7.01.02	Other revenues	49,740	45,242
7.01.04	Allowance for (reversal of) doubtful debts	-4,329	1,146
7.02	Raw materials acquired from third parties	-4,680,965	-5,077,446
7.02.01	Costs of sales and services	-4,070,934	-4,465,891
7.02.02	Materials, electric power, outside services and other	-545,092	-622,976
7.02.03	Impairment/recovery of assets	-64,939	11,421
7.03	Gross value added	3,494,587	2,551,186
7.04	Retentions	-477,392	-466,832
7.04.01	Depreciation, amortization and depletion	-477,392	-466,832
7.05	Wealth created	3,017,195	2,084,354
7.06	Value added received as transfer	-544,481	1,183,374
7.06.01	Share of profits of investees	-548,044	942,436
7.06.02	Finance income	25,866	70,620
7.06.03	Other	-22,303	170,318
7.07	Wealth for distribution	2,472,714	3,267,728
7.08	Wealth distributed	2,472,714	3,267,728
7.08.01	Personnel	612,674	526,830
7.08.01.01	Salaries and wages	478,017	402,657
7.08.01.02	Benefits	102,049	93,188
7.08.01.03	Severance pay fund (FGTS)	32,608	30,985
7.08.02	Taxes, fees and contributions	459,931	193,531
7.08.02.01	Federal	386,685	102,250
7.08.02.02	State	61,130	80,168
7.08.02.03	Municipal	12,116	11,113
7.08.03	Lenders and lessors	1,323,060	2,025,572
7.08.03.01	Interest	1,890,923	1,260,840
7.08.03.02	Leases	5,032	5,297
7.08.03.03	Other	-572,895	759,435
7.08.04	Shareholders	77,049	521,795
7.08.04.03	Retained earnings (accumulated losses) for the period	77,049	521,795





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**Consolidated Financial Statements / Balance Sheet - Assets**  
**(R\$ thousand)**

<i>Code</i>	<i>Description</i>	<b>YTD Previous</b>	
		<b>Current Quarter</b>	<b>Year</b>
		<b>6/30/2014</b>	<b>12/31/2013</b>
1	Total assets	49,164,220	50,402,539
1.01	Current assets	15,591,407	16,402,042
1.01.01	Cash and cash equivalents	9,019,972	9,995,672
1.01.03	Trade receivables	1,826,767	2,522,465
1.01.04	Inventories	3,635,724	3,160,985
1.01.08	Other current assets	1,108,944	722,920
1.02	Non-current assets	33,572,813	34,000,497
1.02.01	Long-term receivables	4,511,147	4,636,608
1.02.01.02	Investments measured at amortized cost	28,913	30,756
1.02.01.06	Deferred taxes	3,282,979	2,770,527
1.02.01.09	Other non-current assets	1,199,255	1,835,325
1.02.02	Investments	13,005,972	13,487,023
1.02.03	Property, plant and equipment	15,130,171	14,911,426
1.02.04	Intangible assets	925,523	965,440

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**Consolidated Financial Statements / Balance Sheet - Liabilities  
(R\$ thousand)**

<i>Code</i>	<i>Description</i>	<b>Current Quarter 3/31/2014</b>	<b>YTD Previous Year 12/31/2013</b>
2	Total liabilities	49,164,220	50,402,539
2.01	Current liabilities	7,026,116	5,564,230
2.01.01	Payroll and related taxes	217,614	208,921
2.01.02	Trade payables	1,531,076	1,102,037
2.01.03	Taxes payable	261,857	304,095
2.01.04	Borrowings and financing	3,547,634	2,642,807
2.01.05	Other payables	1,040,357	972,851
2.01.06	Provisions	427,578	333,519
2.01.06.01	Provision for tax, social security, labor and civil risks	427,578	333,519
2.02	Non-current liabilities	35,635,997	36,769,250
2.02.01	Borrowings and financing	24,019,765	25,103,623
2.02.02	Other payables	10,280,633	10,061,571
2.02.03	Deferred taxes	238,830	268,833
2.02.04	Provisions	1,096,769	1,335,223
2.02.04.01	Provision for tax, social security, labor and civil risks	370,775	479,664
2.02.04.02	Other provisions	725,994	855,559
2.02.04.02.03	Provision for environmental liabilities and asset retirement obligation - ARO	240,889	370,454
2.02.04.02.04	Pension and healthcare plan	485,105	485,105
2.03	Shareholders' equity	6,502,107	8,069,059
2.03.01	Issued capital	4,540,000	4,540,000
2.03.02	Capital reserves	30	30
2.03.04	Earnings reserves	1,972,130	2,839,568
2.03.04.01	Legal reserve	361,641	361,641
2.03.04.02	Statutory reserve	2,052,927	2,477,927
2.03.04.09	Treasury shares	-442,438	0
2.03.05	Retained earnings/Accumulated losses	77,049	0
2.03.08	Other comprehensive income	-53,671	716,972
2.03.09	Non-controlling interests	-33,431	-27,511



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**Consolidated Financial Statements / Statements of Income  
(R\$ thousand)**

Code	Description	Current	YTD	Same	YTD
		Quarter	Current	Quarter of	Previous
			Year	Previous	Year
		4/1/2014	1/1/2014	4/1/2013	1/1/2013
		to	to	to	to
		6/30/2014	6/30/2014	6/30/2013	6/30/2013
3.01	Net revenue from sales and/or services	4,052,407	8,423,285	4,060,202	7,702,185
3.02	Cost of sales and/or services	-2,746,592	-5,781,121	-3,020,222	-5,871,799
3.03	Gross profit	1,305,815	2,642,164	1,039,980	1,830,386
3.04	Operating expenses/income	-456,526	-972,425	-242,151	-630,936
3.04.01	Selling expenses	-233,652	-423,567	-256,374	-457,624
3.04.02	General and administrative expenses	-124,171	-228,024	-123,461	-233,047
3.04.04	Other operating income	9,753	17,466	20,950	25,206
3.04.05	Other operating expenses	-41,067	-225,408	-165,851	-264,751
3.04.06	Share of profits of investees	-67,389	-112,892	282,585	299,280
3.05	Profit before finance income (costs) and taxes	849,289	1,669,739	797,829	1,199,450
3.06	Finance income (costs)	-814,935	-1,556,134	-457,819	-985,102
3.06.01	Finance income	53,430	91,482	60,282	98,102
3.06.02	Finance costs	-868,365	-1,647,616	-518,101	-1,083,204
3.06.02.01	Net exchange gains (losses) on financial instruments	-60,987	-116,203	63,522	34,837
3.06.02.02	Finance costs	-807,378	-1,531,413	-581,623	-1,118,041
3.07	Loss (profit) before taxes on income	34,354	113,605	340,010	214,348
3.08	Income tax and social contribution	-15,321	-42,476	161,876	303,854
3.09	Profit from continuing operations	19,033	71,129	501,886	518,202
3.11	Consolidated profit for the period	19,033	71,129	501,886	518,202
3.11.01	Attributed to owners of the Company	21,715	77,049	494,469	521,795
3.11.02	Attributed to non-controlling interests	-2,682	-5,920	7,417	-3,593
3.99	Earnings per share - (R\$/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.01505	0.05313	0.33915	0.35789



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Code	Description	Current	YTD	Sa
		Quarter	Current	Quar
		4/1/2014	Year	Previc
		to	1/1/2014	Y
		6/30/2014	to	4/1/2
			6/30/2014	6/30/2
4.01	Consolidated profit for the period	19,033	71,129	501,
4.02	Other comprehensive income	-299,832	-770,643	-272,
4.02.01	Cumulative translation adjustments for the period	-43,021	-87,347	124,
4.02.02	Actuarial (losses) gains on defined benefit pension plan from investments in subsidiaries	0	1,710	
4.02.03	Available-for-sale financial assets	-441,223	-1,090,003	-606,
4.02.04	Income tax and social contribution on available-for-sale financial assets	150,016	370,601	206,
4.02.05	Impairment of available-for-sale financial assets	52,115	52,115	5,
4.02.06	Income tax and social contribution on available-for-sale financial assets	-17,719	-17,719	-1,
4.03	Consolidated comprehensive income for the period	-280,799	-699,514	229,
4.03.01	Attributed to owners of the Company	-278,117	-693,594	222,
4.03.02	Attributed to non-controlling interests	-2,682	-5,920	7,

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**Consolidated Financial Statements / Statement of Cash Flows – Indirect Method  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>YTD Current Year 01/01/2014 to 6/30/2014</b>	<b>YTD Previous Year 01/01/2013 to 6/30/2013</b>
6.01	Net cash generated by operating activities	416,545	793,134
6.01.01	Cash generated from operations	2,019,987	2,295,985
6.01.01.01	Profit for the period attributable to owners of the Company	77,049	521,795
6.01.01.02	Profit (loss) for the period attributable to non-controlling interests	-5,920	-3,593
6.01.01.03	Charges on borrowings and financing	1,349,446	1,012,308
6.01.01.04	Charges on loans and financing granted	-22,359	-22,395
6.01.01.05	Depreciation, depletion and amortization	600,153	579,489
6.01.01.06	Share of profits of investees	112,892	-299,280
6.01.01.07	Deferred income tax and social contribution	-177,889	-467,700
6.01.01.08	Provision for tax, social security, labor, civil and environmental risks	-8,035	36,651
6.01.01.09	Monetary variation and exchange differences, net	-16,519	896,022
6.01.01.10	Gain (loss) on derivative transactions	-2,240	16,211
6.01.01.11	Impairment of available-for-sale financial assets	52,115	5,002
6.01.01.16	Residual value of permanent assets written off	5,821	25,835
6.01.01.17	Other provisions	55,473	-4,360
6.01.02	Changes in assets and liabilities	-1,603,442	-1,502,851
6.01.02.01	Trade receivables - third parties	16,609	-126,459
6.01.02.02	Trade receivables - related parties	-118,099	-3,246
6.01.02.03	Inventories	-549,274	-97,457
6.01.02.04	Receivables from related parties	-93,380	-4,499
6.01.02.05	Recoverable taxes	-47,031	-99,277
6.01.02.06	Judicial deposits	-23,369	33,444
6.01.02.07	Dividends received from related parties	202,015	240,000
6.01.02.08	Trade payables	490,551	-311,339
6.01.02.09	Payroll and related taxes	-46,466	19,236
6.01.02.10	Taxes in installments - REFIS	-109,009	-35,412
6.01.02.12	Payables to related parties	3,506	-3,463
6.01.02.14	Interest paid	-1,331,725	-1,098,710
6.01.02.15	Interest received - related parties	13,580	17,607
6.01.02.16	Interest on swaps paid	-633	-2,466
6.01.02.17	Other	-10,717	-30,810
6.02	Net cash used in investing activities	-628,929	-719,842
6.02.02	Investments	-5,846	0



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6.02.03	Purchase of property, plant and equipment	-781,896	-963,283
6.02.09	Receipt/payment in derivative transactions	3,879	272,815
6.02.10	Purchase of intangible assets	-324	-38
6.02.11	Related parties loans	-19,956	-301
6.02.12	Receipt of related parties loans	173,371	0
6.02.13	Investment, net of redeemed amount	1,843	-29,035
6.03	Net cash used in financing activities	-366,342	162,217
6.03.01	Borrowings and financing raised	1,384,720	1,225,822
6.03.02	Repayment of borrowings	-906,748	-378,066
6.03.04	Dividends and interest on capital paid	-424,933	-690,963
6.03.05	Capital contribution by non-controlling shareholders	0	5,424
6.03.06	Treasury shares	-397,917	0

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**Consolidated Financial Statements / Statement of Cash Flows – Indirect Method  
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<b>Code</b>	<b>Description</b>	<b>YTD Current</b>	<b>YTD Previous</b>
		<b>Year</b>	<b>Year</b>
		<b>01/01/2014 to</b>	<b>01/01/2013 to</b>
		<b>6/30/2014</b>	<b>6/30/2013</b>
6.03.07	Repurchase of debt securities	-21,464	0
6.04	Exchange differences on translating cash and cash equivalents	-396,974	145,540
6.05	Increase (decrease) in cash and cash equivalents	-975,700	381,049
6.05.01	Cash and equivalents at the beginning of the period	9,995,672	11,891,821
6.05.02	Cash and equivalents at the end of the period	9,019,972	12,272,870

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**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 1/1/2014 to 6/30/2014  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-in capital</b>	<b>Capital reserve, granted options and treasury shares</b>	<b>Earnings (accumulated reserve)</b>	<b>Retained earnings/ losses)</b>	<b>Other comprehensive income</b>	<b>Shareholders' Equity</b>	<b>Non-con</b>
5.01	Opening balances	4,540,000	302,839,568		0	716,972	8,096,570	
5.03	Adjusted opening balances	4,540,000	302,839,568		0	716,972	8,096,570	
5.04	Capital transactions with shareholders	0	0	-867,438	0	0	-867,438	
5.04.04	Treasury shares acquired	0	0	-442,438	0	0	-442,438	
5.04.06	Dividends	0	0	-425,000	0	0	-425,000	
5.05	Total comprehensive income	0	0	0	77,049	-770,643	-693,594	
5.05.01	Profit for the period	0	0	0	77,049	0	77,049	
5.05.02	Other comprehensive income	0	0	0	0	-770,643	-770,643	
5.05.02.04	Cumulative translation adjustments for the period	0	0	0	0	-87,347	-87,347	
5.05.02.08	Actuarial (losses) gains on defined benefit pension plan, net of taxes	0	0	0	0	1,710	1,710	
5.05.02.09	Available-for-sale financial assets, net of taxes	0	0	0	0	-685,006	-685,006	

5.07	Closing balances	4,540,000	301,972,130	77,049	-53,671	6,535,538
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**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 1/1/2013 to 6/30/2013  
(R\$ thousand)**

Code	Description	Capital reserve, granted options and		Retained earnings/ losses)	Earnings(accumulated comprehensive income)
		Paid-in capital	treasury shares		
5.01	Opening balances	4,540,000	303,690,543	0	
5.03	Adjusted opening balances	4,540,000	303,690,543	0	
5.04	Capital transactions with shareholders	0	0	-560,000	0
5.04.08	Approval of prior year's proposed dividends	0	0	-560,000	0
5.05	Total comprehensive income	0	0	0	521,795
5.05.01	Profit for the period	0	0	0	521,795
5.05.02	Other comprehensive income	0	0	0	0
5.05.02.04	Cumulative translation adjustments for the period	0	0	0	0
5.05.02.09	Available-for-sale financial assets, net of taxes	0	0	0	0
5.06	Internal changes in shareholders' equity	0	0	0	0
5.06.04	Non-controlling interests in subsidiaries	0	0	0	0
5.07	Closing balances	4,540,000	303,130,543	521,795	

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**Consolidated Financial Statements / Statement of Value Added  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>YTD Current</b>	<b>YTD Previous</b>
		<b>year</b>	<b>year</b>
		<b>1/1/2014 to</b>	<b>1/1/2013 to</b>
		<b>6/30/2014</b>	<b>6/30/2013</b>
7.01	Revenues	10,058,590	9,342,470
7.01.01	Sales of products and services	10,011,520	9,300,610
7.01.02	Other revenues	52,199	56,368
7.01.04	Allowance for (reversal of) doubtful debts	-5,129	-14,508
7.02	Raw materials acquired from third parties	-6,122,306	-6,265,885
7.02.01	Costs of sales and services	-5,252,473	-5,397,367
7.02.02	Materials, electric power, outside services and other	-799,084	-895,501
7.02.03	Impairment/recovery of assets	-70,749	26,983
7.03	Gross value added	3,936,284	3,076,585
7.04	Retentions	-600,153	-579,489
7.04.01	Depreciation, amortization and depletion	-600,153	-579,489
7.05	Wealth created	3,336,131	2,497,096
7.06	Value added received as transfer	-1,691,048	2,010,965
7.06.01	Share of profits of investees	-112,892	299,280
7.06.02	Finance income	91,482	98,102
7.06.03	Other	-1,669,638	1,613,583
7.07	Wealth for distribution	1,645,083	4,508,061
7.08	Wealth distributed	1,645,083	4,508,061
7.08.01	Personnel	819,557	725,362
7.08.01.01	Salaries and wages	652,074	575,363
7.08.01.02	Benefits	129,160	113,557
7.08.01.03	Severance pay fund (FGTS)	38,323	36,442
7.08.02	Taxes, fees and contributions	771,819	560,536
7.08.02.01	Federal	670,132	354,938
7.08.02.02	State	82,533	189,492
7.08.02.03	Municipal	19,154	16,106
7.08.03	Lenders and lessors	-17,422	2,703,961
7.08.03.01	Interest	1,710,725	1,110,261
7.08.03.02	Leases	7,743	7,815
7.08.03.03	Other	-1,735,890	1,585,885
7.08.04	Shareholders	71,129	518,202
7.08.04.03	Retained earnings (accumulated losses) for the period	77,049	521,795

7.08.04.04	Non-controlling interests in retained earnings	-5,920	-3,593
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The outlook for the global economy is one of a gradual rally in the second half of 2014, mainly fueled by the recovery of growth in the developed countries, which performed poorly at the beginning of the year.

The IMF has reduced its 2014 global growth projection to 3.4%, 0.3 p.p. below its previous estimate, reflecting the weak first-quarter performance and the less optimistic prospects for some of the emerging nations. The institution maintained its 4% growth estimate for 2015.

The global Purchasing Managers Index (PMI) recorded its 21<sup>st</sup> consecutive monthly upturn, averaging 54.1 points in the second quarter.

## **USA**

The U.S. economy shrank by 2.1% in 1Q14 due to the lower exports and a reduction in private investments. Nevertheless, despite the exceptionally rigorous winter having jeopardized economic performance at the beginning of the year, recent indicators are pointing to positive results. The first GDP estimate for 2Q14 points to growth of 4%, fueled by private investments, exports and personal spending on consumption.

Manufacturing PMI averaged 56.4 points in 2Q14, the best result for four years, signaling a recovery in activity. Unemployment reached 6.1% in June, the lowest figure for 15 years, with the creation of 1.4 million new jobs in the first half. Installed capacity in May remained flat over April and March at 79%, while industrial production moved up by 0.6%, giving 12-month growth of 4.3%.



At its last meeting in June, the FOMC (the FED's Monetary Policy Committee), reduced its asset purchases by a further US\$10 billion, maintaining its decision to wind up the program at the end of the current year. The base rate was maintained at between 0% and 0.25%, and the Committee signaled that this level would be preserved. The FED estimates GDP growth in 2014 between 2.1% and 2.3%.

## **Europe**

The first-quarter Eurozone numbers continued pointing to a gradual economic recovery. GDP in the region edged up by 0.2% over 4Q13, very close to the 0.3% recorded in the latter quarter. Hungary and Poland recorded the biggest growth, with 1.1% each, while the Netherlands recorded the biggest decline (-1.4%). The European Central Bank (ECB) expects growth of 1.0% in 2014 and 1.7% in 2015.

Manufacturing PMI fell from 53.1 points in March to 51.8 points in June, while the quarterly average declined from 53.4 to 52.4 points between 1Q14 and 2Q14.

In the 12 months through June 2014, Eurozone inflation came to 0.5%, below the long-term target of 2% established by the ECB.

As a result, the ECB has been adopting an expansionist monetary policy, reducing the banks' overnight deposit rates and strengthening prospects of low interest rates for a lengthy period of time.

Although the job market has shown some signs of improvement, Eurozone unemployment remained flat at 11.6% in May, still high.

In the UK, preliminary estimates point to GDP growth of 0.8% in 2Q14, identical to the 1Q14 figure, pushed by the service sector which recorded period growth of 1.0%. Industrial output increased by 3.7% in the 12 months through May, while manufacturing PMI reached 57.5 points in June, indicating expansion over the last 16 months. Annualized inflation came to 1.9% in June, higher than the 1.5% recorded in May. According to the British Treasury, the consensus of estimates points to GDP growth of 3.0% in 2014.



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**Asia**

Reacting to signs of a slowdown at the beginning of the year, the Chinese government implemented a series of new measures to stimulate the economy and recent indicators suggest that they have been effective. Preliminary 2Q14 figures from the National Bureau of Statistics point to Chinese GDP growth of 7.5% over the same period last year and 2% over the previous quarter. Industrial production moved up by 8.8% in June over the same month the year before. After reaching its 48.0 points in March, the lowest level of the year, manufacturing PMI, disclosed by HSBC, began to improve as of April and closed June at 50.7 points, the first expansion since December 2013.

On the other hand, first-half investments in fixed assets grew by 17.3%, slightly less than the 17.6% recorded in 1Q14.

Given this scenario, the government maintained its 2014 GDP growth target at 7.5%.

The economic indicators in Japan point to an upturn in activity, even it is only a temporary one. Expectations of an increase in value added tax from 5% to 8% in April helped push up household consumption, which grew by 9.2% in the first quarter, resulting in annualized GDP growth of 6.7% in the same period, versus 0.3% in 4Q13.

Compound PMI reached 51.5 points in June, above the 49.9 points recorded in May, signaling an improvement in business conditions for the first time since February. Unemployment recorded 3.5% in May, the lowest rate since July 2007.

The Bank of Japan expects inflation to reach 1.25% p.a. in the midterm and 2% p.a. in the long term and is projecting GDP growth of 1.0% in 2014.

## Brazil

May's seasonally-adjusted Central Bank Economic Activity Index (IBC-Br), used as a reference for GDP, fell by 0.18% in May over April after remaining flat since the beginning of the year. In the last 12 months, however, the IBC-Br moved up by 1.95%. The Central Bank's FOCUS report expects GDP growth of 0.90% in 2014 and 1.5% in 2015.

Inflation recorded by the IPCA consumer price index recorded 0.4% in June, giving 3.75% for the first half and 6.52% in the previous 12 months, exceeding the 6.5% ceiling of the annual inflationary target. The FOCUS report expects 2014 inflation of 6.41%, with a Selic base rate of 11.0% at year-end.

Given this scenario, and despite high inflation, the Central Bank's Monetary Policy Committee (COPOM) interrupted the series of hikes in the Selic, maintaining it at 11.0% p.a. at its last two meetings.

Industrial output in May fell by 0.6% over April and 3.2% over the same month last year, giving a decline of 1.6% in the first five months. Most of the downward pressure in May came from consumer durables production, which fell by 3.6%.

On the foreign exchange front, the Brazilian real appreciated by 2.7% against the U.S. dollar in 2Q14, closing June at R\$2.2025, reflecting higher market liquidity and the difference between real domestic and international interest rates.

## Macroeconomic Projections

	2014	2015
IPCA (%)	6.41	6.21
Commercial dollar (final) – R\$	2.35	2.50
SELIC (final - %)	11.00	12.00
GDP (%)	0.90	1.50
Industrial Production (%)	-1.15	1.70
Source: FOCUS BACEN	Base: July 25, 2014	



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CSN posted consolidated net revenue of R\$4,052 million in 2Q14, in line with the R\$4,060 million recorded in 2Q13, and 7% down on the R\$4,371 million reported in 1Q14, basically due to the reduction in revenue from steel and mining operations.

COGS totaled R\$2,747 million in 2Q14, 9% down on the R\$3,020 million posted in 2Q13, basically due to lower COGS from steel operations, partially offset by the upturn in mining COGS. In comparison with the R\$3,034 million registered in the previous quarter, COGS also fell by 9%.

Consolidated SG&A expenses totaled R\$358 million in 2Q14, 6% less than the R\$380 million reported in 2Q13, chiefly due to the reduction in selling expenses, and 22% up on the R\$294 million registered in the previous quarter, essentially due to higher freight and administrative expenses.

Other Operating Revenue/Expenses totaled R\$31 million in 2Q14, versus R\$145 million in 2Q13 and R\$177 million in 1Q14, mainly due to the reversal of provisions.

The Company uses Adjusted EBITDA to measure the segments' performance and operating cash flow capacity. It comprises net income before the net financial result, income and social contribution taxes, depreciation and amortization, results from investees and other operating revenue

(expenses), plus the proportional EBITDA of the jointly-owned subsidiaries, Namisa, MRS Logística and CBSI.

Second-quarter adjusted EBITDA amounted to R\$1,303 million, 19% up on the R\$1,095 million posted in 2Q13, basically due to the contribution from steel and mining operations, accompanied by an EBITDA margin of 30%, up by 6 p.p.

In comparison with 1Q14, adjusted EBITDA fell by 9%, chiefly influenced by the mining segment result, partially offset by the increase in EBITDA from steel, while the adjusted EBITDA margin remained at 30%.

In 2Q14, CSN's consolidated net financial result was negative by R\$815 million, mainly due to the following factors:

- Interest on loans and financing totaling R\$691 million;
- Expenses of R\$40 million with the monetary restatement of tax payment installments;
- Other financial expenses totaling R\$76 million;
- Monetary and foreign exchange variations amounting to R\$61 million;

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These negative effects were partially offset by consolidated financial revenue of R\$53 million.

Gross debt, net debt and the net debt/EBITDA ratio presented below reflect the Company's proportional interest in Namisa, MRS Logística and CBSI, as well as the impact from the partial spin-off of Transnordestina Logística S/A.

On June 30, 2014, the Company's gross debt totaled R\$28.6 billion, almost identical to the figure on March 31, 2014, while net debt amounted to R\$16.7 billion, R\$900 million more than at the close of 1Q14. On the other hand, the net debt/EBITDA ratio based on LTM adjusted EBITDA closed the second quarter at 2.71x, virtually flat over the 2.66x recorded at the end of the previous quarter. Net debt was impacted by the following factors:

- Investments of R\$0.6 billion in fixed assets;
- A R\$0.6 billion effect related to the cost of debt;
- A R\$0.2 billion increase in working capital;
- Disbursements of R\$0.4 billion on the share buyback program;
- Foreign exchange variation of R\$0.1 billion;
- Other effects totaling R\$0.3 billion;

These negative effects were partially offset by 2Q14 EBITDA of R\$1.3 billion.

Indebtedness (R\$ million) and Net Debt /Adjusted EBITDA ratio



CSN's equity result was negative by R\$67 million in 2Q14, basically due to the result of the jointly-owned subsidiary Namisa.

CSN posted consolidated net income of R\$19 million in 2Q14, for the reasons mentioned above.

Investments reflect the Company's proportional interest in Namisa, MRS Logística and CBSI. The Company has ceased consolidating its interest in Transnordestina Logística S/A, due to the latter's partial spin-off on December 27, 2013 and the consequent entry into effect of the new shareholders' agreement.

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CSN invested R\$560 million in 2Q14, R\$418 million of which in the parent company. Of this total, R\$207 million went to the Casa de Pedra mine and the Port of Itaguaí, R\$109 million to increasing cement production capacity, and R\$99 million to the steel segment, with scheduled maintenance programs.

The remaining R\$142 million went to subsidiaries or joint subsidiaries, mostly as follows:

- ü MRS: R\$67 million;
- ü Sepetiba Tecon: R\$22 million.

Working capital allocated to the Company's businesses closed 2Q14 at R\$2,732 million, R\$222 million more than at the end of 1Q14, chiefly due to the increase in inventories and accounts receivable, partially offset by the upturn in the suppliers line. The average supplier payment period increased by six days, the receivables period widened by three days and the average inventory turnover period increased by 11 days.

<b>WORKING CAPITAL (R\$ MM)</b>	<b>2Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>Change 2Q14 x 2Q13</b>	<b>Change 2Q14 x 1Q14</b>
<b>Assets</b>	<b>3,983</b>	<b>4,126</b>	<b>4,479</b>	<b>496</b>	<b>353</b>
<b>Accounts Receivable</b>	<b>1,669</b>	<b>1,621</b>	<b>1,716</b>	<b>47</b>	<b>95</b>
<b>Inventory (*)</b>	<b>2,289</b>	<b>2,416</b>	<b>2,643</b>	<b>354</b>	<b>227</b>
<b>Advances to Taxes</b>	<b>25</b>	<b>89</b>	<b>120</b>	<b>95</b>	<b>31</b>
<b>Liabilities</b>	<b>2,041</b>	<b>1,616</b>	<b>1,747</b>	<b>(294)</b>	<b>131</b>
<b>Suppliers</b>	<b>1,547</b>	<b>1,105</b>	<b>1,257</b>	<b>(290)</b>	<b>152</b>
<b>Salaries and Social Contribution</b>	<b>205</b>	<b>196</b>	<b>218</b>	<b>13</b>	<b>22</b>
<b>Taxes Payable</b>	<b>253</b>	<b>286</b>	<b>241</b>	<b>(12)</b>	<b>(45)</b>
<b>Advances from Clients</b>	<b>36</b>	<b>30</b>	<b>31</b>	<b>(5)</b>	<b>1</b>
<b>Working Capital</b>	<b>1,942</b>	<b>2,510</b>	<b>2,732</b>	<b>790</b>	<b>222</b>

<b>TURNOVER RATIO</b> <b>Average Periods</b>	<b>2Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>Change</b> <b>2Q14 x 2Q13</b>	<b>Change</b> <b>2Q14 x 1Q14</b>
<b>Receivables</b>	<b>32</b>	<b>28</b>	<b>31</b>	<b>(1)</b>	<b>3</b>
<b>Supplier Payment</b>	<b>48</b>	<b>33</b>	<b>39</b>	<b>(9)</b>	<b>6</b>
<b>Inventory Turnover</b>	<b>71</b>	<b>72</b>	<b>83</b>	<b>12</b>	<b>11</b>
<b>Cash Conversion Cycle</b>	<b>55</b>	<b>67</b>	<b>75</b>	<b>20</b>	<b>8</b>

(\*) Inventory - includes "Advances to Suppliers" and does not include "Supplies".

The Company maintains integrated operations in five business segments: steel, mining, logistics, cement and energy. The main assets and/or companies comprising each segment are presented below:

<b>Usina Presidente</b>				
<b>Vargas</b>	<b>Casa de Pedra</b>	<b>Railways</b>	<b>Volta Redonda</b>	<b>CSN Energia</b>
<b>Porto Real</b>	<b>Namisa (60%)</b>	<b>- MRS</b>	<b>Arcos</b>	<b>Itasa</b>
<b>Paraná</b>	<b>Tecar</b>	<b>- FTL</b>		
<b>LLC</b>	<b>ERSA</b>	<b>- TLSA</b>		
<b>Lusosider</b>		<b>Port:</b>		
<b>Prada (Distribuição</b>		<b>- Sepetiba Tecon</b>		
<b>e</b>				
<b>Embalagens)</b>				
<b>Metalic</b>				
<b>SWT</b>				

The information on CSN's five business segments is derived from the accounting data, together with allocations and the apportionment of costs among the segments. Results by segment reflect the Company's proportional interest in Namisa, MRS Logística and CBSI, as well as the full consolidation of FTL.



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**Net revenue by segment (R\$ million)**

**Adjusted EBITDA by segment (R\$ million)**

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Result by segment

R\$ million								2Q14
Consolidated Results	Steel	Mining	Logistics (Port)	Logistics (Railways)	Energy	Cement	Corporate/ Eliminations	Consolidated
<b>Net Revenue</b>	<b>2,843</b>	<b>1,117</b>	<b>47</b>	<b>226</b>	<b>87</b>	<b>113</b>	<b>(380)</b>	<b>4,052</b>
Domestic Market	2,185	82	47	226	87	113	(211)	2,529
Foreign Market	657	1,035	-	-	-	-	(169)	1,523
Cost of Goods Sold	(2,083)	(740)	(31)	(156)	(49)	(72)	385	(2,747)
<b>Gross Profit</b>	<b>759</b>	<b>377</b>	<b>16</b>	<b>70</b>	<b>38</b>	<b>42</b>	<b>5</b>	<b>1,306</b>
Selling, General and Administrative Expenses	(168)	(20)	(0)	(21)	(5)	(17)	(126)	(358)
Depreciation	202	85	2	39	4	9	(45)	296
Proportional EBITDA of Jointly Controlled Companies							58	58
<b>Adjusted EBITDA</b>	<b>793</b>	<b>442</b>	<b>18</b>	<b>87</b>	<b>37</b>	<b>34</b>	<b>(107)</b>	<b>1,303</b>

R\$ million								2Q13
Consolidated Results	Steel	Mining	Logistics (Port)	Logistics (Railways)	Energy	Cement	Corporate/ Eliminations	Consolidated
<b>Net Revenue</b>	<b>3,147</b>	<b>984</b>	<b>43</b>	<b>263</b>	<b>53</b>	<b>105</b>	<b>(535)</b>	<b>4,060</b>
Domestic Market	2,488	68	43	263	53	105	(238)	2,782
Foreign Market	659	916	-	-	-	-	(297)	1,278
Cost of Goods Sold	(2,527)	(601)	(22)	(178)	(34)	(70)	411	(3,020)
<b>Gross Profit</b>	<b>620</b>	<b>383</b>	<b>21</b>	<b>85</b>	<b>20</b>	<b>35</b>	<b>(124)</b>	<b>1,040</b>
Selling, General and Administrative Expenses	(180)	(37)	(5)	(24)	(5)	(19)	(110)	(380)
Depreciation	179	53	2	36	4	8	(18)	264
EBITDA proporcional de controladas em							171	171

conjunto

<b>Adjusted EBITDA</b>	<b>619</b>	<b>398</b>	<b>18</b>	<b>97</b>	<b>19</b>	<b>24</b>	<b>(80)</b>	<b>1,095</b>
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## **Scenario**

According to the World Steel Association (WSA), global crude steel production totaled 821 million tonnes in the first half of 2014, 2.5% higher than in 2H13, with China, responsible for 411 million tonnes, recording growth of 3.0%. Global capacity use reached 78% in June, 1 p.p. down on March, which was the highest monthly figure of the year so far. The WSA expects global apparent steel consumption to grow by 3.1% in 2014, with apparent consumption in China moving up by 3%.

According to the Brazilian Steel Institute (IABr), domestic crude steel production came to 16.7 million tonnes in 1H14, 1.5% down on 1H13, while rolled flat output totaled 7.0 million tonnes, down by 6.3%.

Apparent domestic flat steel consumption amounted to 6.2 million tonnes in the first half, 1.4% more than in 1H13, while domestic sales fell by 4.3% to 5.8 million tonnes. On the other hand, flat steel imports climbed by 45.6% to 1.1 million tonnes in the 1H14, while exports fell by 26.5% to 0.7 million tonnes.

The IABr estimates domestic sales of 23.7 million tonnes in 2014, with apparent consumption of 27.2 million tonnes.

## **Automotive**

According to ANFAVEA (the Auto Manufacturers' Association), light vehicle production totaled 1.5 million units in 1H14, 17% down on the same period last year, with sales of 1.6 million units, fell by 7%. The association estimates annual light vehicle production and sales growth of 10% and 5.4%, respectively, over 2013.

According to FENABRAVE (the Vehicle Distributors' Association), the number of vehicles licensed in 1H14 fell by 7.3% year-on-year. The association expects 2014 light vehicle sales to fall by 10.5% over last year.



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**Construction**

According to ABRAMAT (the Construction Material Manufacturers' Association), first-half sales of building materials increased by 3.7% year-on-year. The association is maintaining its 2014 sales growth estimate of 4.5%.

**Home Appliances**

According to the IBGE (Brazilian Institute of Geography and Statistics), home appliance production fell by 1.6% year-on-year in the first five months of 2014.

**Distribution**

According to INDA (the Brazilian Steel Distributors' Association), domestic flat steel sales by distributors totaled 2.2 million tonnes in 1H14, 3.5% up on 1H13. For 2014 as a whole, the association has revised its sales growth estimate to 1%.

First-half purchases by the associated network came to 2.1 million tonnes, 7.4% less than in the same period last year. On the other hand, inventories closed June at 1.06 million tonnes, representing 3.3 months of sales.

**Sales Volume**

In 2Q14, CSN's steel sales totaled 1.26 million tonnes. Of this total, 73% went to the domestic market, 25% were sold by overseas subsidiaries and 2% went to exports.

**Domestic Sales Volume**

Domestic steel sales totaled 918,000 tonnes in 2Q14, 9% less than in 1Q14, basically due to the reduced pace of economic activity, impacted by the lower number of business days in the quarter.

### **Foreign Sales Volume**

Foreign sales amounted to 345,000 tonnes in 2Q14, 8% less than in the previous quarter. Of this total, the overseas subsidiaries sold 321,000 tonnes, 184,000 of which by SWT. Direct exports came to 24,000 tonnes.

### **Prices**

Net revenue per tonne averaged R\$2,214 in 2Q14, in line with 1Q14.

### **Net Revenue**

Net revenue from steel operations totaled R\$2,843 million in 2Q14, 9% down on the R\$3,127 million recorded in 1Q14, essentially due to the reduction in sales volume.

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**1****Cost of Goods Sold (COGS)**

Steel segment COGS came to R\$2,083 million in 2Q14, 13% down on the previous quarter, basically due to lower production costs and sales volume.

**Adjusted EBITDA**

Adjusted steel segment EBITDA totaled R\$793 million in 2Q14, 4% up on the R\$761 million recorded in 1Q14, essentially due to the reduction in COGS and the highest quarterly figure since 3Q10. The adjusted EBITDA margin came to 28%, 4 p.p. up on 1Q14.

**Production**

The Presidente Vargas Steelworks (UPV) produced 1.1 million tonnes of crude steel in 2Q14, 2% more than in 1Q14, while slab purchases from third parties remained in line with 1Q14. Second-quarter rolled steel output totaled 1.1 million tonnes, 4% up on the quarter before.

Production (in thousand t)	1Q14	2Q14	First Six Months of		Change	
			1H13	1H14	2Q14 x 1Q14	1H14 x 1H13
Crude Steel (P. Vargas Mill)	1,098	1,120	2,204	2,217	2%	1%
Purchased Slabs from Third Parties	102	103	283	204	1%	-28%
Total Crude Steel	1,200	1,222	2,486	2,422	2%	-3%
Total Rolled Products	1,053	1,098	2,278	2,151	4%	-6%

**Production Costs (Parent Company)**

In 2Q14, the Presidente Vargas Steelworks' total production costs came to R\$1,643 million, 1% down on 1Q14, chiefly due to the reduced consumption of coke acquired from third parties

and lower coal costs.

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**Scenario**

In 2Q14, seaborne iron ore prices were negatively impacted by increased supply, chiefly fueled by Australian exporters. In regard to Chinese demand, the increased credit restrictions, the reduced pace of investments and the high level of iron ore stocks in the ports also contributed to the price slide.

In this scenario, the Platts Fe62% CFR China index averaged US\$102.60/dmt in 2Q14, 14.8% down on the 1Q14 average. The iron ore quality premium varied between US\$2.10/dmt and US\$1.70/dmt per 1% of Fe content, while freight costs on the Tubarão/Qingdao route averaged US\$20.31/wmt, 9% less than the previous quarter's average.

Brazil exported 80 million tonnes of iron ore in the second quarter, 12% up on 1Q14.

**Iron ore sales**

In 2Q14, sales of finished iron ore products totaled 7.2 million tonnes, 20% up on the 6.0 million tonnes sold in 2Q13 and 13% up on the 6.4 million tonnes recorded in the previous quarter. Of this total, 2.4 million tonnes were sold by Namisa<sup>1</sup>. Virtually all iron ore sold in 2Q14 was exported.

Iron ore volume for own consumption reached 1.5 million tonnes in 2Q14.

<sup>1</sup> Sales volumes include 100% of the stake in NAMISA.

**Net Revenue**

Net revenue from mining operations totaled R\$1,117 million in 2Q14, 14% more than in 2Q13, primarily due to the upturn in sales volume.

In relation to the R\$1,247 million posted in 1Q14, net revenue fell by 10%, due to lower market prices, partially offset by the upturn in sales volume.

### **Cost of Goods Sold (COGS)**

Mining COGS came to R\$740 million in 2Q14, 23% up on 2Q13, mostly due to the increase in iron ore sales volume, and 3% more than the R\$716 million recorded in 1Q14, also due to higher sales volume.

### **Adjusted EBITDA**

Adjusted EBITDA from mining operations totaled R\$442 million in 2Q14, 11% up on the R\$398 million reported in 2Q13, for the same reasons mentioned above, accompanied by an adjusted EBITDA margin of 39%. In relation to the R\$585 million recorded in 1Q14, adjusted EBITDA fell by 25%.

### **Scenario**

#### **Railway Logistics**

According to the ANTF (National Rail Transport Association), the Brazilian railways transported 115.3 million tonnes in 1Q14. The association expects rail cargo volume to move up by around 12% to 550 million tonnes between 2014 and 2016.

#### **Port Logistics**

According to ANTAQ (the National Waterway Transport Agency), Brazil's port installations handled around 215 million tonnes in 1Q14, 5% up on the same period the year before.

Also in 1Q14, bulk solids totaled 128 million tonnes, 5.7% more than in 1Q13, while container handling came to 2.1 million TEUs<sup>1</sup>, 10.5% up year-on-year.

<sup>1</sup> TEU (Twenty-Foot Equivalent Unit) – transportation unit equivalent to a standard 20-foot intermodal container



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**Analysis of Results**

**Railway Logistics**

In 2Q14, net revenue from railway logistics totaled R\$226 million, COGS came to R\$156 million and adjusted EBITDA amounted to R\$87 million, accompanied by an EBITDA margin of 39%.

**Port Logistics**

Net revenue from port logistics amounted to R\$47 million in 2Q14, COGS totaled R\$31 million and adjusted EBITDA came to R\$18 million, with an adjusted EBITDA margin of 38%.

**Scenario**

Preliminary figures from SNIC (the Cement Industry Association) indicate local cement sales of 29 million tonnes in the first five months of 2014, 2.8% more than in the same period last year.

**Analysis of Results**

Cement sales reached the record level of 564,000 tonnes in 2Q14, with record net revenue of R\$113 million, while COGS came to R\$72 million, generating record EBITDA of R\$34 million, with a record margin of 30%.

**Scenario**



According to the Energy Research Company (EPE), Brazilian electricity consumption increased by 4.4% year-on-year in the first five months of 2014, led by the commercial and residential segments, with respective growth of 9.3% and 8.1%.

### **Analysis of Results**

In 2Q14, net revenue from electricity reached the record amount of R\$87 million. COGS came to R\$49 million, generating record adjusted EBITDA of R\$37 million, with an adjusted EBITDA margin of 43%.

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CSN's shares depreciated by 4% in 2Q14, while the Company's ADRs fell by 2% on the NYSE.

Daily traded volume in CSN's shares averaged R\$52 million in 2Q14, from 5.7 million shares traded. On the NYSE, daily traded volume in CSN's ADRs averaged US\$16 million, from 3.9 million ADRs traded.

<b>N° of shares</b>	<b>1,457,970,108</b>
<b>Market Capitalization</b>	
Closing price (R\$/share)	9.40
Closing price (US\$/share)	4.26
Market Capitalization (R\$ million)	13,705
Market Capitalization (US\$ million)	6,211
<b>Total return including dividends and interest on equity</b>	
CSNA3 (%)	-4%
SID (%)	-2%
Ibovespa	5%
Dow Jones	2%
<b>Volume</b>	
Average daily (thousand shares)	5,693
Average daily (R\$ Thousand)	52,435
Average daily (thousand ADRs)	3,904
Average daily (US\$ Thousand)	16,170
<i>Source: Economática</i>	

In the first half of 2014, CSN's Board of Directors approved four share buyback programs. By the end of the fourth program, the Company had acquired 70,205,661 shares.

On July 18, 2014, the Board of Directors authorized:

- The cancellation of sixty million (60,000,000) shares held in treasury. As a result, CSN's capital stock is currently represented by 1,397,970,108 book-entry common shares;
- The launch of a new share buyback program between July 18, 2014 and August 18, 2014, limited to the repurchase of up to 64,205,661 shares.

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## **1. DESCRIPTION OF BUSINESS**

Companhia Siderúrgica Nacional “CSN”, also referred to as the Company or Parent Company, is a publicly-held company incorporated on April 9, 1941, under the laws of the Federative Republic of Brazil (Companhia Siderúrgica Nacional, its subsidiaries, associates and jointly controlled entities collectively referred to herein as the “Group”). The Company’s registered office is located in São Paulo, SP, Brazil.

CSN has shares listed on the São Paulo Stock Exchange (BM&F BOVESPA) and the New York Stock Exchange (NYSE). Accordingly, it reports its information to the Brazilian Securities Commission (CVM) and the U.S. Securities and Exchange Commission (SEC).

The Group's main operating activities are divided into five (5) operating segments as follows:

- **Steel:**

The Company’s main industrial facility is the Presidente Vargas Steel Mill (“UPV”), located in the city of Volta Redonda, State of Rio de Janeiro. This segment consolidates the operations related to the production, distribution and sale of flat steel, long steel, metallic containers and galvanized steel. In addition to the facilities in Brazil, CSN has operations in the United States, Portugal and Germany aimed at gaining markets and performing excellent services for final consumers. Its steels are used in the home appliances, civil construction and automobile industries.

- **Mining:**

The production of iron ore is developed in the city of Congonhas, in the State of Minas Gerais. It further mines tin in the State of Rondônia to supply the needs of UPV, with the excess of these raw materials being sold to subsidiaries and third parties. CSN holds the concession to operate TECAR, a solid bulk terminal, one of the 4 (four) terminals that comprise the Itaguaí Port, in Rio de Janeiro. Importations of coal and coke are carried out through this terminal.

- **Cement:**

CSN entered the cement market boosted by the synergy between this new activity and its already existing businesses. Next to the Presidente Vargas Steel Mill in Volta Redonda (RJ), it installed a new business unit: CSN Cimentos, which produces CP-III type cement by using slag produced by the UPV blast furnaces in Volta Redonda. It also explores limestone and dolomite at the Arches drive in the State of Minas Gerais, to supply the needs of UPV and of the cement plant.

- **Logistics**

*Railroads:*

CSN has equity interests in three railroad companies: MRS Logística S. A., which manages the former Southeast Railway System of Rede Ferroviária Federal S.A., Transnordestina Logística S. A. ("TLSA") and FTL - Ferrovia Transnordestina Logística S.A. ("FTL"), which operate the Northeast Railway System of RFFSA, in the States of Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco and Alagoas, with TLSA being responsible for the stretches of Missão Velha - Salgueiro, Salgueiro - Trindade, Trindade - Eliseu Martins, Salgueiro - Porto de Suape and Missão Velha - Porto de Pecém (Railway System II) and FTL being responsible for the stretches of São Luiz - Mucuripe, Arrojado - Recife, Itabaiana - Cabedelo, Paula Cavalcante - Macau and Propriá - Jorge Lins (Railway System I).

*Ports:*

In the State of Rio de Janeiro, by means of its subsidiary Sepetiba Tecon S. A., the Company operates the Container Terminal (Tecon) at the Itaguaí Port. Located in the Bay of Sepetiba, this port has privileged highway, railroad and maritime access.



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Tecon handles the shipments of CSN steel products, movement of containers, as well as storage, consolidation and deconsolidation of cargo.

- **Energy:**

As energy is fundamental in its production process, the Company has assets for generation of electric power to guarantee its self-sufficiency.

For further details on the Group's segments, see Note 24 - Business Segment Reporting.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of preparation**

The consolidated condensed interim financial statements have been prepared and are being presented in accordance with the International Accounting Standards (IAS 34 – Interim Financial Reporting) issued by the International Accounting Standards Board (IASB), which correlate in Brazil is the CPC 21 (R1) (Interim Financial Statements and Consolidated Interim Financial Statements) issued by the CPC (Accounting Pronouncements Committee) and approved by CVM (Brazilian Securities Commission).

The individual condensed interim financial statements have been prepared in accordance with the standards issued by the CPC and the CVM applicable to the preparation of the financial statements.

The significant accounting policies applied in these condensed interim financial statements are consistent with the policies described in Note 2 to the Company's financial statements for the year ended December

31, 2013, filed with the CVM.

These condensed interim financial statements do not include all requirements of annual or full financial statements and, accordingly, should be read together with the Company's financial statements for the year ended December 31, 2013.

Therefore, in these condensed interim financial statements the following notes were not repeated, either due to redundancy or to relevance in relation to those already presented in the annual financial statements:

Note 02 – Summary of significant accounting policies

Note 03 – Changes in accounting policies

Note 04 – Business combination

Note 28 – Employee benefits

The individual and consolidated condensed interim financial statements were approved by the Board of Directors on August 1, 2014.

**(b) Basis of presentation**

The consolidated condensed interim financial statements are presented in Brazilian reais (R\$), which is the Company's functional currency and the Group's presentation currency.

Transactions in foreign currencies are translated into the functional currency using the exchange rates in effect at the dates of the transactions or valuation on which items are remeasured. The asset and liability balances are translated at the exchange rate in effect at the end of the reporting period. As of June 30, 2014, US\$1 is equivalent to R\$2.2025 (R\$2.3426 as of December 31, 2013), €1 is equivalent to R\$3.0150 (R\$3.2265 as of December 31, 2013), and ¥1 is equivalent to R\$0.02175 (R\$0.02233 as of December 31, 2013).





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**(c) Basis of consolidation**

The consolidated condensed interim financial statements for the period ended June 30, 2014 and the year ended December 31, 2013 include the following direct and indirect subsidiaries and jointly controlled entities, as well as the exclusive funds as described below:

- **Companies**

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**1****Companies****Equity interests (%)**  
**6/30/2014 12/31/2013 Core business****Direct interest in subsidiaries: full consolidation**

CSN Islands VII Corp.	100.00	100.00	Financial transactions
CSN Islands VIII Corp.	100.00	100.00	Financial transactions
CSN Islands IX Corp.	100.00	100.00	Financial transactions
CSN Islands X Corp.	100.00	100.00	Financial transactions
CSN Islands XI Corp.	100.00	100.00	Financial transactions
CSN Islands XII Corp.	100.00	100.00	Financial transactions
CSN Minerals S.L.U.	100.00	100.00	Equity interests
CSN Export Europe, S.L.U.	100.00	100.00	Financial transactions and
CSN Metals S.L.U.	100.00	100.00	Equity interests and finan
CSN Americas S.L.U.	100.00	100.00	Equity interests and finan
CSN Steel S.L.U.	100.00	100.00	Equity interests and finan
TdBB S.A	100.00	100.00	Dormant company
Sepetiba Tecon S.A.	99.99	99.99	Port services
Mineração Nacional S.A.	99.99	99.99	Mining and equity interest
Companhia Florestal do Brasil	99.99	99.99	Reforestation
Estanho de Rondônia S.A.	99.99	99.99	Tin mining
Cia Metalic Nordeste	99.99	99.99	Manufacture of packaging
Companhia Metalúrgica Prada	99.99	99.99	Manufacture of packaging
CSN Cimentos S.A.	100.00	99.99	Cement manufacturing
CSN Gestão de Recursos Financeiros Ltda.	99.99	99.99	Dormant company
Congonhas Minérios S.A.	99.99	99.99	Mining and equity interest
CSN Energia S.A.	99.99	99.99	Sale of electric power
FTL - Ferrovia Transnordestina Logística S.A.	88.41	88.41	Railroad logistics

**Indirect interest in subsidiaries: full consolidation**

CSN Aceros S.A.	100.00	100.00	Equity interests
Companhia Siderúrgica Nacional LLC	100.00	100.00	Steel
CSN Europe Lda.	100.00	100.00	Financial transactions, pr
CSN Ibéria Lda.	100.00	100.00	Financial transactions, pr
CSN Portugal, Unipessoal Lda.	100.00	100.00	Financial transactions and
Lusosider Projectos Siderúrgicos S.A.	99.99	99.99	Equity interests
Lusosider Aços Planos, S. A.	99.99	99.98	Steel and equity interests
CSN Acquisitions, Ltd.	100.00	100.00	Financial transactions and
CSN Resources S.A.	100.00	100.00	Financial transactions and
CSN Holdings (UK) Ltd	100.00	100.00	Financial transactions and
CSN Handel GmbH	100.00	100.00	Financial transactions, pr
Companhia Brasileira de Latas	59.17	59.17	Sale of cans and containe

Rimet Empreendimentos Industriais e Comerciais S. A.	58.96	58.96 Production and sale of steel
Companhia de Embalagens Metálicas MMSA	58.98	58.98 Production and sale of containers
Empresa de Embalagens Metálicas - LBM Ltda.	58.98	58.98 Sales of containers and h
Empresa de Embalagens Metálicas - MUD Ltda.	58.98	58.98 Production and sale of ho
Companhia de Embalagens Metálicas - MTM do Nordeste	58.98	58.98 Production and sale of ca
Companhia de Embalagens Metálicas - MTM	58.98	58.98 Production and sale of ca
CSN Steel Comercializadora, S.L.U.	100.00	100.00 Financial transactions, pr
CSN Steel Holdings 1, S.L.U.	100.00	100.00 Financial transactions, pr
CSN Steel Holdings 2, S.L.U.	100.00	100.00 Financial transactions, pr
Stalhwerk Thüringen GmbH	100.00	100.00 Production and sale of lon
CSN Steel Sections UK Limited	100.00	100.00 Financial transactions, pr
CSN Steel Sections Czech Republic s.r.o.	100.00	100.00 Financial transactions, pr
CSN Steel Sections Polska Sp.Z.o.o	100.00	100.00 Financial transactions, pr
CSN Asia Limited (1)	100.00	Commercial representation

**Direct interest in jointly controlled entities: proportionate consolidation**

Itá Energética S.A.	48.75	48.75 Electric power generation
CGPAR - Construção Pesada S.A.	50.00	50.00 Mining support services a
Consórcio da Usina Hidrelétrica de Igarapava	17.92	17.92 Electric power consortium

**Direct interest in jointly controlled entities: equity method**

Nacional Minérios S.A.	60.00	60.00 Mining and equity interest
MRS Logística S.A.	27.27	27.27 Railroad transportation
Aceros Del Orinoco S.A. (2)	31.82	22.73 Dormant company
CBSI - Companhia Brasileira de Serviços de Infraestrutura	50.00	50.00 Provision of services
Transnordestina Logística S.A.	62.68	77.30 Railroad logistics

**Indirect interest in jointly controlled entities: equity method**

Namisa International Minérios SLU	60.00	60.00 Financial transactions, pr
Namisa Europe, Unipessoal Lda.	60.00	60.00 Equity interests and sales
Namisa Handel GmbH	60.00	60.00 Financial transactions, pr
MRS Logística S.A.	6.00	6.00 Railroad transportation
Aceros Del Orinoco S.A. (2)		9.08 Dormant company

**Direct interest in associates: equity method**

Arvedi Metalfer do Brasil S.A.	20.00	20.00 Steel and equity interests
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(1) Company established on June 30, 2014.

(2) Transfer to CSN of the rights to subscribe to the shares of Aceros del Orinoco S. A. held by CSN Aceros, S.A.

• **Exclusive funds**



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	<b>Equity interests (%)</b>		<b>Core business</b>
	<b>6/30/2014</b>	<b>12/31/2013</b>	
<b>Exclusive funds</b>			
<b>Direct interest: full consolidation</b>			
Diplic - Private credit balanced mutual fund	100.00	100.00	Investment fund
Mugen - Private credit balanced mutual fund	100.00	100.00	Investment fund
Caixa Vértice - Private credit balanced mutual fund	100.00	100.00	Investment fund

**3. CASH AND CASH EQUIVALENTS**

	<b>6/30/2014</b>	<b>Consolidated 12/31/2013</b>	<b>Parent Company</b>	
			<b>6/30/2014</b>	<b>12/31/2013</b>
<b>Current</b>				
<b>Cash and cash equivalents</b>				
<b>Cash and banks</b>	<b>176,003</b>	<b>178,920</b>	<b>52,041</b>	<b>36,553</b>
<b>Short-term investments</b>				
<b>In Brazil:</b>				
Government securities	159,885	48,206	22,583	42,575
Private securities	227,122	240,852	60,925	57,564
	<b>387,007</b>	<b>289,058</b>	<b>83,508</b>	<b>100,139</b>
<b>Abroad:</b>				
Time deposits	8,456,962	9,527,694	11,879	69,932
<b>Total short-term investments</b>	<b>8,843,969</b>	<b>9,816,752</b>	<b>95,387</b>	<b>170,071</b>
<b>Cash and cash equivalents</b>	<b>9,019,972</b>	<b>9,995,672</b>	<b>147,428</b>	<b>206,624</b>

The funds available in the Company and subsidiaries set up in Brazil are basically invested in investment funds, classified as exclusive, which were consolidated, with repurchase agreements backed by government and private bonds, with fixed rate yield and immediate liquidity.

Private securities are short-term investments in Bank Deposit Certificates (CDBs) with yields pegged to the Interbank Deposit Certificate (CDI) fluctuation, and government securities are basically repurchase agreements backed by National Treasury Notes and National Treasury Bills. The exclusive funds managed by BTG Pactual Serviços Financeiros S.A. DTVM and Caixa Econômica Federal and their assets collateralize possible losses on investments and transactions carried out. Investments in funds were consolidated.

In addition, a significant part of the funds of the Company and its foreign subsidiaries is invested in Time Deposits with leading banks, bearing fixed rates.

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**4. TRADE RECEIVABLES**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>6/30/2014</b>	<b>12/31/2013</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
<b>Trade receivables</b>				
<b>Third parties</b>				
Domestic market	925,318	790,225	552,081	545,927
Foreign market	806,517	950,145	49,557	80,434
Estimated losses on doubtful debts	-119,301	-114,172	-92,847	-88,518
	<b>1,612,534</b>	<b>1,626,198</b>	<b>508,791</b>	<b>537,843</b>
Related parties (Note 17 - b)	<b>103,135</b>	<b>107,443</b>	<b>512,767</b>	<b>632,645</b>
	<b>1,715,669</b>	<b>1,733,641</b>	<b>1,021,558</b>	<b>1,170,488</b>
<b>Other receivables</b>				
Dividends receivable (*) (Note 17 - b)	61,970	717,595	111,418	774,147
Other receivables	49,128	71,229	32,892	48,069
	<b>111,098</b>	<b>788,824</b>	<b>144,310</b>	<b>822,216</b>
	<b>1,826,767</b>	<b>2,522,465</b>	<b>1,165,868</b>	<b>1,992,704</b>

(\*) Reversal of dividends of the jointly controlled entity Nacional Minérios S.A., as mentioned in note 7 c.

The breakdown of gross trade receivables from third parties is as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>6/30/2014</b>	<b>12/31/2013</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
Falling due	1,234,648	1,339,481	281,092	373,190
Overdue until 180 days	240,115	216,392	86,270	90,165
Overdue above 180 days	257,072	184,497	234,276	163,006
	<b>1,731,835</b>	<b>1,740,370</b>	<b>601,638</b>	<b>626,361</b>



In order to meet the needs of some customers in the domestic market, related to the extension of the payment term for billing of steel, in common agreement with CSN's internal commercial policy and maintenance of its very short-term receipts (up to 7 days), at the request of the customer, transactions are carried out for assignment of receivables without co-obligation negotiated between the customer and banks with common relationship, where CSN assigns the trade notes/bills that it issues to the banks with common relationship.

Due to the characteristics of the transactions for assignment of receivables without co-obligation, after assignment of the customer's trade notes/bills and receipt of the funds from the closing of each transaction, CSN settles the trade receivables and becomes entirely free of the credit risk on the transaction. This transaction totals R\$424,674 as of June 30, 2014 (R\$386,732 as of December 31, 2013), less the trade receivables.

The changes in the Company's allowance for doubtful debts are as follows:

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	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>6/30/2014</b>	<b>12/31/2013</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
<b>Opening balance</b>	<b>-114,172</b>	<b>-111,532</b>	<b>-88,518</b>	<b>-86,391</b>
Allowance for losses on trade receivables	-8,810	-17,988	-7,233	-13,902
Recovery of receivables	3,681	15,348	2,904	11,775
<b>Closing balance</b>	<b>-119,301</b>	<b>-114,172</b>	<b>-92,847</b>	<b>-88,518</b>

**5. INVENTORIES**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>6/30/2014</b>	<b>12/31/2013</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
Finished products	1,032,346	743,831	811,233	529,068
Work in process	769,596	650,311	652,793	550,227
Raw materials	735,883	714,365	446,993	436,283
Storeroom supplies	998,899	1,003,473	879,705	877,944
Iron ore	170,320	139,275	170,320	139,275
Advances to suppliers	40,432	11,915	39,294	9,859
(-) Estimated losses	-111,752	-102,185	-91,604	-83,426
	<b>3,635,724</b>	<b>3,160,985</b>	<b>2,908,734</b>	<b>2,459,230</b>

Changes in the allowance for inventory losses are as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>6/30/2014</b>	<b>12/31/2013</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
<b>Opening balance</b>	<b>-102,185</b>	<b>-108,160</b>	<b>-83,426</b>	<b>-90,344</b>
Allowance for/reversals of slow-moving inventories and obsolescence	-9,567	5,975	-8,178	6,918
<b>Closing balance</b>	<b>-111,752</b>	<b>-102,185</b>	<b>-91,604</b>	<b>-83,426</b>

As of June 30, 2014, the Company has long-term iron ore inventories amounting to R\$144,483, classified in other non-current assets (R\$144,483 as of December 31, 2013), as described in note 6.

**6. OTHER CURRENT AND NON-CURRENT ASSETS**

The group of other current and non-current assets is comprised as follows:

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	<b>Current</b>		<b>Consolidated Non-current</b>		<b>Current</b>	
	<b>6/30/2014</b>	<b>12/31/2013</b>	<b>6/30/2014</b>	<b>12/31/2013</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
Judicial deposits (Note 15)			561,479	693,714		
Credits with the PGFN (*)			91,723	88,921		
Recoverable taxes (**)	499,571	480,495	162,156	112,788	331,702	29
Prepaid expenses	40,719	37,369	35,651	38,117	29,051	2
Actuarial asset - related party (Note 17 b)			97,051	97,051		
Derivative financial instruments (Note 11 I)	1,975	9,681		3,879		
Securities held for trading (Note 11 I)	18,489	9,906			12,772	
Ore inventory (Note 5)			144,483	144,483		
Northeast Investment Fund (FINOR)			8,452	8,452		
Other receivables (Note 11 I)			962	9,970		
Loans with related parties (Note 17 b)	507,623	147,273	67,326	603,862	108,762	4
Other receivables from related parties (Note 17 b)	12,177	15,658	14,266	18,129	14,700	1
Other	28,390	22,538	15,706	15,959		
	<b>1,108,944</b>	<b>722,920</b>	<b>1,199,255</b>	<b>1,835,325</b>	<b>496,987</b>	<b>39</b>

(\*) Refers to the excess judicial deposit originated by the 2009 REFIS (Tax Debt Refinancing Program).

(\*\*) Refers mainly to taxes on revenue (PIS/COFINS) and State VAT (ICMS) on the acquisition of fixed assets which will be recovered over a 48-month period, and income tax and social contribution for offset.

## 7. INVESTMENTS

The information related to the description of activities of subsidiaries, jointly controlled entities, associates and other investments did not have changes in relation to that disclosed in the Company's financial statements as of December 31, 2013. and, accordingly, the Company decided not to repeat it in the condensed interim financial statements as of June 30, 2014.

**a) Direct equity interests in subsidiaries, jointly controlled entities, joint operations and associates**

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Companies	Number of shares held by CSN in units)		% Direct equity interest	6/30/2014				
				Assets	Liabilities	Shareholders' equity	Profit (loss) for the period	
	Common	Preferred	Direct equity					
Subsidiaries								
CSN Islands VII Corp.	20,001,000		100.00	6,706,113	7,436,642	-730,529	-35,308	
CSN Islands VIII Corp.	2,501,000		100.00	15,376	17.0	15,359	-877	
CSN Islands IX Corp.	3,000,000		100.00	922,956	921,247	1,709	-260	
CSN Islands X Corp.	1,000		100.00	36	50,403	-50,367	2,425	
CSN Islands XI Corp.	50,000		100.00	1,689,043	1,681,713	7,330	-610	
CSN Islands XII Corp.	1,540		100.00	1,695,360	2,203,832	-508,472	-33,157	
International Investment Fund								
CSN Minerals S.L.U.	131,649,926		100.00	4,218,308	118	4,218,190	-338,739	
CSN Export Europe, S.L.U.	35,924,748		100.00	890,906	71	890,835	-51,010	
CSN Metals S.L.U.	256,951,582		100.00	1,365,336	1,645	1,363,691	-85,633	
CSN Americas S.L.U.	151,877,946		100.00	1,850,348	1,458	1,848,890	-118,647	
CSN Steel S.L.U.	454,072,527		100.00	2,551,367	417,811	2,133,556	-71,858	
Sepetiba Tecon S.A.	254,015,052		99.99	363,834	92,413	271,421	28,696	
Mineração Nacional S.A.	999,999		99.99	1,114	25	1,089	38	
Florestal Nacional S.A.								
Estanho de Rondônia S.A.	34,236,306		99.99	34,299	16,142	18,157	-6,336	

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Companhia Metalic Nordeste	92,459,582		99.99	184,098	40,771	143,327	2,211
Companhia Metalúrgica Prada	675,317		99.99	742,807	452,159	290,648	-45,723
CSN Cimentos S.A.	3,734,582,665		100.00	1,043,238	88,790	954,448	44,200
Congonhas Minérios S.A.	64,610,862		99.99	1,998,134	2,008,967	-10,833	-2,650
CSN Energia S.A.	43,149		99.99	66,410	14,762	51,648	32,082
FTL - Ferrovia Transnordestina Logística S.A.	306,241,571		88.41	547,975	248,853	299,122	-3,458
Companhia Florestal do Brasil	21,120,514		99.99	27,819	6,781	21,038	-14
<b>Jointly controlled entities</b>							
Nacional Minérios S.A.	285,040,443		60.00	9,373,351	422,953	8,950,398	119,065
Itá Energética S.A.	253,606,842		48.75	318,859	15,297	303,562	3,443
MRS Logística S.A.	52,414,152	40,301,916	27.27	1,859,379	1,116,119	743,260	45,874
CBSI - Companhia Brasileira de Serviços de Infraestrutura	1,876,146		50.00	20,541	17,366	3,175	-5
CGPAR - Construção Pesada S.A.	50,000		50.00	50,095	44,492	5,603	5,543
Transnordestina Logística S.A.	22,714,245	1,397,545	62.68	3,544,060	2,231,302	1,312,758	-12,357
<b>Associates</b>							
Arvedi Metalfer do Brasil	27,239,971		20.00	58,698	38,100	20,598	-177

The number of shares, the balances of assets, liabilities and shareholders' equity, and the amounts of profit or loss for the year refer to the equity interests held by CSN in those companies.

**b) Events in 2013**

- Transnordestina Logística S.A. (“TLSA”)

On September 20, 2013, the Company signed (i) An Addendum to the Concession Agreement of the Northeast Railway System, which encompasses the stretches between the cities of São Luís to Mucuripe, Arrojado to Recife, Itabaiana to Cabedelo, Paula Cavalcante to Macau, and Propriá to Jorge Lins (“Railway System I”) and the stretches between the cities of Missão Velha to Salgueiro, Salgueiro to Trindade, Trindade to Eliseu Martins, Salgueiro to Porto de Suape, and Missão Velha to Porto de Pecém (“Railway System II”), to include therein obligations assumed by TLSA related to the implementation of the Railway System II, as well as the adaptation of the stretches that comprise it and (ii) Conduct Adjustment Agreement between ANTT and TLSA, with the purpose of resolving pending items existing between the parties.

On that date the following agreements were also signed (i) a new Shareholders' Agreement of TLSA between CSN, Valec Engenharia, Construções e Ferrovias S.A. (“Valec”), Fundo de Desenvolvimento do Nordeste – FDNE (“FDNE”) and BNDES Participações S.A. – BNDESPAR (“BNDESPAR”), with the intervenience of TLSA, whose effectiveness was conditioned to the disproportionate spin-off of TLSA, to be implemented under the terms of ANTT Resolution 4,042/2013; and (ii) Investment Agreement between CSN, Valec and FDNE, with the intervenience of TLSA, which besides other matters, deals with the new budget and the sources of funds that will have to be contributed to TLSA or financed for implementation of the Railway System II.



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At the Extraordinary Shareholders' Meeting held on December 27, 2013, as part of the reorganization process described above, the shareholders approved the disproportionate spin-off of TLISA, completing the segregation of Railway System I and Railway System II.

The purpose of this restructuring was to rebalance economically and financially the Northeast Railway System concession, leading to the extension of the Railway System II operation concession, which could reach 2057, and the segregation of the assets related to Railway System I, which were merged into subsidiary FTL - Ferrovia Transnordestina Logística S.A. ("FTL"), with the maintenance of the assets related to Railway System II in TLISA.

As a result of the spin-off, CSN became the holder of an 88.41% stake in FTL and a 77.30% stake in TLISA.

In April 2014, the shareholders of Transnordestina approved a capital increase in the amount of R\$400,000, through the issuance of 7,278,020 class "A" preferred shares, which were fully subscribed by the shareholder Valec and paid up through the capitalization of credits from Advances for Future Capital Increase held by such shareholder with Transnordestina. As a result of such increase CSN no longer holds a 77.30% interest, it currently holds 62.68% of the total capital of Transnordestina.

With the completion of the spin-off, the new Shareholders' Agreement became effective and control is now jointly held with the shareholders part of the public block, which became the holders of substantive rights to make certain material company decisions and influence the ordinary course of business, as well as CSN, by influencing budgeting, internal policies, capital expenditures, debt, etc., thus typifying the loss of control by CSN, pursuant to specific IFRS criteria.

Accordingly, as of December 31, 2013, in accordance with IFRS 10, corresponding to CPC 36(R3), CSN reversed all TLISA assets and liabilities and non-controlling interests and started to recognize the remaining stake in this investment at fair value on the date control was lost. After this initial recognition, the investment starts to be measured under the equity method.

The gain generated by the loss of control over the investment recognized in the income statement, in other operating income in 2013, is broken down as follows:

	<b>Consolidated 12/31/2013</b>	<b>Parent Company 12/31/2013</b>
(+) Fair value of the remaining investment	1,984,204	1,984,204
(-) Carrying amount of net assets	1,714,232	1,325,099
(+) Carrying amount of non-controlling interests	389,133	
Gain on loss of control over Transnordestina	<b>659,105</b>	<b>659,105</b>
(-) Capitalized interest written off	185,206	185,206
<b>Gain on loss of control over Transnordestina</b>	<b>473,899</b>	<b>473,899</b>
(-) Income tax and social contribution	161,126	161,126
<b>Gain on loss of control, net of income tax and social contribution (*)</b>	<b>312,773</b>	<b>312,773</b>

(\*) the goodwill will be amortized monthly, from the completion of the construction work to the final concession date.

**c) Changes in investments in subsidiaries, jointly controlled entities, joint ventures, associates, and other investments**

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		<b>Consolidated</b>		<b>Parent Company</b>
	<b>6/30/2014</b>	<b>12/31/2013</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
<b>Opening balance of investments</b>	<b>13,487,023</b>	<b>10,839,787</b>	<b>27,005,592</b>	<b>23,356,506</b>
<b>Opening balance of impairment loss allowance</b>			<b>-1,231,511</b>	<b>-851,298</b>
Transnordestina Investment balance at 12.31.2012		1,452,074		
Capital increase/acquisition of shares	2,614	164,941	34,346	654,692
Capital reduction		-153,305		
Merger and partial spin-off of subsidiaries				132,725
Dividends (1)	453,611	-85,998	425,837	-139,887
Comprehensive income (2)	-1,088,269	73,213	-1,162,572	456,978
Share of profits of investees (3)	150,993	542,711	-548,044	1,502,450
Gain on loss of control over Transnordestina		659,106		659,106
Other		-5,506		2,809
<b>Closing balance of investments</b>	<b>13,005,972</b>	<b>13,487,023</b>	<b>25,823,849</b>	<b>27,005,592</b>
<b>Closing balance of impairment loss allowance</b>			<b>-1,300,201</b>	<b>-1,231,511</b>

1. On March 28, 2014, the Annual General Meeting of the jointly controlled entity Nacional Minérios S.A. decided to allocate fully the profit (loss) for 2012 to the Investment Reserve and Contingencies Reserve accounts. In view of this decision of the general meeting, the company reversed the dividends receivable in the amount of R\$484,946 that had been recorded according to NAMISA's management proposal and that were not approved by such meeting.

2. Refers to the mark-to-market of investments classified as available for sale and translation to the reporting currency of the foreign investments, the functional currency of which is not the Brazilian reais.

3. Below is the reconciliation of the share of profit of jointly controlled entities with the share of profit of investees recognized in the balance sheet after the reclassifications:

	<b>6/30/2014</b>	<b>Consolidated 12/31/2013</b>
<b>Share of profit of jointly controlled entities</b>	<b>150,993</b>	<b>542,711</b>
<b>Reclassifications</b>		

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To cost of sales	-73,435	-137,418
To finance costs	-326,391	-624,096
To taxes	135,941	258,914
<b>Other</b>		
Elimination of Transnordestina's profit		120,102
Other		-2,075
<b>Adjusted share of profit of investees</b>	<b>-112,892</b>	<b>158,138</b>

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**d) Investments in joint ventures and joint operations**

The balances of the balance sheets and income statements of the companies under shared control are stated below:

	<b>Nacional Minérios (*) 60.00%</b>	<b>Itá Energética 48.75%</b>	<b>MRS Logística 27.27%</b>	<b>CBSI 50.00%</b>	<b>CGPAR Trans 50.00%</b>	<b>Lo 6</b>
<b>Equity interest (%)</b>						
<b>Balance sheet</b>						
<b>Current assets</b>						
Cash and cash equivalents	4,553,728	20,867	461,646	7,542	11,307	
Other current assets	884,193	14,063	577,525	27,179	37,308	
<b>Total current assets</b>	<b>5,437,921</b>	<b>34,930</b>	<b>1,039,171</b>	<b>34,721</b>	<b>48,615</b>	
<b>Non-current assets</b>						
Long-term assets	8,777,715	33,374	416,292	27	21	
Investments, PP&E and intangible assets	1,383,206	585,766	5,363,091	6,334	51,554	
<b>Total non-current assets</b>	<b>10,160,921</b>	<b>619,140</b>	<b>5,779,383</b>	<b>6,361</b>	<b>51,575</b>	
<b>Total assets</b>	<b>15,598,842</b>	<b>654,070</b>	<b>6,818,554</b>	<b>41,082</b>	<b>100,190</b>	
<b>Current liabilities</b>						
Borrowings and financing	343,905		374,419		25,943	
Other current liabilities	221,493	31,379	805,533	28,603	34,943	
<b>Total current liabilities</b>	<b>565,398</b>	<b>31,379</b>	<b>1,179,952</b>	<b>28,603</b>	<b>60,886</b>	
<b>Non-current liabilities</b>						
Borrowings and financing	31,850		2,494,233		15,460	
Other non-current liabilities	84,264		418,750	6,129	12,638	
<b>Total non-current liabilities</b>	<b>116,114</b>		<b>2,912,983</b>	<b>6,129</b>	<b>28,098</b>	
<b>Shareholders' equity</b>	<b>14,917,330</b>	<b>622,691</b>	<b>2,725,619</b>	<b>6,350</b>	<b>11,206</b>	
<b>Total liabilities and shareholders' equity</b>	<b>15,598,842</b>	<b>654,070</b>	<b>6,818,554</b>	<b>41,082</b>	<b>100,190</b>	

						<b>1/1/2014 to</b>
	<b>Nacional Minérios (*) 60.00%</b>	<b>Itá Energética 48.75%</b>	<b>MRS Logística 27.27%</b>	<b>CBSI 50.00%</b>	<b>CGPAR Trans 50.00%</b>	<b>Lo 6</b>
<b>Equity interest (%)</b>						

**Statements of Income**

Net revenue	841,439	72,799	1,400,424	70,488	122,458
Cost of sales and services	-660,435	-41,869	-977,661	-66,522	-102,638
Gross profit	181,004	30,930	422,763	3,966	19,820
Operating (expenses) income	-79,958	-22,225	-104,327	-4,091	-1,706
Finance income (costs), net	331,036	2,078	-59,735	175	-576
Income before income tax and social contribution	432,082	10,783	258,701	50	17,538
Current and deferred income tax and social contribution	-233,640	-3,721	-90,477	-59	-6,452
<b>Profit for the period</b>	<b>198,442</b>	<b>7,062</b>	<b>168,224</b>	<b>-9</b>	<b>11,086</b>

(\*) Refer to the consolidated balances and profit or loss of Nacional Minérios S. A.

The balance sheet and income statement amounts refer to 100% of the companies' results.

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**8. PROPERTY, PLANT AND EQUIPMENT**

The information related to property, plant and equipment did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013.

	Land	Buildings and infrastructure	Machinery, equipment and facilities	Furniture and fixtures	Construction in progress	Other (*)
<b>Balance at December 31, 2013</b>	<b>213,301</b>	<b>1,826,519</b>	<b>7,782,833</b>	<b>34,127</b>	<b>4,771,635</b>	<b>283,011</b>
Cost	213,301	2,196,994	12,968,200	151,479	4,771,635	627,845
Accumulated depreciation		-370,475	-5,185,367	-117,352		-344,834
<b>Balance at December 31, 2013</b>	<b>213,301</b>	<b>1,826,519</b>	<b>7,782,833</b>	<b>34,127</b>	<b>4,771,635</b>	<b>283,011</b>
Effect of foreign exchange differences	-3,383	-11,157	-46,441	-217	-980	-722
Acquisitions	3	298	145,817	1,882	601,706	32,190
Capitalized interest (Notes 23 and 29)					73,770	
Write-offs		-47	-5,600	-7	-43	-124
Depreciation		-34,180	-520,868	-3,272		-20,359
Transfers to other asset categories	8,200	91,902	2,525,038	923	-2,816,290	190,227
Transfers to intangible assets					-12,734	
Other			71,903	1	-34,583	-14,108
<b>Balance at June 30, 2014</b>	<b>218,121</b>	<b>1,873,335</b>	<b>9,952,682</b>	<b>33,437</b>	<b>2,582,481</b>	<b>470,115</b>
Cost	218,121	2,273,276	15,600,951	153,282	2,582,481	830,595
Accumulated depreciation		-399,941	-5,648,269	-119,845		-360,480
<b>Balance at June 30, 2014</b>	<b>218,121</b>	<b>1,873,335</b>	<b>9,952,682</b>	<b>33,437</b>	<b>2,582,481</b>	<b>470,115</b>

(\*) In consolidated, refer basically to railway assets, such as yards, tracks and railway sleepers.

	Land	Buildings and infrastructure	Machinery, equipment and facilities	Furniture and fixtures	Construction in progress	Other (*)
<b>Balance at December 31, 2013</b>	<b>107,475</b>	<b>1,225,222</b>	<b>6,355,738</b>	<b>26,409</b>	<b>4,345,142</b>	<b>358,109</b>
Cost	107,475	1,390,013	10,423,838	129,930	4,345,142	467,481
Accumulated depreciation		-164,791	-4,068,100	-103,521		-109,372
<b>Balance at December 31, 2013</b>	<b>107,475</b>	<b>1,225,222</b>	<b>6,355,738</b>	<b>26,409</b>	<b>4,345,142</b>	<b>358,109</b>
Acquisitions		280	125,320	1,499	499,921	27,425
Capitalized interest (Notes 23 and 29)					73,770	
Write-offs			-5,042	-6	-41	-1
Depreciation		-19,679	-441,041	-2,340		-10,216
Transfers to other asset categories	7,779	88,229	2,510,366	906	-2,717,714	110,434
Transfers to intangible assets					-12,734	
Other			74,165		-31,593	-17,572
<b>Balance at June 30, 2014</b>	<b>115,254</b>	<b>1,294,052</b>	<b>8,619,506</b>	<b>26,468</b>	<b>2,156,751</b>	<b>468,179</b>
Cost	115,254	1,478,511	13,115,420	132,106	2,156,751	587,646
Accumulated depreciation		-184,459	-4,495,914	-105,638		-119,467
<b>Balance at June 30, 2014</b>	<b>115,254</b>	<b>1,294,052</b>	<b>8,619,506</b>	<b>26,468</b>	<b>2,156,751</b>	<b>468,179</b>

(\*) includes leasehold improvements, vehicles, hardware, mines and ore bodies and replacement storeroom supplies.



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The breakdown of the projects comprising construction in progress is as follows:

	Project objective	Start date	Completion date		Consolidated	
					6/30/2014	12/31/2013
<b>Logistics</b>	Equalization of Berth 301.	2012	2014		185,689	151,932
	Current investments for maintenance of current operations.				193,005	231,832
					<b>378,694</b>	<b>383,764</b>
<b>Mining</b>	Expansion of Casa de Pedra Mine capacity production.	2007	2015/2016	(1)	765,661	1,090,568
	Expansion of TECAR's export capacity.	2009	2016	(2)	410,475	404,374
	Current investments for maintenance of current operations.				57,165	42,866
					<b>1,233,301</b>	<b>1,537,808</b>
<b>Steel</b>	Construction of a long steel plant to produce rebar and machine wire.	2008	2014	(3)	157,287	1,592,016
	Implementation of the AF#3's gas pressure recovery.	2006	2014		387	74,337
	Expansion of the service center/Mogi.	2013	2015	(4)	18,857	11,000
	Current investments for maintenance of current operations.				112,320	668,495
					<b>288,851</b>	<b>2,345,848</b>
<b>Cement</b>	Construction of cement plants.	2011	2016	(5)	676,967	476,076
	Current investments for maintenance of current				4,668	28,139

operations.

	<b>681,635</b>	<b>504,215</b>
<b>Total Construction in Progress</b>	<b>2,582,481</b>	<b>4,771,635</b>

(1) Expected date for completion of the Central Plant Stage 1 and Magnetic Separators;

(2) Expected date for completion of the 60 Mtpa stage

(3) Started in January 2014.

(4) Expected date for completion of Service Center/Mogi;

(5) Expected date for completion of Minas Gerais unit.

**a)** Additions to depreciation, amortization and depletion for the year were distributed as follows:

	<b>Six-month period ended</b>		<b>Three-month period ended</b>		<b>Consolidated</b>
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>	
Production cost	569,819	538,406	290,355	257,355	
Selling expenses	4,447	4,175	2,230	2,100	
General and administrative expenses	7,328	7,963	3,663	3,850	
	<b>581,594</b>	<b>550,544</b>	<b>296,248</b>	<b>263,305</b>	
Other operating expenses (*)	18,559	28,945	9,499	21,900	
	<b>600,153</b>	<b>579,489</b>	<b>305,747</b>	<b>285,205</b>	

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	Six-month period ended		Three-month period ended		Parent
	6/30/2014	6/30/2013	6/30/2014		
Production cost	468,423	445,308	237,862		
Selling expenses	3,389	3,251	1,702		
General and administrative expenses	4,866	4,124	2,453		
	<b>476,678</b>	<b>452,683</b>	<b>242,017</b>		
Other operating expenses (*)	714	14,149	714		
	<b>477,392</b>	<b>466,832</b>	<b>242,731</b>		

(\*) Refers to the depreciation of unused equipment (see note 22).

## 9. INTANGIBLE ASSETS

The information related to intangible assets did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013 and, accordingly, the Company decided not to repeat it fully in the condensed interim financial statements as of June 30, 2014.

	Consolidated					
	Goodwill	Customer relations	Software	Other	Total	Goodwill
<b>Balance at December 31, 2013</b>	<b>407,434</b>	<b>381,480</b>	<b>67,354</b>	<b>109,172</b>	<b>965,440</b>	<b>13,091</b>
Cost	666,768	415,899	107,416	109,172	1,299,255	14,135
Accumulated amortization	-150,004	-34,419	-40,062		-224,485	-1,044
Adjustment for accumulated recoverable value	-109,330				-109,330	
<b>Balance at December 31, 2013</b>	<b>407,434</b>	<b>381,480</b>	<b>67,354</b>	<b>109,172</b>	<b>965,440</b>	<b>13,091</b>
Effect of foreign exchange differences		-24,295	-50	-7,156	-31,501	
Acquisitions and expenditures			324		324	
Transfer of property, plant and equipment			12,734		12,734	
Amortization		-16,793	-4,681		-21,474	
<b>Balance at June 30, 2014</b>	<b>407,434</b>	<b>340,392</b>	<b>75,681</b>	<b>102,016</b>	<b>925,523</b>	<b>13,091</b>
Cost	666,768	388,637	141,459	102,016	1,298,880	14,135
Accumulated amortization	-150,004	-48,245	-65,778		-264,027	-1,044

Adjustment for accumulated recoverable value	-109,330					-109,330	
<b>Balance at June 30, 2014</b>	<b>407,434</b>	<b>340,392</b>	<b>75,681</b>	<b>102,016</b>		<b>925,523</b>	<b>13,091</b>

## 10. BORROWINGS, FINANCING AND DEBENTURES

The information related to borrowings, financing and debentures did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013.

The balances of borrowings, financing and debentures, which are carried at amortized cost, are as follows:

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	Rates p.a. (%)	Consolidated					
		Current liabilities		Non-current liabilities		Current liabilities	
		6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013
<b>FOREIGN CURRENCY</b>							
Prepayment	1% to 3.5%	47,348	105,874	1,738,249	1,166,615	47,108	105,874
Prepayment	3.51% to 7.5%	228,363	207,331	1,200,363	1,276,717	137,985	343,911
Perpetual bonds	7%	2,998	3,189	2,202,500	2,342,600		
Fixed rate notes	4.14 to 10%	1,027,946	156,868	4,273,951	5,505,110	18,276	19,437
BNDDES/FINAME			12,356				11,333
Intercompany	6M Libor + 2.25 and 3%					51,699	737,291
Other	1.2% up to 8%	125,182	49,306	361,800	442,843	44,299	
		<b>1,431,837</b>	<b>534,924</b>	<b>9,776,863</b>	<b>10,733,885</b>	<b>299,367</b>	<b>1,217,851</b>
<b>LOCAL CURRENCY</b>							
		67,205	97,044	963,220	962,684	29,289	57,751
BNDDES/FINAME	TJLP + 1.5% to 3.2% and 2.5% to 10% fixed rate	863,831	846,387	1,800,000	1,932,500	863,831	846,387
Debentures	105.8% to 111.20% CDI	109,239	101,330	5,345,000	5,345,000	84,782	79,301
Prepayment	106.5% to 110.79% CDI and 8% fixed rate	1,094,983	1,085,436	6,200,000	6,200,000	1,094,983	1,085,436
CCB	112.5% CDI					80,738	591,421
Intercompany	110.79% CDI	7,491	8,527	13,658	15,505	2,204	2,111
Other		<b>2,142,749</b>	<b>2,138,724</b>	<b>14,321,878</b>	<b>14,455,689</b>	<b>2,155,827</b>	<b>2,662,421</b>
<b>Total borrowings and financing</b>		<b>3,574,586</b>	<b>2,673,648</b>	<b>24,098,741</b>	<b>25,189,574</b>	<b>2,455,194</b>	<b>3,880,281</b>
Transaction costs and issue premiums		-26,952	-30,841	-78,976	-85,951	-21,387	-25,581
<b>Total borrowings and financing + transaction costs</b>		<b>3,547,634</b>	<b>2,642,807</b>	<b>24,019,765</b>	<b>25,103,623</b>	<b>2,433,807</b>	<b>3,854,699</b>

The balances of prepaid related parties borrowings total R\$3,100,705 as of June 30, 2014 (R\$2,943,964 as of December 31, 2013) and the balances of Fixed Rate Notes and related parties Bonds total R\$2,306,256 (R\$2,452,956 as of December 31, 2013), see note 17.

- **Maturities of borrowings, financing and debentures presented in non-current liabilities**

As of June 30, 2014, the inflation-adjusted principal of long-term borrowings, financing and debentures by maturity year is as follows:

		<b>Consolidated</b>		<b>Parent Company</b>
2015	1,574,507	7%	2,610,320	11%
2016	2,487,748	10%	3,718,908	16%
2017	3,792,516	16%	3,595,152	16%
2018	4,177,594	17%	3,824,913	17%
2019	4,817,064	20%	3,510,420	15%
After 2019	5,046,812	21%	5,726,227	25%
Perpetual bonds	2,202,500	9%		
	<b>24,098,741</b>	<b>100%</b>	<b>22,985,940</b>	<b>100%</b>

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- Amortizations and new borrowings, financing and debentures**

The table below shows the amortizations and new funding in the current period:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>6/30/2014</b>	<b>12/31/2013</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
<b>Opening balance</b>	<b>27,746,430</b>	<b>29,304,704</b>	<b>25,249,354</b>	<b>24,139,992</b>
Funding	1,384,720	1,697,363	1,517,063	1,363,253
Amortization	-2,238,473	-4,300,240	-2,117,662	-3,991,884
Loss of control over Trasnordestina		-3,180,821		
Other (*)	674,722	4,225,424	703,972	3,737,993
<b>Closing balance</b>	<b>27,567,399</b>	<b>27,746,430</b>	<b>25,352,727</b>	<b>25,249,354</b>

(\*) Includes unrealized foreign exchange and monetary variations.

Borrowing and financing contracts with certain financial institutions contain some covenants that are usual in financial agreements in general and the Company is compliant with them as of June 30, 2014.

- Debentures**

**7th issue**

In March 2014 the Company issued 40,000 nonconvertible, unsecured debentures, in single series, with a unit face value of R\$10 totaling R\$400,000 that pay interest equivalent to 111.20% of the CDI Cetip rate per year, maturing in March 2021, with early redemption option.

- **Guarantees provided**

Guarantees provided for the borrowings comprise property, plant and equipment items and sureties and do not include guarantees provided for subsidiaries and jointly controlled entities. As of June 30, 2014, the amount is R\$3,304 (R\$4,234 as of December 31, 2013).

## **11. FINANCIAL INSTRUMENTS**

The information related to financial instruments did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013 and, accordingly, the Company decided not to repeat it fully in the condensed interim financial statements as of June 30, 2014.

### **I - Identification and measurement of financial instruments**

The Company enters into transactions involving various financial instruments, mainly cash and cash equivalents, including short-term investments, marketable securities, trade receivables, trade payables, and borrowings and financing. Additionally, it also carries out transactions involving derivative financial instruments, especially exchange and interest rate swaps.



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• **Classification of financial instruments**

Consolidated	Notes	6/30/2014							
		Available for sale	Fair value through profit or loss	Loans and receivables - effective interest rate	Other liabilities - amortized cost method	Balances	Available for sale	Fair value through profit or loss	Loans and receivables - effective interest rate
<b>Assets</b>									
<b>Current assets</b>									
Cash and cash equivalents	3			9,019,972		9,019,972			9,995,67
Trade receivables, net	4			1,715,669		1,715,669			1,733,64
Derivative financial instruments	6		1,975			1,975		9,681	
Trading securities	6		18,489			18,489		9,906	
<b>Total</b>			<b>20,464</b>	<b>10,735,641</b>		<b>10,756,105</b>		<b>19,587</b>	<b>11,729,31</b>
<b>Non-current assets</b>									
Other trade receivables	6			962		962			9,97
Investments		1,315,172				1,315,172	2,405,174		
Derivative financial instruments	6							3,879	
Short-term investments				28,913		28,913			30,75
<b>Total</b>		<b>1,315,172</b>		<b>29,875</b>		<b>1,345,047</b>	<b>2,405,174</b>	<b>3,879</b>	<b>40,72</b>
<b>Total assets</b>		<b>1,315,172</b>	<b>20,464</b>	<b>10,765,516</b>		<b>12,101,152</b>	<b>2,405,174</b>	<b>23,466</b>	<b>11,770,03</b>

**Liabilities****Current liabilities**

Borrowings and financing	10		3,574,586	3,574,586	
Derivative financial instruments	12	93,236		93,236	6,822
Trade payables			1,531,076	1,531,076	
<b>Total</b>		<b>93,236</b>	<b>5,105,662</b>	<b>5,198,898</b>	<b>6,822</b>

**Non-current liabilities**

Borrowings and financing	10		24,098,741	24,098,741	
Derivative financial instruments	12	14,192		14,192	17,375
<b>Total</b>		<b>14,192</b>	<b>24,098,741</b>	<b>24,112,933</b>	<b>17,375</b>

<b>Total liabilities</b>		<b>107,428</b>	<b>29,204,403</b>	<b>29,311,831</b>	<b>24,197</b>
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- Fair value measurement**

The following table shows the financial instruments recognized at fair value through profit or loss using a valuation method:

		6/30/2014					
	Consolidated	Level 1	Level 2	Level 3	Balances	Level 1	Level 2
<b>Assets</b>							
<b>Current assets</b>							
<b>Financial assets at fair value through profit or loss</b>							
Derivative financial instruments			1,975		1,975		9,681
Trading securities		18,489			18,489	9,906	
<b>Non-current assets</b>							
<b>Available-for-sale financial assets</b>							
Investments		1,315,172			1,315,172	2,405,174	
<b>Financial assets at fair value through profit or loss</b>							
Derivative financial instruments							3,879
<b>Total assets</b>		<b>1,333,661</b>	<b>1,975</b>		<b>1,335,636</b>	<b>2,415,080</b>	<b>13,560</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
<b>Financial liabilities at fair value through profit or loss</b>							
Derivative financial instruments			93,236		93,236		6,822
<b>Non-current liabilities</b>							
<b>Financial liabilities at fair value through profit or loss</b>							
Derivative financial instruments			14,192		14,192		17,375
<b>Total liabilities</b>			<b>107,428</b>		<b>107,428</b>		<b>24,197</b>

**II – Investments in financial instruments classified as available for sale and measured at fair value through OCI**

These consist mainly of investments in shares acquired in Brazil involving top ranked companies, which are recognized in non-current assets, and any gains or losses are recognized in shareholders' equity, where they will remain until actual realization of the securities or when any loss is considered unrecoverable.

***Potential impairment of financial assets classified as available for sale***

The Company has investments in common (USIM3) and preferred (USIM5) shares (“Usiminas Shares”), designated as available-for-sale financial assets as they do not meet the criteria to be classified within any of the other categories of financial instruments (loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss). The asset is classified as a non-current asset under line item “investments” and is carried at fair value based on the quoted price on the stock exchange (BM&FBOVESPA).

Considering the volatility of the quotations of Usiminas shares, the Company evaluated whether, at the end of the reporting period, there was objective evidence of impairment of these financial assets, i.e., the Company’s management evaluated if the decline in the market value of Usiminas shares should be considered either significant or prolonged. In turn, this valuation requires judgment based on CSN’s policy, prepared according to practices used in the domestic and international markets, and consists of an instrument by instrument analysis based on quantitative and qualitative information available in the market, from the time an instrument shows a drop of 20% or more in its market value or from the time there is a significant drop in its market value as compared to its acquisition price during more than twelve months.

However, as of June 30, 2013, there was an additional decline in the quotation of the common shares (USIM3) as compared with the quotation as of June 30, 2012 which, according to the Company's accounting policy, generated a loss of R\$5,002, recorded directly in other operating expenses.

As of June 30, 2014, after a new decline in the common shares prices (USIM3) in comparison with the prices as of June 30, 2013, according to its accounting policy, the Company reclassified the accumulated losses recognized in other comprehensive income, in the amount of R\$34,396, net of income tax and social contribution, to profit (loss) for the period, recognizing R\$52,115 in other operating expenses and R\$17,719 in deferred taxes.



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Beginning this date, pursuant to a Company's policy, gains and losses arising from the variation of the quotation of shares were recognized in other comprehensive income.

On April 9, 2014, the Administrative Council for Economic Defense (CADE - Conselho Administrativo de Defesa Econômica) issued its decision on the matter and a commitment agreement (Performance Commitment Agreement), or TCD, was signed between CADE and CSN. Under the terms of the decision of CADE and TCD, CSN must reduce its interest in Usiminas within a specified term. The term and percentage of reduction are confidential. Moreover, the political rights at Usiminas will continue suspended until the Company reaches the limits established in the TCD.

The Company's interest in Usiminas has not changed as compared with the percentage disclosed in the financial statements as of December 31, 2013.

The Company will continue to evaluate strategic alternatives with respect to its investment in Usiminas.

**III – Fair values of assets and liabilities as compared to their carrying amounts**

The estimated fair values of consolidated long-term borrowings and financing were calculated at prevailing market rates, taking into consideration the nature, terms and risks similar to those of the recorded contracts, as compared below:

		6/30/2014		12/31/2013	
		Fair value	Fair value	Fair value	Fair value
	Carrying amount		Carrying amount		
Perpetual bonds	2,205,498	2,078,390	2,345,789	1,938,780	
Fixed Rate Notes	5,301,897	5,512,104	5,661,978	6,032,207	

#### IV Financial risk management policy

As of June 30, 2014, there were no changes in the financial risk management policies in relation to those disclosed in the Company's financial statements for the year ended December 31, 2013.

- **Foreign exchange exposure**

The consolidated net exposure as of June 30, 2014 is as follows:

<b>Foreign Exchange Exposure</b>	<b>(Amounts in US\$ thousands)</b>	<b>6/30/2014 (Amounts in € thousands)</b>
Cash and cash equivalents overseas	3,861,541	2,019
Trade receivables - foreign market	274,044	11,703
Related parties borrowings	154,071	81,126
Other assets	186	75,629
<b>Total assets</b>	<b>4,289,842</b>	<b>170,477</b>
Borrowings and financing	-4,879,459	-121,079
Trade payables	-192,035	-7,564
Other liabilities	-15,126	-22,019
Related parties borrowings	-34,071	
<b>Total liabilities</b>	<b>-5,120,691</b>	<b>-150,662</b>
<b>Gross exposure</b>	<b>-830,849</b>	<b>19,815</b>
Notional amount of derivatives contracted (*)	913,000	-90,000
<b>Net exposure</b>	<b>82,151</b>	<b>-70,185</b>

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• **Exchange swap transactions**

Counterparties	Transaction maturity	Functional currency	Notional amount	Appreciation (R\$)		6/30/2014 Fair value (market)	Notional amount	Appreciation	
				Asset position	Liability position	Amounts receivable/ (payable)		Asset position	Liability position
<i>Santander</i>	01/02/15	US dollar	10,000	25,229	-23,758	1,471	10,000	26,512	-2
<i>Deutsche</i>	11/10/14	US dollar	20,000	44,623	-49,491	-4,868			
<i>Goldman Sachs</i>		US dollar					10,000	23,697	-2
<i>HSBC</i>		US dollar					90,000	213,306	-20
<b>Total dollar-to-CDI swap</b>			<b>30,000</b>	<b>69,852</b>	<b>-73,249</b>	<b>-3,397</b>	<b>110,000</b>	<b>263,515</b>	<b>-25</b>
<i>Itaú BBA</i>	10/01/2014 to 01/30/2015	US dollar	348,000	768,091	-795,595	-27,504	85,000	199,753	-19
<i>HSBC</i>	10/01/2014 to 01/30/2015	US dollar	385,000	849,370	-894,420	-45,050	208,000	488,843	-48
<i>Deutsche</i>	10/01/2014 to 01/30/2015	US dollar	150,000	330,942	-345,863	-14,921			
<b>Total dollar-to-real swap (NDF)</b>			<b>883,000</b>	<b>1,948,403</b>	<b>-2,035,878</b>	<b>-87,475</b>	<b>293,000</b>	<b>688,596</b>	<b>-68</b>
<i>Itaú BBA</i>	08/22/2014	Euro	90,000	270,555	-271,448	-893	30,000	94,858	-9
<i>HSBC</i>		Euro					30,000	94,900	-9
<i>Goldman Sachs</i>		Euro					30,000	94,880	-9
<b>Total dollar-to-euro swap (NDF)</b>			<b>90,000</b>	<b>270,555</b>	<b>-271,448</b>	<b>-893</b>	<b>90,000</b>	<b>284,638</b>	<b>-28</b>
<i>BES</i>	08/26/14 to 11/28/14	US dollar	44,790	98,874	-98,370	504	11,801	27,878	-2
<b>Total dollar-to-euro swap</b>			<b>44,790</b>	<b>98,874</b>	<b>-98,370</b>	<b>504</b>	<b>11,801</b>	<b>27,878</b>	<b>-2</b>
<i>CSFB</i>							21,500	36,526	-3



<b>Total LIBOR-to-CDI interest rate swap</b>							<b>21,500</b>	<b>36,526</b>	<b>-3</b>
<i>Itaú BBA</i>	03/01/16	Real	150,000	162,260	-167,927	-5,667	150,000	152,610	-15
<i>HSBC</i>	02/05/16 to 03/01/16	Real	185,000	199,117	-207,244	-8,127	185,000	187,395	-19
<i>Deutsche Bank</i>	03/01/16	Real	10,000	10,754	-11,152	-398	10,000	10,114	-1
<b>Total fixed rate-to-CDI interest rate swap</b>			<b>345,000</b>	<b>372,131</b>	<b>-386,323</b>	<b>-14,192</b>	<b>345,000</b>	<b>350,119</b>	<b>-36</b>
							<b>2,759,815</b>	<b>-2,865,268</b>	<b>-105,453</b>
								<b>1,651,272</b>	<b>-1,66</b>

- **Classification of the derivatives in the balance sheet and statement of income**