

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**

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

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NACIONAL**Version:****1****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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NACIONAL**Version:****1****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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NACIONAL**Version:****1****Parent Company Statements / Statements of Income  
(R\$ thousand)**

Code	Description	Current	YTD	Same	YTD
		Quarter	Current	Quarter of	Previous
		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	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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NACIONAL**Version:  
1****Parent Company Statements / Statement of Comprehensive Income  
(R\$ thousand)**

Code	Description	Current	YTD	San
		Quarter	Current	Quar
		4/1/2014	1/1/2014	4/1/20
		to	to	Ye
		6/30/2014	6/30/2014	6/30/20
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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NACIONAL**Version:****1****Parent Company Statements / Statement of Cash Flows – Indirect Method  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>YTD Current Year 1/1/2014 to 6/30/2014</b>	<b>YTD Previous Year 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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NACIONAL**Version:****1****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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(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-in capital</b>	<b>Capital reserve, reserve granted options and treasury shares</b>	<b>Earnings reserve</b>	<b>Retained earnings/ compre (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	521,795
5.05.01	Profit for the period	0		0	521,795
5.05.02	Other comprehensive income	0		0	0
5.05.02.04	Cumulative translation adjustments for the period	0		0	0
5.05.02.09	Available-for-sale financial assets, net of taxes	0		0	0
5.07	Closing balances	4,540,000		303,130,543	521,795

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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****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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NACIONAL**Version:****1****Consolidated Financial Statements / Balance Sheet - Assets  
(R\$ thousand)**

<i>Code</i>	<i>Description</i>	<i>YTD Previous</i>	
		<i>Current Quarter</i>	<i>Year</i>
		<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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NACIONAL**Version:  
1****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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**Version:**

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

Code	Description	Current	YTD	Same	YTD
		Quarter	Current	Quarter of	Previous
		4/1/2014	Year	Previous	Year
		to	1/1/2014	Year	1/1/2013
		6/30/2014	to	4/1/2013	to
			6/30/2014	to	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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(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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<b>Code</b>	<b>Description</b>	<b>YTD Current 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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1****Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 1/1/2014 to 6/30/2014  
(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings (accumulated reserve)	Retained earnings/ losses)	Other comprehensive income	Shareholders' Equity	Non-con in
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)**

<b>Code</b>	<b>Description</b>	<b>Paid-in capital</b>	<b>Capital reserve, granted options and treasury shares</b>	<b>Earnings reserve (accumulated comprehensive 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	521,795
5.05.01	Profit for the period	0	0	521,795
5.05.02	Other comprehensive income	0	0	0
5.05.02.04	Cumulative translation adjustments for the period	0	0	0
5.05.02.09	Available-for-sale financial assets, net of taxes	0	0	0
5.06	Internal changes in shareholders' equity	0	0	0
5.06.04	Non-controlling interests in subsidiaries	0	0	0
5.07	Closing balances	4,540,000	303,130,543	521,795

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(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>YTD Current year 1/1/2014 to 6/30/2014</b>	<b>YTD Previous year 1/1/2013 to 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 2Q14 x 2Q13</b>	<b>Change 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 e Embalagens)</b>		<b>- Sepetiba Tecon</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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1****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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**Version:****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
Stalwerk 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 representatio

**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>Exclusive funds</b>	<b>Equity interests (%)</b>		<b>Core business</b>
	<b>6/30/2014</b>	<b>12/31/2013</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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1****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	Assets	Liabilities	Shareholders' equity	6/30/2014	Profit (loss) Dire
	Common	Preferred					for the period	
<b>Subsidiaries</b>								
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</b>	<b>Parent Company</b>
	<b>12/31/2013</b>	<b>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>		

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

1/1/2014 to

**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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1****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. Current investments for maintenance of current operations.	2012	2014	185,689	151,932		
				193,005	231,832		
				<b>378,694</b>	<b>383,764</b>		
<b>Mining</b>	Expansion of Casa de Pedra Mine capacity production. Expansion of TECAR's export capacity. Current investments for maintenance of current operations.	2007	2015/2016 (1)	765,661	1,090,568		
				2009	2016 (2)	410,475	404,374
						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. Implementation of the AF#3's gas pressure recovery. Expansion of the service center/Mogi. Current investments for maintenance of current operations.	2008	2014 (3)	157,287	1,592,016		
				2006	2014	387	74,337
						2013	2015 (4)
				<b>288,851</b>	<b>2,345,848</b>		
<b>Cement</b>	Construction of cement plants. Current investments for maintenance of current	2011	2016 (5)	676,967	476,076		
				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:

	Six-month period ended		Three-month period ended		Consolidate
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2013
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 (C)
	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
	Goodwill	Customer relations	Software	Other	Total	
<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
BNDES/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	57,750
	TJLP + 1.5% to 3.2%						
BNDES/FINAME	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	79,300
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	591,420
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>2,662,420</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>3,880,280</b>
Transaction costs and issue premiums		-26,952	-30,841	-78,976	-85,951	-21,387	-25,580
<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	Available for sale	Fair value through profit or loss	Loans and receivables - effective interest rate	Other liabilities - amortized cost method	6/30/2014		Fair value through profit or loss	Loans and receivable - effective interest rate
						Balances	Available for sale		
<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>

**Total liabilities**

		<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:

Consolidated	Level 1	Level 2	Level 3	6/30/2014	
				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>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	
	Carrying amount	Fair value	Carrying amount	Fair value	
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	Notional amount	Appreciation	
				Asset position	Liability position	Fair value (market)		Asset position	Liability position
						Amounts receivable/ (payable)			
<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**

Instruments	Assets			Liabilities			6/30/2014 Finance income (costs), net (Note 23)
	Current	Non-current	Total	Current	Non-current	Total	
<i>Dollar-to-CDI swap</i>	1,471		1,471	4,868		4,868	-22,087
<i>Dollar-to-real swap (NDF)</i>				87,475		87,475	-158,796
<i>Dollar-to-euro swap (NDF)</i>				893		893	675
<i>Dollar-to-real swap</i>	504		504				463
<i>Libor-to-CDI swap</i>							-943
<i>Fixed rate-to-CDI swap</i>					14,192	14,192	3,183
	<b>1,975</b>		<b>1,975</b>	<b>93,236</b>	<b>14,192</b>	<b>107,428</b>	<b>-177,505</b>

Instruments	Assets			Liabilities			12/31/2013 6/30/2013 Finance income (costs), net (Note 23)
	Current	Non-current	Total	Current	Non-current	Total	
<i>Dollar-to-CDI swap</i>	9,033	3,879	12,912				1,038
<i>Dollar-to-real swap (NDF)</i>	631		631	1,228		1,228	
<i>Dollar-to-euro swap (NDF)</i>				5,258		5,258	2,025
<i>Yen-to-dollar swap (*)</i>							-60
	17		17				4,276

<i>Dollar-to-euro swap</i>							
<i>Libor-to-CDI swap</i>				336		336	-2,294
<i>Fixed rate-to-CDI swap</i>					17,375	17,375	-13,917
	<b>9,681</b>	<b>3,879</b>	<b>13,560</b>	<b>6,822</b>	<b>17,375</b>	<b>24,197</b>	<b>-8,932</b>

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(\*) The positions of the swap transactions were settled in May 2014, together with their prepayment.

(\*) The positions of the swap transactions were settled in December 2013, together with their guarantee deposit.

- **Sensitivity analysis of exchange rate swaps**

The Company considered scenarios 1 and 2 as 25% and 50% of appreciation for volatility of the currency, using as reference the closing exchange rate as of June 30, 2014 for dollar-to-real exchange swap R\$2.2025, and for dollar-to-euro exchange swap US\$1.3689.

Instruments	Notional amount	Risk	Probable scenario (*)	6/30/2014	
				Scenario 1	Scenario 2
Dollar-to-CDI exchange swap	30,000	Dólar	-3,397	-16,519	-33,038
Dollar-to-real exchange swap (NDF)	883,000	Dólar	-87,475	-486,202	-972,404
Dollar-to-euro exchange swap (NDF)	-90,000	Euro	-893	67,837	135,676
Dollar-to-euro exchange swap (NDF)	44,790	Dólar	504	-46,214	-92,431

(\*) The sensitivity analysis is based on the assumption of maintaining, as a probable scenario, the market values as of June 30, 2014 recognized in the company's assets and liabilities.

- **Sensitivity analysis of interest rate swaps**

The Company considered scenarios 1, 2, 3 and 4 as 25% and 50% of appreciation and devaluation for volatility of the interest as of June 30, 2014.

Instruments	Notional amount	Risk	6/30/2014			
			Scenario 1	Scenario 2	Scenario 3	Scenario 4
Fixed rate-to-CDI interest rate swap	345,000	CDI	-15,870	-25,185	2,760	12,075

- Sensitivity analysis of changes in interest rates**

The Company considers the effects of a 5% increase or decrease in interest rates on its outstanding borrowings, financing and debentures as of June 30, 2014 in the condensed interim financial statements.

Changes in interest rates	% p.a	Impact on profit or loss	
		6/30/2014	12/31/2013
TJLP	5.00	2,450	2,521
Libor	0.33	6,318	5,725
CDI	10.80	78,008	71,507

- Share market price risks**

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The Company is exposed to the risk of changes in equity prices due to the investments made and classified as available-for-sale. Equity investments refer to blue chips traded on BM&F BOVESPA.

The following table shows the impact of the net changes in the market value of financial instruments classified as available-for-sale on shareholders' equity, in other comprehensive income (note 30).

	<b>6/30/2014</b>	<b>Other comprehensive income 12/31/2013</b>	<b>Consolidated Net change</b>
Net change in available-for-sale financial assets	94,520	779,526	-685,006

The Company considers as probable scenario the amounts recognized at market prices as of June 30, 2014, net of tax. Sensitivity analysis is based on the assumption of maintaining as probable scenario the market values as of June 30, 2014. Therefore, there is no impact on the financial instruments classified as available for sale already presented above. The Company considered scenarios 1 and 2 as 25% and 50% of appreciation for volatility of the shares.

<b>Companies</b>	<b>Probable</b>	<b>Impact on equity</b>	
		<b>Scenario 1</b>	<b>Scenario 2</b>
Usiminas	87,978	191,112	382,224
Panatlântica	6,542	2,261	4,521
	<b>94,520</b>	<b>193,373</b>	<b>386,745</b>

- Liquidity risk**

**At June 30, 2014****Total**

	<b>Less than one year</b>	<b>From one to two years</b>	<b>From two to five years</b>	<b>Over five years</b>	
Borrowings, financing and debentures	3,574,586	4,062,255	12,787,174	7,249,312	27,673,327
Derivative financial instruments	93,236	14,192			107,428
Trade payables	1,531,076				1,531,076
<b>At December 31, 2013</b>					
Borrowings, financing and debentures	2,673,648	6,391,523	11,439,993	7,358,058	27,863,222
Derivative financial instruments	6,822	17,375			24,197
Trade payables	1,102,037				1,102,037

**12. OTHER PAYABLES**

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The group of other payables classified in current and non-current liabilities is comprised as follows:

	<b>Current</b>		<b>Conso Non-current</b>	
	<b>6/30/2014</b>	<b>12/31/2013</b>	<b>6/30/2014</b>	<b>12/31/2013</b>
Payables to related parties (Note 17 b)	442,427	422,150	8,782,719	8,5
Derivative financial instruments (Note 11 I)	93,236	6,822	14,192	
Dividends and interest on capital payable non-controlling shareholders	2,102	2,036		
Advances from customers	31,331	28,213		
Taxes in installments (Note 14)	247,402	247,387	1,422,340	1,4
Profit sharing - employees	66,305	121,631		
Other payables	157,554	144,612	61,382	
	<b>1,040,357</b>	<b>972,851</b>	<b>10,280,633</b>	<b>10,0</b>

**13. INCOME TAX AND SOCIAL CONTRIBUTION**

The information related to income tax and social contribution 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.

**(a) Income tax and social contribution recognized in profit or loss:**

The income tax and social contribution recognized in profit or loss for the period are as follows:

	<b>Six-month period</b>		<b>Consolidated Three-month period</b>	
	<b>ended</b>		<b>ended</b>	
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>

**Income tax and social contribution (expenses) income**

Current	-220,365	-163,846	-96,354	-86,011
Deferred	177,889	467,700	81,033	247,887
	<b>-42,476</b>	<b>303,854</b>	<b>-15,321</b>	<b>161,876</b>

	Six-month period ended		Parent Company Three-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
	<b>Income tax and social contribution income</b>			
Current			11,717	
Deferred	162,024	459,876	62,594	242,372
	<b>162,024</b>	<b>459,876</b>	<b>74,311</b>	<b>242,372</b>

The reconciliation of Company and consolidated income tax and social contribution expenses and income and the result from applying the effective rate on profit before income tax (IRPJ) and social contribution (CSLL) are as follows:



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	Six-month period ended		Three-month period ended		Consolidated
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2013
<b>Profit before income tax and social contribution</b>	<b>113,605</b>	<b>214,348</b>	<b>34,354</b>		<b>340,011</b>
Tax rate	34%	34%	34%		34%
<b>Income tax and social contribution at combined statutory rate</b>	<b>-38,626</b>	<b>-72,878</b>	<b>-11,680</b>		<b>-115,600</b>
<b>Adjustment to reflect effective rate:</b>					
Interest on capital benefit		190,400			
Share of profits of investees	-38,383	101,755	-22,912		96,078
Income subject to special tax rates or untaxed	70,328	125,316	42,034		214,200
Transfer pricing adjustment	-11,509		-6,583		
Tax loss carryforwards without recognizing deferred taxes	-21,281	-7,367	-8,929		4,281
Other permanent deductions (add-backs)	-3,005	-33,372	-7,251		-37,080
<b>Income tax and social contribution in profit for the period</b>	<b>-42,476</b>	<b>303,854</b>	<b>-15,321</b>		<b>161,879</b>
<b>Effective tax rate</b>	<b>37%</b>	<b>-142%</b>	<b>45%</b>		<b>-48%</b>

	Six-month period ended		Three-month period ended		Parent Company
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2013
<b>Loss (profit) before income tax and social contribution</b>	<b>-84,975</b>	<b>61,919</b>	<b>-52,596</b>		<b>252,000</b>
Tax rate	34%	34%	34%		
<b>Income tax and social contribution at combined statutory rate</b>	<b>28,892</b>	<b>-21,052</b>	<b>17,883</b>		<b>-85,000</b>
<b>Adjustment to reflect effective rate:</b>					
Interest on capital benefit		190,400			
Share of profits of investees	156,009	320,428	79,276		358,000
Transfer pricing adjustment	-11,509		-6,583		
Other permanent deductions (add-backs)	-11,368	-29,900	-16,265		-30,000
<b>Income tax and social contribution in profit for the period</b>	<b>162,024</b>	<b>459,876</b>	<b>74,311</b>		<b>242,000</b>
<b>Effective tax rate</b>	<b>191%</b>	<b>-743%</b>	<b>141%</b>		<b>-</b>

**(b) Deferred income tax and social contribution:**

The deferred income tax and social contribution are calculated on income tax and social contribution loss carryforwards and related temporary differences between the tax bases of assets and liabilities and the

accounting balances of the condensed interim financial statements. They are presented at net amounts when related to a sole jurisdiction.

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	Opening balance 12/31/2013	Moveme Comprehensive income
<b>Deferred tax assets</b>		
Income tax loss carryforwards	1,132,296	-13,1
Social contribution loss carryforwards	389,306	
<b>Temporary differences</b>	<b>1,248,925</b>	<b>361,3</b>
- Provision for tax, social security, labor, civil and environmental risks	207,507	
- Provision for environmental liabilities	117,795	
- Asset impairment losses	53,450	
- Inventory impairment losses	28,556	
- (Gains) losses on financial instruments	-4,722	3
- (Gains) losses on available-for-sale financial assets	287,876	352,8
- Actuarial liability (pension and healthcare plan)	131,938	
- Accrued supplies and services	91,807	
- Estimated losses on doubtful debts	27,749	
- Goodwill on merger	-123,172	8,1
- Unrealized exchange differences (*)	546,041	
- (Gain) on loss of control over Transnordestina	-224,096	
- Other	108,196	
<b>Non-current assets</b>	<b>2,770,527</b>	<b>348,1</b>
<b>Deferred tax liabilities</b>		
- Business combination	252,109	-15,2
- Other	16,724	-1,0
<b>Non-current liabilities</b>	<b>268,833</b>	<b>-16,3</b>

	Opening balance 12/31/2013	Movemen Comprehensive income
<b>Deferred tax assets</b>		
Income tax loss carryforwards	919,910	
Social contribution loss carryforwards	389,306	
<b>Temporary differences</b>	<b>1,303,782</b>	<b>343,88</b>
- Provision for tax, social security, labor, civil and environmental risks	199,445	
- Provision for environmental liabilities	117,795	
- Asset impairment losses	47,087	
- Inventory impairment losses	28,365	
- (Gains) losses on financial instruments	-3,875	
- (Gains) losses on available-for-sale financial assets	264,172	343,88

- Actuarial liability (pension and healthcare plan)	132,063	
- Accrued supplies and services	89,767	
- Estimated losses on doubtful debts	26,179	
- Unrealized exchange differences (*)	546,041	
- (Gain) on loss of control over Transnordestina	-224,096	
- Other	80,839	
<b>Non-current assets</b>	<b>2,612,998</b>	<b>343,88</b>

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(\*) The Company taxes foreign exchange differences on a cash basis to calculate income tax and social contribution.

Some Group companies recognized tax credits on income tax and social contribution loss carryforwards not subject to statute of limitations and based on the history of profitability and expected future taxable profits determined in technical studies approved by Management.

Since they are subject to significant factors that may change the projections for realization, the carrying amounts of deferred tax assets and projections are reviewed annually. These studies indicate the realization of these tax assets within the term stipulated by CVM Instruction 371/02 and the limit of 30% of the taxable profit.

Certain group companies have income tax and social contribution loss carryforwards in the amounts of R\$2,734,361 and R\$375,007, respectively, for which no deferred taxes were set up, of which R\$137,792 expire in 2015, R\$41,049 in 2018, R\$233,172 in 2015, and R\$77,994 in 2030.

The Company's corporate structure includes foreign subsidiaries whose profits are subject to income tax levied by the related countries, recognized at tax rates lower than in Brazil.

For the years from 2011 to 2014 these subsidiaries generated profits amounting to R\$3,570,425, which tax authorities may understand that have already been distributed, hence, it would be subject to additional taxation in Brazil, in the approximate amount of R\$1,213,944. The Company, based on its legal counsel's opinion, assessed the likelihood of loss in a potential challenge by tax authorities as possible and, therefore, no provision was recognized in the condensed interim financial statements.

- **Law 12,973/14**

Provisional Act 627, converted into Law 12,973 in May 2014, which abrogates the Transition Tax Regime (RTT) and introduces other measures, such as: (i) amendments to Decree-Law 1,598/77, which addresses the corporate income tax and social contribution on net income Law; (ii) definition that any change in or the adoption of accounting methods and criteria through administrative acts issued based on a competence attributed by the commercial law shall not have any impact on the calculation of federal taxes; (iii) inclusion of a specific treatment on the taxation of profits or dividends; (iv) inclusion of provisions on the calculation of interest on capital; and (v) new considerations about investments accounted for under the equity method of accounting. The provisions established in the law are effective starting 2015, however, companies may opt for their early adoption, on an irreversible basis, in 2014.

The Company prepared studies on the possible effects that could arise from the application of the provisions of Law 12,973 and concluded that they do not result in material adjustments to its financial statements as of June 30, 2014 and December 31, 2013.

Management is still awaiting the regulation of such law, as well as the accessory obligation to be provided by the Federal Revenue of Brazil and the term to apply for the adoption or not of the law still in 2014.

**(c) Income tax and social contribution recognized in shareholders' equity:**

The income tax and social contribution recognized directly in shareholders' equity are as follows:

	Consolidated		Parent Comp	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
<b>Income tax and social contribution</b>				
Actuarial gains on defined benefit pension plan	33,012	33,012	32,876	32,876
Changes in the fair value on available-for-sale financial assets	-48,692	-401,574	-48,692	-392,574
Exchange differences on translating foreign operations	-425,510	-425,510	-425,510	-425,510
	<b>-441,190</b>	<b>-794,072</b>	<b>-441,326</b>	<b>-785,208</b>

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1****14. TAXES IN INSTALLMENTS**

The information related to taxes in installments 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.

The position of the Refis debts and other tax installment plans, recorded in taxes in installments in current and non-current liabilities, as mentioned in note 12, is as follows:

	Current		Consolidated Non-current		Current		6/30/2014
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013	
Federal REFIS Law 11,941/09 (a)	145,073	140,446	978,808	1,001,630	125,445	121,399	828,2
Federal REFIS Law 12,865/13 (a)	28,899	27,124	388,304	384,872	29,123	27,167	388,3
Other taxes in installments (b)	73,430	79,817	55,228	68,336	64,728	70,101	54,1
	<b>247,402</b>	<b>247,387</b>	<b>1,422,340</b>	<b>1,454,838</b>	<b>219,296</b>	<b>218,667</b>	<b>1,270,7</b>

**a) Tax Recovery Program (Federal Refis) – Law 11,941/09 and Law 12,865/13**

- **New deadline – Law 11,941/09**

On November 26, 2009, the Group companies joined the Tax Recovery Programs established by Law 11,941/09 and Provisional Act 470/2009, aimed at settling tax liabilities through a special payment system and installment plan for the settlement of tax and social security obligations.

With the new deadline to join the Law 11,941/09 tax installment program established by the RFB/PGFN, pursuant to Law 12,865/13, the Company analyzed with its legal counsel the lawsuits that could have changed or be subject to new jurisprudence, the Company concluded that some tax debts could be included in the new tax installment plan on December 27, 2013. After the analysis, the Company concluded that there were debts that could be included in the program and applied for installment payment on December 27, 2013.

- **Overseas profits – Law 12,865/13**

Under Article 40 of Law 12,865/13, the federal government allowed the payment in installments of income tax and social contribution arising from the application of Article 74 of Provisional Act 2158-35/2001, the so-called overseas profits, which requires that profits earned by foreign subsidiaries or associates be taxed at year end.

The Company elected to join the amounts corresponding to the assessed period (2004-2009), on November 29, 2013.

Both programs provide for reductions in fines and interest, however, only income tax and social contribution debt arising from the application of Law 12,865/13 could be settled with tax credits claimed on tax loss carryforwards of subsidiaries and the parent company. The tax credit utilized by the subsidiaries total R\$565,273, of which R\$550,270 did not have a recognized tax credit.

The remaining balance was divided into 179 monthly installments adjusted by the SELIC and the amount determined pursuant to Laws 11,941/09 and 12,865/13 is subject to approval by the tax authorities.

- b) Other tax installments (regular and other)**

The Group companies also joined the Regular social security tax (INSS) installment plan and other plans.





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1****15. PROVISION FOR TAX, SOCIAL SECURITY, LABOR, CIVIL AND ENVIRONMENTAL RISKS AND JUDICIAL DEPOSITS**

As of June 30, 2014, the information related to judicial deposits and proceedings did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013.

Details of the accrued amounts and related judicial deposits are as follows:

	6/30/2014		Consolidated 12/31/2013		6/30/2014		Parent 12/31/2013
	Accrued liabilities	Judicial deposits	Accrued liabilities	Judicial deposits	Accrued liabilities	Judicial deposits	Accrued liabilities
Tax	310,070	336,831	428,141	469,692	270,752	327,113	387,315
Social security and labor	407,358	190,116	298,637	185,104	355,621	163,307	254,116
Civil	78,722	24,911	82,143	29,022	62,555	21,148	65,667
Environmental	2,203	961	4,262	961	2,203	892	4,262
Escrow deposits		8,660		8,935		5,177	
	<b>798,353</b>	<b>561,479</b>	<b>813,183</b>	<b>693,714</b>	<b>691,131</b>	<b>517,637</b>	<b>711,360</b>

The changes in the provisions for tax, social security, labor, civil and environmental risks in the period ended June 30, 2014 were as follows:

Nature	12/31/2013	Additions	Net adjustment	Net utilization of reversal	Consolidated Current + Non-current
					6/30/2014
Tax	428,141	27,420	27,017	-172,508	310,070
Social security	47,261	12,197	2,284	-3,240	58,502

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Labor	251,376	127,019	26,976	-56,515	348,856
Civil	82,143	4,874	16,648	-24,943	78,722
Environmental	4,262	443	292	-2,794	2,203
	<b>813,183</b>	<b>171,953</b>	<b>73,217</b>	<b>-260,000</b>	<b>798,353</b>

Nature	12/31/2013	Additions	Net adjustment	Net utilization of reversal	Parent Company
					Current + Non-current
					6/30/2014
Tax	387,315	27,420	26,667	-170,650	270,752
Social security	46,537	12,197	2,248	-3,240	57,742
Labor	207,579	118,301	22,140	-50,141	297,879
Civil	65,667	3,880	15,903	-22,895	62,555
Environmental	4,262	443	292	-2,794	2,203
	<b>711,360</b>	<b>162,241</b>	<b>67,250</b>	<b>-249,720</b>	<b>691,131</b>

The provision for tax, social security, labor, civil and environmental liabilities was estimated by management and is mainly based on the legal counsel's assessment. Only proceedings for which the risk is classified as probable loss are accrued. Moreover, this provision includes tax liabilities resulting from contingencies filed by the Company, subject to SELIC (Central Bank's policy rate).

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§ Other administrative and judicial proceedings

The Group is a defendant in other administrative and judicial proceedings (tax, social security, labor, civil, and environmental), in the approximate amount of R\$13,667,160, of which

(a) R\$6,784,953 refers to the tax assessment notice issued against the Company for an alleged sale of 40% of the shares of its subsidiary NAMISA to a Japanese-Korean consortium, thus failing to determine and pay taxes on the capital gain resulting from this transaction, and in May 2013, the São Paulo (SP) Regional Judgment Office (lower administrative court) issued a decision favorable to the Company and cancelled the tax assessment notice. In light of this decision, an ex-officio appeal was filed that will be judged by the Administrative Board of Tax Appeals (CARF).

(b) R\$710,190 refers to tax foreclosures filed to require the Company to pay the ICMS, as liable party, allegedly due on the electricity purchased from a Generating Plant and fully consumed in the manufacturing of steel products. The tax auditors believe that the use of electricity in the production process does not exclude the Company responsibility for withholding ICMS levied on delivery of this input in the plant.

(c) R\$501,308 refers to the decision issued by the Federal Revenue Service that partially approved the request to pay debts in installments governed by Provisional Act 470/09, due to the insufficiency of tax loss carryforwards. When it consolidated the tax installment plan, the Federal Revenue Service considered the existing outstanding balance in the Inflationary Profit Tax Return (SAPLI) as the correct amount: however, this balance already included the adjustments to tax loss carryforwards as a result of the Overseas Profits tax assessment notice issued against the Company.

(d) R\$494,363 refers to the offset of taxes that were not approved by the Federal Revenue Service for different reasons. The taxes involved are CSLL, IRPJ, IPI, PIS and COFINS. The analysis of the entire documentation evidences the right to claim credits and the right to file the offset requests, processed at the time.

(e) R\$457,705 refers to the deficiency notice issued against the Company for an alleged nonpayment of income tax (IRPJ) and social contribution on net income (CSLL) on profits recognized in the balance sheets of its foreign subsidiaries in 2010.

(f) R\$418,650 refers to the disallowance of the ICMS credits claimed by the Company in the period 04/1999-07/2002 on the transfer of iron ore between the Casa de Pedra mine and the Presidente Vargas Plant. According to the tax auditors, the tax base used on the transfer under the Minas Gerais State Law is not accepted under the Rio de Janeiro State Law, reason why the difference was disallowed.

(g) R\$269,773 refers to the disallowance of the ICMS credits on the acquisition of subsidiary INAL's units located in the State of Rio de Janeiro. According to the tax auditors, the acquisition of a unit does not entitle an entity to claim ICMS credits. In light of these tax assessments, the Company filed for an injunction at the time and its right to change its State taxpayer master file was recognized, to state that the units acquired belong to CSN. This decision was favorable to the Company and can be applied in the judgment of our appeals by the Rio de Janeiro State Taxpayers Board.

(h) R\$2,512,395 refers to other tax (federal, state, and municipal) lawsuits.

(i) R\$922,371 refers to labor and social security lawsuits; R\$480,933 refers to civil lawsuits, and R\$114,519 refers to environmental lawsuits.

The assessments made by the legal counsel define these administrative and judicial proceedings as entailing risk of possible loss and, therefore, no provision was recorded in conformity with Management's judgment and accounting practices adopted in Brazil.



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**Version:****1****16. PROVISION FOR ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATION - ARO**

The balance of the provision for environmental liabilities and asset retirement obligation - ARO is as follows:

	<b>6/30/2014</b>	<b>Consolidated 12/31/2013</b>	<b>6/30/2014</b>	<b>Parent Company 12/31/2013</b>
Environmental liabilities	215,392	346,455	215,392	346,455
Asset retirement obligation - ARO	25,497	23,999	20,490	19,261
	<b>240,889</b>	<b>370,454</b>	<b>235,882</b>	<b>365,716</b>

In the second quarter of 2014, the Company reassessed the costs with the remediation of environmental liabilities and concluded a new study of remediation alternatives for some areas in Volta Redonda (RJ) that were used as landfill by the Company in the past. The study comprised the change of the remediation technology, replacing the material removal by the on-site geotechnical confinement, as permitted by the Brazilian environmental legislation, resulting in a reversal of R\$120,582. For the other liabilities, there were no significant changes as compared with the balance as of December 31, 2013.

**17. RELATED-PARTY BALANCES AND TRANSACTIONS**

The information related to related-party transactions did not have significant changes in relation to that disclosed in the Company's financial statements as of December 31, 2013.

**a) Transactions with Holding Company**

- **Liabilities**

<b>Companies</b>	<b>Dividends</b>	<b>Paid</b>	<b>Interest on Capital</b>
Vicunha Siderurgia	203,386		
Rio Iaco	16,963		
<b>Total at 6/30/2014</b>	<b>220,349</b>		
<b>Total at 12/31/2013</b>	<b>471,801</b>		<b>388,855</b>



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1****b) Transactions with subsidiaries, jointly controlled entities, associates, exclusive funds and other related parties**• **By transaction**

	<b>Assets</b>			<b>Liabilities</b>			<b>Consolidated</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Trade receivables	103,135		103,135	<b>Other payables</b>					
Loans	507,623	67,326	574,949	Accounts payable	4,106	546	4,652		4,652
Dividends receivable	61,970		61,970	Advances from customers	438,321	8,782,173	9,220,494		9,220,494
Actuarial asset		97,051	97,051	Trade payables	12,311		12,311		12,311
Short-term investments	7,581		7,581						
Other receivables (note 6)	12,177	14,266	26,443	Actuarial liability		11,139	11,139		11,139
<b>Total at 6/30/2014</b>	<b>692,486</b>	<b>178,643</b>	<b>871,129</b>	<b>Total at 6/30/2014</b>	<b>454,738</b>	<b>8,793,858</b>	<b>9,248,592</b>		<b>9,248,592</b>
<b>Total at 12/31/2013</b>	<b>987,969</b>	<b>719,042</b>	<b>1,707,011</b>	<b>Total at 12/31/2013</b>	<b>475,099</b>	<b>8,533,824</b>	<b>9,008,923</b>		<b>9,008,923</b>

**Statement of Income****Revenues**

Sales	636,468
Interest	22,395

**Expenses**

Purchases	-386,898
Interest	-219,613
<b>Total at 6/30/2014</b>	<b>52,352</b>
<b>Total at 6/30/2013</b>	<b>-131,056</b>

• **By company**

	<b>Assets</b>			<b>Liabilities</b>			<b>Statement of Income</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Sales</b>	<b>Purchases</b>

**Subsidiaries**

Ferrovia Transnordestina Logística S.A. <sup>(1)</sup>	64,709	67,326	132,035					
	<b>64,709</b>	<b>67,326</b>	<b>132,035</b>					

**Jointly controlled entities**

Nacional Minérios S.A. <sup>(2)</sup>	409,851		409,851	441,871	8,782,719	9,224,590	173,905	-2,72
MRS Logística S.A.	60,804		60,804	418		418		-164,53
Transnordestina Logística S.A. <sup>(3)</sup>	89,465	3,229	92,694	8,016		8,016		
CBSI - Companhia Brasileira de Serviços e Infraestrutura	4,953	6,419	11,372	4,130		4,130		-75,02
CGPAR Construção Pesada S.A.	2,557	4,618	7,175	174		174		-135,41
	<b>567,630</b>	<b>14,266</b>	<b>581,896</b>	<b>454,609</b>	<b>8,782,719</b>	<b>9,237,328</b>	<b>173,905</b>	<b>-377,70</b>

**Other related parties**

CBS Previdência		97,051	97,051		11,139	11,139		
Fundação CSN	319		319	113		113		-76
Banco Fibra	7,581		7,581					
Usiminas	1,187		1,187	16		16	58,845	-2,84
Panatlântica	37,272		37,272				403,704	-
Ibis Participações e Serviços								-4,37
Companhia de Gás do Ceará							14	-1,08
Taquari Participações S.A								-13
	<b>46,359</b>	<b>97,051</b>	<b>143,410</b>	<b>129</b>	<b>11,139</b>	<b>11,268</b>	<b>462,563</b>	<b>-9,19</b>

**Associates**

Arvedi Metalfer do Brasil S.A.	13,788		13,788					
<b>Total at 6/30/2014</b>	<b>692,486</b>	<b>178,643</b>	<b>871,129</b>	<b>454,738</b>	<b>8,793,858</b>	<b>9,248,596</b>	<b>636,468</b>	<b>-386,89</b>
<b>Total at 12/31/2013</b>	<b>987,969</b>	<b>719,042</b>	<b>1,707,011</b>	<b>475,099</b>	<b>8,533,824</b>	<b>9,008,923</b>		
<b>Total at 6/30/2013</b>							<b>414,572</b>	<b>-341,03</b>



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1. Refers to loans of the subsidiary FTL - Ferrovia Transnordestina Logística S.A to the jointly controlled entity Transnordestina Logística S.A.

2. Nacional Minérios S.A: Asset: Refers mainly to prepayment transactions with the indirect subsidiaries CSN Europe, CSN Portugal and CSN Ibéria. Contracts in US\$: interest equivalent to 5.37% to 6.80% p.a. with final maturity in June 2015. As of June 30, 2014, borrowings total R\$339,529 (R\$360,990 as of December 31, 2013) classified in short term.

Liability: The advance from customer received from jointly controlled entity Nacional Minérios S.A. refers to the contractual obligation of supply of iron ore and port services. The contract is subject to interest rate of 12.5% p.a. and expires in September 2042.

3. Transnordestina Logística S.A: Contracts in R\$: interest equivalent to 102.00% of the CDI with final maturity in March 2016. As of June 30, 2014, borrowings total R\$89,465 (R\$270,693 as of December 31, 2013) classified in short term.

• **By transaction**

<b>Assets</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Liabilities</b>	<b>Current</b>
Trade receivables (1)	512,767		512,767	<b>Borrowings and financing</b>	
Loans	108,762	20,952	129,714	Prepayment	133,277
Dividends receivable	111,418		111,418	Fixed rate notes and related parties bonds	18,276
Actuarial asset		96,665	96,665	Related parties borrowings	132,437
Short-term and other investments (2)	86,664	73,304	159,968	<b>Other payables</b>	
Other receivables (note 6)	14,700	134,907	149,607	Accounts payable	49,239
				Advances from customers (3)	438,983
				Trade payables	73,186
				Actuarial liability	
<b>Total at 6/30/2014</b>	<b>834,311</b>	<b>325,828</b>	<b>1,160,139</b>	<b>Total at 6/30/2014</b>	<b>845,398</b>
<b>Total at 12/31/2013</b>	<b>1,570,254</b>	<b>624,850</b>	<b>2,195,104</b>	<b>Total at 12/31/2013</b>	<b>2,302,367</b>

**Statement of Income**

<b>Revenues</b>	
Sales	4,071,614
Interest	6,136
<b>Expenses</b>	
Purchases	-598,586
Interest	-822,028
Exchange differences	350,527
Pension plan expenses	-166,783
<b>Total at 6/30/2014</b>	<b>2,840,880</b>
<b>Total at 6/30/2013</b>	<b>316,263</b>

1. Related parties receivables arise from product sales and service transactions between the parent and its subsidiaries and jointly controlled entities.
2. Short-term investments total R\$86,664 as of June 30, 2014 (R\$100,560 as of December 31, 2013) and investments in Usiminas shares classified as available-for-sale total R\$73,304 (R\$134,543 as of December 31, 2013).
3. Nacional Minérios S.A.: The advance from customer received from jointly controlled entity Nacional Minérios S.A. refers to the contractual obligation of supply of iron ore and port services. The contract is subject to interest rate of 12.5% p.a. and expires in September 2042.

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	Assets			Liabilities			Sales
	Current	Non-current	Total	Current	Non-current	Total	
<b>Subsidiaries</b>							
CSN Portugal, Unipessoal Lda.				94,634		94,634	
CSN Europe Lda.				5,023	67,661	72,684	
CSN Resources S.A. <sup>(1)</sup>				98,695	5,180,185	5,278,880	
CSN Handel GmbH <sup>(2)</sup>	164,118		164,118				1,888,
CSN Islands XII Corp. <sup>(3)</sup>				4,900	705,901	710,801	
CSN Ibéria Lda.					56,342	56,342	
ITA Energética S.A							
Companhia Metalúrgica Prada <sup>(4)</sup>	202,953	2,800	205,753	12,761	196	12,957	1,302,
CSN Cimentos S.A.	17,040		17,040	2,039	366,916	368,955	92,
Companhia Metalic Nordeste				1,515		1,515	35,
Estanho de Rondônia S.A.	1,063	6,722	7,785	1,078		1,078	
Companhia Florestal do Brasil		6,733	6,733				
Sepetiba Tecon S.A.	53,750		53,750	1,069		1,069	1,
Mineração Nacional S.A.	13		13				
Congonhas Minérios S.A. <sup>(5)</sup>				80,738	1,853,266	1,934,004	
Ferrovias Transnordestina Logística S.A.		21,575	21,575		171,780	171,780	
CSN Energia S.A.				45,689		45,689	
Companhia Brasileira de Latas	25,255	78,194	103,449	32,596		32,596	114,
Stahlwerk Thüringen GmbH							
	<b>464,192</b>	<b>116,024</b>	<b>580,216</b>	<b>380,737</b>	<b>8,402,247</b>	<b>8,782,984</b>	<b>3,435,</b>
<b>Jointly controlled entities</b>							
Nacional Minérios S.A.	70,592		70,592	441,872	8,782,719	9,224,591	173,
Transnordestina Logística S.A.	89,465	23,882	113,347				
MRS Logística S.A.	60,804		60,804	18,486		18,486	
CBSI - Companhia Brasileira de Serviços e Infraestrutura	4,913	6,419	11,332	3,827		3,827	
CGPAR Construção Pesada S.A.	5,115	9,236	14,351	347		347	

	<b>230,889</b>	<b>39,537</b>	<b>270,426</b>	<b>464,532</b>	<b>8,782,719</b>	<b>9,247,251</b>	<b>173,</b>
<b>Other related parties</b>							
CBS Previdência		96,665	96,665		11,118	11,118	
Fundação CSN	319	298	617	113		113	
Usiminas	1,187		1,187	16		16	58,
Panatlântica	37,272		37,272				403,
Ibis Participações e Serviços Companhia de Gás do Ceará Taquari Participações S.A							
	<b>38,778</b>	<b>96,963</b>	<b>135,741</b>	<b>129</b>	<b>11,118</b>	<b>11,247</b>	<b>462,</b>
<b>Associates</b>							
Arvedi Metalfer do Brasil S.A.	13,788		13,788				
<b>Exclusive funds</b>							
Diplic, Mugen and Vértice	86,664	73,304	159,968				
<b>Total at 6/30/2014</b>	<b>834,311</b>	<b>325,828</b>	<b>1,160,139</b>	<b>845,398</b>	<b>17,196,084</b>	<b>18,041,482</b>	<b>4,071,</b>
<b>Total at 12/31/2013</b>	<b>1,570,254</b>	<b>624,850</b>	<b>2,195,104</b>	<b>2,302,367</b>	<b>15,574,882</b>	<b>17,877,249</b>	
<b>Total at 6/30/2013</b>							<b>2,137,</b>

1. CSN Resources S.A.: prepayment contracts in US dollars, Fixed Rate Notes, and Related Parties Bonds.

2. CSN Handel GMBH: Receivables of R\$164,118 as of June 30, 2014 (R\$303,073 as of December 31, 2013), classified in short term. Refer to sales transactions on mining products.

3. CSN Islands XII Corp: Contracts in US\$: interest of 7.64% with final maturity in February 2025. As of June 30, 2014, borrowings total R\$710,801 (R\$353,569 as of December 31, 2013) of which R\$4,900 is classified in short term and R\$705,901 is classified in long term.

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4. Companhia Metalúrgica Prada: Receivables of R\$202,953 as of June 30, 2014 (R\$201,726 as of December 31, 2013), classified in short term. Refers to the purchase of steel and payment of ICMS.

5. Congonhas Minérios S.A.: contracts in Brazilian reais of Related Parties loans.

**c) Key management personnel**

The key management personnel, who have authority and responsibility for planning, directing and controlling the Company's activities, include the members of the Board of Directors and statutory directors. The following is information on the compensation of such personnel and the related balances as of June 30, 2014.

	<b>6/30/2014</b>	<b>6/30/2013</b>
	<b>Statement of Income</b>	
Short-term benefits for employees and officers	26,675	18,586
Post-employment benefits	29	33
Other long-term benefits	n/a	n/a
Severance benefits	n/a	n/a
Share-based compensation	n/a	n/a
	<b>26,704</b>	<b>18,619</b>

n/a – Not applicable

**18. SHAREHOLDERS' EQUITY****i. Paid-in capital**



Fully subscribed and paid-in capital as of June 30, 2014 and December 31, 2013 is R\$4,540,000 represented by 1,457,970,108 book-entry common shares without par value. Each common share entitles its holder to one vote in Shareholders' Meetings.

## ii. Authorized capital

The Company's bylaws in effect as of June 30, 2014 determine that the capital can be raised to up to 2,400,000,000 shares by decision of the Board of Directors.

## iii Legal reserve

This reserve is recognized at the rate of 5% of the profit for each period, as provided for by Article 193 of Law 6,404/76, up to the ceiling of 20% of share capital.

## iv Ownership structure

As of June 30, 2014, the Company's ownership structure was as follows:

			<b>6/30/2014</b>		<b>12/31/2013</b>
	Number of common shares	% of total shares	% without treasury shares	Number of common shares	% of total shares
Vicunha Siderurgia S.A.	697,719,990	47.86%	49.49%	697,719,990	47.86%
Rio Iaco Participações S.A. (*)	58,193,503	3.99%	4.13%	58,193,503	3.99%
Caixa Beneficente dos Empregados da CSN - CBS	12,788,231	0.88%	0.91%	12,788,231	0.88%
BNDES Participações S.A. - BNDESPAR	8,794,890	0.60%	0.62%	8,794,890	0.60%
NYSE (ADRs)	360,223,083	24.71%	25.55%	356,019,691	24.42%
BM&FBovespa	272,103,611	18.66%	19.30%	324,453,803	22.25%
	<b>1,409,823,308</b>	<b>96.70%</b>	<b>100.00%</b>	<b>1,457,970,108</b>	<b>100.00%</b>
Treasury shares	48,146,800	3.30%			
<b>Total shares</b>	<b>1,457,970,108</b>	<b>100.00%</b>		<b>1,457,970,108</b>	<b>100.00%</b>

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(\*) Rio Iaco Participação S. A. is a company part of the control group.

**v. Treasury shares**

The Board of Directors authorized 4 programs for repurchase of shares issued by the Company, to be held in treasury for subsequent sale or cancelation in order to maximize the generation of value to the shareholder through an efficient capital structure management, as shown in the table below:

Program	Board Authorization	Quantity authorized	Term of the program	Quantity acquired	Average purchase price	Minimum and maximum purchase price
1st	03/13/2014	70,205,661	From 03/14/2014 to 04/14/2014	2,350,000	R\$ 9.34	R\$ 9.22 and R\$ 9.45
2nd	04/15/2014	67,855,661	From 04/16/2014 to 05/23/2014	9,529,500	R\$ 8.97	R\$ 8.70 and R\$ 9.48
3rd	05/23/2014	58,326,161	From 05/26/2014 to 06/25/2014	31,544,500	R\$ 9.21	R\$ 8.61 and R\$ 9.72
4th	06/26/2014	26,781,661	From 06/26/2014 to 07/25/2014	4,722,800	R\$ 9.43	R\$ 9.33 and R\$ 9.57

As of June 30, 2014, the position of the treasury shares was as follows:

Quantity acquired (in units)	Total amount paid/payable for the shares	Share price			Share market price at 6/30/2014 (*)
		Minimum	Maximum	Average	
48,146,800	R\$ 442,438	R\$ 8.61	R\$9.72	R\$9.19	R\$ 448,728

(\*) The share prices on the BM&FBovespa as of June 30, 2014, of R\$9.32 per share, were used.

On July 18, 2014 the Company, through the 4th program for repurchase of shares, come to 70,205,661 shares acquired and reached the maximum legal limit. On the same date, the Board of Directors approved: (i) the end of the 4<sup>th</sup> repurchase program; (ii) the cancelation of 60,000,000 shares that were held in treasury; and (iii) the opening of a new program for repurchase of up to 64,205,661 shares, which will be effective in the period from July 18 to August 18, 2014 (including this date).

## **19. DIVIDENDS AND INTEREST ON CAPITAL**

On February 28, 2014, the Board of Directors approved the proposal for payment, as advance of mandatory minimum dividend, from the retained earnings reserve (statutory reserve of working capital), the amount of R\$425,000 in dividends, corresponding to R\$ 0.29150 per share.

## **20. NET SALES REVENUE**

Net sales revenue is comprised as follows:

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	<b>Six-month period ended</b>		<b>Consolidated Three-month period ended</b>	
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
<b>Gross revenue</b>				
Domestic market	6,826,842	7,029,166	3,299,985	3,649,144
Foreign market	3,238,911	2,363,770	1,547,288	1,294,583
	<b>10,065,753</b>	<b>9,392,936</b>	<b>4,847,273</b>	<b>4,943,727</b>
<b>Deductions</b>				
Cancelled sales and discounts	-54,233	-92,326	-25,192	-44,824
Taxes levied on sales	-1,588,235	-1,598,425	-769,674	-838,701
	<b>-1,642,468</b>	<b>-1,690,751</b>	<b>-794,866</b>	<b>-883,525</b>
<b>Net revenue</b>	<b>8,423,285</b>	<b>7,702,185</b>	<b>4,052,407</b>	<b>4,060,202</b>

	<b>Six-month period ended</b>		<b>Parent Company Three-month period ended</b>	
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
<b>Gross revenue</b>				
Domestic market	6,290,914	6,508,128	3,022,026	3,383,154
Foreign market	1,886,392	1,164,347	913,829	702,685
	<b>8,177,306</b>	<b>7,672,475</b>	<b>3,935,855</b>	<b>4,085,839</b>
<b>Deductions</b>				
Cancelled sales and discounts	-47,165	-90,231	-23,614	-44,299
Taxes levied on sales	-1,409,529	-1,440,944	-682,082	-753,455
	<b>-1,456,694</b>	<b>-1,531,175</b>	<b>-705,696</b>	<b>-797,754</b>
<b>Net revenue</b>	<b>6,720,612</b>	<b>6,141,300</b>	<b>3,230,159</b>	<b>3,288,085</b>

**21. EXPENSES BY NATURE**

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	<b>Six-month period ended</b>		<b>Three-month period ended</b>	
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
Raw materials and inputs	-2,717,377	-2,818,281	-1,223,961	-1,445,838
Labor cost	-811,069	-769,556	-400,769	-406,927
Supplies	-510,876	-544,105	-239,441	-287,990
Maintenance cost (services and materials)	-527,531	-600,719	-206,917	-298,639
Outsourcing services	-1,076,997	-1,023,600	-563,773	-531,607
Depreciation, amortization and depletion (Note 8 a)	-581,594	-550,544	-296,248	-263,308
Other	-207,268	-255,665	-173,306	-165,748
	<b>-6,432,712</b>	<b>-6,562,470</b>	<b>-3,104,415</b>	<b>-3,400,057</b>

**Classified as:**

Cost of sales (Note 24)	-5,781,121	-5,871,799	-2,746,592	-3,020,222
Selling expenses (Note 24)	-423,567	-457,624	-233,652	-256,374
General and administrative expenses (Note 24)	-228,024	-233,047	-124,171	-123,461
	<b>-6,432,712</b>	<b>-6,562,470</b>	<b>-3,104,415</b>	<b>-3,400,057</b>

	<b>Six-month period ended</b>		<b>Three-month period ended</b>	
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
Raw materials and inputs	-1,761,083	-1,948,564	-819,854	-1,033,983
Labor cost	-654,128	-606,997	-327,127	-321,121
Supplies	-488,443	-519,886	-229,985	-276,018
Maintenance cost (services and materials)	-513,134	-575,734	-202,650	-287,569
Outsourcing services	-722,565	-667,866	-342,406	-341,446
Depreciation, amortization and depletion (Note 8 a)	-476,678	-452,683	-242,017	-222,853
Other	-153,523	-252,633	-114,046	-150,701
	<b>-4,769,554</b>	<b>-5,024,363</b>	<b>-2,278,085</b>	<b>-2,633,691</b>

**Classified as:**

Cost of sales (Note 24)	-4,371,387	-4,621,746	-2,060,158	-2,416,470
Selling expenses (Note 24)	-211,408	-239,424	-114,031	-130,157
General and administrative expenses (Note 24)	-186,759	-163,193	-103,896	-87,064
	<b>-4,769,554</b>	<b>-5,024,363</b>	<b>-2,278,085</b>	<b>-2,633,691</b>

**22. OTHER OPERATING INCOME (EXPENSES)**

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	<b>Six-month period ended</b>		<b>Consolidated Three-month period ended</b>	
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
<b>Other operating income</b>				
Lawsuit indemnities/wins	3,238	4,651	2,271	4,041
Rentals and leases	528	402	21	202
Reversal of provisions	3,136	2,072		1,179
Other revenues	10,564	18,081	7,461	15,528
	<b>17,466</b>	<b>25,206</b>	<b>9,753</b>	<b>20,950</b>
<b>Other operating expenses</b>				
Taxes and fees	-18,692	-16,419	-14,864	-12,216
Provision for tax, social security, labor, civil and environmental risks, net of reversals	-43,502	-110,585	71,313	-87,133
Contractual, nondeductible fines	-7,061	-17,138	-6,943	-7,080
Depreciation of unused equipment (Note 8 a)	-18,559	-28,945	-9,499	-21,908
Residual value of permanent assets written off (Note 8)	-5,821	-25,835	-1,193	-24,003
Inventory impairment losses/reversals (Note 5)	-9,567	16,693	6,633	16,302
Expenses on studies and project engineering	-22,279	-24,890	-11,450	-8,352
Pension plan expenses	-26,552	-21,726	-13,109	-13,967
Impairment of available-for-sale financial assets	-52,115	-5,002	-52,115	-5,002
Other expenses	-21,260	-30,904	-9,840	-2,492
	<b>-225,408</b>	<b>-264,751</b>	<b>-41,067</b>	<b>-165,851</b>
<b>Other operating income (expenses), net</b>	<b>-207,942</b>	<b>-239,545</b>	<b>-31,314</b>	<b>-144,901</b>

	<b>Six-month period ended</b>		<b>Parent Company Three-month period ended</b>	
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
<b>Other operating income</b>				
Lawsuit indemnities/wins	2,679	1,742	2,126	1,204
Rentals and leases	528	402	276	202
Reversal of provisions	3,136	893		
Other revenues	3,486	2,172	2,781	285

	<b>9,829</b>	<b>5,209</b>	<b>5,183</b>	<b>1,691</b>
<b>Other operating expenses</b>				
Taxes and fees	-15,831	-17,188	-13,663	-14,491
Provision for tax, social security, labor, civil and environmental risks, net of reversals	-33,625	-110,211	78,262	-84,962
Contractual, nondeductible fines	-6,951	-13,412	-6,922	-3,523
Depreciation of unused equipment (Note 8 a)	-714	-14,149	-714	-7,364
Residual value of permanent assets written off (Note 8)	-5,090	-7,262	-802	-7,262
Inventory impairment losses/reversals (Note 5)	-8,178	14,817	6,446	14,817
Expenses on studies and project engineering	-21,975	-24,421	-11,318	-8,091
Pension plan expenses	-26,552	-21,737	-13,109	-13,978
Impairment of available-for-sale financial assets	-48,047	-3,369	-48,047	-3,369
Other expenses	-13,278	-25,753	-4,317	-15,935
	<b>-180,241</b>	<b>-222,685</b>	<b>-14,184</b>	<b>-144,158</b>
<b>Other operating income (expenses), net</b>	<b>-170,412</b>	<b>-217,476</b>	<b>-9,001</b>	<b>-142,467</b>



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1****23. FINANCE INCOME (COSTS)**

	Six-month period ended		Three-month period ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
<b>Finance income</b>				
Related parties (Note 17 b)	22,395	410		
Income from short-term investments	40,560	57,839		
Gains on derivatives (*)	3,183			
Other income	25,344	39,853		
	<b>91,482</b>	<b>98,102</b>		
<b>Finance costs</b>				
Borrowings and financing - foreign currency	-328,678	-358,958		
Borrowings and financing - local currency	-874,925	-690,231		
Related parties (Note 17 b)	-219,613	-205,001		
Capitalized interest (Notes 8 and 29)	73,770	241,882		
Losses on derivatives (*)	-943	-16,211		
Interest, fines and late payment charges	-80,702	-23,775		
Other finance costs	-100,322	-65,747		
	<b>-1,531,413</b>	<b>-1,118,041</b>		
<b>Monetary variations and exchange differences, net</b>				
Monetary variations, net	4,717	-33,821		
Exchange differences, net	58,825	61,379		
Exchange losses on derivatives (*)	-179,745	7,279		
	<b>-116,203</b>	<b>34,837</b>		
<b>Finance costs, net</b>	<b>-1,556,134</b>	<b>-985,102</b>		

**(\*) Statement of gains and losses on derivative transactions**

Dollar-to-CDI swap	-22,087	1,038	-3,315	1,671
Dollar-to-euro swap (NDF)	675	2,025	1,232	-3,371
Yen-to-dollar swap		-60		-52
Dollar-to-euro swap	463	4,276	948	798
Dollar-to-real swap (NDF)	-158,796		-87,433	
	<b>-179,745</b>	<b>7,279</b>	<b>-88,568</b>	<b>-954</b>
Libor-to-CDI swap	-943	-2,294	-307	-1,097
Fixed rate-to-CDI swap	3,183	-13,917	5,616	-12,751
	<b>2,240</b>	<b>-16,211</b>	<b>5,309</b>	<b>-13,848</b>
	<b>-177,505</b>	<b>-8,932</b>	<b>-83,259</b>	<b>-14,802</b>



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	<b>Six-month period ended</b>		<b>Three-month period</b>
	<b>6/30/2014</b>	<b>6/30/2013</b>	
<b>Finance income</b>			
Related parties (Note 17 b)	6,136	24,718	
Income from short-term investments	1,983	4,932	
Other income	17,747	40,970	
	<b>25,866</b>	<b>70,620</b>	
<b>Finance costs</b>			
Borrowings and financing - foreign currency	-50,112	-34,686	
Borrowings and financing - local currency	-760,629	-530,981	
Related parties (Note 17 b)	-988,811	-752,767	
Capitalized interest (Notes 8 and 29)	73,770	145,836	
Losses on derivatives (*)	-943	-2,294	
Interest, fines and late payment charges	-74,130	-40,852	
Other finance costs	-90,503	-45,597	
	<b>-1,891,358</b>	<b>-1,261,341</b>	
<b>Monetary variations and exchange differences, net</b>			
Monetary variations, net	-5,875	-31,627	
Exchange differences, net	553,790	-557,630	
	<b>547,915</b>	<b>-589,257</b>	
<b>Finance costs, net</b>	<b>-1,317,577</b>	<b>-1,779,978</b>	
<b>(*) Statement of gains and losses on derivative transactions</b>			
Libor-to-CDI swap	-943	-2,294	
	<b>-943</b>	<b>-2,294</b>	



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1****24. SEGMENT INFORMATION**

The information related to segment information 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.

According to the Group's structure, its businesses are distributed into five (5) operating segments.

<b>Profit or loss</b>	<b>Steel</b>	<b>Mining</b>	<b>Logistics Port</b>	<b>Railroads</b>	<b>Energy</b>	<b>Cement</b>	<b>Corporate expenses/ eliminations</b>
Metric tons (thou.) - (not reviewed) (*)	2,650,764	11,802,610				1,051,183	
Net revenues							
Domestic market	4,540,816	181,924	106,983	503,242	151,721	211,239	-460,8
Foreign market	1,428,632	2,182,281					-422,6
<b>Total net revenue (Note 20)</b>	<b>5,969,448</b>	<b>2,364,205</b>	<b>106,983</b>	<b>503,242</b>	<b>151,721</b>	<b>211,239</b>	<b>-883,5</b>
Cost of sales and services (Note 21)	-4,477,804	-1,456,333	-64,982	-361,412	-91,114	-136,864	807,3
<b>Gross profit</b>	<b>1,491,644</b>	<b>907,872</b>	<b>42,001</b>	<b>141,830</b>	<b>60,607</b>	<b>74,375</b>	<b>-76,1</b>
General and administrative expenses (Note 21)	-334,138	-35,972	-802	-49,729	-9,459	-31,943	-189,5
Depreciation (Note 8 a)	396,510	154,887	3,992	77,759	8,545	17,816	-77,9
							170,2

Proportionate  
EBITDA of  
jointly  
controlled  
entities

**Adjusted  
EBITDA**

**1,554,016 1,026,787 45,191 169,860 59,693 60,248**

**-173,4**

**Sales by  
geographic  
area**

Asia 16,399 2,120,042

North America 331,927

Latin America 67,388

Europe 1,007,186 62,239

Other 5,732

-422,6

**Foreign  
market**

**1,428,632 2,182,281**

**-422,6**

**Domestic  
market**

**4,540,816 181,924 106,983 503,242 151,721 211,239**

**-460,8**

**TOTAL**

**5,969,448 2,364,205 106,983 503,242 151,721 211,239**

**-883,5**

**Profit or loss**

**Steel**

**Mining**

**Logistics  
Port**

**Railroads**

**Energy**

**Cement**

**Corporate expenses/ eliminations**

Metric tons  
(thou.) - (not  
reviewed) (\*)

1,262,370 6,292,940 563,492

Net revenues

Domestic  
market

2,185,318 82,175 46,807 225,977 86,664 113,199

-210,8

Foreign  
market

657,227 1,034,586

-168,7

**Total net  
revenue  
(Note 20)**

**2,842,545 1,116,761 46,807 225,977 86,664 113,199**

**-379,5**

Cost of sales  
and services  
(Note 21)

-2,083,103 -740,240 -30,925 -156,423 -49,128 -71,654

384,8

**Gross profit**

**759,442 376,521 15,882 69,554 37,536 41,545**

**5,3**

General and  
administrative  
expenses  
(Note 21)

-168,419 -20,019 -209 -21,356 -4,758 -17,212

-125,8

Depreciation  
(Note 8 a)

201,781 85,124 2,026 38,840 4,273 9,243

-45,0

Proportionate  
EBITDA of  
jointly

58,3

controlled  
entities**Adjusted  
EBITDA**

<b>792,804</b>	<b>441,626</b>	<b>17,699</b>	<b>87,038</b>	<b>37,051</b>	<b>33,576</b>
----------------	----------------	---------------	---------------	---------------	---------------

**-107,1****Sales by  
geographic  
area**

Asia 11,966 1,020,243

North America 162,589

Latin America 22,144

Europe 457,938 14,343

Other 2,590

**Foreign  
market 657,227 1,034,586****-168,7****-168,7****Domestic  
market 2,185,318 82,175 46,807 225,977 86,664 113,199****-210,8****TOTAL 2,842,545 1,116,761 46,807 225,977 86,664 113,199****-379,5**

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Profit or loss	Steel	Mining	Logistics		Energy	Cement
			Port	Railroads		
Metric tons (thou.) - (not reviewed) (*)	3,137,447	8,121,254				979,294
Net revenues						
Domestic market	4,801,768	155,199	82,495	488,336	99,934	202,961
Foreign market	1,292,513	1,575,316				
<b>Total net revenue (Note 20)</b>	<b>6,094,281</b>	<b>1,730,515</b>	<b>82,495</b>	<b>488,336</b>	<b>99,934</b>	<b>202,961</b>
Cost of sales and services (Note 21)	-4,983,000	-1,055,100	-42,757	-348,489	-74,521	-137,111
<b>Gross profit</b>	<b>1,111,281</b>	<b>675,415</b>	<b>39,738</b>	<b>139,847</b>	<b>25,413</b>	<b>65,850</b>
General and administrative expenses (Note 21)	-337,659	-54,316	-10,233	-46,493	-9,966	-33,354
Depreciation (Note 8 a)	372,574	103,698	3,548	66,858	8,523	15,386
Proportionate EBITDA of jointly controlled entities						
<b>Adjusted EBITDA</b>	<b>1,146,196</b>	<b>724,797</b>	<b>33,053</b>	<b>160,212</b>	<b>23,970</b>	<b>47,882</b>
<b>Sales by geographic area</b>						
Asia	12,202	1,254,436				
North America	310,184					
Latin America	73,844					
Europe	882,379	320,880				
Other	13,904					
<b>Foreign market</b>	<b>1,292,513</b>	<b>1,575,316</b>				
<b>Domestic market</b>	<b>4,801,768</b>	<b>155,199</b>	<b>82,495</b>	<b>488,336</b>	<b>99,934</b>	<b>202,961</b>
<b>TOTAL</b>	<b>6,094,281</b>	<b>1,730,515</b>	<b>82,495</b>	<b>488,336</b>	<b>99,934</b>	<b>202,961</b>

Profit or loss	Steel	Mining	Logistics		Energy	Cement
			Port	Railroads		
Metric tons (thou.) - (not reviewed) (*)	1,587,049	4,862,694				523,503
Net revenues						
Domestic market	2,488,366	67,859	43,008	263,264	53,327	105,084
Foreign market	658,606	915,905				
<b>Total net revenue (Note 20)</b>	<b>3,146,972</b>	<b>983,764</b>	<b>43,008</b>	<b>263,264</b>	<b>53,327</b>	<b>105,084</b>
Cost of sales and services (Note 21)	-2,527,236	-601,109	-21,976	-177,935	-33,708	-69,682
<b>Gross profit</b>	<b>619,736</b>	<b>382,655</b>	<b>21,032</b>	<b>85,329</b>	<b>19,619</b>	<b>35,402</b>
General and administrative expenses (Note 21)	-179,770	-37,104	-4,711	-24,260	-4,985	-19,277
Depreciation (Note 8 a)	178,642	52,794	1,800	36,088	4,264	7,887
Proportionate EBITDA of jointly controlled entities						



<b>Adjusted EBITDA</b>	<b>618,608</b>	<b>398,345</b>	<b>18,121</b>	<b>97,157</b>	<b>18,898</b>	<b>24,012</b>
<b>Sales by geographic area</b>						
Asia	3,546	770,303				
North America	161,510					
Latin America	43,313					
Europe	447,598	145,602				
Other	2,639					
<b>Foreign market</b>	<b>658,606</b>	<b>915,905</b>				
<b>Domestic market</b>	<b>2,488,366</b>	<b>67,859</b>	<b>43,008</b>	<b>263,264</b>	<b>53,327</b>	<b>105,084</b>
<b>TOTAL</b>	<b>3,146,972</b>	<b>983,764</b>	<b>43,008</b>	<b>263,264</b>	<b>53,327</b>	<b>105,084</b>

(\*) The ore sales volumes presented in this note take into consideration Company sales and the interest in its subsidiaries and jointly controlled entities (Namisa 60%).

Adjusted EBITDA is the tool based on which the chief operating decision maker measures segment performance and the capacity to generate recurring operating cash, and consists of profit for the year less net finance income (costs), income tax and social contribution, depreciation and amortization, share of profits of investments, and other operating income (expenses), plus the proportional EBITDA of jointly controlled entities.

Even though it is an indicator used in segment performance measurements, EBITDA is not a measurement recognized by accounting practices adopted in Brazil or IFRS, does not have a standard definition, and may not be comparable with measurements using similar names provided by other entities.

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As required by IFRS 8, the table below shows the reconciliation of the measurement used by the chief operating decision maker with the results determined using the accounting practices.

	<b>Six-month period ended</b>		<b>Consolidated Three-month period ended</b>	
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
	Profit for the period	71,129	518,202	19,033
Depreciation (Note 8 a)	581,594	550,544	296,248	263,308
Income tax and social contribution (Note 13)	42,476	-303,854	15,321	-161,876
Finance income (Note 23)	1,556,134	985,102	814,935	457,819
<b>EBITDA</b>	<b>2,251,333</b>	<b>1,749,994</b>	<b>1,145,537</b>	<b>1,061,137</b>
Other operating income (expenses) (Note 22)	207,942	239,545	31,314	144,901
Share of profits of investees	112,892	-299,280	67,389	-282,585
Proportionate EBITDA of jointly controlled entities	170,223	306,419	58,362	171,301
<b>Adjusted EBITDA (*)</b>	<b>2,742,390</b>	<b>1,996,678</b>	<b>1,302,602</b>	<b>1,094,754</b>

(\*) The Company discloses its adjusted EBITDA net of its share of profits of investments and other operating income (expenses) because it understands that these should not be included in the calculation of recurring operating cash generation.

**25. EARNINGS PER SHARE (EPS)**

	<b>Six-month period ended</b>		<b>Consolidated Three-month period ended</b>	
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
	<b>Common shares</b>		<b>Common shares</b>	
<b>Profit for the period</b>				
Attributed to owners of the Company	77,049	521,795	21,715	494,469
Weighted average number of shares	1,450,296	1,457,970	1,442,706	1,457,970
<b>Basic and diluted EPS</b>	<b>0.05313</b>	<b>0.35789</b>	<b>0.01505</b>	<b>0.33915</b>

<b>Six-month period ended</b>	<b>Parent Company Three-month period ended</b>
-------------------------------	--

	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
	<b>Common shares</b>		<b>Common shares</b>	
<b>Profit for the period</b>				
Attributed to owners of the Company	77,049	521,795	21,715	494,469
Weighted average number of shares	1,450,296	1,457,970	1,442,706	1,457,970
<b>Basic and diluted EPS</b>	0.05313	0.35789	0.01505	0.33915

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1****26. GUARANTEES**

The Company is liable for guarantees for its subsidiaries and jointly controlled entities, as follows:

	Currency	Maturities	Loans		Tax foreclo
			6/30/2014	12/31/2013	6/30/2014 12/31/2013
Transnordestina Logística	R\$	Up to 12/8/2027 and indefinite	1,870,524	1,875,360	38,572
FTL - Ferrovia Transnordestina	R\$	11/15/2020	123,450	125,250	
CSN Cimentos	R\$	Up to 10/25/2015 and indefinite			26,423
Prada	R\$	Up to 2/10/2016 and indefinite			10,133
CSN Energia	R\$	Indefinite			2,829
Congonhas Minérios	R\$	5/21/2019	2,000,000	2,000,000	
Fundação CSN	R\$	Indefinite	1,003	1,003	
Estanho de Rondônia	R\$	12/31/2014			
Outros (*)	R\$	12/31/2014	12,000		
<b>Total em R\$</b>			<b>4,006,977</b>	<b>4,001,613</b>	<b>77,957</b>
CSN Islands IX	US\$	1/15/2015	400,000	400,000	
CSN Islands XI	US\$	9/21/2019	750,000	750,000	
CSN Islands XII	US\$	Perpetual	1,000,000	1,000,000	
CSN Resources	US\$	7/21/2020	1,200,000	1,200,000	
Sepetiba Tecon	US\$	Indefinite	20,196	15,708	

CSN Handel	US\$	6/27/2015	100,000	100,000	
<b>Total em US\$</b>			<b>3,470,196</b>	<b>3,465,708</b>	
CSN Steel S.L.	EUR	1/31/2020	120,000	120,000	
Lusosider Aços Planos	EUR	Indefinite	25,000		
<b>Total in EUR</b>			<b>145,000</b>	<b>120,000</b>	
<b>Total in R\$</b>			<b>8,080,282</b>	<b>8,505,948</b>	
			<b>12,087,259</b>	<b>12,507,561</b>	<b>77,957</b>

(\* ) CSN Corporate Guarantee with the subsidiaries CSN Cimentos, Nacional Minérios, Companhia Metalúrgica Prada, Cia Metalic Nordeste, Sepetiba Tecon and CSN Energia.

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1****27. COMMITMENTS****a. Take-or-pay contracts**

As of June 30, 2014, the Company was a party to take-or-pay contracts as shown in the following table:

Concessionaire	Type of service	Agreement terms and conditions	Payments in the period						
			2013	2014	2014	2015	2016	2017	Após 2017
MRS Logística	Iron ore transportation	Contractual clause providing for guaranteed revenue on railway freight. In the case of CSN, this means a minimum payment of 80% of freight estimate.	57,898	45,875	176,459	334,322	334,322	334,322	2,981,03
MRS Logística	Steel products transportation	Transportation of at least 80% of annual volume agreed with MRS.	33,594	29,536	35,420	70,840	29,517		
MRS Logística	Iron ore, coal and coke transportation	Transportation of 8,280,000 metric tons per year of iron ore and 3,600,000	52,461	69,419	65,893	131,787	131,787	131,787	1,141,74

		metric tons per year of coal, coke and other reducing agents.							
MRS Logística	Railway transportation of bagged and palletized cement.	Transportation of at least 80% of annual volume agreed with MRS.		400	4,739	15,150	16,703	18,427	165,84
G5	Unloading, storage, movement, loading and railroad transportation services.	Shipping of pulp, in the first year the volume is of at least 75% and in subsequent years of 69%.		1,958	4,127	9,046	3,769		
FCA (*)	Mining products transportation	Transportation of at least 1,900,000 metric tons per year.	795	672					
FCA	FCA railway transportation of clinker to CSN Cimentos	Transportation of at least 675,000 metric tons per year of clinker in 2011 and 738,000 metric tons per year of clinker starting 2012.	714	875	15,637	31,274	31,274	31,274	72,97
White Martins (**)	Supply of gas (oxygen, nitrogen and argon)	CSN undertakers to buy at least 90% of the annual volume of gas contracted with White Martins.	22,632		51,187	101,539	101,539		
CEG Rio	Supply of natural gas	CSN undertakes to buy at least 70% of the	176,528	286,808	142,689				

		monthly natural gas volume.							
Vale S.A	Supply of iron ore pellets	CSN undertakes to buy at least 90% of the volume of iron ore pellets secured by contract. The take-or-pay volume is determined every 18 months.	155,529	202,290	22,571				
Compagás	Supply of natural gas	CSN undertakes to buy at least 80% of the annual natural gas volume secured agreed with Compagás.	7,577	8,382	8,647	17,294	17,294	17,294	121,06
COPEL	Power supply	CSN undertakers to buy at least 80% of the annual energy volume contracted with COPEL.	4,032	8,937	1,515	9,093	9,093	9,093	36,37
K&K Tecnologia	Processing of blast furnace sludge generated during pig iron production	CSN undertakes to supply at least 3,000 metric tons per month of blast furnace sludge for processing at K&K sludge concentration plant.	3,890	4,357	3,537	7,074	7,074	7,074	44,21
Harsco Metals	Processing of slag	Harsco Metals undertakes to	19,402	17,478	2,657				



generated during pig iron and steel production process metal products and slag crushing byproducts resulting from CSN's pig iron and steel manufacturing process, receiving for this processing the amount corresponding to the product of the multiplication of unit price (R\$/t) by total production of liquid steel from CSN steel mill, ensuring a minimum production of liquid steel of 400,000 metric tons.

Siemens	Manufacturing, repair, recovery and production of ingot casting machine units	Siemens undertakes to manufacture, repair, recover and produce, in whole or in part, ingot casting machine units to provide the necessary off-line and on-line maintenance of continuous ingot casting machine assemblies of the Presidente Vargas plant (UPV). Payment is set	18,875	22,136	12,089
---------	---	--	--------	--------	--------

at R\$/t of  
produced steel  
plates.

(\*) in renegotiation phase.

(\*\*) in renegotiation phase and payments were  
suspended.

553,927 699,123 547,167 727,419 682,372 549,271 4,563,24

## b. Concession agreements

Minimum future payments related to government concessions as of June 30, 2014 fall due according to the schedule set out in the following table:

<b>Company Concession</b>	<b>Type of service</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Após 2017</b>	<b>Total</b>
MRS	30-year concession, renewable for another 30 years, to provide iron ore railway transportation services from the Casa de Pedra mines, in Minas Gerais, coke and coal from the Itaguaí Port, in Rio de Janeiro, to Volta Redonda, transportation of export goods to the Itaguaí and Rio de Janeiro Ports, and shipping of finished goods to the domestic market.	45,348	90,697	90,697	90,697	748,248	<b>1,065,687</b>
FTL (Ferrovia Transnordestina Logística)	30-year concession granted on December 31, 1997, renewable for another 30 years for the development of public utility to operate the Northeastern railway system. The railway system covers 4,238 kilometers of railroads in the states of Maranhão, Piauí, Ceará, Paraíba, Pernambuco, Alagoas	3,640	7,281	7,281	7,281	68,559	<b>94,042</b>

and Rio Grande do Norte.

Tecar	Concession to operate TECAR, a solid bulk terminal, one of the four terminals that comprise the Itaguaí Port, in Rio de Janeiro, for a period ending 2022 and renewable for another 25 years.	173,099	263,858	263,858	263,858	1,319,290	<b>2,283,963</b>
Tecon	25-year concession granted in July 2001, renewable for another 25 years, to operate the container terminal at the Itaguaí Port.	12,378	24,756	24,756	24,756	198,043	<b>284,689</b>
		<b>234,465</b>	<b>386,592</b>	<b>386,592</b>	<b>386,592</b>	<b>2,334,140</b>	<b>3,728,381</b>

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1****28. INSURANCE**

In 2013, after negotiation with insurers and reinsurers in Brazil and abroad, an Insurance Issue Certificate was issued for the contracting of a policy of Operational Risk of Property Damages and Loss of Profits, with effect from June 30, 2013 to September 30, 2014. Under the insurance policy, the LMI (Maximum Limit of Indemnity) is US\$500,000,000 and covers the following units and subsidiaries of the Company: Usina Presidente Vargas, Mineração Casa de Pedra, CSN Paraná, Terminal de Cargas Tecar, Terminal Tecon, Namisa, CSN Handel and Namisa Handel. CSN takes responsibility for a range of retention of US\$300,000,000 in excess of the deductibles for property damages and loss of profits.

In view of their nature, the risk assumptions adopted are not part of the scope of an audit of condensed interim financial statements and, accordingly, were not reviewed by our independent auditors.

**29. ADDITIONAL INFORMATION TO CASH FLOWS**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2014</b>	<b>6/30/2013</b>
Income tax and social contribution paid	41,176	16,842	20,470	
Increase of PP&E with interest capitalization	73,770	241,882	73,770	145,836
	<b>114,946</b>	<b>258,724</b>	<b>94,240</b>	<b>145,836</b>

**30. STATEMENT OF COMPREHENSIVE INCOME**

	<b>Consolidated</b>		
	<b>Six-month period ended</b>		
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2012</b>
<b>Profit for the period</b>	<b>71,129</b>	<b>518,202</b>	<b>1,000,000</b>
<b>Other comprehensive income</b>			

**Items that will not be subsequently reclassified to the statement of income**

Actuarial (losses) gains on defined benefit pension plan	1,710		
	<b>1,710</b>		

**Items that could be subsequently reclassified to the statement of income**

Cumulative translation adjustments for the period	-87,347	81,048	-4
Available-for-sale assets	-1,090,003	-992,084	-44
Income tax and social contribution on available-for-sale assets	370,601	337,309	15
Available-for-sale assets from investments in subsidiaries			
Impairment of available-for-sale financial assets	52,115	5,002	5
Income tax and social contribution on impairment of available-for-sale financial assets	-17,719	-1,701	-1
	<b>-772,353</b>	<b>-570,426</b>	<b>-29</b>
	<b>-770,643</b>	<b>-570,426</b>	<b>-29</b>
<b>Total comprehensive income for the period</b>	<b>-699,514</b>	<b>-52,224</b>	<b>-28</b>
<b>Attributable to:</b>			
Owners of the Company	-693,594	-48,631	-27
Non-controlling interests	-5,920	-3,593	-7
	<b>-699,514</b>	<b>-52,224</b>	<b>-28</b>

**Parent Company**

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	<b>Six-month period ended</b>		
	<b>6/30/2014</b>	<b>6/30/2013</b>	<b>6/30/2012</b>
<b>Profit for the period</b>	<b>77,049</b>	<b>521,795</b>	<b>21,000</b>
<b>Other comprehensive income</b>			
<b>Items that will not be subsequently reclassified to the statement of income</b>			
Actuarial (losses) gains on defined benefit pension plan	1,710		
	<b>1,710</b>		
<b>Items that could be subsequently reclassified to the statement of income</b>			
Cumulative translation adjustments for the period	-87,347	81,048	-4,000
Available-for-sale assets	-1,059,465	-742,440	-42,000
Income tax and social contribution on available-for-sale assets	360,218	252,430	14,000
Available-for-sale assets from investments in subsidiaries	-17,470	-163,688	-1,000
Impairment of available-for-sale financial assets	48,047	3,369	4,000
Income tax and social contribution on impairment of available-for-sale financial assets	-16,336	-1,145	-1,000
	<b>-772,353</b>	<b>-570,426</b>	<b>-29,000</b>
	<b>-770,643</b>	<b>-570,426</b>	<b>-29,000</b>
<b>Total comprehensive income for the period</b>	<b>-693,594</b>	<b>-48,631</b>	<b>-27,000</b>
<b>Attributable to:</b>			
Owners of the Company	-693,594	-48,631	-27,000
Non-controlling interests	<b>-693,594</b>	<b>-48,631</b>	<b>-27,000</b>



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

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Board of Directors and Shareholders of  
Companhia Siderúrgica Nacional  
São Paulo – SP

**Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Companhia Siderúrgica Nacional (“the Company”), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the three-month period ended June 30, 2014, which comprises the balance sheet as of June 30, 2014 and the related statements of income, and of comprehensive income, for the three and six-months periods then ended and of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

The Company’s management is responsible for the preparation of the individual interim financial information in accordance with technical pronouncement CPC 21 (R1) – Interim Financial Information and of the consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion on the individual interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1), applicable to the preparation of the Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission.



### **Conclusion on the consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission.

### **Other matters**

#### *Statements of value added*

We have also reviewed the individual and consolidated interim statements of value added (DVA), for the six-month period ended June 30, 2014, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the CVM applicable to the preparation of Interim Financial Information (ITR), and considered as supplemental information for International Financial Reporting Standards – IFRS, which do not require the presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, August 1, 2014

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Roberto Wagner Promenzio  
Engagement Partner

