NATIONAL STEEL CO
Form 6-K
May 22, 2012

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

For the month of May, 2012
Commission File Number 1-14732

COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

National Steel Company

(Translation of Registrant's name into English)

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 ___X___ 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 ___X____

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

ITR — Quarterly Financial Information - March 31, 2012 – CIA SIDERURGICA NACIONAL **Version: 1**

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

Company Information / Capital Breakdown

Number of Shares	**Current Quarter**
(Units)	**03/31/2012**
Paid-in Capital	
Common	1,457,970,108
Preferred	0
Total	1,457,970,108
Treasury Shares	
Common	0
Preferred	0
Total	0

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Parent Company Financial Statements / Balance Sheet – Assets

(R$ thousand)

Code	**Description**	**Current Quarter 3/31/2012**	**Previous Year 12/31/2011**
1	Total assets	46,012,009	45,582,817
1.01	Current assets	8,084,172	8,886,953
1.01.01	Cash and cash equivalents	1,102,902	2,073,244
1.01.03	Trade receivables	3,746,713	3,516,800
1.01.04	Inventories	2,818,046	2,885,617
1.01.06	Recoverable taxes	385,748	296,394
1.01.08	Other current assets	30,763	114,898
1.02	Non-current assets	37,927,837	36,695,864
1.02.01	Long-term receivables	3,962,050	3,852,937
1.02.01.03	Trade receivables	10,243	10,202
1.02.01.06	Deferred taxes	1,327,664	1,300,650
1.02.01.08	Receivables from related parties	319,343	125,843
1.02.01.09	Other non-current assets	2,304,800	2,416,242
1.02.02	Investments	23,102,339	22,573,890
1.02.03	Property, plant and equipment	10,843,040	10,247,845
1.02.04	Intangible assets	20,408	21,192

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ITR — Quarterly Financial Information - March 31, 2012 – CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Balance Sheet – Liabilities

(R$ thousand)

Code	**Description**	**Current Quarter 3/31/2012**	**Previous Year 12/31/2011**
2	Total liabilities	46,012,009	45,582,817
2.01	Current liabilities	7,370,255	7,351,509
2.01.01	Payroll and related taxes	120,215	123,839
2.01.02	Trade payables	1,008,907	667,886
2.01.03	Taxes payable	154,458	122,648
2.01.04	Borrowings and financing	3,853,733	4,330,141
2.01.05	Other payables	1,994,265	1,872,865
2.01.06	Provisions	238,677	234,130
2.01.06.01	Provisions for tax, social security, labor and civil risks	230,876	225,997
2.01.06.02	Other provisions	7,801	8,133
2.02	Non-current liabilities	30,433,242	30,245,487
2.02.01	Borrowings and financing	19,222,105	19,005,495
2.02.02	Other payables	9,695,695	9,718,976
2.02.04	Provisions	1,515,442	1,521,016
2.02.04.01	Provisions for tax, social security, labor and civil risks	267,980	262,432
2.02.04.02	Other provisions	1,247,462	1,258,584
2.02.04.02.04	Pension and healthcare plan	469,027	469,027
2.02.04.02.06	Other provisions	778,435	789,557
2.03	Equity	8,208,512	7,985,821
2.03.01	Issued capital	1,680,947	1,680,947
2.03.02	Capital reserves	30	30
2.03.04	Earnings reserves	7,671,620	7,671,620
2.03.04.01	Legal reserve	336,190	336,190
2.03.04.02	Statutory reserve	5,717,390	5,717,390
2.03.04.08	Additional dividends proposed	273,492	273,492
2.03.04.10	Investment reserve	1,344,548	1,344,548
2.03.05	Retained earnings/accumulated losses	(7,496)	-

2.03.08	Other comprehensive income	(1,136,589)	(1,366,776)

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

ITR — Quarterly Financial Information - March 31, 2012 – CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Income

(R$ thousand)

Code	**Description**	**Current Quarter 1/1/2012 to 3/31/2012**	**YTD Current Year 1/1/2011 to 3/31/2011**
3.01	Net revenue from sales and/or services	2,409,456	2,570,165
3.02	Cost of sales and/or services	(1,887,154)	(1,726,681)
3.03	Gross profit	522,302	843,484
3.04	Operating expenses/income	(25,660)	203,013
3.04.01	Selling expenses	(68,204)	(81,102)
3.04.02	General and administrative expenses	(77,351)	(73,873)
3.04.04	Other operating income	27,929	4,809
3.04.05	Other operating expenses	(95,600)	(143,583)
3.04.06	Share of profits of affiliated companies	187,566	496,762
3.05	Profit before finance income (costs) and taxes	496,642	1,046,497
3.06	Finance income (costs)	(501,229)	(470,929)
3.06.01	Finance income	46,787	61,426
3.06.02	Finance costs	(548,016)	(532,355)
3.06.02.01	Net exchange gains (losses) on financial instruments	176,646	159,632
3.06.02.02	Finance costs	(724,662)	(691,987)
3.07	Profit before taxes on income	(4,587)	575,568
3.08	Income tax and social contribution	115,281	41,951
3.09	Profit from continuing operations	110,694	617,519
3.11	Profit/loss for the period	110,694	617,519
3.99	Earnings per share - (R$/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.07592	0.42355
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.07592	0.42355

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

ITR — Quarterly Financial Information - March 31, 2012 – CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Comprehensive Income

(R$ thousand)

Code	**Description**	**Current Quarter 1/1/2012 to 3/31/2012**	**YTD Current Year 1/1/2011 to 3/31/2011**
4.01	Consolidated profit for the year	110,694	617,519
4.02	Other comprehensive income	230,187	120,664
4.02.01	Exchange differences arising on translation of foreign operations	(30,022)	(10,852)
4.02.03	Net change in fair value of available-for-sale financial assets	260,209	131,516
4.03	Consolidated comprehensive income for the year	340,881	738,183

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

ITR — Quarterly Financial Information - March 31, 2012 – CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Cash Flows – Indirect Method

(R$ thousand)

Code	Description	*YTD Current Year 1/1/2012 to 3/31/2012*	*YTD Previous Year 1/1/2011 to 3/31/2011*
6.01	Net cash generated by (used in) operating activities	(401,987)	226,479
6.01.01	Cash generated from operations	551,437	619,794
6.01.01.01	Profit for the year	110,694	617,519
6.01.01.02	Accrued charges on borrowings and financing	648,814	580,918
6.01.01.03	Depreciation/ depletion / amortization	221,585	176,852
6.01.01.04	Realization of available-for-sale investments	(187,566)	(496,762)
6.01.01.05	Deferred income tax and social contribution	(115,281)	(90,362)
6.01.01.06	Provision of swaps/forwards	3,519	5,254
6.01.01.07	Provision for tax, social security, labor and civil risks	12,724	8,435
6.01.01.08	Inflation adjustment and exchange differences	(176,646)	(200,788)
6.01.01.10	Proceeds from write-off and disposal of assets	1	-
6.01.01.14	Other provisions	33,593	18,728
6.01.02	Increase (decrease) in assets and liabilities	(953,424)	(393,315)
6.01.02.01	Trade receivables	(6,493)	(51,803)
6.01.02.02	Related parties reciveble	(353,833)	(255,018)
6.01.02.03	Inventories	55,276	200,655
6.01.02.04	Receivables from related parties	(5,208)	51,414
6.01.02.05	Recoverable taxes	17,826	46,473
6.01.02.07	Trade payables	(51,380)	(63,328)
6.01.02.08	Payroll and related tax	20,676	(8,849)
6.01.02.09	Taxes	18,766	82,351
6.01.02.10	Account payables with controlled company	1,090	10,775
6.01.02.11	Contingent liabilities	370	48,198
6.01.02.12	Taxes in installments - REFIS	(95,480)	(48,325)
6.01.02.13	Judicial deposits	(2,606)	(9,284)
6.01.02.14	Dividends and interest on capital	15,655	-

6.01.02.15	Interest paid	(526,719)	(338,748)
6.01.02.16	Interest on swap paid	(3,817)	(5,519)
6.01.02.17	Others	(37,547)	(52,307)
6.02	Net cash used in operating activities	(628,072)	(929,522)
6.02.01	Investments	(258,542)	(583,886)
6.02.02	Property, plant and equipment	(369,530)	(345,648)
6.02.03	Cash arrising from controlled company merger	-	12
6.03	Net cash generated by financing activities	59,717	2,114,418
6.03.01	Borrowings	939,181	2,063,201
6.03.02	Related parties borrowings	-	288,178
6.03.03	Repayments to financial institutions - principal	(851,188)	(163,038)
6.03.04	Related parties - Repayments to financial institutions	(28,262)	(73,923)
6.03.05	Dividends and interest on capital	(14)	-
6.04	Exchange rate changes on cash and cash equivalents	-	(27)
6.05	Increase (decrease) in cash and cash equivalents	(970,342)	1,411,348
6.05.01	Cash and cash equivalents at the beginning of the year	2,073,244	108,297
6.05.02	Cash and cash equivalents at the end of the year	1,102,902	1,519,645

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Parent Company Financial Statements / Statement of Changes in Shareholders' Equity – 1/1/2012 to 39/31/2012

(R$ thousand)

Code	Description	Paid-in capital	Capital reserves, granted stock options and treasury shares	Earnings reserves	Retained earnings/(accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	1,680,947	30	7,671,620	0	(1,366,776)	7,985,821
5.03	Adjusted opening balances	1,680,947	30	7,671,620	0	(1,366,776)	7,985,821
5.04	Capital transactions with shareholders	0	0	0	(118,190)	0	(118,190)
5.04.07	Interest on Capital	0		0	(118,190)	0	(118,190)
5.05	Total comprehensive income	0	0	0	110,694	230,187	340,881
5.05.01	Profit for the year	0	0	0	110,694	0	110,694
5.05.02	Other comprehensive income	0	0	0	0	230,187	230,187
5.05.02.04	Translation adjustments for the year	0	0	0	0	(30,022)	(30,022)
5.05.02.09	Available-for-sale assets	0	0	0	0	260,209	260,209

5.07	Closing balances	1,680,947	307,671,620	(7,496)	(1,136,589)	8,208,512

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

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Parent Company Financial Statements / Statement of Changes in Shareholders' Equity– 1/1/2011 to 3/31/2011

(R$ thousand)

Code	Description	Paid-in capital	Capital reserves, granted stock options and treasury shares	Earnings reserves	Retained earnings/(accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	1,680,947	30	6,119,798	0	(168,015)	7,632,760
5.03	Adjusted opening balances	1,680,947	30	6,119,798	0	(168,015)	7,632,760
5.04	Capital transactions with shareholders	0	0	0	(117,012)	0	(117,012)
5.04.07	Interest on Capital	0		0	(117,012)	0	(117,012)
5.05	Total comprehensive income	0	0	0	617,519	120,664	738,183
5.05.01	Profit for the year	0	0	0	617,519	0	617,519
5.05.02	Other comprehensive income	0	0	0	0	120,664	120,664
5.05.02.04	Translation adjustments for the year	0	0	0	0	(10,852)	(10,852)
5.05.02.08	Available-for-sale assets	0	0	0	0	131,516	131,516
5.07	Closing balances	1,680,947	30	6,119,798	500,507	(47,351)	8,253,931

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ITR — Quarterly Financial Information - March 31, 2012 – CIA SIDERURGICA NACIONAL **Version: 1**

Parent Company Financial Statements / Statement of Value Added

(R$ thousand)

Code	**Description**	**YTD Current Year 1/1/2012 to 3/31/2012**	**YTD Previous Year 1/1/2011 to 3/31/2011**
7.01	Revenues	3,056,051	3,217,361
7.01.01	Sales of products and services	3,052,345	3,214,209
7.01.02	Other revenues	(1)	(9)
7.01.04	Recognition/reversal of allowance for doubtful debts	3,707	3,161
7.02	Inputs purchased from third parties	(1,971,952)	(1,948,397)
7.02.01	Costs of sales and services	(1,760,504)	(1,664,311)
7.02.02	Materials, eletric power, outside services and other	(204,933)	(275,055)
7.02.03	Impairment/recovery of assets	(6,515)	(9,031)
7.03	Gross value added	1,084,099	1,268,964
7.04	Retentions	(221,585)	(176,852)
7.04.01	Depreciation, amortization and depletion	(221,585)	(176,852)
7.05	Wealth created	862,514	1,092,112
7.06	Value added received as transfer	233,807	546,838
7.06.01	Share of profits of subsidiaries	187,566	496,762
7.06.02	Finance income	46,787	61,426
7.06.03	Other	(546)	(11,350)
7.07	Wealth for distribution	1,096,321	1,638,950
7.08	Wealth distributed	1,096,321	1,638,950
7.08.01	Personnel	249,276	246,684
7.08.01.01	Salaries and wages	187,175	195,330
7.08.01.02	Benefits	39,809	40,479
7.08.01.03	Severance pay fund (FGTS)	22,292	10,875
7.08.02	Taxes and fees	187,727	261,029
7.08.02.01	Federal	122,183	193,775
7.08.02.02	State	56,998	59,790
7.08.02.03	Municipal	8,546	7,464

7.08.03	Lenders and lessors	548,624	513,718
7.08.03.01	Interest	547,633	691,535
7.08.03.02	Leases	991	30
7.08.03.03	Others	-	(177,847)
7.08.04	Shareholders	110,694	617,519
7.08.04.01	Interest on capital	118,190	117,012
7.08.04.03	Retained earnings/(accumulated losses) for the year	(7,496)	500,507

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Consolidated Financial Statements / Balance Sheet - Assets

(R$ thousand)

Code	Description	Current Quarter 3/31/2012	Previous Year 12/31/2011
1	Total assets	47,946,045	46,869,702
1.01	Current assets	20,854,785	21,944,306
1.01.01	Cash and cash equivalents	14,144,014	15,417,393
1.01.03	Trade receivables	2,019,285	1,616,206
1.01.04	Inventories	3,648,280	3,734,984
1.01.06	Recoverable taxes	693,954	584,273
1.01.08	Other current assets	349,252	591,450
1.02	Non-current assets	27,091,260	24,925,396
1.02.01	Long-term receivables	4,720,380	4,856,721
1.02.01.01	Short-term investments measured at amortized cost	116,766	139,679
1.02.01.03	Trade receivables	9,924	10,043
1.02.01.06	Deferred taxes	1,851,028	1,840,773
1.02.01.09	Other non-current assets	2,742,662	2,866,226
1.02.02	Investments	2,507,176	2,088,225
1.02.03	Property, plant and equipment	19,058,400	17,377,076
1.02.04	Intangible assets	805,304	603,374

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Consolidated Financial Statements / Balance Sheet – Liabilities

(R$ thousand)

Code	Description	Current Quarter 3/31/2012	Previous Year 12/31/2011
2	Total liabilities	47,946,045	46,869,702
2.01	Current liabilities	6,748,664	6,496,947
2.01.01	Payroll and related taxes	202,128	202,469
2.01.02	Trade payables	1,334,602	1,232,075
2.01.03	Taxes payable	357,125	325,132
2.01.04	Borrowings and financing	2,626,012	2,702,083
2.01.05	Other payables	1,917,433	1,728,445
2.01.06	Provisions	311,364	306,743
2.01.06.01	Provisions for tax, social security, labor and civil risks	296,827	292,178
2.01.06.02	Other provisions	14,537	14,565
2.02	Non-current liabilities	32,575,577	31,955,585
2.02.01	Borrowings and financing	25,783,562	25,186,505
2.02.02	Other payables	5,487,772	5,593,520
2.02.03	Deferred taxes	158,870	37,851
2.02.04	Provisions	1,145,373	1,137,709
2.02.04.01	Provisions for tax, social security, labor and civil risks	351,124	346,285
2.02.04.02	Other provisions	794,249	791,424
2.02.04.02.04	Pension and healthcare plan	469,050	469,050
2.02.04.02.06	Other provisions	325,199	322,374
2.03	Equity	8,621,804	8,417,170
2.03.01	Issued capital	1,680,947	1,680,947
2.03.02	Capital reserves	30	30
2.03.04	Earnings reserves	7,671,620	7,671,620
2.03.04.01	Legal reserve	336,190	336,190
2.03.04.02	Statutory reserve	5,717,390	5,717,390
2.03.04.08	Additional dividends proposed	273,492	273,492
2.03.04.11	Investment reserve	1,344,548	1,344,548

2.03.05	Retained earnings/accumulated losses	(7,496)	-
2.03.08	Other comprehensive income	(1,136,589)	1,366,776
2.03.09	Non-controlling interests	413,292	431,349

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

ITR — Quarterly Financial Information - March 31, 2012 – CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Income

(R$ thousand)

Code	**Description**	**Current Quarter 1/1/2012 to 3/31/2012**	**YTD Current Year 1/1/2011 to 3/31/2011**
3.01	Net revenue from sales and/or services	3,895,739	3,789,008
3.02	Cost of sales and/or services	(2,752,606)	(2,232,828)
3.03	Gross profit	1,143,133	1,556,180
3.04	Operating expenses/income	(426,884)	(366,754)
3.04.01	Selling expenses	(180,995)	(120,002)
3.04.02	General and administrative expenses	(133,812)	(121,309)
3.04.04	Other operating income	12,684	15,585
3.04.05	Other operating expenses	(124,761)	(141,028)
3.05	Profit before finance income (costs) and taxes	716,249	1,189,426
3.06	Finance income (costs)	(628,161)	(518,436)
3.06.01	Finance income	107,585	139,082
3.06.02	Finance costs	(735,746)	(657,518)
3.06.02.01	Net exchange gains (losses) on financial instruments	(52,821)	(93,339)
3.06.02.02	Finance costs	(682,925)	(564,179)
3.07	Profit before taxes on income	88,088	670,990
3.08	Income tax and social contribution	4,547	(55,295)
3.09	Profit from continuing operations	92,635	615,695
3.11	Consolidated profit/loss for the period	92,635	615,695
3.11.01	Attributed to owners of the Company	110,694	617,519
3.11.02	Attributed to non-controlling interests	(18,059)	(1,824)
3.99	Earnings per share - (R$/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.07592	0.42355
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.07592	0.42355

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

ITR — Quarterly Financial Information - March 31, 2012 – CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Comprehensive Income

(R$ thousand)

Code	**Description**	**Current Quarter 1/1/2012 to 3/31/2012**	**YTD Current Year 1/1/2011 to 3/31/2011**
4.01	Consolidated profit for the year	92,635	615,695
4.02	Other comprehensive income	230,187	120,664
4.02.01	Exchange differences arising on translation of foreign operations	(30,022)	(10,852)
4.02.03	Net change in fair value of available-for-sale financial assets	260,209	131,516
4.03	Consolidated comprehensive income for the year	322,822	736,359
4.03.01	Attributed to owners of the Company	340,881	738,183
4.03.02	Attributed to non-controlling interests	(18,059)	(1,824)

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ITR — Quarterly Financial Information - March 31, 2012 – CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Cash Flows – Indirect Method

(R$ thousand)

Code	**Description**	***YTD Current Year 1/1/2012 to 3/31/2012***	***YTD Previous Year 1/1/2011 to 3/31/2011***
6.01	Net cash generated by (used in) operating activities	346,656	917,687
6.01.01	Cash generated from operations	1,048,845	1,374,274
6.01.01.01	Profit for the year	92,635	615,695
6.01.01.02	Accrued charges on borrowings and financing	595,052	462,403
6.01.01.03	Depreciation/ depletion / amortization	288,389	221,519
6.01.01.04	Realization of available-for-sale investments	27,087	118,175
6.01.01.05	Deferred income tax and social contribution	(55,096)	(41,375)
6.01.01.07	Provision for tax, social security, labor and civil risks	12,848	(6,450)
6.01.01.08	Inflation adjustment and exchange differences	29,253	(38,381)
6.01.01.09	Gain/(loss) on percentage changes	794	-
6.01.01.12	Other provisions	57,883	42,688
6.01.02	Increase (decrease) in assets and liabilities	(702,189)	(456,587)
6.01.02.01	Trade receivables	(126,679)	(123,176)
6.01.02.02	Inventories	167,058	187,998
6.01.02.03	Recoverable taxes	(7,890)	89,103
6.01.02.04	Trade payables	(25,359)	(27,658)
6.01.02.05	Payroll and related tax	22,538	9,537
6.01.02.06	Taxes	122,010	(11,711)
6.01.02.07	Contingent Liabilities	(465)	17,664
6.01.02.08	Receivables from jointly controlled entities	(38,856)	-
6.01.02.09	Account payables with controlled company	890	4,030
6.01.02.10	Taxes in installments - REFIS	(95,725)	(48,599)
6.01.02.11	Judicial deposits	(3,283)	(14,351)
6.01.02.13	Interest paid	(628,562)	(353,345)
6.01.02.14	Interest on swap paid	(29,356)	(117,705)
6.01.02.15	Others	(58,510)	(68,374)

6.02	Net cash used in operating activities	(1,352,860)	(1,663,848)
6.02.01	Receipt/payment in derivative transactions	(121,707)	(30,845)
6.02.02	Investments	(60,206)	(809,955)
6.02.03	Property, plant and equipment	(884,790)	(819,722)
6.02.04	Intangible	(492)	(3,326)
6.02.05	Acquisition of subsidiaries	(300,545)	-
6.02.06	Cash arrising from controlled company merger	14,880	-
6.03	Net cash generated by financing activities	(36,229)	1,788,049
6.03.01	Borrowings	1,655,728	2,129,169
6.03.02	Related parties borrowings	(885,006)	(341,120)
6.03.03	Repayments to financial institutions - principal	(806,937)	-
6.03.04	Related parties - Repayments to financial institutions	(14)	-
6.04	Exchange rate changes on cash and cash equivalents	(230,946)	(166,119)
6.05	Increase (decrease) in cash and cash equivalents	(1,273,379)	875,769
6.05.01	Cash and cash equivalents at the beginning of the year	15,417,393	10,239,278
6.05.02	Cash and cash equivalents at the end of the year	14,144,014	11,115,047

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Consolidated Financial Statements / Statement of Changes in Shareholders' Equity – 1/1/2012 to 3/31/2012

(R$ thousand)

Code	**Description**	**Paid-in capital**	**Capital reserves, granted stock options and treasury shares**	**Earnings reserves**	**Retained earnings/(accumulated losses)**	**compr**
5.01	Opening balances	1,680,947	30	7,671,620	0	(
5.03	Adjusted opening balances	1,680,947	30	7,671,620	0	(
5.04	Capital transactions with shareholders	0	0	0	(118,190)	
5.04.07	Interest on Capital	0	0	0	(118,190)	
5.05	Total comprehensive income	0	0	0	110,694	
5.05.01	Profit for the year	0	0	0	110,694	
5.05.02	Other comprehensive income	0	0	0	0	
5.05.02.04	Translation adjustments for the year	0	0	0	0	
5.05.02.09	Sale of available-for-sale assets	0	0	0	0	
5.06	Internal changes in equity	0	0	0	0	
5.06.04	Non-controlling interests in subsidiaries	0	0	0	0	
5.07	Closing balances	1,680,947	30	7,671,620	(7,496)	(

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ITR — Quarterly Financial Information - March 31, 2012 – CIA SIDERURGICA NACIONAL **Version: 1**

Consolidated Financial Statements / Statement of Changes in Shareholders' Equity – 1/1/2011 to 3/31/2011

(R$ thousand)

Code	**Description**	**Paid-in capital**	**Capital reserves, granted stock options and treasury shares**	**Earnings reserves**	**Retained earnings/(accumulated losses)**	**compr**
5.01	Opening balances	1,680,947	30	6,119,798	0	
5.03	Adjusted opening balances	1,680,947	30	6,119,798	0	
5.04	Capital transactions with shareholders	0	0	0	(117,012)	
5.04.07	Interest on Capital	0	0	0	(117,012)	
5.05	Total comprehensive income	0	0	0	617,519	
5.05.01	Profit for the year	0	0	0	617,519	
5.05.02	Other comprehensive income	0	0	0	0	
5.05.02.04	Translation adjustments for the year	0	0	0	0	
5.05.02.08	Available-for-sale assets	0	0	0	0	
5.06	Internal changes in equity	0	0	0	0	
5.06.04	Non-controlling interests in subsidiaries	0	0	0	0	
5.07	Closing balances	1,680,947	30	6,119,798	500,507	

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Consolidated Financial Statements / Statement of Value Added

(R$ thousand)

Code	**Description**	**YTD Current Year 1/1/2012 to 3/31/2012**	**YTD Previous Year 1/1/2011 to 3/31/2011**
7.01	Revenues	4,605,842	4,503,966
7.01.01	Sales of products and services	4,618,975	4,506,855
7.01.02	Other revenues	(18,332)	(4,580)
7.01.04	Recognition/reversal of allowance for doubtful debts	5,199	1,691
7.02	Inputs purchased from third parties	(2,694,338)	(2,298,684)
7.02.01	Costs of sales and services	(2,313,263)	(1,968,417)
7.02.02	Materials, eletric power, outside services and other	(373,934)	(319,708)
7.02.03	Impairment/recovery of assets	(7,141)	(10,559)
7.03	Gross value added	1,911,504	2,205,282
7.04	Retentions	(288,389)	(221,519)
7.04.01	Depreciation, amortization and depletion	(288,389)	(221,519)
7.05	Wealth created	1,623,115	1,983,763
7.06	Value added received as transfer	111,395	(117,402)
7.06.02	Finance income	107,585	139,082
7.06.03	Other	3,810	(256,484)
7.07	Wealth for distribution	1,734,510	1,866,361
7.08	Wealth distributed	1,734,510	1,866,361
7.08.01	Personnel	437,273	375,852
7.08.01.01	Salaries and wages	334,140	296,564
7.08.01.02	Benefits	72,665	61,354
7.08.01.03	Severance pay fund (FGTS)	30,468	17,934
7.08.02	Taxes and fees	466,410	479,671
7.08.02.01	Federal	331,066	367,708
7.08.02.02	State	129,447	102,024
7.08.02.03	Municipal	5,897	9,939
7.08.03	Lenders and lessors	738,192	395,143
7.08.03.01	Interest	735,268	563,726

7.08.03.02	Leases	2,924	1,631
7.08.03.03	Others	-	(170,214)
7.08.04	Shareholders	92,635	615,695
7.08.04.01	Interest on capital	118,190	117,012
7.08.04.03	Retained earnings/(accumulated losses) for the year	(7,496)	500,507
7.08.04.04	Non-controlling interests in retained earnings	(18,059)	(1,824)

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The global economic outlook has improved progressively following the set-back of 2011 and the risk of a sharp downturn is receding, thanks to the gradual increase in economic activity in the United States, the stabilization of the Chinese economy, which has been recording important growth, and progresses in the structural reforms in the Eurozone.

However, the global recovery will remain slow, especially in developed economies, with most of the upward contribution to boost the global economy coming from the emerging countries. The IMF's April 2012 report projects average growth rates of 1.5% and 5.75% for the advanced and emerging economies, respectively, in 2012, an improvement over the institution's projections of 1.2% and 5.4%, respectively, in January 2012.

USA

The U.S. economy continues to recover, recording GDP growth of 2.2% in 1Q12. In the same period, personal consumption increased by 2.9%, while exports moved up by 5.4%. The GDP upturn also helped to reduce unemployment, which fell from 8.5% at the end of 2011 to 8.2% at the close of March.

According to the FED, industrial production climbed by 5.4% in the first quarter of 2012, while manufacturing output increased by 10.4%, including an increase of almost 40% in vehicle and auto parts production. Manufacturing Purchasing Managers Index (PMI) reached 53.4 points in March, slightly higher than the 52.4 points recorded in February. The FED's Beige Book reported level of activity between modest and moderate in all the 12 districts at the beginning of the year. In terms of foreign trade, the country posted a deficit of US$46.0 billion in February, less than the US$52.5 billion registered in January. For 2012, the IMF projects annual GDP growth of 2.1% in the USA.

Europe

Despite the adoption of important measures by some Eurozone countries in the pursuit of fiscal austerity, the retraction is likely to remain for some time in certain nations. In January, a new agreement was defined, establishing that the fiscal deficit of the Eurozone country members must not exceed 0.5% of nominal GDP.

The injection of liquidity by the European Central Bank totaling around €1 trillion in the form of long-term refinancing operations is playing a crucial role in containing the crisis in the continent, increasing the availability of credit and extending debt payment terms.

The OECD projects an average GDP retraction of 0.4% in 1Q12 in the three biggest Eurozone economies, Germany, France and Italy, followed by a reversal in the second quarter, with growth of 0.9%, led by Germany with a 1.5% expected upturn. Spain, on the other hand, reported a decline of 0.3% in 1Q12 and 4Q11, similar to the UK, which recorded GDP reduction of 0.2% and 0.3%, respectively, in the same periods.

The Eurozone manufacturing PMI reached 47.7 points in March, lower than the 49.0 points posted in February.

Inflation in the Eurozone recorded an annualized rate of 2.7% in March, according to Eurostat, above the 2% target. For 2012, the European Commission expects a rate of 2.1%.

Unemployment reached a new high in March, averaging 10.9%, affecting 17.4 million people. In the same month, Spain recorded unemployment of 24.4%, its highest figure since the beginning of the statistical series in 1996. The country is followed by Greece and Portugal, with unemployment rates of 21.7% and 15.3%, respectively.

Asia

Chinese economic activity continues to expand despite the reduction in exports and the risks associated with the real estate market. GDP increased by 8.1% in the first quarter, versus an increase of 8.9% in 4Q11, both compared with the same period in the previous years.

Official manufacturing PMI reached 53.1 points in March, versus 51.0 in February, pointing to an upturn in activity. Industrial output climbed by 11.6% in 1Q12, while retail sales moved up by 14.8%, both over 1Q11. After peaking at 6.5% in July 2011, annualized inflation fell to 3.6% in March 2012, closing the quarter at 3.8%.

According to the Japanese Central Bank, Japan's economic recovery will be moderate and based on post-earthquake reconstruction, and the IMF expects GDP growth of 2% in 2012. The Japanese consumer confidence index reached 40.3 points in March from 39.9 points in February, the highest figure for a year.

Manufacturing PMI reached 51.5 points in March, an improvement over February's 50.5 points.

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Brazil

Brazil became the sixth biggest economy in the world in 2011 and the Central Bank's FOCUS report expects GDP growth of 3.2% in 2012. In its report, "The Brazilian Economy in Perspective", the Ministry of Finance declared that more important than the expansion of GDP in 2011 was its quality, highlighting the fact that investments outpaced household and government consumption, with a positive impact on the growth of production capacity.

According to the Ministry of Trade, Industry and Development (MDIC), the trade surplus totaled US$2.0 billion in March, the highest figure since March 2007 and 29.9% up on March 2011. Exports amounted to US$20.9 billion, a record for March, with China and the USA as the main destinations.

The job market also remained solid at the beginning of 2012, with unemployment falling from 6.4% in February 2011 to 5.7% in February 2012. According to the Employment and Unemployment Registry (CAGED), around 112,000 official jobs were created in March.

The inflation rate, measured by the IPCA consumer price index, stood at 1.22% in the first quarter, half the 2.44% recorded in the same period last year. According to the FOCUS report, the IPCA should fall to 5.12% in 2012.

The Consumer Confidence Index (ICC), measured by the Getúlio Vargas Foundation (FGV), moved up by 2.8% in March over February, reaching 122.7 points, the highest level since July 2011.

The Selic base rate, defined by the Monetary Policy Committee (COPOM), began 2012 at 11.00%, before falling to 9.00% in April, the lowest figure for two years. The Central Bank FOCUS report expects the Selic base rate to reach 8.50% by the end of 2012. The banking system's stock of credit totaled R$2.03 trillion in February, equivalent to 48.8% of GDP, 0.2% up in the year. Overall default rate (individual and corporate) came to 5.8% in March, above the 5.5% recorded in December 2011.

Foreign reserves totaled US$365 billion in March, US$13 billion more than at the end of last year. According to the FOCUS report, the U.S. dollar is forecasted to close 2012 at R$1.81.

Macroeconomic Projections

	2012	2013
IPCA (%)	5.12	5.56
Commercial dollar (final) – R$	1.81	1.81
SELIC (final - %)	8.50	10.00
GDP (%)	3.23	4.30
Industrial Production (%)	1.92	3.95

Source: FOCUS BACEN Base: May 4, 2012

CSN recorded consolidated net revenue of R$3,896 million in 1Q12, 7% down on 4Q11, chiefly due to reduced iron ore sales volume and to lower prices. The lower iron ore sales reflected seasonality and the heavy rainfall in the Southeast of Brazil in 1Q12.

It is worth noting that, due to the acquisition of Stahlwerk Thüringen GmbH (SWT) on January 31, 2012, its operations were booked in CSN's consolidated results as of February.

In 1Q12, consolidated COGS reached R$2,753 million, 8% up on 4Q11, chiefly due to higher steel and mining COGS.

SG&A expenses totaled R$315 million in the first quarter, 21% down on 4Q11, mainly due to lower iron ore freight costs and administrative provisions.

Net Revenue

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CSN recorded an expense of R$112 million in the "Other Revenue and Expenses" line in 1Q12, practically stable as compared to the R$116 million expense reported in 4Q11.

Adjusted EBITDA comprises net income before the financial result, income and social contribution taxes, depreciation and amortization and other operating revenue (expenses), the latter item being excluded due to its non-recurring nature.

In 1Q12, adjusted EBITDA came to R$1,113 million, 24% lower than in 4Q11, chiefly due to reductions in the mining and steel segments. The adjusted EBITDA margin stood at 29% in 1Q12.

The 1Q12 net financial result was negative by R$628 million, chiefly due to the following factors:

§ Interest on loans and financing totaling R$595 million;

§ Expenses of R$47 million with the monetary restatement of tax payment installments;

§ Monetary and foreign exchange variations of R$52 million.

These negative effects were partially offset by returns on financial investments totaling R$66 million.

On March 31, 2012, the consolidated net debt totaled R$14.3 billion, R$1.8 billion higher than the R$12.5 billion recorded on December 31, 2011, essentially due to the following factors:

§ Investments of R$0.9 billion in fixed assets;

§ Acquisition of SWT in the amount of R$1.1 billion;

§ A R$0.7 billion effect from disbursements related to debt charges;

§ Other impacts that increased net debt by R$0.2 billion.

These effects were partially offset by 1Q12 adjusted EBITDA of R$1.1 billion.

The net debt/EBITDA ratio closed the first quarter at 2.36x, based on LTM adjusted EBITDA.

The main funding operations made by the Company in 1Q12 are listed below:

§ An R$800 million promissory note issue;

§ An additional US$200 million bond issue, through the reopening of bonds totaling US$1 billion issued by CSN Resources, maturing in July 2020;

§ A loan of €120 million, through CSN Steel, for the partial financing of the SWT acquisition.

On the other hand, also in the first quarter, the Company amortized some debts, the most relevant being the amortization related to its fourth debenture issue, amounting to R$635 million.

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CSN posted consolidated net income of R$93 million in 1Q12, 89% down on 4Q11, basically due to the reduction in gross profit.

CSN invested R$882 million in 1Q12, R$549 million of which in subsidiaries or joint subsidiaries, mainly in:

ü Transnordestina Logística: R$433 million;

ü MRS Logística: R$70 million;

ü Namisa: R$19 million.

The remaining R$333 million went to the parent company, mostly in the following projects:

ü Expansion of the Casa de Pedra mine and Itaguaí Port: R$94 million;

ü Long steel: R$93 million;

ü Current investments: R$72 million.

Working capital closed 1Q12 at R$2,495 million, R$139 million down on the figure of the end of 2011. The average receivables period increased by five days, while the average supplier payment period and the average inventory turnover period narrowed by 2 days and 16 days, respectively, in comparison to 4Q11.

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WORKING CAPITAL (R$ MM)	4Q11	1Q12	Change 1Q12 x 4Q11
Assets	4,418	4,424	6
Accounts Receivable	1,559	1,787	228
Inventory (*)	2,754	2,627	(127)
Advances to Taxes	105	10	(95)
Liabilities	1,784	1,929	145
Suppliers	1,232	1,335	103
Salaries and Social Contribution	202	202	0
Taxes Payable	325	357	32
Advances from Clients	24	34	10
Working Capital	2,634	2,495	(139)

TURNOVER RATIO Average Periods	4Q11	1Q12	Change 1Q12 x 4Q11
Receivables	29	34	5
Supplier Payment	46	44	(2)
Inventory Turnover	103	87	(16)
Cash Conversion Cycle	86	77	(9)

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

Results by Segment

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:

Steel	Mining	Logistics	Cement	Energy
Pres. Vargas Steel Mill	Casa de Pedra	Railways:	Volta Redonda	CSN Energia

Porto Real	**Namisa (60%)**	**- MRS**	**Arcos**	**Itasa**
Paraná	**Tecar**	**- Transnordestina**		
LLC	**ERSA**	**Port:**		
Lusosider		**- Sepetiba Tecon**		
Prada (Distribution and Packaging)				
Metalic				
SWT				

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. CSN’s Management uses adjusted EBITDA as an indicator to measure the Company’s capacity to generate recurring operating cash flow.

The charts below show the various segments’ contribution to CSN’s overall net revenue and adjusted EBITDA:

Net revenue by segment in 1Q12 (R$ million)

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The Company's consolidated results by business segment are presented below:

R$ million

Consolidated Results	**Steel**	**Mining**
Net Revenue	**2,399**	**1,194**
Domestic Market	1,935	144
Foreign Market	464	1,050
Cost of Goods Sold	(2,006)	(574)
Gross Profit	**393**	**620**
Selling, General and Administrative Expenses	(116)	(76)
Depreciation	188	46
Adjusted EBITDA	**466**	**590**
Adjusted EBITDA Margin	**19%**	**49%**

R$ million

Consolidated Results	**Steel**	**Mining**
Net Revenue	**2,361**	**1,628**
Domestic Market	2,084	182
Foreign Market	277	1,446
Cost of Goods Sold	(1,846)	(677)

Gross Profit		**515**		**950**	
Selling, General and Administrative Expenses		(125)		(98)	
Depreciation		164		44	
Adjusted EBITDA	**553**	**896**	**9**	**83**	
Adjusted EBITDA Margin	**23%**	**55%**	**23%**	**32%**	**32**

Steel

Scenario

According to the World Steel Association (WSA), global crude steel production totaled 377 million tonnes in 1Q12, 5.8% up on 4Q11, 174 million tonnes of which from China. Existing global capacity utilization ratio also increased, moving up from 79.5% in February to 81.1% in March.

The WSA projects apparent steel consumption increase of 3.6% in 2012, to 1.4 billion tonnes. In China alone, it expects growth of 4%, with apparent consumption of 649 million tonnes.

According to the Brazilian Steel Institute (IABr), production in 1Q12 totaled 8.7 million tonnes of crude steel and 6.5 million tonnes of rolled steel, 5% and 10% up on 4Q11, respectively.

First-quarter 2012 domestic sales totaled 5.3 million tonnes, while exports amounted to 2.6 million tonnes, both of which 4% higher than the previous quarter.

Brazil's apparent consumption of steel products reached 6.4 million tonnes in 1Q12, 7% more than in 4Q11, while imports totaled 996,000 tonnes, up by 6%.

Automotive

According to ANFAVEA (the Brazilian Auto Manufacturers' Association), vehicle production totaled 739,000 units in 1Q12, 8% down on 4Q11.

Vehicle sales also recorded a decline in 1Q12 to 819,000 units, 14% less than in 4Q11, while exports fell by 3% in the same period.

Given higher default and credit restrictions, FENABRAVE (the Vehicle Distributors' Association) revised its auto market estimates downwards, projecting growth of 3.5% in 2012, with auto and light commercial vehicle sales of around 3.5 million units, versus the previous estimate of 4.5%. Considering all automotive segments, the sector is expected to close the year with 5.8 million units sold, 3.4% up on 2011, versus the initial estimate of 5.76%. ANFAVEA, on the other hand, maintained its annual growth estimate at between 4% and 5% for 2012, despite reduced sales in 1Q12.

A study conducted by KPMG International with auto industry executives showed that Brazil could become the third largest vehicle market in 2016 and that the BRIC countries will account for 40% of global vehicle sales.

Construction

ABRAMAT (the Building Material Manufacturers' Association) classified construction material sales in 1Q12 as "good". Installed capacity use in the building material industry was 82% in March. The association estimates sales growth of 4.5% in 2012, fueled by the works for the World Cup and the Olympic Games.

Sinduscon (the Builders' Association) estimates growth of 5.2% for the construction sector in 2012, with the continuity of infrastructure works.

Home Appliances

The federal government has extended the reduction in IPI (federal VAT) on white goods (refrigerators, washing machines and stoves) for another three months, in order to encourage the national industry. The tax break was originally scheduled to end in March.

In 1Q12, white goods sales climbed by close to 20% over the same period last year, according to retail representatives.

Distribution

According to INDA (the Brazilian Steel Distributors' Association), domestic flat steel sales by distributors totaled around 1.08 million tonnes in 1Q12, 2% more than in 4Q11, while purchases increased by 8.6% to 1.1 million tonnes, leading to a slight 1.6% upturn in inventories in relation to December 2011, although turnover remained flat at 2.7 months of sales.

INDA estimates distributors' sales growth of around 6% in 2012, over the 4.3 million tonnes sold in 2011.

Consolidated Sales Volume

Sales volume in 1Q12 reached 1.3 million tonnes, 9% up on the previous quarter. Of this volume, 79% was sold in the domestic market, 19% through overseas subsidiaries and 2% were exported.

Domestic Sales Volume

Domestic sales totaled 1.0 million tonnes, in line with 4Q11 figure.

Foreign Sales Volume

CSN's foreign sales volume totaled 269,000 tonnes of steel products in 1Q12, 84% up on the previous quarter. Of this total, the Company's overseas subsidiaries sold 242,000 tonnes, considering that SWT's operations were booked in the Company's consolidated results as of February, which increased by 117,000 tonnes the volume sold in the quarter. Direct exports reached 27,000 tonnes.

Prices

Net revenue per tonne averaged R$1,806 in 1Q12, 4% down on the quarter before, basically due to the sales mix and the higher sales through the overseas subsidiaries.

Consolidated Net Revenue

Net revenue from steel operations totaled R$2,399 million in 1Q12, 2% up on 4Q11, essentially due to the increase in sales volume.

Consolidated cost of goods sold (COGS)

Steel segment COGS totaled R$2,006 million in 1Q12, 9% up on the R$1,846 million recorded in 4Q11, chiefly due to the upturn in sales volume and the higher productive inputs.

Consolidated Adjusted EBITDA

Adjusted steel segment EBITDA totaled R$466 million in 1Q12, 16% down on the R$553 million recorded in 4Q11, due to the effects described above, accompanied by an adjusted EBITDA margin of 19%.

Production

The Presidente Vargas Steelworks (UPV) produced 1.2 million tonnes of crude steel in 1Q12, 3% less than in 4Q11 but 6% higher when compared to 1Q11 volume.

Rolled flat steel production totaled 1.1 million tonnes, down by 9% on 4Q11 but 8% higher when compared to the same period in 2011.

Production (in thousand t)	1Q11	4Q11	1Q12	Change	
				1Q12 x 1Q11	1Q12 x 4Q11
Crude Steel	1,132	1,241	1,200	6%	-3%
Total Rolled Products	1,034	1,227	1,114	8%	-9%

Production Costs (Parent Company)

In 1Q12, the Presidente Vargas Steelworks' total production costs came to R$1,597 million, 4% less than the R$1,668 million reported in 4Q11.

Raw Materials: reduction of R$104 million, due to the decline in production in the period.

Labor: labor costs declined by R$17 million.

Other production costs: increase of R$40 million due to the lower dilution of fixed costs.

Depreciation: increase of R$10 million due to new asset incorporations.

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Mining

Scenario

The first quarter is normally marked by heavy rainfall in the southern hemisphere, impacting the performance of the major iron ore producers. In 1Q12, this seasonal effect was intensified in Brazil, where rainfall was heavier than usual, reflected in the 3.5% reduction in the country's iron ore exports over 1Q11.

Fueled by strong steel output, iron ore demand in China was high in 1Q12. First-quarter Chinese imports amounted to 187.2 million tonnes, a new record and 5% up on the previous quarter. The price measured by Platts index for 62%-iron ore remained virtually flat, hovering between US$135.00 and US$150.00/dmt CFR China.

At the beginning of 2012, freight prices were impacted by reduced demand for ships, due to the rigorous winter and the Chinese New Year celebration. In addition to these recurring events, the increase in new ship supply also contributed to the reduction in freight prices.

After reaching an average of US$30/t at the close of December, spot market freight prices for the Tubarão/Qingdao route dropped to around US$20/t and remained stable in January and February. Despite the small price increase in the first half of March, freight prices closed 1Q12 at less than US$20/t.

Iron Ore Sales

In 1Q12, sales of finished iron ore products totaled 6.7 million tonnes[1], 17% less than in 4Q11, due to seasonality and the heavy rainfall in the Southeast of Brazil, which critically affected iron ore production and outflow.

Of total 1Q12 sales, exports accounted for 6.5 million tonnes with 3.7 million tonnes sold by Namisa. Considering CSN's 60% interest in Namisa, sales reached 5.2 million tonnes.

The Company's iron ore own consumption totaled 1.5 million tonnes.

1 Sales volume includes 100% of the stake in NAMISA.

Net Revenue

Net revenue from mining operations totaled R$1,194 million in 1Q12, 27% less than in 4Q11, due to the reduction in sales volume and lower iron ore prices in the quarter.

Cost of goods sold (COGS)

Mining COGS came to R$574 million in 1Q12, 15% down on 4Q11, chiefly due to the reduction in sales volume.

Adjusted EBITDA

Mining segment adjusted first-quarter EBITDA totaled R$590 million, 34% down on 4Q11 due to the sales mix in the quarter and the effects previously mentioned. Adjusted EBITDA margin was 49%.

Logistics

Scenario

Railway logistics

According to the ANTF (National Rail Transport Association), Brazil's rail network transported 475 million tonnes in 2011, five million tonnes more than in 2010. The highlight of the year was the 23.7% increase in the number of containers transported to 287,500 TEUs[1], when compared to 2010.

The ANTF estimates that rail cargo transportation will reach 522 million tonnes in 2012, 9.9% up on 2011.

In terms of containers, the association estimates growth of 7.1%, expecting to reach 308,000 TEUs in 2012. Investments from concessionaires are expected to total R$5.3 billion, 15.2% more than the R$4.6 billion invested in 2011.

1 TEU (Twenty Foot Equivalent Unit) – transportation unit equivalent to a standard 20-feet intermodal container

Port logistics

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

According to ANTAQ (National Waterway Transport Agency), Brazil's port installations (organized ports and private terminals) handled 886 million tonnes of cargo in 2011, 6.2% up on 2010, with the organized ports accounting for 35% of the total.

The handling of bulk solids totaled 543 million tonnes in 2011, 7.6% more than in 2010, while bulk liquids reached 212 million tonnes, up by 0.9%. The highlight of the segment was container handling, which totaled 7.9 million TEUs, 15.7% more than in 2010.

Handled volume in Brazil's ports is expected to reach 1.0 billion tonnes in 2012, 12% more than in 2011, also according to ANTAQ.

Analysis of Results

Railway logistics

MRS and Transnordestina's first-quarter results had not yet been announced up to the publication of this release.

In 1Q12, net revenue from railway logistics totaled R$248 million, COGS stood at R$175 million and adjusted EBITDA amounted to R$88 million, accompanied by an adjusted EBITDA margin of 35%.

Port logistics

In 1Q12, net revenue from port logistics totaled R$33 million, COGS reached R$20 million and adjusted EBITDA stood at R$9 million, with an adjusted EBITDA margin of 28%.

Cement

Scenario

Preliminary figures from SNIC (the Cement Industry Association) indicate domestic cement sales of 16.4 million tonnes in 1Q12, 13.3% up on 1Q11. LTM sales through March totaled 65.7 million tonnes, 9.6% more than in the same period in the previous year.

According to Dieese (the Inter-Union Department of Statistics and Social Economic Studies), the outlook for the construction sector remains extremely positive in 2012, fueled by the growth in mortgage lending, thanks to the federal government's *Minha Casa, Minha Vida* (My Home, My Life) housing program and the large infrastructure works of the Growth Acceleration Program (PAC), for the World Cup and the Olympic Games.

Analysis of Results

In 1Q12, cement sales totaled 466,000 tonnes, net revenue came to R$87 million, COGS amounted to R$65 million and adjusted EBITDA was R$8 million, with an adjusted margin of 9%.

Energy

Scenario

Brazilian electricity consumption increased by 3.9% year-on-year in 1Q12, indicating a recovery in industrial production, fueled by the operational start-up of new mineral-based companies, especially in the Midwest region, as well as a substantial contribution from the commercial segment. In comparison with 4Q11, the Brazilian consumption increased by 1.1%, according to EPE (Brazilian Electric Power Research Company).

Given the high level of hydro plant reservoirs and the start-up of new generation projects contracted by the government, the ability of the electricity system to meet demand growth is assured, according to ONS (Brazilian Electric Power System Operator).

Analysis of Results

In 1Q12, net revenue from energy sales amounted to R$55 million, COGS totaled R$32 million and adjusted EBITDA was R$21 million, accompanied by an adjusted EBITDA margin of 39%.

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Capital Market

In 1Q12, CSN's shares appreciated by 15%, slightly above the IBOVESPA's 14% upturn in the same period. On the NYSE, CSN's ADRs moved up by 16%, twice the 8% appreciation posted by the Dow Jones.

Daily traded volume of CSN's shares on the BM&FBovespa averaged R$70.4 million in 1Q12, 28% more than in 4Q11. On the NYSE, daily traded volume of CSN's ADRs averaged US$55.7 million, 44% higher than in the previous quarter.

Capital Markets - CSNA3 / SID / IBOVESPA / DOW JONES		
	4Q11	**1Q12**
N# of shares	**1,457,970,108**	**1,457,970,108**
Market Capitalization		
Closing price (R$/share)	14.98	17.22
Closing price (US$/share)	8.18	9.46
Market Capitalization (R$ million)	21,840	25,106
Market Capitalization (US$ million)	11,926	13,792
Total return including dividends and interest on equity		
CSNA3 (%)	1%	15%
SID (%)	3%	16%
Ibovespa	8%	14%
Dow Jones	12%	8%
Volume		
Average daily (thousand shares)	3,683	3,958
Average daily (R$ Thousand)	55,214	70,391
Average daily (thousand ADRs)	4,573	5,486
Average daily (US$ Thousand)	38,626	55,710

Source: Economática

The Annual Shareholders' Meeting held on April 27, 2012 approved the Management's proposal for the payment of R$1.2 billion in dividends to shareholders.

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

(expressed in thousands of reais – R$, unless otherwise stated)

1. DESCRIPTION OF BUSINESS

Companhia Siderúrgica Nacional is a publicly-held company incorporated on April 9, 1941, under the laws of the Federative Republic of Brazil (Companhia Siderúrgica Nacional, its subsidiaries and jointly controlled entities collectively referred to herein as "CSN" or the "Company"). The Company's registered office social is located at Avenida Brigadeiro Faria Lima, 3400 – São Paulo, SP.

CSN is a Company with shares listed on the São Paulo Stock Exchange (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 main operating activities of CSN are divided into five (5) 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 packaging 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 a concession to operate TECAR, a solid bulk maritime terminal, of the 4 (four) terminals that form the Itaguaí Port, located in Rio de Janeiro. Importations of coal and coke are carried out through this terminal.

- **Cement:**

The Company 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 in Arcos in the State of Minas Gerais, to feed the needs of UPV and CSN Cement, and the surplus of such raw materials is sold to subsidiaries and third parties.

In 2011, the clinker used in manufacturing the cement was purchased from third parties, however, at the end of 2011, with the completion of the first stage of the Clinker plant in Arcos, Minas Gerais, this plant already supplied the milling needs of CSN Cimentos in Volta Redonda.

- **Logistics:**

Railroads:

CSN has equity interests in two railroad companies: MRS Logística, which manages the former Southeast Network of Rede Ferroviária Federal S.A. (RFFSA), and Transnordestina Logística, which operates the former Northeast Network of the RFFSA in the states of Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco and Alagoas.

Ports:

In the State of Rio de Janeiro, the Company operates the Container Terminal known as Sepetiba Tecon at the Itaguaí Port. Located in the Bay of Sepetiba, this port has privileged highway, railroad and maritime access.

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 invested in assets for generation of electric power to guarantee its self-sufficiency.

For further details on strategic investments in the Company's segments, see Notes 27 - Business Segment Reporting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated interim financial statements have been prepared and are being presented in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the corresponding standards issued by the CPC (Accounting Pronouncements Committee) and the CVM (Brazilian Securities Commission) applicable to the preparation of the financial statements.

The individual interim financial statements have been prepared in accordance with the standards issued by the CPC (Accounting Pronouncements Committee) and the CVM (Brazilian Securities Commission) applicable to the preparation of the financial statements.

The preparation of interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements, are disclosed in the notes to this report and refer to the allowance for doubtful debts, provision for inventory losses, provision for labor, civil, tax, environmental and social security risks, depreciation, amortization, depletion, provision for impairment, deferred taxes, financial instruments and employee benefits. Actual results may differ from these estimates.

The interim financial statements are presented in thousands of reais (R$). Depending on the applicable IFRS standard, the measurement criterion used in preparing the interim financial statements considers the historical cost, net realizable value, fair value or recoverable amount. When both IFRSs and CPCs include the option between acquisition cost and any other measurement criterion (for example, systematic remeasurement), we used the cost criterion.

The individual and consolidated interim financial statements were approved by the Board of Directors and authorized for issue on May 10, 2012.

(b) Consolidated interim financial statements

The accounting policies have been consistently applied to all consolidated companies.

The consolidated interim financial statements for the period ended March 31, 2012 and the year ended December 31, 2011 include the following direct and indirect subsidiaries and jointly controlled entities, as well as the exclusive funds Diplic and Mugen:

- **Companies**

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Companies	Equity interestI (%) 3/31/2012	12/31/2011	Main activities
Direct interest: 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
Tangua Inc.	100.00	100.00	Financial transactions
International Investment Fund	100.00	100.00	Equity interests and financi
CSN Minerals S. L.	100.00	100.00	Equity interests
CSN Export Europe, S.L. (1)	100.00	100.00	Financial transactions and
CSN Metals S.L.	100.00	100.00	Equity interests and financi
CSN Americas S.L.	100.00	100.00	Equity interests and financi
CSN Steel S.L.	100.00	100.00	Equity interests and financi
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 interests
Florestal Nacional S.A.	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.	99.99	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 interests
CSN Energia S.A.	99.99	99.99	Sale of electric power
Transnordestina Logística S.A.	70.91	70.91	Railroad logistics
Indirect interest: 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, proc
CSN Ibéria Lda.	100.00	100.00	Financial transactions, proc
CSN Portugal, Unipessoal Lda.	100.00	100.00	Financial transactions and
Lusosider Projectos Siderúrgicos S.A.	100.00	100.00	Equity interests
Lusosider Aços Planos, S. A.	99.94	99.94	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 Finance UK Ltd	100.00	100.00	Financial transactions and
CSN Holdings UK Ltd	100.00	100.00	Financial transactions and
CSN Handel GmbH (2)	100.00	100.00	Financial transactions, proc
Companhia Brasileira de Latas (3)	59.17	59.17	Sale of cans and container
Rimet Empreendimentos Industriais e Comerciais S. A. (3)	58.08	58.08	Production and sale of stee
Companhia de Embalagens Metálicas MMSA (3)	58.98	58.98	Production and sale of can
Empresa de Embalagens Metálicas - LBM Ltda. (3)	58.98	58.98	Sales of containers and hol
Empresa de Embalagens Metálicas - MUD Ltda. (3)	58.98	58.98	Production and sale of hou
Empresa de Embalagens Metálicas - MTM do Nordeste (3)	58.98	58.98	Production and sale of can
Companhia de Embalagens Metálicas - MTM (3)	58.98	58.98	Production and sale of can
CSN Steel Comercializadora, S.L.U. (4)	100.00		Financial transactions, proc
CSN Steel Holdings 1, S.L.U. (4)	100.00		Financial transactions, proc
CSN Steel Holdings 2, S.L.U. (4)	100.00		Financial transactions, proc
Stalhwerk Thüringen GmbH (4)	100.00		Production and sale of long
CSN Steel Sections UK Limited (4)	100.00		Financial transactions, proc
CSN Steel Sections GmbH (4)	100.00		Financial transactions, proc
Gallardo Sections Czech Republic s.r.o. (4)	100.00		Financial transactions, proc
Gallardo Sections Polska Sp z.o.o. (4)	100.00		Financial transactions, proc
Direct interest: proportionate consolidation			
Nacional Minérios S.A.	60.00	60.00	Mining and equity interests
Itá Energética S.A.	48.75	48.75	Generation of electric powe
MRS Logística S.A.	27.27	27.27	Railroad transportation
Consórcio da Usina Hidrelétrica de Igarapava	17.92	17.92	Electric power consortium
Aceros Del Orinoco S.A.	22.73	22.73	Dormant company
CBSI - Companhia Brasileira de Serviços de Infraestrutura (5)	50.00	50.00	Provision of services
Indirect interest: proportionate consolidation			
Namisa International Minérios SLU	60.00	60.00	Financial transactions, proc
Namisa Europe, Unipessoal Lda.	60.00	60.00	Equity interests and produc
Aloadus Handel GmbH (2)	60.00	60.00	Financial transactions, proc
MRS Logística S.A.	6.00	6.00	Railroad transportation
Aceros Del Orinoco S.A.	9.08	9.08	Dormant company

(1) New corporate name of CSN Export S.à.r.l., changed on August 9, 2011.

(2) Companies acquired on November 3, 2011;

(3) Equity interest acquired on July 12, 2011;

(4) Companies acquired on January 31, 2012;

(5) Equity interest acquired on December 5, 2011.

- **Exclusive funds**

	Equity		
Exclusive funds	**3/31/2012**	**12/31/2011**	**Main activities**
Direct interest: full consolidation			
DIPLIC - Fundo de investimento multimercado	100.00	100.00	Investment fund
Mugen - Fundo de investimento multimercado	100.00	100.00	Investment fund

In preparing the consolidated interim financial statements the following consolidation procedures have been applied:

Unrealized gains on transactions with subsidiaries and jointly controlled entities are eliminated to the extent of CSN's equity interests in the related entity in the consolidation process. Unrealized losses are eliminated in the same manner as unrealized gains, although only to the extent that there are indications of impairment. The base date of the interim financial statements of the subsidiaries and jointly controlled entities is the same as that of the Company, and their accounting policies are in line with the policies adopted by the Company.

- **Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to determine the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are actually exercisable or convertible are taken into consideration when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date when control is transferred to the Company and are deconsolidated from the date when such control ceases.

- **Jointly controlled entities**

The financial statements of jointly controlled entities are included in the consolidated financial statements from the date when shared control starts through the date when shared control ceases to exist. Jointly controlled entities are proportionately consolidated.

- **Transactions and non-controlling interests**

The Company treats transactions with non-controlling interests as transactions with owners of Company equity. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposals to non-controlling interests are also recognized directly in equity, in line item "Valuation adjustments to equity".

When the Company no longer holds control, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest in an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(c) Individual interim financial statements

In the individual interim financial statements, interests in subsidiaries and jointly controlled entities are accounted for by the equity method of accounting. The same adjustments are made both to the individual interim financial statements and the consolidated interim financial statements. In the case of CSN, the accounting practices adopted in Brazil, applied to the individual interim financial statements, differ from IFRS applicable to the separate financial statements only with respect to the measurement of investments in subsidiaries and associates by the equity method of accounting, which under IFRSs must be measured at cost or fair value.

(d) Foreign currencies

i. Functional and presentation currency

Items included in the interim financial statements of each one of the Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("functional currency"). The consolidated interim financial statements are presented in Brazilian reais (R$), which is the Company's functional currency and the Group's presentation currency.

ii. Balances and transactions

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. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at exchange rates in effect as of December 31, 2011 of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when they are recognized in equity as qualifying cash flow hedges and qualifying net investment hedges.

The asset and liability balances are translated at the exchange rate in effect at the end of the reporting period. As of March 31, 2012, US$1 is equivalent to R$1.8221 (R$1.8758 as of December 31, 2011), EUR 1 is equivalent to R$2.4300 (R$2.4342 as of December 31, 2011), and JPY 1 is equivalent to R$0.02211 (R$0.02431 as of December 31, 2011).

All other foreign exchange gains and losses, including foreign exchange gains and losses related to loans and cash and cash equivalents, are presented in the income statement as finance income or costs.

Changes in the fair value of monetary securities denominated in foreign currency, classified as available-for-sale, are segregated into translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Exchange differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in equity.

Exchange differences on non-monetary financial assets and liabilities classified as measured at fair value through profit or loss are recognized in profit or loss as part of the gain or loss on the fair value. Exchange differences on non-monetary financial assets, such as investments in shares classified as available-for-sale, are included in comprehensive income in equity.

iii. Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the reporting currency are translated into the reporting currency as follows:

- Assets and liabilities in each balance sheet presented have been translated at the exchange rate at the end of the reporting period;

- Income and expenses of each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates in effect at the transaction dates, in which case income and expenses are translated at the rate in effect at the transaction dates); and

- All resulting exchange differences are recognized as a separate component in other comprehensive income.

On consolidation, exchange differences resulting from the translation of monetary items with characteristics of net investment in foreign operations are recognized in equity. When a foreign operation is partly disposed of or sold, exchange differences previously recorded in other comprehensive income are recognized in the income statement as part of the gain or loss on sale.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and other short-term highly liquid investments redeemable within 90 days from the end of the reporting period, readily convertible into a known amount of cash and subject to an insignificant risk of change in value. Certificates of deposit that can be redeemed at any time without penalties are considered as cash equivalents.

(f) Trade receivables

Trade receivables are initially recognized at fair value, including the related taxes and expenses. Foreign currency-denominated trade receivables are adjusted at the exchange rate in effect at the end of the reporting period. The allowance for doubtful debts was recognized in an amount considered sufficient to cover any losses. Management’s assessment takes into consideration the customer’s history and financial position, as well as the opinion of our legal counsel regarding the collection of these receivables for recognizing the allowance.

(g) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method on the acquisition of raw materials. The costs of finished products and work in process comprise raw materials, labor and other direct costs (based on the normal production capacity). Net realizable value represents the estimated selling price in the normal course of business, less estimated costs of completion and costs necessary to make the sale. Losses for slow-moving or obsolete inventories are recognized when considered appropriate.

Stockpiled inventories are accounted for as processed when removed from the mine. The cost of finished products comprises all direct costs necessary to transform stockpiled inventories into finished products.

(h) Investments

Investments in subsidiaries, jointly controlled entities and associates are accounted for by the equity method of accounting and are initially recognized at cost. The gains or losses are recognized in profit or loss as operating revenue (or expenses) in the individual interim financial statements. In the case of foreign exchange differences arising on translating foreign investments that have a functional currency different from the Company's, changes in investments due exclusively to foreign exchange differences, as well as adjustments to pension plans and available-for-sale investments that impact the subsidiaries' equity, are recognized in line item "Cumulative translation adjustments", in the Company's equity, and are only recognized in profit or loss when the investment is disposed of or written off due to impairment loss. Other investments are recognized and maintained at cost or fair value.

When necessary, the accounting policies of subsidiaries and jointly controlled entities are changed to ensure consistency and uniformity of criteria with the policies adopted by the Company.

(i) Business combination

The acquisition method is used to account for each business combination conducted by the Company. The consideration transferred for acquiring a subsidiary is the fair value of the assets transferred, liabilities incurred and equity instruments issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, where applicable. Acquisition-related costs are recognized in profit or loss, as incurred. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes non-controlling interests in the acquiree according to the proportional non-controlling interest held in the fair value of the acquiree's new assets (see note 3).

(j) Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition, formation or construction, less accumulated depreciation or depletion and any impairment loss. Depreciation is calculated under the straight-line method based on the remaining economic useful economic lives of assets, as mentioned in note 12. The depletion of mines is calculated based on the quantity of ore mined. Land is not depreciated since it is useful life is considered indefinite. However, if the tangible assets are mine-specific, they are depreciated over the economic useful lives for such assets. The Company recognizes in the carrying amount of property, plant and equipment the cost of replacement, reducing the carrying amount of the part that it is replacing if it is probable that future economic benefits embodied therein will revert to the Company, and if the cost of the asset can be reliably measured. All other disbursements are expensed as incurred. Borrowing costs related to funds obtained for construction in progress are capitalized until these projects are completed.

If some components of property, plant and equipment have different useful lives, these components are separately recognized as property, plant and equipment items.

Gains and losses on disposal are determined by comparing the sale value less the residual value and are recognized in ‘Other operating income (expenses)’.

Mineral rights acquired are classified as other assets in property, plant and equipment.

Exploration expenditures are recognized as expenses until the viability of mining activities is established; after this period subsequent development costs are capitalized. Exploration and valuation expenditures include:

- Research and analysis of exploration area historical data;
- Topographic, geological, geochemical and geophysical studies;
- Determine the mineral asset’s volume and quality/ grade of deposits;

- Examine and test the extraction processes and methods;
- Topographic surveys of transportation and infrastructure needs;
- Market studies and financial studies.

The costs for the development of new mineral deposits or capacity expansion in mines in operations are capitalized and amortized using the produced (extracted) units method based on the probable and proven ore quantities.

The development stage includes:

- Drillings to define the ore body;
- Access and draining plans;
- Advance removal of overburden (top soil and waste material removed prior to initial mining of the ore body) and waste material (non-economic material that is intermingled with the ore body).

Stripping costs (the costs associated with the removal of overburdened and other waste materials) incurred during the development of a mine, before production commences, are capitalized as part of the depreciable cost of developing the property. Such costs are subsequently amortized over the useful life of the mine based on proven and probable reserves.

Post-production stripping costs are included in the cost of the inventory produced (that is extracted), at each mine individually during the period that stripping costs are incurred.

The Company holds spare parts that will be used to replace parts of property, plant and equipment and that will increase the asset's useful life and the useful life of which exceeds 12 months. These parts are classified in property, plant and equipment and not in inventories.

(k) Intangible assets

Intangible assets comprise assets acquired from third parties, including through business combinations and/or those internally generated.

These assets are recognized at cost of acquisition or formation, less amortization calculated on a straight-line basis based on the exploration or recovery periods.

Intangible assets with indefinite useful lives and goodwill based on expected future profitability are not amortized.

- **Goodwill**

Goodwill represents the positive difference between the amount paid and/or payable for the acquisition of a business and the net fair values of the assets and liabilities of the acquiree. Goodwill on acquisitions of subsidiaries is recognized as 'Intangible assets' in the consolidated financial statements. In the individual balance sheet, goodwill is included in investments. Negative goodwill is recognized as a gain in profit for the period at the acquisition date. Goodwill is annually tested for impairment. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of a Cash-Generating Unit (CGU) include the carrying amount of goodwill related to the CGU sold.

Goodwill is allocated to CGUs for impairment testing purposes. The allocation is made to Cash-Generating Units or groups of Cash-Generating Units that are expected to benefit from the business combination from which the goodwill arose, and the unit is not greater than the operating segment.

- **Software**

Software licenses purchased are capitalized based on the costs incurred to purchase the software and make it ready for use. These costs are amortized on a straight-line basis over the estimated economic useful lives of 1 to 5 years.

(l) Impairment of non-financial assets

Assets with infinite useful lives, such as goodwill, are not subject to amortization and are annually tested for impairment. Assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized at the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less costs to sell and its value in use. For impairment testing purposes, assets are grouped at their lowest levels for which there are separately identifiable cash flows (Cash Generating Units - CGUs). Non-financial assets, except goodwill, that are considered impaired are subsequently reviewed for possible reversal of the impairment at the reporting date.

(m) Employee benefits

i. Employee benefits

Defined contribution plans

A defined contribution plan is as a post-employment benefit plan whereby an entity pays fixed contributions to a separate entity (pension fund) and will not have any legal or constructive obligation to pay additional amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expenses in the income statement for the periods during which services are provided by employees. Contributions paid in advance are recognized as an asset on condition that either cash reimbursement or reduction in future payments is available. Contributions to a defined contribution plan that is expected to mature twelve (12) months after the end of the period in which the employee provides services are discounted to their present values.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation regarding defined pension benefit plans is calculated individually for each plan by estimating the value of the future benefit that the employees accrue as return for services provided in the current period and in prior periods; such benefit is discounted to its present value. Any unrecognized costs of past services and the fair values of any plan assets are deducted. The discount rate is the yield presented at the end of the reporting period for top line debt securities whose maturity dates approximate the terms and conditions of the Company's obligations and which are denominated in the same currency as the one in which it is expected that the benefits will be paid. The calculation is made annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit for the Company, the asset to be recognized is limited to the total amount of any unrecognized costs of past services and the present value of the economic benefits available in the form of future plan reimbursements or reduction in future contributions to the plan. In calculating the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any Company plan. An economic benefit is available to the Company if it is realizable during the life of the plan or upon settlement of the plan's liabilities.

The Company and some of its subsidiaries offered a postretirement healthcare benefit to its employees. The right to these benefits is usually contingent to their remaining in employment until the retirement age and the completion of the minimum length of service. The expected costs of these benefits are accumulated during the employment period, and were calculated using the same accounting method used for defined benefit pension plans. These obligations are annually evaluated by qualified independent actuaries.

When the benefits of a plan are increased, the portion of the increased benefit related to past services of employees is recognized on a straight-line basis over the average period until the benefits become vested. When the benefits become immediately vested, the expense is recognized in profit or loss.

The Company has chosen to recognize all the actuarial gains and losses resulting from defined benefit plans immediately in other comprehensive income and only registered in income statement if the plan is extinguished.

ii. Profit sharing and bonus

Employee profit sharing and executives' variable compensation are linked to the achievement of operating and financial targets. The Company recognizes a liability and an expense substantially allocated to production cost and, where applicable, to general and administrative expenses when such goals are met.

(n) Provisions

Provisions are recognized when: (i) the Company has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources will be required to settle a present obligation, and (iii) the amount can be reliably measured. Provisions are determined discounting the expected future cash flows based on a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the specific risks of the liability.

(o) Concessions

The Company has government concessions and their payments are classified as operating leases.

(p) Share capital

Common shares are classified in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of taxes.

When any Group company buys Company shares (treasury shares), the amount paid, including any directly attributable additional costs (net of income tax), is deducted from equity attributable to owners of the Company until the shares are canceled or reissued. When these shares are subsequently reissued, any amount received, net of any directly attributable additional transaction costs and the related income tax and social contribution effects, is included in equity attributable to owners of the Company.

(q) Revenue recognition

Operating revenue from the sale of goods in the normal course of business is measured at the fair value of the consideration received or receivable. Revenue is recognized when there is convincing evidence that the most significant risks and rewards of ownership of goods have been transferred to the buyer, it is probable that future economic benefits will flow to the entity, the associated costs and possible return of goods can be reliably estimated, there is no continued involvement with the goods sold, and the amount of the operating revenue can be reliably measured. If it is probable that discounts will be granted and the value thereof can be reliably measured, then the discount is recognized as a reduction of the operating revenue as sales are recognized. Revenue from services provided is recognized as it is realized.

The appropriate timing for transfer of risks and rewards varies depending on the individual terms and conditions of the sales contract. For international sales, this timing depends on the type of term of the contract.

(r) Finance income and finance costs

Finance income includes interest income from funds invested (including available-for-sale financial assets), dividend income (except for dividends received from investees accounted for under the equity method in Company), gains on disposal of available-for-sale financial assets, changes in the fair value of financial assets measured at fair value through profit or loss, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized in profit or loss under the effective interest method. Dividend income is recognized in profit or loss when the Company's right to receive payment has been established. Distributions received from investees accounted for by the equity method reduce the investment value.

Finance costs comprise interest expenses on borrowings, net of the discount to present value of the provisions, dividends on preferred shares classified as liabilities, losses in the fair value of financial instruments measured at fair value through profit or loss, impairment losses recognized in financial assets, and losses on hedging instruments that are recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are measured through profit or loss under the effective interest method.

Foreign exchange gains and losses are reported on a net basis.

(s) Income tax and social contribution

Current and deferred income tax and social contribution are calculated based on the tax law enacted or substantially enacted by the end of the reporting period, including in the countries where the Group entities operate and generate taxable profit. Management periodically assesses the positions assumed in the tax calculations with respect to situations where applicable tax regulations are open to interpretations. The Company recognizes provisions, when appropriate, based on the estimated payments to tax authorities.

The income tax and social contribution expense comprises current and deferred taxes. The current and deferred taxes are recognized in profit or loss unless they are related to business combinations or items directly recognized in equity.

Current tax is the expected tax payable or receivable on taxable profit or loss for the period at tax rates that have been enacted or substantially enacted by the end of the reporting period and any adjustment to taxes payable in relation to prior years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognized for the following temporary differences: initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect either the accounting or taxable profit or loss, and differences associated with investments in subsidiaries and controlled entities when it is probable that they will not reverse in the foreseeable future. Moreover, a deferred tax liability is not recognized for taxable temporary differences resulting in the initial recognition of goodwill. The deferred tax is measured at the rates that are expected to be applied on temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting period.

Current income tax and social contribution are carried at their net amounts by the taxpayer, in liabilities when there amounts payable or in assets when prepaid amounts exceed the total amount due at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same entity subject to taxation.

A deferred income tax and social contribution asset is recognized for all tax losses, tax credits, and temporary differences to the extent that it is probable that taxable profits will be available against which those tax losses, tax credits, and deductible temporary differences can be utilized.

Deferred income tax and social contribution assets are reviewed at the end of each reporting period and reduced to the extent that their realization is no longer probable.

(t) Earnings per share

Basic earnings per share are calculated by means of the profit for the period attributable to owners of the Company and the weighted average number of common shares outstanding in the related period. Diluted earnings per share are calculated by means of the average number of shares outstanding, adjusted by instruments potentially convertible into shares, with diluting effect, in the reported periods. The Company does not have any instruments potentially convertible into shares and, accordingly, diluted earnings per share are equal to basic earnings per share.

(u) Environmental and restoration costs

The Company recognizes a provision for the costs of recovery of areas and fines when a loss is probable and the amounts of the related costs can be reliably measured. Generally, the period for providing for the amount to be used in recovery coincides with the end of a feasibility study or the commitment to adopt a formal action plan.

Expenses related to compliance with environmental regulations are charged to profit or loss or capitalized, as appropriate. Capitalization is considered appropriate when the expenses refer to items that will continue to benefit the Company and that are basically related to the acquisition and installation of equipment to control and/or prevent pollution.

(v) Research and development

All these costs are recognized in the income statement when incurred, except when they meet the criteria for capitalization. Expenditures on research and development of new products for the period ended March 31, 2012 amounted to R$1,342 (R$1,312 for the period ended March 31, 2011).

(w) Financial instruments

i) Financial assets

Financial assets are classified into the following categories: measured at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

- **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for active and frequent trading. Derivatives are also categorized as held for trading and, accordingly, are classified in this category unless they have been designated as cash flow hedging instruments. Assets in this category are classified in current assets.

- **Loans and receivables**

This category includes loans and receivables that are non-derivative financial assets with fixed or determinable payments not quoted in an active market. They are included in current assets, except those with maturity of more than 12 months after the end of the reporting period (which are classified as non-current assets). Loans and receivables include loans to associates, trade receivables and cash and cash equivalents, except short-term investments. Cash and cash equivalents are recognized at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

- **Held-to-maturity assets**

These are basically financial assets acquired with the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at their value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment loss.

- **Available-for-sale financial assets**

These are non-derivative financial assets, designated as available-for-sale, that are not classified in any other category. They are included in non-current assets when they are strategic investments of the Company, unless Management intends to dispose of the investment within up to 12 months from the end of the reporting period. Available-for-sale financial assets are recognized at fair value.

- **Recognition and measurement**

Regular purchases and sales of financial assets are recognized at the trading date - the date on which the Company undertakes to buy or sell the asset. Investments are initially recognized at their fair value, plus transaction costs for all financial assets not classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at their fair value and the transaction costs are charged to the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred, in the latter case, provided that the Company has transferred significantly all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses resulting from changes in the fair value of financial assets at fair value through profit or loss are presented in the income statement under “finance income” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other finance income when the Company’s right to receive the dividends has been established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are segregated into translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Exchange differences on monetary securities are recognized in profit or loss, while exchange differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income and are only recognized in profit or loss when the investment is sold or written off as a loss.

Interest on available-for-sale securities, calculated under the effective interest method, is recognized in the income statement as part of other income. Dividends from available-for-sale equity instruments, such as shares, are recognized in the income statement as part of other finance income when the Company’s right to receive payments has been established.

The fair values of publicly quoted investments are based on current purchase prices. If the market for a financial asset (and for instruments not listed on a stock exchange) is not active, the Company establishes the fair value by using valuation techniques. These techniques include the use of recent transactions contracted with third parties, reference to other instruments that are substantially similar, analysis of discounted cash flows, and pricing models that make maximum use of market inputs and relies as little as possible on entity-specific inputs.

ii) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

- **Assets measured at amortized cost**

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and such loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria used by CSN to determine whether there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or counterparty;

- a breach of contract, such as default or delinquency in interest or principal payments;

• the issuer, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower a concession that the lender would not otherwise consider;

• it becoming probable that the borrower will enter bankruptcy or other financial reorganization;

• the disappearance of an active market for that financial asset because of financial difficulties; or

• observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of such assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- adverse changes in the payment status of borrowers in the portfolio;

- national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate to measure an impairment loss is the current effective interest rate determined pursuant to the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed and recognized in the consolidated income statement.

• **Assets classified as available-for-sale**

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. Determining what is considered a "significant" or "prolonged" decline requires judgment. For this judgment we assess, among other factors, the historical changes in the equity prices, the duration and proportion in which the fair value of the investment is lower than its cost, and the financial health and short-term prospects of the business for the investee, including factors such as: industry and segment performance, changes in technology, and operating and financial cash flows. If there is any of this evidence of impairment of available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recorded in profit or loss—is reclassified from equity and recognized in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

CSN tested for impairment its available-for-sale investment in Usiminas shares (see note 15).

iii) Financial liabilities

Financial liabilities are classified into the following categories: measured at fair value through profit or loss and other financial liabilities. Management determines the classification of its financial liabilities at the time of initial recognition.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss are financial liabilities held for trading or designated as at fair value through profit or loss.

Derivatives are also classified as trading securities, unless they have been designated as effective hedging instruments.

- **Other financial liabilities**

Other financial liabilities are measured at amortized cost using the effective interest method.

The Company holds the following non-derivative financial liabilities: borrowings, financing and debentures, and trade payables.

- **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off recognized amounts and the intention to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

iv) Derivative instruments and hedging activities

- **Derivatives measured at fair value through profit or loss**

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are immediately recognized in the income statement under "Other gains (losses), net". Even though the Company uses derivatives for hedging purposes, it does not apply hedge accounting.

- **Foreign exchange gains or losses on foreign operations**

Any gain or loss on the instrument related to the effective portion is recognized in equity. The gain or loss related to the ineffective portion is immediately recognized in the income statement under "Other gains (losses), net".

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

(x) Segment information

An operating segment is a component of the Group committed to the business activities from which it can obtain revenues and incur expenses, including revenues and expenses related to transactions with any other components of the Group. All the operating results of operating segments are reviewed regularly by the Executive Officers of CSN to make decisions regarding funds to be allocated to the segment and assessment of its performance, and for which there is distinct financial information available (see note 27).

(y) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received, when they will be recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs the grants are intended to compensate.

The Company has state tax incentives in the North and Northeast regions that are recognized in profit or loss as a reduction of the corresponding costs, expenses and taxes.

(z) New standards and interpretations issued and not yet adopted

The information on the recently issued accounting standards and interpretations did not change significantly as compared to the one disclosed in note 2 to the financial statements for the year ended December 31, 2011.

3. BUSINESS COMBINATION

- **Acquisition of Companhia Brasileira de Latas (“CBL”)**

On July 12, 2011, CSN conducted, through its wholly-owned subsidiary “Prada”, a capital increase in Companhia Brasileira de Latas (“CBL”) through the capitalization of receivables. As a result, the Company became the holder of CBL’s control, with an equity interest equivalent to 59.17% of its voting capital, represented by 784,055,451 common shares (“Acquisition”).

The acquisition of CBL’s control will generate operating and administrative synergies that will result in a decrease in production costs, logistics costs, and administrative costs.

As mentioned in note 2(i), the acquisition method was used to account for identifiable assets acquired, liabilities assumed, and non-controlling interests. Non-controlling interests in CBL equivalent to 40.83% were proportionately determined, based on the fair value of identifiable assets acquired and liabilities assumed. Some of the non-controlling shareholders are in the corporate structure of CSN’s parent group.

The purchase price of R$43,316 was allocated between identified assets acquired and liabilities assumed, measured at fair value. The asset and liability identification process considered the intangible assets that were not recognized in the acquirees’ books. The transaction costs are represented by consulting services and lawyers’ fees totaling R$485, which have been allocated to profit or loss as incurred.

The tables below show the allocation of identifiable assets acquired and liabilities assumed recognized at the acquisition date, the purchase price considered on the acquisition of CBL’s control, and the calculation of the resulting goodwill.

Assets acquired and liabilities assumed	**Carrying amounts**	**Fair value adjustments**	**Total fair value**
Current assets	62,182	(7,465)	54,717
Non-current assets (*)	44,718	89,449	134,167
Current liabilities	(144,225)	10,522	(133,703)
Non-current liabilities (**)	(567,469)	351,035	(216,434)
Total assets acquired and liabilities assumed	**(604,794)**	**443,541**	**(161,253)**

(*) Comprising mainly the fair value adjustment to property, plant and equipment amounting to R$90,572. Total fair value of property, plant and equipment was measured at R$123,518.

(**) Comprising mainly the fair value adjustment to receivables from CSN amounting to R$388,640.

The fair value adjustments made based on the corporate balance sheet to prepare the opening balance sheet were adjusted after the completion of the valuation report in December 2011.

Goodwill arising on acquisition

(-) Book value of CBL	(604,794)
(+) Fair value assets acquired and liabilities assumed	443,541
(=) Total fair value of assets acquired and liabilities assumed	**(161,253)**
Purchase price considered	**43,316**
Goodwill arising on acquisition	**204,569**

Goodwill arising on the acquisition comprises mainly the expected synergies generated by the business combination of Prada Embalagens with CBL.

The business combination with Companhia Brasileira de Latas, which took place on July 12, 2011, is under review of Conselho Administrativo de Defesa Econômica, or CADE (Brazilian antitrust agency).

- **Acquisition of Stahlwerk Thüringen GmbH (“SWT”) and Gallardo Sections**

On January 31, 2012, through its wholly-owned subsidiary CSN Steel S.L., CSN completed the acquisition of all the shares (“Shares”) of the Spanish companies (a) Dankerena Guipúzcoa, S.L. (currently named CSN Steel Holdings 2, S.L.U.) and Grupo Alfonso Gallardo Thüringen, S.L.U. (currently named CSN Steel Holdings 1, S.L.U.), holding companies that together hold 100% of the capital of the German company Stahlwerk Thüringen GmbH (“SWT”), a producer of long steel located in Unterwellenborn, Germany, specialized in the production of shapes and with installed capacity of 1.1 million metric tons of steel/year;

and (b) Gallardo Sections S.L.U. (currently named CSN Steel Comercializadora, S.L.U.), a trader of SWT products, all previously held by Grupo Alfonso Gallardo, S.L.U. (“AG Group”).

The acquisition of SWT helped CSN to strengthen its role in the long steel segment, by strengthening its portfolio of world class assets.

As mentioned in note 2(i), the acquisition method was used to account for identifiable assets acquired and liabilities assumed.

The purchase price of R$300,545 (€130,939) was allocated between identified assets acquired and liabilities assumed, measured at fair value. In the purchase price identification process, the Company considered the adjustments presented below and the starting point was the transaction amount of R$1,107,482 (€482,500):

	Amounts in R$
Transaction amount	1,107,482
Net debt	(860,743)
Provisions	(11,833)
Tax credits	13,555
Working capital	52,084
(=) Purchase price considered	**300,545**

The purchase price adjustments considered are preliminary and can be changed after the completion of the due diligence process.

The transaction costs are represented by consulting services and lawyers' fees totaling R$18,895, which have been included in the income statement, in general and administrative expenses, as incurred.

The tables below show the allocation of identifiable assets acquired and liabilities assumed recognized at the acquisition date, the purchase price considered in the acquisition of control of SWT and Gallardo Sections, and the calculation of the resulting goodwill.

Assets acquired	**Carrying amounts**	**Fair value adjustments**	**Total fair value**
Current assets	402,121	2,536	404,657
Non-current assets (*)	192,788	731,161	923,949
Current liabilities	(263,338)		(263,338)
Non-current liabilities (**)	(846,175)	(110,055)	(956,230)
Total assets acquired	**(514,604)**	**623,642**	**109,038**

(*) Comprising mainly the fair value adjustment to property, plant and equipment.
(**) Refers to the deferred income tax on fair value adjustments.

The fair value adjustments made based on the corporate balance sheet to prepare the opening balance sheet are preliminary and can be changed after the completion of the valuation report estimated for the second half of 2012.

Goodwill arising on acquisition

(+) Purchase price considered	300,545
(-) Fair value assets acquired and liabilities assumed	109,038
(=) Goodwill arising on acquisition	**191,507**

Goodwill arising on the acquisition was mainly based on expected future earnings, as described in note 13.

4. RELATED-PARTY BALANCES AND TRANSACTIONS

a) Transactions with Holding Company

Vicunha Siderurgia S.A. is a holding company set up for the purpose of holding equity interests in other companies and is the Company's main shareholder, with 47.86% of the voting shares.

Rio Iaco Participações S.A. holds 3.99% of CSN.

- **Liabilities**

Companies	Mandatory minimum dividend	Additional dividend proposed	Interest on capital proposed	**Total**	Dividends	Interest on capital
Vicunha Siderurgia	443,386	130,881	56,561	**630,828**		
Rio Iaco	36,981	10,916	4,717	**52,614**		
Total at 3/31/2012	**480,367**	**141,797**	**61,278**	**683,442**		
Total at 12/31/2011	**480,367**	**141,797**		**622,164**	**777,706**	**184,987**

Vicunha Siderurgia's corporate structure is as follows (information not reviewed):

Vicunha Aços S.A. – holds 99.99% of Vicunha Siderurgia S.A.

Vicunha Steel S.A. – holds 66.96% of Vicunha Aços S.A.

National Steel S.A. – holds 33.04% of Vicunha Aços S.A.

CFL Participações S.A. – holds 40% of National Steel S.A. and 39.99% of Vicunha Steel S.A.

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

Rio Purus Participações S.A. – holds 60% of National Steel S.A., 59.99% of Vicunha Steel S.A. and 99.99% of Rio Iaco Participações S.A.

b) Transactions with subsidiaries and exclusive funds

- **Assets**

Companies	Trade receivables	Short-term and other investments (1)	Intercompany loans (2)	Dividends receivable	Advance for future capital increase	Derivative financial instruments (3)
CSN Islands VIII Corp.						250,724
CSN Portugal, Unipessoal Lda.	890,481					
CSN Europe Lda.	717,994					
CSN Export Europe, S.L.	46,906					
Lusosider Aços Planos, S.A.	37,375					
CSN Handel GmbH	159,844					
CSN Ibéria Lda.	62,152					
Companhia Metalúrgica Prada	217,503				21,500	
CSN Cimentos S.A.	13,743				34,825	
Transnordestina Logística S.A.	3		74,091		179,891	
Florestal Nacional S.A.			166,141		8,327	
Sepetiba Tecon S.A.	26			8,840		
CSN Energia S.A.					3,000	
Estanho de Rondônia S.A.				3,625		
Fundos Exclusivos		1,117,827				
Mineração Nacional S.A.				20		
Companhia Brasileira de Latas	62,316					
Total at 3/31/2012	**2,208,343**	**1,117,827**	**240,232**	**12,485**	**247,543**	**250,724**