

NATIONAL STEEL CO
Form 6-K
August 23, 2011

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 August, 2011
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 Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

**Version:
1**

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Company Information / Capital Breakdown

Number of Shares	Current Quarter
(Units)	6/30/2011
Paid-in Capital	
Common	1,483,033,685
Preferred	0
Total	1,483,033,685
Treasury Shares	
Common	25,063,577
Preferred	0
Total	25,063,577

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**Version:
1****Company Information / Cash Dividends**

Event	Approval	Type	Date of Payment	Type of ShareClass of Share	Amount per Share
					(R\$/Share)
Annual Shareholders' Meeting	4/29/2011	Dividend	5/30/2011	Common	1.02883
Annual Shareholders' Meeting	4/29/2011	Interest on Shareholders' Equity	5/30/2011	Common	0.24472

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

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

Code	Description	Current Quarter	Previous Year
		6/30/2011	12/31/2010
1	Total assets	38,624,430	37,368,812
1.01	Current assets	7,048,635	5,519,090
1.01.01	Cash and cash equivalents	1,302,355	108,297
1.01.03	Trade accounts receivables	2,485,039	2,180,972
1.01.04	Inventory	2,685,523	2,706,713
1.01.06	Recoverable taxes	200,087	257,559
1.01.08	Other current assets	375,631	265,549
1.02	Non-current assets	31,575,795	31,849,722
1.02.01	Long-term assets	3,551,573	6,371,380
1.02.01.03	Accounts receivable	8,372	18,982
1.02.01.06	Deferred income taxes	691,709	854,437
1.02.01.08	Receivables from related parties	865,351	2,471,325
1.02.01.09	Other non-current assets	1,986,141	3,026,636
1.02.02	Investments	18,769,696	17,023,295
1.02.03	Property, plant and equipment	9,232,996	8,432,416
1.02.04	Intangible assets	21,530	22,631

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

**Version:
1****Parent Company Financial Statements / Balance Sheet – Liabilities****(R\$ thousand)**

Code	Description	Current	Previous Year
		Quarter	
		6/30/2011	12/31/2010
2	Total liabilities	38,624,430	37,368,812
2.01	Current liabilities	5,722,539	5,087,912
2.01.01	Social and labor liabilities	133,051	108,271
2.01.02	Trade accounts payable	426,331	427,048
2.01.03	Taxes payable	75,008	74,967
2.01.04	Loans and financing	3,766,296	2,366,347
2.01.05	Other liabilities	1,097,702	1,910,991
2.01.06	Provisions	224,151	200,288
2.02	Non-current liabilities	25,839,736	24,648,140
2.02.01	Long-term debt and debentures	15,025,875	12,817,002
2.02.02	Other liabilities	9,662,012	9,107,570
2.02.04	Provisions	1,151,849	2,723,568
2.02.04.01	Provisions for tax, social security, labor and civil risks	634,535	2,297,650
2.02.04.01.01	Taxes payable	222,947	1,892,345
2.02.04.01.02	Social security and labor provisions	38,419	36,966
2.02.04.01.03	Provisions for employee benefits	367,839	367,839
2.02.04.01.04	Civil provisions	5,330	500
2.02.04.02	Other provisions	517,314	425,918
2.03	Shareholders' equity	7,062,155	7,632,760
2.03.01	Common-stock	1,680,947	1,680,947
2.03.02	Capital Surplus	30	30
2.03.04	Earnings reserves	4,892,095	6,119,798
2.03.04.01	Legal reserve	336,190	336,190
2.03.04.04	Unrealized profit reserve	3,779,357	3,779,357
2.03.04.08	Additional dividend proposed	0	1,227,703
2.03.04.09	Treasury shares	(570,176)	(570,176)
2.03.04.10	Investment reserve	1,346,724	1,346,724
2.03.05	Retained earnings	1,537,322	0

2.03.08	Other comprehensive income/loss	(1,048,239)	(168,015)
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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

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

Code	Description	Current Quarter 4/1/2011 to 6/30/2011	YTD Current Year 1/1/2011 to 6/30/2011	Same Quarter	
				in Previous Year 4/1/2010 to 6/30/2010	YTD Previous Year 1/1/2010 to 6/30/2010
3.01	Net operating revenues	2,820,438	5,390,603	2,884,084	5,433,427
3.02	Cost of products sold and/or services rendered	(1,862,257)	(3,588,938)	(1,534,565)	(2,961,282)
3.03	Gross profit	958,181	1,801,665	1,349,519	2,472,145
3.04	Operating expenses/income	964,027	1,167,040	240,378	80,674
3.04.01	Selling	(97,030)	(178,132)	(134,425)	(306,148)
3.04.02	General and administrative	(111,874)	(185,747)	(89,142)	(160,361)
3.04.04	Other income	126,571	131,380	60,912	65,764
3.04.05	Other expenses	(81,690)	(225,273)	(171,864)	(335,838)
3.04.06	Equity in results of affiliated companies	1,128,050	1,624,812	574,897	817,257
3.05	Income before income taxes	1,922,208	2,968,705	1,589,897	2,552,819
3.06	Financial income (expenses), net	(532,475)	(1,003,404)	(603,553)	(1,162,377)
3.07	Income before taxes	1,389,733	1,965,301	986,344	1,390,442
3.08	Income and social contribution taxes	(251,249)	(209,298)	(107,576)	(62,736)
3.09	Net income from continuing operations	1,138,484	1,756,003	878,768	1,327,706
3.11	Net income/loss for the period	1,138,484	1,756,003	878,768	1,327,706
3.99	Earnings per share - (R\$/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.78087	1.20442	0.60273	0.91065
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.78087	1.20442	0.60273	0.91065

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

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

Code	Description	Current Quarter 4/1/2011 to 6/30/2011	YTD Current Year 1/1/2011 to 6/30/2011	Same Quarter	
				in Previous Year 4/1/2010 to 6/30/2010	YTD Previous Year 1/1/2010 to 6/30/2010
4.01	Net income	1,138,484	1,756,003	878,769	1,327,706
4.02	Other comprehensive income/loss	(1,000,888)	(880,224)	29,895	115,523
4.02.01	Accumulated translation adjustments and foreign exchange variation in transactions abroad	(47,081)	(57,933)	(30,194)	(36,854)
4.02.02	Pension plans, net of taxes	0	0	4,440	8,274
4.02.03	Available-for-sale assets, net of taxes	(255,643)	(124,127)	55,649	144,103
4.02.04	Sale of available-for-sale assets	(698,164)	(698,164)	0	0
4.03	Comprehensive income for the period	137,596	875,779	908,664	1,443,229

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

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

Code	Description	YTD Current Year 1/1/2011 to 6/30/2011	YTD Previous Year 1/1/2010 to 6/30/2010
6.01	Net cash from operating activities	1,402,906	1,469,716
6.01.01	Cash generated from operations	1,286,748	2,229,607
6.01.01.01	Net income for the period	1,756,003	1,327,706
6.01.01.02	Provision for charges on loans and financing	1,240,027	877,790
6.01.01.03	Depreciation and amortization	375,783	310,695
6.01.01.04	Equity in results of affiliated companies	(1,624,812)	(817,257)
6.01.01.05	Deferred income and social contribution taxes	201,523	59,065
6.01.01.06	Provision for losses on securities receivable	(116,335)	0
6.01.01.07	Accrued for contingencies	45,976	43,046
6.01.01.08	Inflation adjustment and foreign exchange gains (losses, net)	(613,664)	403,957
6.01.01.09	Other provisions	22,247	24,605
6.01.02	Changes in assets and liabilities	116,158	(759,891)
6.01.02.01	Trade accounts receivable	(384,572)	(61,520)
6.01.02.02	Inventories	94,965	(438,332)
6.01.02.03	Receivables from jointly-owned subsidiaries	1,223,957	0
6.01.02.04	Taxes for offset	321	342,081
6.01.02.05	Trade accounts payables	(32,008)	97,750
6.01.02.06	Payroll and related charges	(88,889)	(48,655)
6.01.02.07	Taxes payable	137,955	125,148
6.01.02.08	Accounts payable to subsidiaries	(6,174)	11,594
6.01.02.09	Contingent liabilities	135,387	14,744
6.01.02.11	Taxes payable in installments - REFIS	(110,404)	(316,675)
6.01.02.12	Judicial deposits	(5,324)	(13,236)
6.01.02.13	Dividends from subsidiaries	5,437	191,649
6.01.02.14	Interest paid	(721,300)	(641,405)

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6.01.02.15	Interest paid on swaps transactions	(10,949)	0
6.01.02.17	Others	(122,244)	(23,034)
6.02	Net cash used in investing activities	(1,848,790)	(2,982,271)
6.02.01	Investments	(1,089,043)	(3,017,349)
6.02.02	Property, plant and equipment	(760,777)	(498,326)
6.02.03	Cash from merger of subsidiary	1,030	299,232
6.02.04	Capital decrease of subsidiary	0	234,172
6.03	Net cash provided by financing activities	1,640,030	(852,580)
6.03.01	Loans and financing	4,056,481	1,272,570
6.03.02	Financial institutions - principal	(560,124)	(564,752)
6.03.03	Dividends and interest on shareholders' equity	(1,856,327)	(1,560,398)
6.04	Exchange variation in cash and cash equivalents	(88)	33
6.05	Increase (decrease) in cash and cash equivalents	1,194,058	(2,365,102)
6.05.01	Cash and cash equivalents, beginning of year	108,297	2,872,919
6.05.02	Cash and cash equivalents, end of year	1,302,355	507,817

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

**Version:
1****Parent Company Financial Statements / Statement of Changes in Shareholders' Equity – 1/1/2011 to 6/30/2011****(R\$ thousand)**

Code	Description	Common stock	Capital Reserves, Options Granted and Treasury Shares	Earnings	Retained Earnings/ Accumulated Losses	Other Comprehensive Income/Loss	Total Equity
5.01	Opening balance at January 1, 2011	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	(1,227,703)	(218,681)	0	(1,446,384)
5.04.06	Dividends	0	0	(1,227,703)	0	0	(1,227,703)
5.04.07	Interest on shareholders' equity	0	0	0	(218,681)	0	(218,681)
5.05	Total comprehensive income/loss	0	0	0	1,756,003	(880,224)	875,779
5.05.01	Net income for the period	0	0	0	1,756,003	0	1,756,003
5.05.02	Other comprehensive income/loss	0	0	0	0	(880,224)	(880,224)
5.05.02.04	Translation adjustments for the period	0	0	0	0	(57,933)	(57,933)

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5.05.02.08	Available-for-sale assets	0	0	0	0	(124,127)	(124,127)
5.05.02.09	Sale of available-for-sale assets	0	0	0	0	(698,164)	(698,164)
5.07	Balance at June 30, 2011	1,680,947	30	4,892,095	1,537,322	(1,048,239)	7,062,155

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

**Version:
1****Parent Company Financial Statements / Statement of Changes in Shareholders' Equity— 1/1/2010 to 6/30/2010****(R\$ thousand)**

Code	Description	Capital Reserves, Options Granted and Treasury Shares		Retained Earnings/ Accumulated Losses	Other Comprehensive Income/Loss	Total Equity
		Common Stock	Earnings			
5.01	Opening balance at January 1, 2010	1,680,947	30 5,444,605	(33,417)	(585,715)	6,506,450
5.03	Adjusted opening balances	1,680,947	30 5,444,605	(33,417)	(585,715)	6,506,450
5.04	Capital transactions with shareholders	0	0	0	(1,357,062)	0(1,357,062)
5.04.06	Dividends	0	0	0	(1,178,635)	0(1,178,635)
5.04.07	Interest on shareholders' equity	0	0	0	(178,400)	0 (178,400)
5.04.08	Other capital transactions	0	0	0	(27)	0 (27)
5.05	Total comprehensive income/loss	0	0	(37)	1,327,706	115,523 1,443,192
5.05.01	Net income for the period	0	0	0	1,327,706	0 1,327,706
5.05.02	Other comprehensive income/loss	0	0	(37)	0	115,523 115,486
5.05.02.04	Translation adjustments for the	0	0	(37)	0	(36,854) (36,891)

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	period						
5.05.02.07	Pension plan	0	0	0	0	8,274	8,274
	gain/loss						
5.05.02.08	Available-for-sale	0	0	0	0	144,103	144,103
	assets						
5.07	Balance at June	1,680,947	30,544,568	(62,773)	(470,192)	6,592,580	
	30, 2010						

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

**Version:
1****Parent Company Financial Statements / Statement of Value Added****(R\$ thousand)**

Code	Description	YTD Current	YTD
		Year	Previous
		1/1/2011 to	1/1/2010 to
		6/30/2011	6/30/2010
7.01	Net operating revenues	6,750,973	6,860,822
7.01.01	Sales	6,760,883	6,904,686
7.01.02	Other revenues	(9)	2,199
7.01.04	Allowance for/reversal of doubtful accounts	(9,901)	(46,063)
7.02	Inputs acquired from third parties	(3,923,895)	(3,552,863)
7.02.01	Costs of sales and services	(3,533,710)	(3,054,889)
7.02.02	Materials, energy, outsourced services and others	(380,944)	(490,675)
7.02.03	Loss/recovery of assets	(9,241)	(7,299)
7.03	Gross value added	2,827,078	3,307,959
7.04	Retention	(375,783)	(310,695)
7.04.01	Depreciation and amortization	(375,783)	(310,695)
7.05	Net value added generated by the entity	2,451,295	2,997,264
7.06	Value added received through transfer	1,732,088	1,149,220
7.06.01	Equity in the earnings of subsidiaries	1,624,812	817,257
7.06.02	Financial income	105,467	329,057
7.06.03	Other	1,809	2,906
7.07	Total value added to distribute	4,183,383	4,146,484
7.08	Distribution of value added	4,183,383	4,146,484
7.08.01	Personnel	466,459	315,496
7.08.01.01	Direct compensation	366,526	238,584
7.08.01.02	Benefits	77,903	59,257
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	22,030	17,655
7.08.02	Taxes, fees and contributions	852,288	1,011,550
7.08.02.01	Federal	703,661	657,919
7.08.02.02	State	133,846	342,517
7.08.02.03	Municipal	14,781	11,114

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7.08.03	Value distributed to providers of capital	1,108,633	1,491,732
7.08.03.01	Interest	1,108,019	1,490,388
7.08.03.02	Rentals	614	1,344
7.08.04	Value distributed to shareholders	1,756,003	1,327,706
7.08.04.01	Interest on shareholders' equity	218,681	178,408
7.08.04.03	Retained earnings	1,537,322	1,149,298

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

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

Code	Description	Current	Previous
		Quarter	Year
		6/30/2011	12/31/2010
1	Total assets	38,880,629	37,801,214
1.01	Current assets	17,722,634	15,793,688
1.01.01	Cash and cash equivalents	11,684,994	10,239,278
1.01.03	Trade accounts receivables	1,647,330	1,367,759
1.01.04	Inventory	3,517,810	3,355,786
1.01.06	Recoverable taxes	427,043	473,787
1.01.08	Other current assets	445,457	357,078
1.02	Non-current assets	21,157,995	22,007,526
1.02.01	Long-term assets	3,925,641	5,664,879
1.02.01.02	Financial investments valued at amortized cost	148,907	112,484
1.02.01.03	Receivables	48,472	58,485
1.02.01.06	Deferred Income taxes	1,342,403	1,592,941
1.02.01.08	Receivables from related parties	0	479,120
1.02.01.09	Other non-current assets	2,385,859	3,421,849
1.02.02	Investments	1,876,930	2,103,624
1.02.03	Property, plant and equipment	14,891,885	13,776,567
1.02.04	Intangible assets	463,539	462,456

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

**Version:
1****Consolidated Financial Statements / Balance Sheet – Liabilities****(R\$ thousand)**

Code	Description	Current	Previous
		Quarter	Year
		6/30/2011	12/31/2010
2	Total liabilities	38,880,629	37,801,214
2.01	Current liabilities	4,658,434	4,455,955
2.01.01	Social and labor liabilities	196,946	164,799
2.01.02	Trade accounts payable	702,416	623,233
2.01.03	Taxes payable	209,625	275,991
2.01.04	Long-term debt and debentures	2,204,475	1,308,632
2.01.05	Other liabilities	1,051,807	1,854,952
2.01.06	Provisions	293,165	228,348
2.01.06.01	Provision for tax, social security, labor and civil risks	287,278	222,461
2.01.06.02	Other	5,887	5,887
2.02	Non-current liabilities	26,973,488	25,522,571
2.02.01	Loans and financing	20,788,624	18,780,815
2.02.02	Other liabilities	5,202,624	4,067,435
2.02.04	Provisions	982,240	2,674,321
2.02.04.01	Provision for tax, social security, labor and civil risks provisions	670,911	2,384,681
2.02.04.01.01	Taxes payable	228,947	1,911,260
2.02.04.01.02	Social security and labor provisions	66,034	82,373
2.02.04.01.03	Employee benefits	367,839	367,839
2.02.04.01.04	Civil provisions	8,091	23,209
2.02.04.02	Other provisions	311,329	289,640
2.03	Consolidated shareholders' equity	7,248,707	7,822,688
2.03.01	Common-stock	1,680,947	1,680,947
2.03.02	Capital surplus	30	30
2.03.04	Earnings reserves	4,892,095	6,119,798
2.03.04.01	Legal reserve	336,190	336,190
2.03.04.04	Unrealized profit reserve	3,779,357	3,779,357
2.03.04.08	Additional dividends proposed	0	1,227,703

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2.03.04.09	Treasury shares	(570,176)	(570,176)
2.03.04.10	Investment reserve	1,346,724	1,346,724
2.03.05	Retained earnings	1,537,322	0
2.03.08	Other comprehensive income/loss	(1,048,239)	(168,015)
2.03.09	Non-controlling interest	186,552	189,928

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

**Version:
1****Consolidated Financial Statements / Statement of Income****(R\$ thousand)**

Code	Description	Current	YTD	Same	YTD
		Quarter	Current	Quarter	Previous
		4/1/2011 to	Year in	Year	Year
		6/30/2011	1/1/2011 to	4/1/2010 to	1/1/2010 to
			6/30/2011	6/30/2010	6/30/2010
3.01	Net operating revenues	4,323,192	8,112,200	3,872,553	7,057,183
3.02	Cost of products sold and/or services rendered	(2,487,472)	(4,720,300)	(1,977,357)	(3,758,423)
3.03	Gross profit	1,835,720	3,391,900	1,895,196	3,298,760
3.04	Operating expenses/income	300,211	(66,543)	(415,465)	(862,728)
3.04.01	Selling	(145,767)	(265,769)	(168,387)	(370,257)
3.04.02	General and administrative	(158,669)	(279,978)	(134,289)	(245,590)
3.04.04	Other income	720,985	736,570	74,141	98,446
3.04.05	Other expenses	(116,338)	(257,366)	(186,930)	(345,327)
3.05	Income before income result and taxes	2,135,931	3,325,357	1,479,731	2,436,032
3.06	Financial income	(649,664)	(1,168,100)	(420,585)	(898,492)
3.07	Income before income taxes	1,486,267	2,157,257	1,059,146	1,537,540
3.08	Income and social contribution taxes	(349,105)	(404,400)	(178,832)	(209,956)
3.09	Net income from continuing operations	1,137,162	1,752,857	880,314	1,327,584
3.11	Consolidated income/loss for the period	1,137,162	1,752,857	880,314	1,327,584
3.11.01	Attributed to partners of the parent company	1,138,484	1,756,003	878,768	1,327,706
3.11.02	Attributed to non-controlling shareholders	(1,322)	(3,146)	1,546	(122)
3.99	Earnings per share - (R\$/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.78087	1.20442	0.60273	0.91065
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.78087	1.20442	0.60273	0.91065

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

**Version:
1****Consolidated Financial Statements / Statement of Comprehensive Income****(R\$ thousand)**

Code	Description	Current Quarter 4/1/2011 to 6/30/2011	YTD Current Year in 1/1/2011 to 6/30/2011	Same Quarter in Previous Year 4/1/2010 to 6/30/2010	YTD Previous Year 1/1/2010 to 6/30/2010
4.01	Net income	1,137,162	1,752,857	880,314	1,327,584
4.02	Other comprehensive income	(1,000,888)	(880,224)	29,895	115,523
4.02.01	Accumulated translation adjustments and foreign exchange variation in transactions abroad	(47,081)	(57,933)	(30,194)	(36,854)
4.02.02	Pension plans, net of taxes	0	0	4,440	8,274
4.02.03	Available-for-sale assets, net of taxes	(255,643)	(124,127)	55,649	144,103
4.02.04	Sale of available-for-sale assets	(698,164)	(698,164)	0	0
4.03	Consolidated comprehensive income for the period	136,274	872,633	910,209	1,443,107
4.03.01	Attributed to partners of the parent company	137,596	875,779	910,209	1,443,107
4.03.02	Attributed to non-controlling shareholders	(1,322)	(3,146)	0	0

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ITR — Quarterly Financial Information - June 30, 2011 – CIA SIDERURGICA NACIONAL

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

Code	Description	YTD Current Year 1/1/2011 to 6/30/2011	YTD Previous Year 1/1/2010 to 6/30/2010
6.01	Net cash from operating activities	2,001,277	1,610,764
6.01.01	Cash generated from operations	2,936,294	2,807,042
6.01.01.01	Net income for the period	1,752,857	1,327,584
6.01.01.02	Provision for charges on loans and financing	1,126,274	689,268
6.01.01.03	Depreciation and amortization	467,425	399,917
6.01.01.05	Deferred income and social contribution taxes	306,496	156,786
6.01.01.06	Provision for swap/forward	202,835	(136,714)
6.01.01.07	Accrual for contingencies	37,737	28,936
6.01.01.08	Inflation adjustment and foreign exchange gains (losses, net)	(301,374)	272,438
6.01.01.12	Realization of available-for-sale securities	(698,164)	0
6.01.01.13	Other provisions	42,208	68,827
6.01.02	Changes in assets and liabilities	(935,017)	(1,196,278)
6.01.02.01	Trade accounts receivables	(97,614)	(66,771)
6.01.02.02	Inventory	(98,399)	(602,902)
6.01.02.03	Recoverable Taxes	(10,279)	292,472
6.01.02.04	Trade accounts payable	54,597	183,794
6.01.02.05	Payroll and related charges	(89,092)	(39,668)
6.01.02.06	Taxes payable	78,235	32,811
6.01.02.07	Contingent liabilities	79,395	26,536
6.01.02.08	Receivables from jointly-owned subsidiaries	473,977	0
6.01.02.10	Taxes payable in installments - REFIS	(110,948)	(316,675)
6.01.02.11	Judicial deposits	(10,505)	(16,955)
6.01.02.12	Interest paid	(869,146)	(624,873)
6.01.02.13	Interest paid on swaps transactions	(208,913)	0
6.01.02.15	Others	(126,325)	(64,047)
6.02	Net cash used in investing activities	(1,694,634)	(1,853,297)

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6.02.01	Amounts received from/paid to derivative operations	(5,086)	(32,741)
6.02.02	Investments	(1,299,692)	(390,943)
6.02.03	Property, plant and equipment	(1,699,632)	(1,411,972)
6.02.04	Intangible assets	(395)	(17,641)
6.02.05	Sale of investments	1,310,171	0
6.03	Net cash provided by financing activities	1,624,726	1,723,110
6.03.01	Loans and financing	3,977,670	3,828,765
6.03.02	Payments to financial institutions - principal	(622,411)	(545,257)
6.03.03	Dividends and interest on shareholders' equity	(1,856,327)	(1,560,398)
6.03.04	Payment of capital by non-controlling shareholders	125,794	0
6.04	Exchange variation in cash and cash equivalents	(485,653)	104,833
6.05	Increase (decrease) in cash and cash equivalents	1,445,716	1,585,410
6.05.01	Cash and cash equivalents, beginning of year	10,239,278	8,086,742
6.05.02	Cash and cash equivalents, end of year	11,684,994	9,672,152

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Code	Description	Common stock	Capital Reserves, Options Granted and Treasury Shares	Earnings Reserves	Retained Earnings/ Accumulated Losses	Other Comprehensive Income/Loss	Shareholders' Equity	Non-
5.01	Opening balance at January 1, 2011	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	(1,227,703)	(218,681)	0	(1,446,384)	
5.04.06	Dividends	0	0	(1,227,703)	0	0	(1,227,703)	
5.04.07	Interest on shareholders' equity	0	0	0	(218,681)	0	(218,681)	
5.05	Total comprehensive income/loss	0	0	0	1,756,003	(880,224)	875,779	
5.05.01	Net income for the period	0	0	0	1,756,003	0	1,756,003	
5.05.02	Other comprehensive income/loss	0	0	0	0	(880,224)	(880,224)	
5.05.02.04	Translation adjustments for the period	0	0	0	0	(57,933)	(57,933)	
5.05.02.08	Available-for-sale assets	0	0	0	0	(124,127)	(124,127)	

5.05.02.09	Sale of available-for-sale assets	0	0	0	0	(698,164)	(698,164)
5.06	Internal changes in shareholders' equity	0	0	0	0	0	0
5.06.04	Interest in subsidiaries by non-controlling shareholders	0	0	0	0	0	0
5.07	Balance at June 30, 2011	1,680,947	30	4,892,095	1,537,322	(1,048,239)	7,062,155

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Code	Description	Capital Reserves, Options Granted and Earnings			Retained Earnings/ Accumulated Losses	Other Comprehensive Income/loss	Shareholders' Equity	Non-co
		Common stocks	Treasury Shares	Reserves				
5.01	Opening balance at January 1, 2010	1,680,947	305,444,605		(33,417)	(585,715)	6,506,450	
5.03	Adjusted opening balances	1,680,947	305,444,605		(33,417)	(585,715)	6,506,450	
5.04	Capital transactions with shareholders	0	0	0	(1,357,062)	0	(1,357,062)	
5.04.06	Dividends	0	0	0	(1,178,635)	0	(1,178,635)	
5.04.07	Interest on shareholders' equity	0	0	0	(178,400)	0	(178,400)	
5.04.08	Other capital transactions	0	0	0	(27)	0	(27)	
5.05	Total comprehensive income/loss	0	0	(37)	1,327,706	115,523	1,443,192	
5.05.01	Net income/loss for the period	0	0	0	1,327,706	0	1,327,706	
5.05.02	Other comprehensive income/loss	0	0	(37)	0	115,523	115,486	
5.05.02.04	Translation adjustments for	0	0	(37)	0	(36,854)	(36,891)	

	the period						
5.05.02.07	Pension plan gain/loss	0	0	0	0	8,274	8,274
5.05.02.08	Available-for-sale assets	0	0	0	0	144,103	144,103
5.06	Internal changes in shareholders' equity	0	0	0	0	0	0
5.06.04	Interest in subsidiaries by non-controlling shareholders	0	0	0	0	0	0
5.07	Balance at June 30, 2010	1,680,947	305,444,568	(62,773)	(470,192)	6,592,580	

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

Code	Description	YTD Current Year 1/1/2011 to 6/30/2011	YTD Previous Year 1/1/2010 to 6/30/2010
7.01	Net operating revenues	10,309,337	8,611,539
7.01.01	Sales and services	9,628,961	8,657,162
7.01.02	Other revenues	690,728	2,222
7.01.04	Allowance for/reversal of doubtful accounts	(10,352)	(47,845)
7.02	Inputs acquired from third parties	(4,814,844)	(4,409,744)
7.02.01	Costs of sales and services	(4,181,697)	(3,847,952)
7.02.02	Materials, energy, outsourced services and others	(621,123)	(555,216)
7.02.03	Loss/recovery of assets	(12,024)	(6,576)
7.03	Gross value added	5,494,493	4,201,795
7.04	Retention	(467,425)	(399,917)
7.04.01	Depreciation and amortization	(467,425)	(399,917)
7.05	Net value added generated by the entity	5,027,068	3,801,878
7.06	Value added received through transfer	328,690	615,978
7.06.02	Financial income	326,014	612,244
7.06.03	Others	2,676	3,734
7.07	Total value added to distribute	5,355,758	4,417,856
7.08	Distribution of value added	5,355,758	4,417,856
7.08.01	Personnel	730,958	472,320
7.08.01.01	Direct compensation	574,627	365,770
7.08.01.02	Benefits	119,885	81,233
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	36,446	25,317
7.08.02	Taxes, fees and contributions	1,374,737	1,102,579
7.08.02.01	Federal	1,097,985	878,951
7.08.02.02	State	257,346	208,838
7.08.02.03	Municipal	19,406	14,790
7.08.03	Value distributed to providers of capital	1,497,206	1,515,373
7.08.03.01	Interest	1,493,259	1,509,530
7.08.03.02	Rentals	3,947	5,843

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7.08.04	Value distributed to shareholders	1,752,857	1,327,584
7.08.04.01	Interest on shareholders' equity	218,681	178,408
7.08.04.03	Retained earnings / accumulated losses for the period	1,537,322	1,149,298
7.08.04.04	Non-controlling interest in retained earnings	(3,146)	(122)

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Comments on the Company's Consolidated Performance

Global economic activity, which had picked up steam at the beginning of the year, slowed in the second quarter, chiefly due to the worsening of the fiscal crisis in certain European countries and the difficulties in approving an increase in public spending in the U.S., all of which led to increased risk aversion.

There is a clear global disparity in regard to economic growth. While growth in the developed countries has fallen to exceptionally modest levels, developing nations are continuing to expand rapidly. In order to contain the inflationary upturn in the emerging economies, several central banks have imposed more restrictive monetary policies

In its most recent report on the global economic outlook, the OECD encouraged the central banks to raise base rates in order to combat the increased price pressure. According to the IMF, average inflation worldwide climbed from 3.5% p.a., in 4Q10, to 4% p.a. 2011.

USA:

U.S. GDP growth estimates are reflecting Americans' cautious approach to consumption and modest corporate hiring levels. The IMF has revised the projection of GDP growth in 2011 from 3.5% to 2.5%.

Unemployment is still high and household and government debt, together with weak credit growth, is hampering a recovery in consumption.

U.S. government figures show that the country created 18,000 jobs in June, well below the previously expected 125,000. This means that 9.2% of the economically active population is unemployed.

Given this scenario, the government wants to increase public spending so the economy can start to grow again. Nevertheless, the opposition is against any increase in the public debt, which has already reached US\$14 trillion. Ratings agencies have indicated that they may downgrade the country's credit rating if the authorities fail to negotiate an increase in the debt ceiling.

Europe:

Even though the 2011 eurozone growth prospects have improved, chiefly sustained by Germany and France, the problems of Greece and other member nations may well inhibit an economic recovery in the region.

Eurozone GDP edged up by 0.8% in 1Q11, with Germany's 1.5% making a substantial contribution to this upturn.

Germany's performance is once again being sustained by exports and the country's central bank expects annual growth of 2.6%.

As in other regions of the world, Europe is suffering from inflationary pressure, with the harmonized consumer price index recording 2.7% in June. In an attempt to reduce this pressure, the ECB raised interest rates by 0.25 pp. to 1.50% p.a., the second hike this year. According to the Bank, interest rates are still exceptionally low and monetary policy remains flexible, which could indicate further increases along the year.

Eurozone unemployment improved slightly in April, totaling 9.9%, the lowest figure since September 2009, but still well above historical levels.

Asia:

China has adopted a series of restrictive measures to rein in its inflationary upturn, focused on controlling consumption by increasing interest rates and reserve requirements, which, with the energy restrictions, have reduced the country's 2011 growth prospects. This monetary squeeze has reduced market liquidity, in turn inhibiting the acquisition and build-up of raw materials.

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The consumer price index continued to move up, reaching its highest level for three years, recording 6.4% in the first six months of 2011, mainly driven by the 14% increase in food prices and high wage hikes. In order to ease the pressure, the country's Central Bank pushed up interest rates by 0.25% p.a., in turn raising the lending rate to 6.56% p.a. This was the third increase this year. Nevertheless, China still posted hefty year-on-year GDP growth of 9.5% in the second quarter, fueled by industrial output and retail sales, which recorded respective growth of 15% and 18% in June over the same month last year.

The reconstruction of Japan's infrastructure following the damage caused by the earthquake and the tsunami, is moving much faster than expected, according to the Japanese Central Bank. Demand has not been unduly affected, given the routing of part of production to the export market. The earthquake's biggest short-term impact has been on the supply of industrial inputs.

One positive note has come from the job market. According to the Ministry of Communications and Internal Affairs, Japanese unemployment fell from 4.7% in April, to 4.5% in May.

Brazil:

The 2011 economic outlook remains positive, although certain indicators are pointing to a reduction in the pace of activity in the second half, due to the macroprudential measures adopted by the government since the end of 2010.

The consumer confidence index (ICC), measured by the FGV, and the business confidence index (ICEI), measured by the National Confederation of Industry (CNI) have both posted a decline. In June, the ICC recorded 153.81 points, 4.4 points less than in January, while the ICEI recorded 57.90 points, 6.6 points down year-on-year.

First-quarter GDP climbed by 1.3% over the previous three months, driven by agriculture and industry, which increased by 3.3% and 2.2%, respectively. However, exports and imports moved in the opposite direction, with respective declines of 3.2% and 1.6%. According to the

Central Bank, annual GDP growth should reach 3.94% in 2011.

In May, consumer default on bills overdue by more than 90 days grew by 0.2% p.p. to 5.1%. The total stock of credit in the financial system stood at R\$1.8 trillion, 5.8% up in the year and 1.6% up in the month. The credit/GDP ratio increased to 47%, still low compared to some of the developed countries such as Germany and the Netherlands, which recorded respective ratios of 90% and 135%.

Inflation continues to exert pressure. According to the Central Bank's FOCUS report the IPCA consumer price index should end the year at close to the fluctuation band ceiling of 6.5%. However, the indicators are pointing to a slowdown in the second half, given the government's macroprudential measures and the decline in food prices. Recently, the National Monetary Council decided to maintain the annual inflationary target at 4.5% until 2013, aiming to keep inflation under control while maintaining sufficient flexibility for monetary policy maneuvers. This year alone, there have been five consecutive increases in the SELIC base rate, which now stands at 12.50% p.a., and the FOCUS report points to further hikes before the end of the year.

According to the IBGE, retail sales increased by 7.4% between January and May and by 9.2% in the last 12 months. Nevertheless, domestic demand is expected to slow in the coming quarters, reflecting the impact of the restrictive policy implemented since the end of last year.

Direct foreign investments (IED) totaled US\$32 billion in the first half, a massive 167% up on the same period last year and the FOCUS report believes they will climb to US\$55 billion by year-end. This trend is pressuring the Real, which remains appreciated against the U.S. dollar.

The government has been taking a series of measures to rein in the appreciation of Brazil's currency and reduce the current account deficit, which continues to move up, primarily driven by foreign purchases, import growth and remittances of profits abroad. According to the Central Bank, the year-to-date deficit is US\$22 billion and it should close the year at US\$60 billion.

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	2011	2012
IPCA (%)	6.31	5.28
US Dollar (closing) - R\$	1.60	1.65
SELIC (final - %)	12.75	12.75
GDP (%)	3.94	4.00
Industrial Production (%)	3.24	4.34

Source: FOCUS BACEN

Base: July 22, 2011

Consolidated net revenue totaled R\$4,323 million in 2Q11, 14% up on the R\$3,789 million recorded in 1Q11, chiefly due to higher iron ore prices and sales volume in 2Q11, as well as higher steel sales volume.

Consolidated net revenue grew by 12% in relation to the R\$3,872 million posted in 2Q10, basically due to higher iron ore prices and sales volume.

In 2Q11, consolidated COGS totaled R\$2,487 million, 11% more than the R\$2,233 million recorded in 1Q11, primarily reflecting the increase in iron ore and steel product sales volume.

In year-on-year terms, consolidated COGS grew by 26% over the R\$1,977 million recorded in 2Q10, basically due to higher iron ore sales volume.

In the second quarter, SG&A expenses totaled R\$304 million, 26% up on 1Q11, chiefly due to the collective bargaining agreement in June, in addition to higher expenses with service providers. In relation to 2Q10, SG&A expenses remained flat.

CSN recorded a positive R\$605 million in the "Other Revenue and Expenses" in 2Q11, a big improvement over the net expense of R\$125 million recorded in 1Q11, essentially due to the R\$698 million from the sale of CSN's entire interest in Riversdale Mining Limited.

Adjusted EBITDA as presented in this report 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.

Adjusted EBITDA totaled R\$1,773 million in 2Q11, 16% up on the R\$1,529 million recorded in 1Q11, chiefly due to higher iron ore prices, accompanied by an adjusted EBITDA margin of 41%, up by 1 p.p..

Adjusted EBITDA came to R\$3,302 million in the first half of 2011, 7% up year-on-year, mainly due to higher iron ore prices and sales volume.

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The 2Q11 net financial result was negative by R\$650 million, chiefly due to the following factors:

- § Provisions for interest on loans and financing totaling R\$546 million;
- § Negative monetary and foreign exchange variations of R\$80 million, including the result of derivative operations;
- § Expenses of R\$77 million from the consolidation of REFIS tax repayment program processes;
- § The monetary restatement of tax provisions totaling R\$87 million;

These negative effects were partially offset by returns on financial investments totaling R\$152 million.

On June 30, 2011, the consolidated net debt stood at R\$11.3 billion, R\$0.6 billion more than the R\$10.7 billion recorded on March 31, 2011, essentially due to the following factors:

- § Investments of R\$0.9 billion in fixed assets;
- § Payment of R\$1.9 billion in dividends and interest on equity;
- § A R\$0.6 billion effect related to the cost of debt;
- § Increase of R\$0.3 billion in the working capital allocated to the business.

These effects were partially offset by 2Q11 adjusted EBITDA of R\$1.8 billion and the R\$1.3 billion revenue from the sale of the Company's entire interest in Riversdale Mining Limited.

The net debt/adjusted EBITDA ratio closed 2Q11 at 1.72, based on LTM adjusted EBITDA of R\$6.6 billion, 0.10x up on the 1.62x ratio recorded at the end of the previous quarter.

In April 2011, the Company contracted a R\$1.5 billion loan from Banco do Brasil through the issue of Export Credit Notes in order to finance its exports.

CSN posted 2Q11 net income of R\$1,137 million, 85% up on 1Q11, chiefly due to the higher gross profit and the proceeds from the sale of CSN's minority interest in Riversdale Mining Limited, partially offset by the financial result.

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CSN invested R\$880 million in 2Q11, R\$481 million of which in subsidiaries or joint subsidiaries, allocated as follows:

- ü Transnordestina Logística: R\$379 million;
- ü MRS Logística: R\$38 million;
- ü CSN Cimentos: R\$30 million.

The remaining R\$399 million went to the parent company, mostly in the following projects:

- ü Maintenance and repairs: R\$124 million;
- ü Expansion of the Casa de Pedra mine: R\$56 million;
- ü CSN Aços Longos: R\$46 million;
- ü Expansion of the Itaguaí Port: R\$30 million;
- ü Technological improvements: R\$12 million.

Working capital closed June 2011 at R\$3,194 million, an increase of R\$346 million on the figure at the end of March 2011, basically due to increased sales in 2Q11, which pushed up “Accounts Receivable” and “Inventories”, especially of raw materials. The average receivables and supplier payment periods remained flat at 29 days and 22 days, respectively, at the close of June 2011, while the average inventory turnover fell by 14 days to 88 days.

WORKING CAPITAL (R\$ MM)	2Q10	1Q11	2Q11	Change 2Q11 x 1Q11	Change 2Q11 x 2Q10
Assets	3,762	3,817	4,221	404	459
Accounts Receivable	1,298	1,397	1,506	109	208
Inventory (*)	2,423	2,378	2,564	186	141
Advances to Taxes	41	42	151	109	110
Liabilities	1,050	969	1,027	58	(23)
Suppliers	692	494	582	88	(110)
Salaries and Social Contribution	167	165	197	32	30
Taxes Payable	149	277	209	(68)	60
Advances from Clients	42	33	39	6	(3)
Working Capital	2,712	2,848	3,194	346	482

TURNOVER RATIO Average Periods	2Q10	1Q11	2Q11	Change 2Q11 x 1Q11	Change 2Q11 x 2Q10
Receivables	27	29	29	0	2
Supplier Payment	30	22	22	0	(8)
Inventory Turnover	92	102	88	(14)	(4)

(*) Inventory - includes "Advances to Suppliers" and does not include "Supplies". 0

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:

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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) Metallic				

The information on CSN's five business segments is derived from the accounting data, with allocations and the apportionment of costs among the segments. CSN's management uses adjusted EBITDA as an indicator to measure recurring net 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 2Q11 (R\$ million)

Adjusted consolidated EBITDA by Segment in 2Q11 (R\$ million)

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

2Q11 Consolidated Results	Steel	Mining	Logistics		Energy	Cement	Eliminations/ Corporate	R\$ million Consolidated
			Port	Railways				
Net Revenue	2,513	1,524	32	256	37	83	(121)	4,323
Domestic Market	2,152	250	32	256	37	83	(119)	2,690
Foreign Market	361	1,274	-	-	-	-	(1)	1,633
Cost of Goods Sold	(1,827)	(506)	(21)	(161)	(19)	(60)	106	(2,487)
Gross Profit	686	1,018	11	95	17	23	(14)	1,836
Selling, General and Administrative Expenses	(113)	(20)	(4)	(20)	(6)	(19)	(122)	(304)
Depreciation	161	42	1	26	6	6	0	242
Adjusted EBITDA	733	1,040	8	101	17	9	(136)	1,773
Adjusted EBITDA Margin	29%	68%	26%	40%	46%	11%		41%

1Q11 Consolidated Results	Steel	Mining	Logistics		Energy	Cement	Eliminations/ Corporate	R\$ million Consolidated
			Port	Railways				
Net Revenue	2,305	1,210	37	232	29	63	(85)	3,789
Domestic Market	1,965	195	37	232	29	63	(79)	2,441
Foreign Market	339	1,015	-	-	-	-	(6)	1,348
Cost of Goods Sold	(1,635)	(436)	(21)	(145)	(10)	(49)	63	(2,233)
Gross Profit	670	774	16	87	19	13	(22)	1,556
Selling, General and Administrative Expenses	(118)	(18)	(4)	(20)	(6)	(12)	(64)	(241)
Depreciation	141	36	1	26	6	4	1	215
Adjusted EBITDA	693	792	13	92	19	6	(85)	1,529
Adjusted EBITDA Margin	30%	65%	36%	40%	64%	9%		40%

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Scenario

According to the Brazilian Steel Institute (IABr), apparent consumption of steel products in Brazil totaled 12.6 million tonnes in the first half of 2011, 5.6% less than in the same period last year. Of this total, 1.7 million tonnes came from imports, 36.7% down year-on-year.

Also according to the IABr, Brazil produced 17.7 million tonnes of crude steel in the first six months of the year, 8% up on 1H10, while rolled flat steel output fell by 7% to 7.3 million tonnes.

Domestic flat steel sales totaled 5.9 million tonnes, 3.3% down on the first half of 2010, while exports climbed by 13% to 1.3 million tonnes.

The IABr's projections for the sector remain favorable. Apparent consumption of steel products in the Brazilian market is expected to reach 27.8 million tonnes in 2011, 6.4% up on 2010, based on expectations of moderate growth for industry as a whole, with more significant growth in those segments producing equipment for the oil and gas industry and those associated with the World Cup and 2016 Olympic Games.

Segments

Automotive: The automotive sector continues to thrive. First-half results show that the market is growing and annual sales are expected to increase by between 5% and 8%. The outlook is excellent, with the Brazilian auto market set to absorb major investments. So far, the sector has received guarantees of R\$32 billion in investments to increase production capacity, adding 1.3 million units by 2015, and this does not include projects for new plants.

First-half output totaled 1.71 million units, 4% up on 1H10 and a new record, with exports of 249,900 units, up by 3%. Second-quarter production climbed by 6% over 1Q11, to 882,000 units.

According to ANFAVEA (the auto manufacturers' association), sales totaled 1.73 million units in the first half, 10% up on 1H10, and 912,000 units in the second quarter, 11% up on the previous three months. ANFAVEA expects annual sales of 3.7 million vehicles, 5% more than in 2010.

Agricultural Machinery: First-half production amounted to 41,000 units, 7.2% less than in the same period of 2010, and period sales kept pace, falling by 7%.

Sales volume should close 2011 in line with 2010, with 68,500 units sold, accompanied by a 4.8% decline in exports.

Construction: According to the leading institutes, the expansion of Brazil's construction sector should outpace GDP growth. DIEESE (the Inter-union Statistics Department) estimates an annual construction GDP upturn of 8.5% while ABRAMAT (the Brazilian building material manufacturers' association) estimates growth of 5%.

Retail sales of building materials account for 77% of sector product consumption. ANAMACO (the Brazilian Association of Residential Building Material Retailers) estimates that this segment grew by 3.5% year-on-year in the first half and is projecting annual growth of around 6%, 2 p.p. above Brazil's GDP growth.

In 1H11, the Brazilian government launched the second phase of the *Minha Casa Minha Vida* (My House, My Life) project, which envisages the construction of 2 million homes by 2014. Caixa Econômica Federal will allocate over R\$120 billion to the second phase of the housing project, versus R\$53 billion in the first phase.

According to a study by FGV-ABRAMAT, real construction revenue should reach R\$188 billion in 2016, almost twice as much as in 2009. These prospects of sustainable growth should encourage investments in the sector.

Distribution: According to INDA (the Brazilian steel distributors' association), first-half sales totaled 2.1 million tonnes, 7.8% up on 1H10, while purchases by distributors totaled 2.1 million tonnes, down by 9.3%.

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First-half imports dropped by a substantial 53%, from 1.7 million tonnes, in 1H10, to 810,000 tonnes, while second-quarter imports dipped by 3% over the previous three months to 398,000 tonnes.

Nevertheless, inventory turnover stood at 3.7 months of sales in June, well above the historical average of 2.7 months.

Home Appliances: The North, Northeast and Midwest regions continue to drive sales, as demand is fueled by new technologies and increased consumption by Brazil's emerging middle class (C income group).

Higher retail interest rates are accompanied by more extended payment terms, benefiting lower-income consumers.

According to Eletros (the home appliance manufacturers' association), in the first half of 2011, washing machine sales increased by 20% over the same period last year to 3.6 million units, while refrigerator sales grew by 7% to 2.8 million units.

In the first half, investments of more than R\$500 million were announced in the expansion and construction of home appliance factories. Eletros estimates a 10% increase in sales in 2011.

Net Revenue

Net revenue from steel operations in 2Q11 totaled R\$2,513 million, 9% up on 1Q11, basically due to the increase in domestic sales volume.

Total Sales Volume

CSN recorded total sales volume of 1.3 million tonnes in 2Q11, 7% more than in 1Q11. Of this total, 86% was sold in the domestic market and 10% by overseas subsidiaries, while 4% went to direct exports.

Domestic Sales Volume

Domestic sales totaled 1.1 million tonnes in 2Q11, an 8% improvement over 1Q11, fueled by stronger demand for flat steel in Brazil.

Exports

CSN exported 180,000 tonnes in 2Q11, a reduction of 3% over the 1Q11. Sales by CSN LLC and Lusosider totaled 124,000 tonnes, while direct exports amounted to 56,000 tonnes.

Prices

Net revenue per tonne averaged R\$1,898 in 2Q11, 2% above the 1Q11, due to the domestic market price hike in mid-2Q11.

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In 2Q11, crude steel production totaled 1.2 million tonnes, an increase of 10% in relation to 1Q11, while rolled steel production totaled 1.2 million tonnes, 17% up on 1Q11.

Production (in thousand t)	2Q10	1Q11	2Q11	Change	
				2Q11 x 2Q10	2Q11 x 1Q11
Crude Steel (UPV)	1,199	1,132	1,243	4%	10%
Rolled Products	1,267	1,034	1,212	-4%	17%

Cost of Goods Sold (COGS)

Steel segment COGS stood at R\$1.83 billion in 2Q11, 12% up on the R\$1.63 billion recorded in 1Q11, chiefly due to the upturn in sales volume. In relation to 2Q10, steel segment COGS increased by 16%, primarily due to an increase in raw material costs.

Production Costs (Parent Company)

In 2Q11, total steel production costs came to R\$1.5 billion, 15% or R\$0.2 billion more than the R\$1.3 billion recorded in 1Q11.

Raw Materials: increase of R\$149 million, primarily related to the following inputs:

- **Coke:** increase of R\$77 million, chiefly due to higher consumption;
- **Coal:** upturn of R\$6 million, also due to higher consumption;
- **Third-party coils:** increase of R\$32 million, also due to higher consumption;
- **Scrap:** upturn of R\$11 million, also due to higher consumption;
- **Other raw materials:** upturn of R\$23 million, also due to higher consumption.

Labor: a slight upturn of R\$7 million, due to the wage increase following latest collective bargaining agreement.

Other production costs: increase of R\$25 million, pushed by supplies and maintenance.

Depreciation: increase of R\$18 million due to new incorporation of assets:

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STEEL PRODUCTION COSTS (Parent Company)

Adjusted EBITDA

Adjusted steel segment EBITDA totaled R\$733 million in 2Q11, 6% up on the R\$693 million recorded in 1Q11, basically due to higher domestic sales, accompanied by an adjusted EBITDA margin of 29%, in line with the previous quarter.

Scenario

After an intense start to the year, the second quarter of 2011 reflected the worsening of the European Union crisis, the monetary squeeze in China, and the upturn in inflation due to higher commodity prices. All of these events had an impact on global demand, in turn affecting the iron ore market.

In the first five months of 2011, Brazil's iron ore exports totaled 122 million tonnes, 4.5% up on the same period last year.

Prospects for the iron ore market remain positive, with demand continuing to outstrip supply until 2015. However, despite the constant announcements of expansions and new projects, it is essential to take quantity and quality into consideration. Many projects will require large-scale concentration to meet the needs of the iron and steel industry and there are further obstacles along the way, including financing, infrastructure, environmental licensing and quality, which may hamper the implementation of these new projects or even render them unviable. According to Macquarie, demand should remain high until the end of the decade, with prices hovering around US\$150/dmt until 2015.

China's urbanization process and massive domestic consumption will still account for a major slice of the iron ore market over the next ten years. In the first five months of 2011, Chinese iron ore imports increased by 8% year-on-year, despite the recent economic restrictions. Most economists agree that China will continue to grow at a slower pace, in line with the guidelines of the country's Five Year Plan, which are based on strong fundamentals.

In accordance with the iron ore pricing formula, widely used in the market, prices in the second quarter were based on spot prices between December 2010 and February 2011.

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In 3Q11, the basic Platts price (62% Fe CFR) is expected to dip by 1.2% in relation to the second quarter.

Iron Ore Sales

In 2Q11, CSN and Namisa's total sales of finished iron ore products to third parties came to 6.7 million tonnes¹, 8% and 2% up on 2Q10 and 1Q11, respectively, and a new record. Of this total, exports accounted for 6.3 million tonnes, with 2.3 million tonnes sold by Namisa, while the Company's own consumption absorbed 1.7 million tonnes.

In the first half, sales of finished iron ore products totaled 13.3 million tonnes¹, 13% up on 1H10 and yet another record. Exports accounted for 12.4 million tonnes, with 6.0 million tonnes sold by Namisa, while the Company's own consumption absorbed 3.4 million tonnes.

Considering CSN's 60% interest in Namisa, sales came to 5.8 million tonnes in 2Q11, 26% up on 2Q10 and 14% up on 1Q11. In 1H11, also considering CSN's 60% interest in Namisa, sales amounted to 11.0 million tonnes, 24% more than in the same period last year.

Net Revenue

Net revenue totaled R\$1.5 billion in 2Q11, 26% up on 1Q11 and yet another record, mainly reflecting the period price increase. In relation to 2Q10, net revenue grew by 80%, reflecting the price and volume upturn in 2Q11.

In 1H11, net revenue from mining operations jumped by 110% year-on-year to a record R\$2.7 billion.

Cost of Goods Sold (COGS)

COGS came to R\$506 million in 2Q11, 16% more than in 1Q11, due to higher sales volume.

In the first half of 2011, COGS totaled R\$942 million, 94% up year-on-year.

Adjusted EBITDA

Second-quarter adjusted EBITDA totaled R\$1.04 billion, 31% up on 1Q11, accompanied by an adjusted EBITDA margin of 68%, up by 3 p.p., both increases reflecting the higher prices in 2Q11.

Year-to-date EBITDA came to R\$1.8 billion, 124% up year-on-year, with a margin of 67%, up by 4 p.p.

¹ Sales volumes include 100% of the stake in NAMISA.

Scenario

Port Logistics

According to the latest figures from ANTAQ (National Waterway Transport Agency), port activities in Brazil continue to thrive. In the first quarter of 2011, handled volume totaled 200.6 million tonnes, 8% up on the same period last year, with iron ore volume moving up by 4% to 72.3 million tonnes. In the container segment, the Brazilian ports handled 1.73 million TEUs, 18% more than in 1Q10.

Railway Logistics

According to ANTF (National Rail Transport Association), rail transport will play an increasingly important role in Brazilian logistics in the coming years. The association estimates an increase in Brazil's rail network from 28,000 km in 2010 to 49,000 km in 2023, accompanied by an upturn in rail's share of national transport from 25% to 32%. Production in 2011 is estimated at 315 billion tonne-kilometers.

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1. Railway Logistics

Analysis of Results

MRS and Transnordestina's individual 2Q11 results had not been announced up to the publication of this release.