

NATIONAL STEEL CO  
Form 6-K  
September 13, 2016

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 6-K**

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

**For the month of September, 2016**  
**Commission File Number 1-14732**

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**COMPANHIA SIDERÚRGICA NACIONAL**

(Exact name of registrant as specified in its charter)

**National Steel Company**

(Translation of Registrant's name into English)

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

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports  
under cover Form 20-F or Form 40-F. Form 20-F  Form 40-F

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

Yes  No

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

ITR — Quarterly Financial Information -  
June 30, 2016 – CIA SIDERURGICA  
NACIONAL

Version: 1

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**Company Information / Capital Breakdown**

<b>Number of Shares</b>	<b>Current Quarter</b>
<b>(Units)</b>	<b>06/30/2016</b>
<b>Paid-in Capital</b>	
<b>Common</b>	1,387,524,047
<b>Preferred</b>	0
<b>Total</b>	1,387,524,047
<b>Treasury Shares</b>	
<b>Common</b>	30,391,000
<b>Preferred</b>	0
<b>Total</b>	30,391,000

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

Code	Description	Current Quarter	Previous Year
		06/30/2016	12/31/2015
1	Total assets	41,399,607	45,605,526
1.01	Current assets	7,745,548	8,842,440
1.01.01	Cash and cash equivalents	2,596,560	1,885,199
1.01.02	Financial investments	0	763,599
1.01.02.02	Financial investments measured at amortized cost	0	763,599
1.01.03	Trade receivables	2,245,449	2,467,523
1.01.04	Inventories	2,233,580	2,850,744
1.01.08	Other current assets	669,959	875,375
1.02	Non-current assets	33,654,059	36,763,086
1.02.01	Long-term receivables	4,330,913	4,510,431
1.02.01.06	Deferred taxes	3,105,030	3,228,961
1.02.01.09	Other non-current assets	1,225,883	1,281,470
1.02.02	Investments	20,018,260	23,323,565
1.02.03	Property, plant and equipment	9,245,398	8,866,348
1.02.04	Intangible assets	59,488	62,742

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

Code	Description	Current Quarter 06/30/2016	Previous Year 12/31/2015
2	Total liabilities	41,399,607	45,605,526
2.01	Current liabilities	3,533,932	4,272,372
2.01.01	Payroll and related taxes	142,050	141,496
2.01.02	Trade payables	748,094	742,364
2.01.03	Taxes payable	57,989	5,814
2.01.04	Borrowings and financing	2,174,927	2,879,073
2.01.05	Other payables	325,240	411,699
2.01.06	Provisions	85,632	91,926
2.01.06.01	Provision for tax, social security, labor and civil risks	85,632	91,926
2.02	Non-current liabilities	30,286,578	33,668,407
2.02.01	Borrowings and financing	27,903,434	31,109,017
2.02.02	Other payables	88,404	126,450
2.02.04	Provisions	2,294,740	2,432,940
2.02.04.01	Provision for tax, social security, labor and civil risks	544,323	564,372
2.02.04.02	Other provisions	1,750,417	1,868,568
2.02.04.02.03	Provision for environmental liabilities and decommissioning of assets	249,486	259,115
2.02.04.02.04	Pension and healthcare plan	514,367	514,367
2.02.04.02.05	Provision for losses on investments	986,564	1,095,086
2.03	Consolidated Shareholders' equity	7,579,097	7,664,747
2.03.01	Issued capital	4,540,000	4,540,000
2.03.02	Capital reserves	30	30
2.03.04	Earnings reserves	2,104,804	2,104,804
2.03.04.01	Legal reserve	424,536	424,536
2.03.04.02	Statutory reserve	1,895,494	1,895,494
2.03.04.04	Earnings reserves to realize	23,750	23,750
2.03.04.09	Treasury shares	-238,976	-238,976
2.03.05	Profit/Losses	-893,927	0
2.03.08	Other comprehensive income	1,828,190	1,019,913



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

Code	Description	Current QuarterYear To Date		Same Quarter Previous Year	YTD Previous Year
		04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016	04/01/2015 to 06/30/2015	01/01/2015 to 06/30/2015
3.01	Net revenue from sales and/or services	2,191,674	4,169,314	2,870,847	5,928,879
3.02	Cost of sales and/or services	-1,906,666	-3,545,062	-2,267,849	-4,457,281
3.03	Gross profit	285,008	624,252	602,998	1,471,598
3.04	Operating expenses/income	-641,816	-1,520,490	-760,491	253,539
3.04.01	Selling expenses	-137,596	-306,229	-148,232	-294,150
3.04.02	General and administrative expenses	-72,367	-195,627	-90,806	-175,370
3.04.04	Other operating income	1,730	4,570	8,547	12,269
3.04.05	Other operating expenses	-86,926	-189,468	-204,927	-406,687
3.04.06	Equity in income of affiliates	-346,657	-833,736	-325,073	1,117,477
3.05	Profit before finance income (costs) and taxes	-356,808	-896,238	-157,493	1,725,137
3.06	Finance income (costs)	380,363	112,485	-555,237	-2,583,592
3.06.01	Finance income	68,242	86,671	-87,637	407,056
3.06.02	Finance expenses	312,121	25,814	-467,600	-2,990,648
3.06.02.01	Net exchange difference on financial instruments	1,091,248	2,134,372	310,866	-1,349,106
3.06.02.02	Finance expenses	-779,127	-2,108,558	-778,466	-1,641,542
3.07	Profit (loss) before taxes on income	23,555	-783,753	-712,730	-858,455
3.08	Income tax and social contribution	-80,792	-110,174	98,462	636,243
3.09	Profit (loss) from continuing operations	-57,237	-893,927	-614,268	-222,212
3.11	Profit (loss) for the year	-57,237	-893,927	-614,268	-222,212
3.99	Earnings per share - (R\$/share)				
3.99.01	Basic earnings per share				

3.99.01.01	Common shares	-0.04217	-0.65869	-0.45262	-0.16373
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**Parent Company Statements / Statement of Comprehensive Income  
(R\$ thousand)**

Code	Description	Current Quarter	Year to date	Same Quarter Previous Year	YTD Previous Year
		04/1/2016 to 06/30/2016	1/1/2016 to 06/30/2016	4/1/2015 to 06/30/2015	1/1/2015 to 06/30/2015
4.01	Profit for the year	-57,237	-893,927	-614,268	-222,212
4.02	Other comprehensive income	393,141	808,277	-377,048	-14,035
4.02.01	Actuarial (losses) gains on defined benefit plan from investments in subsidiaries, net of taxes	29	114	-221	-96
4.02.02	Actuarial (losses) gains on defined benefit	0	0	348	348
4.02.03	Income tax and social contribution on actuarial (losses) gains on defined benefit	0	0	-118	-118
4.02.04	Cumulative translation adjustments for the year	-284,651	-467,937	-7,815	168,956
4.02.05	Available-for-sale assets	95,500	127,853	-594,881	2,254
4.02.06	Income tax and social contribution on available-for-sale assets	0	0	202,259	-767
4.02.07	Available-for-sale assets from investments in subsidiaries, net of taxes	0	0	-89,516	-20,817
4.02.08	Impairment of available-for-sale assets	0	0	89,434	97,851
4.02.09	Income tax and social contribution on impairment of available-for-sale assets	0	0	-30,407	-33,269
4.02.10	(Loss) / gain on the percentage change in investments	584	584	-43	-43
4.02.11	(Loss) gain on cash flow hedge accounting	538,461	1,072,884	81,685	-345,960
4.02.12		-13,808	-13,808	-27,773	117,626

	Income tax and social contribution on cash flow hedge accounting				
4.02.13	Realization of cash flow hedge reclassified to the income statement	7,826	20,523	0	0
4.02.14	(Loss) gain on net investment hedge	49,200	68,064	0	0
4.03	Comprehensive income for the year	335,904	-85,650	-991,316	-236,247

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

<b>Code</b>	<b>Description</b>	<b>Year To Date 01/01/2016 to 06/30/2016</b>	<b>YTD Previous Year 01/01/2015 to 6/30/2015</b>
6.01	Net cash generated by operating activities	1,096,182	330,933
6.01.01	Cash generated from operations	-871,793	1,998,343
6.01.01.01	Profit (loss) for the year	-893,927	-222,212
6.01.01.02	Charges on borrowings and financing	1,257,102	1,575,442
6.01.01.03	Charges on loans and financing granted	-17,550	-9,535
6.01.01.04	Depreciation, depletion and amortization	275,222	424,556
6.01.01.05	Equity in income (losses) of affiliates	833,736	-1,117,477
6.01.01.06	Deferred income tax and social contribution	110,123	-642,283
6.01.01.08	Provision for tax, social security, labor, civil and environmental risks	-26,343	146,453
6.01.01.09	Inflation adjustment and exchange differences, net	-2,436,646	1,720,814
6.01.01.11	Impairment of available-for-sale assets	0	97,851
6.01.01.12	Residual value of permanent assets written off	20,729	3,907
6.01.01.14	Other provisions	5,761	20,827
6.01.02	Changes in assets and liabilities	1,967,975	-1,667,410
6.01.02.01	Trade receivables - third parties	-66,349	-172,718
6.01.02.02	Trade receivables - related parties	272,198	-158,525
6.01.02.03	Inventories	617,162	-328,120
6.01.02.04	Receivables - related parties / Dividends	-7,350	-1,550
6.01.02.05	Recoverable taxes	199,099	-59,206
6.01.02.06	Judicial deposits	32,595	-13,396
6.01.02.07	Dividends received - related parties	2,300,090	0
6.01.02.10	Trade payables	5,618	277,095
6.01.02.11	Payroll and related taxes	-135	-24,717
6.01.02.12	Taxes in installments - REFIS	55,379	-27,922

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6.01.02.14	Payables to related parties	-22,840	41,557
6.01.02.16	Interest paid	-1,324,899	-1,205,227
6.01.02.17	Interest received	0	651
6.01.02.19	Other	-92,593	4,668
6.02	Net cash used in investing activities	27,083	-51,015
6.02.01	Investments / Advances for future capital increase	-212,939	-18,452
6.02.02	Purchase of property, plant and equipment	-608,265	-828,458
6.02.03	Cash reduction of subsidiaries and joint ventures	0	129,745
6.02.04	Capital reduction in subsidiary and joint venture	0	486,758
6.02.08	Intercompany loans granted	0	-25,143
6.02.09	Intercompany loans received	0	5,546
6.02.10	Exclusive funds	84,688	198,989
6.02.11	Financial Investments, net of redemption	763,599	0
6.03	Net cash used in financing activities	-389,838	-1,184,399
6.03.01	Borrowings and financing, net of transaction cost	-26,018	595,000
6.03.02	Borrowings and financing - related parties	40,239	0
6.03.03	Forfeiting capitalization / drawee Risk	78,240	386,143
6.03.04	Forfeiting amortization / drawee Risk	-257,631	-562,948
6.03.05	Amortization of principal on borrowings and financing	-184,429	-585,436
6.03.06	Amortization of principal on borrowings and financing - related parties	-40,239	-457,936
6.03.07	Payments of dividends and interests on shareholder's equity	0	-549,832
6.03.08	Treasury shares	0	-9,390
6.04	Exchange differences on translating cash and cash equivalents	-22,066	0
6.05	Increase (decrease) in cash and cash equivalents	711,361	-904,481
6.05.01	Cash and equivalents at the beginning of the year	1,885,199	3,146,393
6.05.02	Cash and equivalents at the end of the year	2,596,560	2,241,912

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**Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2016 to 06/30/2016  
(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings reserve	Retained earnings (accumulated losses)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4,540,000		302,104,804	0	1,019,913	7,664,747
5.03	Adjusted opening balances	4,540,000		302,104,804	0	1,019,913	7,664,747
5.05	Total comprehensive income	0	0	0	-893,927	808,277	-85,650
5.05.01	Profit for the year	0	0	0	-893,927	0	-893,927
5.05.02	Other comprehensive income	0	0	0	0	808,277	808,277
5.05.02.04	Translation adjustments for the year	0	0	0	0	-467,937	-467,937
5.05.02.08	Actuarial gains on defined benefit pension plan, net of taxes	0	0	0	0	114	114
5.05.02.09	Available-for-sale assets, net of taxes	0	0	0	0	127,853	127,853
5.05.02.10	(Loss) / gain on the percentage change in investments	0	0	0	0	584	584
5.05.02.11	(Loss) / gain on hedge accounting, net of taxes	0	0	0	0	1,079,599	1,079,599
5.05.02.12	(Loss) / gain on net investment	0	0	0	0	68,064	68,064

	hedge, net of taxes					
5.07	Closing balance	4,540,000	302,104,804	-893,927	1,828,190	7,579,097

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**Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2015 to 06/30/2015  
(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings reserve	Retained earnings (accumulated losses)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4,540,000		30 1,131,298	0	25,140	5,696,468
5.03	Adjusted opening balances	4,540,000		30 1,131,298	0	25,140	5,696,468
5.04	Capital transactions with shareholders	0	0	-284,390	0	0	-284,390
5.04.04	Treasury Shares Acquired	0	0	-9,390	0	0	-9,390
5.04.06	Dividends	0	0	-275,000	0	0	-275,000
5.05	Total comprehensive income	0	0	0	-222,212	-14,035	-236,247
5.05.01	Profit for the year	0	0	0	-222,212	0	-222,212
5.05.02	Other comprehensive income	0	0	0	0	-14,035	-14,035
5.05.02.04	Translation adjustments for the year	0	0	0	0	168,956	168,956
5.05.02.08	Actuarial gains on defined benefit pension plan, net of taxes	0	0	0	0	134	134
5.05.02.09	Available-for-sale assets, net of taxes	0	0	0	0	45,252	45,252
5.05.02.10	(Loss) / gain on the percentage change in investments	0	0	0	0	-43	-43

5.05.02.11	(Loss) / gain on hedge accounting, net of taxes	0	0	0	0	-228,334	-228,334
5.07	Closing balance	4,540,000	30	846,908	-222,212	11,105	5,175,831



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

<b>Code</b>	<b>Description</b>	<b>Year To Date 01/01/2016 to 06/30/2016</b>	<b>YTD Prior Year 01/01/2015 to 06/30/2015</b>
7.01	Revenues	5,137,596	7,173,036
7.01.01	Sales of products and services	5,161,434	7,128,823
7.01.02	Other revenues	-14,507	62,125
7.01.04	Allowance for (reversal of) doubtful debts	-9,331	-17,912
7.02	Raw materials acquired from third parties	-4,128,170	-5,054,210
7.02.01	Cost of sales and services	-3,658,296	-3,996,450
7.02.02	Materials, electric power, outside services and other	-467,883	-954,824
7.02.03	Impairment/recovery of assets	-1,991	-5,085
7.02.04	Other	0	-97,851
7.02.04.01	Impairment of available-for-sale assets	0	-97,851
7.03	Gross value added	1,009,426	2,118,826
7.04	Retentions	-275,222	-424,556
7.04.01	Depreciation, amortization and depletion	-275,222	-424,556
7.05	Wealth created	734,204	1,694,270
7.06	Value added received as transfer	-1,065,919	2,126,557
7.06.01	Equity in income of affiliates	-833,736	1,117,477
7.06.02	Finance income	86,671	407,056
7.06.03	Other	-318,854	602,024
7.06.03.01	Other and exchange gains	-318,854	602,024
7.07	Wealth for distribution	-331,715	3,820,827
7.08	Wealth distributed	-331,715	3,820,827
7.08.01	Personnel	562,304	679,471
7.08.01.01	Salaries and wages	429,873	518,615
7.08.01.02	Benefits	99,496	127,447
7.08.01.03	Severance pay fund (FGTS)	32,935	33,409
7.08.02	Taxes, fees and contributions	340,260	-226,792
7.08.02.01	Federal	290,835	-293,008
7.08.02.02	State	49,425	62,039
7.08.02.03	Municipal	0	4,177
7.08.03	Remuneration on third-party capital	-340,352	3,590,360

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7.08.03.01	Interest	2,108,926	1,641,127
7.08.03.02	Leases	5,215	4,874
7.08.03.03	Other	-2,454,493	1,944,359
7.08.03.03.01	Other and exchange losses	-2,454,493	1,944,359
7.08.04	Remuneration on Shareholders capital	-893,927	-222,212
7.08.04.03	Retained earnings (accumulated losses)	-893,927	-222,212

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

Code	Description	Current Quarter 06/30/2016	Previous Year 12/31/2015
1	Total assets	44,329,737	48,649,974
1.01	Current assets	11,925,609	16,430,691
1.01.01	Cash and cash equivalents	5,249,156	7,861,052
1.01.02	Financial investments	212,810	763,599
1.01.02.02	Financial investments measured at amortized cost	212,810	763,599
1.01.03	Trade receivables	1,688,377	1,578,277
1.01.04	Inventories	3,834,048	4,941,314
1.01.08	Other current assets	941,218	1,286,449
1.02	Non-current assets	32,404,128	32,219,283
1.02.01	Long-term receivables	4,708,126	4,890,948
1.02.01.06	Deferred taxes	3,175,554	3,307,027
1.02.01.09	Other non-current assets	1,532,572	1,583,921
1.02.02	Investments	4,400,282	3,998,227
1.02.03	Property, plant and equipment	17,953,537	17,871,599
1.02.04	Intangible assets	5,342,183	5,458,509

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

Code	Description	Current Quarter 06/30/2016	Previous Year 12/31/2015
2	Total liabilities	44,329,737	48,649,974
2.01	Current liabilities	4,511,055	5,325,571
2.01.01	Payroll and related taxes	261,743	256,840
2.01.02	Trade payables	1,194,942	1,293,008
2.01.03	Taxes payable	727,095	700,763
2.01.04	Borrowings and financing	1,337,872	1,874,681
2.01.05	Other payables	865,285	1,073,017
2.01.06	Provisions	124,118	127,262
2.01.06.01	Provision for tax, social security, labor and civil risks	124,118	127,262
2.02	Non-current liabilities	31,149,356	34,588,740
2.02.01	Borrowings and financing	29,004,967	32,407,834
2.02.02	Other payables	137,032	131,284
2.02.03	Deferred taxes	478,257	494,851
2.02.04	Provisions	1,529,100	1,554,771
2.02.04.01	Provision for tax, social security, labor and civil risks	690,707	711,472
2.02.04.02	Other provisions	838,393	843,299
2.02.04.02.03	Provision for environmental liabilities and asset retirement obligations	324,025	328,931
2.02.04.02.04	Pension and healthcare plan	514,368	514,368
2.03	Consolidated Shareholders' equity	8,669,326	8,735,663
2.03.01	Issued capital	4,540,000	4,540,000
2.03.02	Capital reserves	30	30
2.03.04	Earnings reserves	2,104,804	2,104,804
2.03.04.01	Legal reserve	424,536	424,536
2.03.04.02	Statutory reserve	1,895,494	1,895,494
2.03.04.04	Earnings reserves to realize	23,750	23,750
2.03.04.09	Treasury shares	-238,976	-238,976
2.03.05	Profit/Losses	-893,927	0
2.03.08	Other comprehensive income	1,828,190	1,019,913
2.03.09	Non-controlling interests	1,090,229	1,070,916



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

Code	Description	Current	Year To	Same	YTD
		Quarter	Date	Quarter	Previous
		04/01/2016	01/01/2016	04/01/2015	01/01/2015
		to	to	to	to
		06/30/2016	06/30/2016	06/30/2015	06/30/2015
3.01	Net revenue from sales and/or services	4,349,346	8,193,149	3,687,140	7,697,392
3.02	Cost of sales and/or services	-3,426,907	-6,344,665	-2,847,095	-5,872,628
3.03	Gross profit	922,439	1,848,484	840,045	1,824,764
3.04	Operating expenses/income	-651,166	-1,343,279	-688,079	-913,813
3.04.01	Selling expenses	-394,183	-844,604	-311,344	-612,174
3.04.02	General and administrative expenses	-104,230	-264,341	-109,897	-219,742
3.04.04	Other operating income	11,746	34,018	12,562	18,524
3.04.05	Other operating expenses	-182,927	-331,759	-235,578	-455,077
3.04.06	Equity in income of affiliates	18,428	63,407	-43,822	354,656
3.05	Profit before finance income (costs) and taxes	271,273	505,205	151,966	910,951
3.06	Finance income (costs)	-204,483	-1,147,497	-771,695	-1,641,395
3.06.01	Finance income	140,729	383,883	43,477	99,613
3.06.02	Finance Expenses	-345,212	-1,531,380	-815,172	-1,741,008
3.06.02.01	Net exchange difference on financial instruments	487,675	169,435	-7,223	-72,466
3.06.02.02	Finance E	-832,887	-1,700,815	-807,949	-1,668,542
3.07	Profit (loss) before taxes on income	66,790	-642,292	-619,729	-730,444
3.08	Income tax and social contribution	-109,505	-231,715	5,136	507,653
3.09	Profit (loss) from continuing operations	-42,715	-874,007	-614,593	-222,791
3.11	Consolidated profit (loss) for the year	-42,715	-874,007	-614,593	-222,791
3.11.01	Attributed to controlling Shareholders	-57,237	-893,927	-614,268	-222,212
3.11.02	Attributed to non-controlling Shareholders	14,522	19,920	-325	-579
3.99	Earnings per share - (R\$/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	-0.04217	-0.65869	-0.45262	-0.16373



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

Code	Description	Current Quarter	Year to date	Same Quarter Previous Year	YTD Previous Year
		04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016	04/01/2015 to 06/30/2015	01/01/2015 to 06/30/2015
4.01	Consolidated profit for the year	-42,715	-874,007	-614,593	-222,791
4.02	Other comprehensive income	393,141	808,277	-377,048	-14,035
4.02.01	Actuarial gains on defined benefit plan from investments in subsidiaries	29	114	0	0
4.02.02	Actuarial gains (losses) on defined benefit pension plan	0	0	0	202
4.02.03	Income tax and social contribution on actuarial (losses) gains on defined benefit pension plan	0	0	9	-68
4.02.04	Cumulative translation adjustments for the year	-284,651	-467,937	-7,815	168,956
4.02.05	Available-for-sale assets	95,500	127,853	-677,690	-29,287
4.02.06	Income tax and social contribution on available-for-sale assets	0	0	195,552	9,957
4.02.07	Impairment of available-for-sale assets	0	0	89,434	97,851
4.02.08	Income tax and social contribution on impairment of available-for-sale assets	0	0	-30,407	-33,269
4.02.09	(Loss) / gain on the percentage change in investments	584	584	-43	-43
4.02.10	Gain (loss) on cash flow hedge accounting	538,461	1,072,884	81,685	-345,960
4.02.11	Income tax and social contribution on cash flow hedge accounting	-13,808	-13,808	-27,773	117,626
4.02.12	Realization of cash flow hedge accounting reclassified to	7,826	20,523	0	0



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	income statement				
4.02.13	Gain (Loss) on net investment hedge	49,200	68,064	0	0
4.03	Consolidated comprehensive income for the year	350,426	-65,730	-991,641	-236,826
4.03.01	Attributed to controlling Shareholders	335,904	-85,650	-991,316	-236,247
4.03.02	Attributed to non-controlling Shareholders	14,522	19,920	-325	-579

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

Code	Description	Year to Date	YTD Previous
		01/01/2016 to 06/30/2016	Year 01/01/2015 to 06/30/2015
6.01	Net cash generated by operating activities	-730,946	1,178,068
6.01.01	Cash generated from operations	-205,285	2,958,173
6.01.01.01	Profit (loss) for the year	-893,927	-222,212
6.01.01.02	Charges on borrowings and financing	19,920	-579
6.01.01.03	Charges on loans and financing granted	1,485,733	1,583,962
6.01.01.04	Depreciation, depletion and amortization	-26,838	-8,659
6.01.01.05	Equity in income (losses) of affiliates	637,392	561,655
6.01.01.06	Deferred income tax and social contribution	-63,407	-354,656
6.01.01.07	Provision for tax, social security, labor, civil and environmental risks	144,589	-599,697
6.01.01.08	Inflation adjustment and exchange differences, net	-23,909	183,442
6.01.01.09	Impairment of available-for-sale assets	-1,359,310	1,633,246
6.01.01.10	Residual value of permanent assets written off	362	2,658
6.01.01.11	Other provisions	0	97,851
6.01.01.16	Changes in assets and liabilities	26,988	4,553
6.01.01.17	Trade receivables - third parties	-146,214	0
6.01.01.20	Trade receivables - related parties	-6,664	76,609
6.01.02	Inventories	-525,661	-1,780,105
6.01.02.01	Receivables - related parties / Dividends	-112,548	-262,503
6.01.02.02	Recoverable taxes	-8,526	-29,283
6.01.02.03	Judicial deposits	1,107,265	-253,368
6.01.02.05	Dividends received - related parties	235,524	19,757
6.01.02.06	Trade payables	24,624	-23,068
6.01.02.08	Payroll and related taxes	-96,459	267,110
6.01.02.09	Taxes in installments - REFIS	4,580	-17,311
6.01.02.10	Payables to related parties	41,413	-128,492
6.01.02.12	Interest paid	4,212	13,657
6.01.02.14	Interest received	-1,583,668	-1,362,278
6.01.02.15	Other	0	651
6.01.02.17	Net cash used in investing activities	-142,078	-4,977
6.02	Investments / Advances for future capital increase	-1,177,389	185,918

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6.02.02	Purchase of property, plant and equipment	-190,435	0
6.02.03	Cash reduction of subsidiaries and joint ventures	-797,054	-900,637
6.02.07	Capital reduction in subsidiary and joint venture	0	466,758
6.02.09	Intercompany loans granted	-715,547	551,882
6.02.10	Intercompany loans received	-6	-201
6.02.11	Exclusive funds	0	-25,143
6.02.12	Financial Investments, net of redemption	0	58,385
6.02.13	Net cash used in financing activities	525,653	34,874
6.03	Borrowings and financing, net of transaction cost	-671,439	-2,199,780
6.03.01	Borrowings and financing - related parties	-26,950	599,071
6.03.03	Forfeiting capitalization / drawee Risk	78,240	386,143
6.03.04	Forfeiting amortization / drawee Risk	-257,631	-562,948
6.03.05	Amortization of principal on borrowings and financing	-307,395	-1,969,314
6.03.06	Amortization of principal on borrowings and financing - related parties	0	-52,839
6.03.07	Payments of dividends and interests on shareholder's equity	0	-549,832
6.03.08	Treasury shares	0	-9,390
6.03.09	Buyback of debt securities	-157,703	-40,671
6.04	Exchange differences on translating cash and cash equivalents	-32,122	-5,799
6.05	Increase (decrease) in cash and cash equivalents	-2,611,896	-841,593
6.05.01	Cash and equivalents at the beginning of the year	7,861,052	8,686,021
6.05.02	Cash and equivalents at the end of the year	5,249,156	7,844,428

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**Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2016 to 06/30/2016  
(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings reserve	Retained earnings (accumulated losses)	Other comprehensive income	Shareholders' equity	Non-con inter
5.01	Opening balances	4,540,000		302,104,804	0	1,019,913	7,664,747	1,
5.03	Adjusted opening balances	4,540,000		302,104,804	0	1,019,913	7,664,747	1,
5.05	Total comprehensive income	0	0	0	-893,927	808,277	-85,650	
5.05.01	Profit for the year	0	0	0	-893,927	0	-893,927	
5.05.02	Other comprehensive income	0	0	0	0	808,277	808,277	
5.05.02.04	Translation adjustments for the year	0	0	0	0	-467,937	-467,937	
5.05.02.08	Actuarial gains on defined benefit pension plan, net of taxes	0	0	0	0	114	114	
5.05.02.09	Available-for-sale assets, net of taxes	0	0	0	0	127,853	127,853	
5.05.02.10	(Loss) / gain on the percentage change in investments	0	0	0	0	584	584	
5.05.02.11	(Loss) / gain on hedge accounting, net of taxes	0	0	0	0	1,079,599	1,079,599	
5.05.02.12		0	0	0	0	68,064	68,064	

	(Loss) / gain on net investment hedge, net of taxes							
5.06	Internal changes in shareholders' equity	0	0	0	0	0	0	0
5.06.04	Non-controlling interests in subsidiaries	0	0	0	0	0	0	0
5.07	Closing balance	4,540,000	302,104,804	-893,927	1,828,190	7,579,097		1,

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**Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2015 to 06/30/2015  
(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings reserve	Retained earnings (accumulated losses)	Other comprehensive income	Shareholders' Non-con equity inter
5.01	Opening balances	4,540,000	301,131,298		0	25,140	5,696,468
5.03	Adjusted opening balances	4,540,000	301,131,298		0	25,140	5,696,468
5.04	Capital transactions with shareholders	0	0	-284,390	0	0	-284,390
5.04.04	Treasury shares acquired	0	0	-9,390	0	0	-9,390
5.04.06	Dividend Total	0	0	-275,000	0	0	-275,000
5.05	comprehensive income	0	0	0	-222,212	-14,035	-236,247
5.05.01	Profit for the period	0	0	0	-222,212	0	-222,212
5.05.02	Other comprehensive income	0	0	0	0	-14,035	-14,035
5.05.02.04	Translation adjustments for the period (Actuarial (losses) gains on	0	0	0	0	168,956	168,956
5.05.02.08	defined benefit pension plan, net of taxes	0	0	0	0	134	134
5.05.02.09	Available-for-sale assets, net of	0	0	0	0	45,252	45,252

5.05.02.10	taxes (Loss) / gain on the percentage change in investments	0	0	0	0	-43	-43
5.05.02.11	(Loss) gain on hedge accounting, net of taxes	0	0	0	0	-228,334	-228,334
5.06	Internal changes in shareholders' equity	0	0	0	0	0	0
5.06.04	Non-controlling interests in subsidiaries	0	0	0	0	0	0
5.07	Closing balances	4,540,000	30	846,908	-222,212	11,105	5,175,831

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

Code	Description	Year to Date	Previous Year
		1/1/2016 to 6/30/2016	01/01/2015 to 6/30/2015
7.01	Revenues	9,298,317	9,068,252
7.01.01	Sales of products and services	9,322,360	9,025,572
7.01.02	Other revenues	-14,552	62,929
7.01.04	Allowance for (reversal of) doubtful debts	-9,491	-20,249
7.02	Raw materials acquired from third parties	-6,694,416	-6,401,935
7.02.01	Cost of sales and services	-5,434,217	-5,019,457
7.02.02	Materials, electric power, outside services and other	-1,259,658	-1,278,681
7.02.03	Impairment/recovery of assets	-541	-5,946
7.02.04	Other	0	-97,851
7.02.04.01	Impairment of available-for-sale assets	0	-97,851
7.03	Gross value added	2,603,901	2,666,317
7.04	Retentions	-637,392	-561,655
7.04.01	Depreciation, amortization and depletion	-637,392	-561,655
7.05	Wealth created	1,966,509	2,104,662
7.06	Value added received as transfer	-748,600	5,022,318
7.06.01	Equity in income of affiliates	63,407	354,656
7.06.02	Finance income	383,883	99,613
7.06.03	Other	-1,195,890	4,568,049
7.06.03.01	Other and exchange gains	-1,195,890	4,568,049
7.07	Wealth for distribution	1,217,909	7,126,980
7.08	Wealth distributed	1,217,909	7,126,980
7.08.01	Personnel	1,024,077	958,691
7.08.01.01	Salaries and wages	818,711	752,281
7.08.01.02	Benefits	155,793	163,045
7.08.01.03	Severance pay fund (FGTS)	49,573	43,365
7.08.02	Taxes, fees and contributions	723,217	81,827
7.08.02.01	Federal	612,055	-64,711
7.08.02.02	State	101,022	136,130
7.08.02.03	Municipal	10,140	10,408
7.08.03	Remuneration on third-party capital	344,622	6,309,253



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7.08.03.01	Interest	1,701,183	1,314,562
7.08.03.02	Leases	10,041	7,373
7.08.03.03	Other	-1,366,602	4,987,318
7.08.03.03.01	Other and exchange losses	-1,366,602	4,987,318
7.08.04	Remuneration on Shareholders capital	-874,007	-222,791
7.08.04.03	Retained earnings (accumulated losses)	-893,927	-222,212
7.08.04.04	Non-controlling interests in retained earnings	19,920	-579

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**(Expressed in thousands of reais – R\$, unless  
otherwise stated)**

**1. DESCRIPTION OF BUSINESS**

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

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

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

• **Steel:**

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

• **Mining:**

The production of iron ore is developed in the city of Congonhas, State of Minas Gerais.

Iron ore is sold basically in the international market, especially in Europe and Asia. The prices charged in these markets are historically cyclical and subject to significant fluctuations over short periods of time, driven by several factors related to global demand, strategies adopted by the major steel producers, and the foreign exchange rate. All these factors are beyond the Company's control. The ore transportation is accomplished by Terminal de Carvão e Minérios do Porto de Itaguaí - TECAR, a solid bulk terminal, one of the four terminals that compose the Port of Itaguaí, located in Rio de Janeiro. Imports of coal and coke are held through this terminal and directed to the steel industry of CSN.

From November 30, 2015 the Company has transferred its mining assets, together with its logistical infrastructure, which includes the mine Casa de Pedra and the right to operate the terminal TECAR, to its subsidiary Congonhas Minérios S.A. In the new structure Congonhas Minérios S.A. has taken control over Nacional Minérios S.A. (NAMISA) through a business combination transaction.

The Company's mining activities also comprises tin exploitation, which is based in the State of Rondônia, this facility is engaged to supply the needs of UPV, with the excess of these raw materials being sold to subsidiaries and third parties.

• **Cement:**

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

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• **Logistics**

*Railroads:*

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

*Ports:*

In the State of Rio de Janeiro, by means of its subsidiaries Sepetiba Tecon S.A. and Congonhas Minérios S.A., the Company operates the Container Terminal (Tecon) and the solid bulk terminal (Tecar), respectively, both located at the Itaguaí Port. Established in the harbor of Sepetiba, the mentioned port has a privileged highway, railroad and maritime access.

Tecon is responsible for the shipments of CSN’s steel products, movement and storage of containers, consolidation and deconsolidation of cargo; The Tecar’s port terminal is engaged to the iron ore shipment overseas and to the landing of coal, petroleum, coke, sulfur and zinc concentrate for our own operation and for third parties.

• **Energy:**

Since the energy supply is fundamental in CSN's production process, the Company owns and operates facilities to generate electric power for guaranteeing its self-sufficiency.

The "note 24 - Segment Information" details the financial information per each of CSN's business segment.

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

### **2.a) Basis of preparation**

The consolidated condensed quarterly interim financial statements have been prepared and are being presented in accordance with the International Accounting Standards (IAS 34 – Interim Financial Reporting) issued by the International Accounting Standards Board (IASB), which correlate in Brazil is the CPC 21 (R1) (Interim Financial Statements and Consolidated Interim Financial Statements) issued by the CPC (Accounting Pronouncements Committee) and approved by CVM (Brazilian Securities Commission). All the relevant information required in the financial statements and only these information, are being highlighted and correspond to those used for the Company's management.

The significant accounting policies applied in these condensed interim financial statements are consistent with the policies described in Note 2 to the Company's financial statements for the year ended December 31, 2015, filed with the CVM.

These condensed interim financial statements do not include all requirements of annual or full financial statements and, accordingly, should be read together with the Company's financial statements for the year ended December 31, 2015.

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

Note 02 - Summary of significant accounting policies

Note 03 – Business Combination

Note 09 – Investments

Note 27 - Employee benefits

Note 29 - Commitments

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The consolidated and parent company interim financial statements were approved by the Board of Directors on August 15, 2016.

## **2.b) Basis of presentation**

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

Transactions in foreign currencies are translated into the functional currency using the exchange rates in effect at the dates of the transactions or valuation on which items are remeasured. The asset and liability balances are translated at the exchange rate in effect at the end of the reporting period. As of June 30, 2016, US\$1 is equivalent to R\$3.2098 (R\$3.9048 as of December 31, 2015), €1 is equivalent to R\$3.5414 (R\$4.2504 as of December 31, 2015).

## **2.c) Basis of consolidation**

The accounting practices were treated uniformly in all the consolidated companies. The consolidated condensed interim financial statements for the period ended June 30, 2016 and the year ended December 31, 2015 include the following direct and indirect subsidiaries and jointly controlled entities, as well as the exclusive funds as described below:





• **Companies**

Companies	Equity interests (%)	
	06/30/2016	12/31/2015 Core business
<b>Direct interest in subsidiaries: full consolidation</b>		
CSN Islands VII Corp.	100.00	100.00 Financial transactions
CSN Islands IX Corp.	100.00	100.00 Financial transactions
CSN Islands XI Corp.	100.00	100.00 Financial transactions
CSN Islands XII Corp.	100.00	100.00 Financial transactions
CSN Minerals S.L.U.	100.00	100.00 Equity interests
CSN Export Europe, S.L.U.	100.00	100.00 Financial transactions
CSN Metals S.L.U.	100.00	100.00 Equity interests and F
CSN Americas S.L.U.	100.00	100.00 Equity interests and F
CSN Steel S.L.U.	100.00	100.00 Equity interests and F
TdBB S.A (*)	100.00	100.00 Equity interests
Sepetiba Tecon S.A.	99.99	99.99 Port services
Minérios Nacional S.A. (1)	99.99	99.99 Mining and Equity inter
Companhia Florestal do Brasil	99.99	99.99 Reforestation
Estanho de Rondônia S.A.	99.99	99.99 Tin Mining
Cia Metalic Nordeste	99.99	99.99 Manufacture of conta
Companhia Metalúrgica Prada	99.99	99.99 Manufacture of conta
CSN Gestão de Recursos Financeiros Ltda. (*)	99.99	99.99 Management of funds
Congonhas Minérios S.A.	87.52	87.52 Mining and Equity inter
CSN Energia S.A.	99.99	99.99 Sale of electric power
FTL - Ferrovia Transnordestina Logística S.A.	89.79	89.79 Railroad logistics
Nordeste Logística S.A.	99.99	99.99 Port services
<b>Indirect interest in subsidiaries: full consolidation</b>		
Companhia Siderúrgica Nacional LLC	100.00	100.00 Steel
CSN Europe Lda.	100.00	100.00 Financial transactions
CSN Ibéria Lda.	100.00	100.00 Financial transactions
Lusosider Projectos Siderúrgicos S.A.	99.94	99.94 Equity interests and p
Lusosider Aços Planos, S. A.	99.99	99.99 Steel and Equity inter
CSN Acquisitions, Ltd. (2)		100.00 Financial transactions
CSN Resources S.A.	100.00	100.00 Financial transactions
CSN Holdings (UK) Ltd (2)		100.00 Financial transactions
CSN Handel GmbH (3)	-	87.52 Financial transactions
Companhia Brasileira de Latas	100.00	100.00 Sale of cans and com

Companhia de Embalagens Metálicas MMSA	99.67	99.67 Production and sale of
Companhia de Embalagens Metálicas - MTM	99.67	99.67 Production and sale of
CSN Steel Holdings 1, S.L.U.	100.00	100.00 Financial transactions
CSN Productos Siderúrgicos S.L.	100.00	100.00 Financial transactions
Stalwerk Thüringen GmbH	100.00	100.00 Production and sale of
CSN Steel Sections UK Limited (*)	100.00	100.00 Sale of long steel
CSN Steel Sections Polska Sp.Z.o.o	100.00	100.00 Financial transactions
CSN Asia Limited	100.00	100.00 Commercial represen
Namisa International Minérios SLU	87.52	87.52 Financial transactions
Namisa Europe, Unipessoal Lda.	87.52	87.52 Equity interests, prod
CSN Mining GmbH (4)	87.52	87.52 Financial transactions
Namisa Asia Limited	87.52	87.52 Commercial represen

**Direct interest in joint operations: proportionate consolidation**

Itá Energética S.A.	48.75	48.75 Electric power genera
CGPAR - Construção Pesada S.A.	50.00	50.00 Mining support servic
Consórcio da Usina Hidrelétrica de Igarapava	17.92	17.92 Electric power consor

**Direct interest in joint ventures: equity method**

MRS Logística S.A.	18.64	18.64 Railroad transportatio
Aceros Del Orinoco S.A.	31.82	31.82 Dormant company
CBSI - Companhia Brasileira de Serviços de Infraestrutura	50.00	50.00 Equity interests and p
Transnordestina Logística S.A.	51.81	56.92 Railroad logistics

**Indirect interest in joint ventures: equity method**

MRS Logística S.A.	16.30	16.30 Railroad transportatio
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**Direct interest in associates: equity method**

Arvedi Metalfer do Brasil S.A.	20.00	20.00 Metallurgy and Equity
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(\*) They are Dormant Companies therefore they do not appear in the note 9.a, where is disclosed business information under the equity method.

(1) New corporate name of Mineração Nacional, amended in March 2016;

(2) Company liquidated in January 2016;

(3) Company incorporated by CSN Mining GmbH (subsidiary with indirect interest) on January 2016;

(4) New corporate name of Namisa Handel GmbH, amended in February 2016;

- **Exclusive funds**

<b>Exclusive funds</b>	<b>Equity interests (%)</b>		<b>Core business</b>
	<b>06/30/2016</b>	<b>12/31/2015</b>	
<b>Direct interest: full consolidation</b>			
Diplic II - Private credit balanced mutual fund	100.00		Investment fund
Caixa Vértice - Private credit balanced mutual fund	100.00	100.00	Investment fund
VR1 - Private credit balanced mutual fund	100.00	100.00	Investment fund
Diplic - Private credit balanced mutual fund (1)		100.00	Investment fund
BB Steel - Private credit balanced mutual fund (1)		100.00	Investment fund

(1) Multimarket investment fund fully redeemed.

## 2.d) Restatement of accounting balances

- **Forfaiting**

Trough out the financial year 2015 the Company purchased raw materials from its suppliers located abroad through a foreign trade operation called Forfaiting, in which the financial institution makes the payment in cash to exporter by the net values of the securities (discount rate and other possible expenses already deducted), allowing the Company to finance imported goods by an yearly interest rate from 1.25% to 3.28%, maturing in 12 months.

- **Drawee risk**

During the financial year 2015 the Company carried out transactions denominated drawee risk, the transaction occurs when the financial institution engaged by the Company anticipates to suppliers the debt securities, so then subsequently receives from the Company on the maturity date those anticipated values

The Company reclassified the balances of forfeiting transactions and drawee risk with commercial suppliers originally presented in cash flow on June 2015, as follows:

## a) Statements of cash flows at June 30, 2015

	<b>Published</b>		<b>Consolidated</b>
	<b>Balances</b>	<b>Reclassifications</b>	<b>06/30/2015</b>
			<b>Restated Cash flows</b>
<b>Cash generated by operating activities</b>			
Profit for the year attributable to the controlling shareholders	(222,212)		(222,212)
Trade payables	86,589	180,521	267,110
Paid Interests	(1,358,562)	(3,716)	(1,362,278)
Others	2,495,448		2,495,448
<b>Net cash generated by operating activities</b>	<b>1,001,263</b>	<b>176,805</b>	<b>1,178,060</b>
<b>Cash used in investing activities</b>	<b>185,918</b>		<b>185,918</b>
<b>Cash generated by financing activities</b>			
Forfaiting funding / drawee risk		386,143	386,143
Forfaiting amortization / drawee risk		(562,948)	(562,948)
Others	(2,022,975)		(2,022,975)
<b>Net cash used in financing activities</b>	<b>(2,022,975)</b>	<b>(176,805)</b>	<b>(2,199,788)</b>
<b>Exchange rate changes on cash and cash equivalents</b>	<b>(5,799)</b>		<b>(5,799)</b>
<b>Increase in cash and cash equivalents</b>	<b>(841,593)</b>		<b>(841,593)</b>

	<b>Published</b>		<b>Parent</b>
	<b>balances</b>	<b>Reclassifications</b>	<b>Restated</b>
<b>Cash generated by operating activities</b>			
Profit for the year attributable to the controlling shareholders	(222,212)		(222,212)
Trade payables	96,574	180,521	277,095
Paid Interests	(1,201,511)	(3,716)	(1,205,227)
Others	1,481,277		1,481,277
<b>Net cash generated by operating activities</b>	<b>154,128</b>	<b>176,805</b>	<b>330,935</b>
<b>Cash used in investing activities</b>	<b>(51,015)</b>		<b>(51,015)</b>

**Cash generated by financing activities**

Forfaiting funding / drawee risk		386,143
Forfaiting amortization / drawee risk		(562,948)
Others	(1,007,594)	
<b>Net cash used in financing activities</b>	<b>(1,007,594)</b>	<b>(176,805)</b>

**Exchange rate changes on cash and cash equivalents**

<b>Increase in cash and cash equivalents</b>	<b>(904,481)</b>	
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**b) Statement of income and statement of comprehensive income at June 30, 2015**

The Company has not restated the others statements of June 30, 2015 since the changes in those tables were not material.

**3. CASH AND CASH EQUIVALENTS**

	<b>06/30/2016</b>	<b>Consolidated 12/31/2015</b>	<b>06/30/2016</b>	<b>Parent Company 12/31/2015</b>
<b>Current</b>				
<b>Cash and cash equivalents</b>				
<b>Cash and banks</b>	<b>678,446</b>	<b>434,014</b>	<b>34,050</b>	<b>37,003</b>
<b>Short-term investments</b>				
<b>In Brazil:</b>				
Government securities	370,365	165,520	368,807	164,311
Private securities	1,926,191	945,420	1,729,034	570,284
	<b>2,296,556</b>	<b>1,110,940</b>	<b>2,097,841</b>	<b>734,595</b>
<b>Abroad:</b>				
<i>Time deposits</i>	2,274,154	6,316,098	464,669	1,113,601
<b>Total short-term investments</b>	<b>4,570,710</b>	<b>7,427,038</b>	<b>2,562,510</b>	<b>1,848,196</b>
<b>Cash and cash equivalents</b>	<b>5,249,156</b>	<b>7,861,052</b>	<b>2,596,560</b>	<b>1,885,199</b>

The funds available in the Group and parent company set up in Brazil are basically invested in investment funds, classified as exclusive and its financial statements were consolidated within CSN the financial statements, consolidated and parent company. The funds include repurchase agreements backed by private and public securities, with pre-fixed income, with immediate liquidity.

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

A significant part of the funds of the Company and its foreign subsidiaries is invested in time deposits in banks considered by the administration as top rated banks and the returns are based on fixed interest rates.

#### **4. SHORT-TERM INVESTMENTS**

Financial investments that guarantee letters of credit issued by Banco do Brazil; those credits have been applied in the acquisition of the northeast and the south cement plants. The carrying amount of these investments on June 30, 2016 is R\$212,810.

The Company used to have investments in public and private securities managed by its exclusive funds that had been qualified as guarantees for the forward dollar contracts traded at BM&F Bovespa, the details are disclosed in note 12 (b). The mentioned derivative operations were fully settled in April 2016 and the respective financial investments used as guarantees were reclassified to cash and cash equivalents. The carrying amounts of these financial investments on December 31, 2015 totaled to 763,599.



**5. TRADE RECEIVABLES**

	<b>06/30/2016</b>	<b>Consolidated 12/31/2015</b>	<b>06/30/2016</b>	<b>Parent Company 12/31/2015</b>
<b>Trade receivables</b>				
<b>Third parties</b>				
Domestic market	922,521	772,617	540,766	425,108
Foreign market	784,429	818,562	143,782	250,588
	<b>1,706,950</b>	<b>1,591,179</b>	<b>684,548</b>	<b>675,696</b>
Allowance for doubtful debts	(167,066)	(151,733)	(121,833)	(112,502)
	<b>1,539,884</b>	<b>1,439,446</b>	<b>562,715</b>	<b>563,194</b>
Related parties (Note 17 b)	82,602	61,366	933,505	1,140,172
	<b>1,622,486</b>	<b>1,500,812</b>	<b>1,496,220</b>	<b>1,703,366</b>
<b>Other receivables</b>				
Dividends receivable (Note 17 b) (*)	26,902	27,817	730,062	737,668
Advances to employees	31,676	40,190	19,066	24,465
Other receivables	7,313	9,458	101	2,024
	<b>65,891</b>	<b>77,465</b>	<b>749,229</b>	<b>764,157</b>
	<b>1,688,377</b>	<b>1,578,277</b>	<b>2,245,449</b>	<b>2,467,523</b>

(\*) Refers mainly to dividends receivable from Congonhas Minérios S.A. totaling R\$694,080 to be paid on November 30, 2016.

In accordance with Group' internal sales policy the Group performs operations relating to assignment of receivables without co-obligation in which, after assigning the customer's trade notes/bills and receiving the amounts from each transaction closed, CSN settles the trade receivables and becomes entirely free of the credit risk on the transaction. This transaction totals R\$280,506 as of June 30, 2016 (R\$232,275 as of December 31, 2015), less the trade receivables.

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>
Current	1,263,653	1,049,033	406,039	423,801
Past-due up to 180 days	268,173	353,443	163,173	118,488
Past-due over 180 days	175,124	188,703	115,336	133,407
	<b>1,706,950</b>	<b>1,591,179</b>	<b>684,548</b>	<b>675,696</b>

The movements in the Group's allowance for doubtful debts are as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>
<b>Opening balance</b>	<b>(151,733)</b>	<b>(127,223)</b>	<b>(112,502)</b>	<b>(93,536)</b>
Estimated losses	(51,578)	(35,631)	(47,266)	(26,288)
Recovery of receivables	36,245	11,121	37,935	4,504
Incorporation of CSN Cimentos and assets				2,818
Spin-off to Congonhas				
<b>Closing balance</b>	<b>(167,066)</b>	<b>(151,733)</b>	<b>(121,833)</b>	<b>(112,502)</b>

**6. INVENTORIES**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>
Finished goods	1,073,932	1,912,868	704,856	1,078,554
Work in progress	744,122	1,007,630	524,164	746,614
Raw materials	850,563	1,062,557	525,637	563,119
Storeroom supplies	947,575	962,078	506,825	489,816
Iron ore	309,313	95,461	8,741	6,912
Advances to suppliers	7,626	12,147	4,231	6,191
Provision for losses	(99,083)	(111,427)	(40,874)	(40,462)
	<b>3,834,048</b>	<b>4,941,314</b>	<b>2,233,580</b>	<b>2,850,744</b>

The movements in the provision for inventory losses are as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>
<b>Opening balance</b>	<b>(111,427)</b>	<b>(112,581)</b>	<b>(40,462)</b>	<b>(88,056)</b>
Reversal / (losses) for slow-moving and obsolescence(note22)	12,344	1,154	(412)	15,835
Drop down of assets to Congonhas				31,759
<b>Closing balance</b>	<b>(99,083)</b>	<b>(111,427)</b>	<b>(40,874)</b>	<b>(40,462)</b>

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

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

	<b>Consolidated</b>				<b>Cur</b>
	<b>Current</b>		<b>Non-current</b>		
	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>
Judicial deposits (note 15)			346,495	328,542	
Credits with the PGFN (1)			45,185	87,761	
Recoverable taxes (2)	813,021	996,679	394,060	445,926	562,131

Prepaid expenses	81,390	119,456	22,089	28,119	40,339
Actuarial asset - related party (note 17 b)			99,580	114,433	
Derivative financial instruments (note 12 I)		118,592			
Exclusive funds					
Securities held for trading (note 12 I)	12,882	10,778			12,752
Iron ore inventory (3)			144,499	144,499	
Northeast Investment Fund – FINOR			10,888	10,888	
Other receivables (note 12 I)			13,311	6,877	
Loans with related parties (note 17 b)			400,053	373,214	
Other receivables from related parties (note 17 b)	9,209	9,420	32,770	29,020	54,737
Others	24,716	31,524	23,642	14,642	
	<b>941,218</b>	<b>1,286,449</b>	<b>1,532,572</b>	<b>1,583,921</b>	<b>669,959</b>

(1) Refers to the excess of judicial deposit originated by the 2009 REFIS (Tax Debt Refinancing Program). After the settlement of the tax debt refinancing program, the amount related to one of the lawsuits was fully redeemed through a judicial authorization.

(2) Refers mainly to taxes on revenue (PIS/COFINS) and State VAT (ICMS) recoverable and income tax and social contribution for offset.

(3) Long-term iron ore inventories that will be used after the construction of the processing plant, which will produce pellet feed, expected to start operating in the second half of 2017.

## 8. INVESTMENTS

The information related to the description of activities of subsidiaries, jointly controlled entities, associates and other investments did not have changes in relation to that disclosed in the Company's financial statements as of December 31, 2015 and, accordingly, the Company decided not to repeat it in the condensed interim financial statements as of June 30, 2016.

- **Reduce of financial leverage**

With the primary goal of reducing financial leverage, the Company's Management is focused on a plan of disposal of assets; however, it is not possible to confirm that the sale is highly probable to occur within a period of 12 months for any of the considered assets. The Company considers several sales scenarios that vary according to different macroeconomic and operating assumptions. In this context, the Company did not segregate and not reclassified these assets in the financial statements as discontinued operations in accordance with the CPC 31 (IFRS 5).

- **Transnordestina**

The joint venture Transnordestina is in pre-operational phase and will continue as such until the completion of railway number II (Malha II), Approved construction - schedule established the completion of the construction by January 2017. The said schedule is currently under review and being discussed with the government authorities, however, the Company's management believes that any delay in completion of the project will not cause a substantial negative impact on the expected return on the investment. After analyzing this matter, Company's management has concluded for proper of use the accounting basis of operational continuity (going concern) in the preparation of the quarterly financial information as well as to the operational continuity of the project.

**8.a) Direct equity interests in subsidiaries, joint ventures, joint operations, associates and other investments**

Companies	Number of shares held by CSN in units Common Preferred		% Direct equity interest	Participation in			06/30/2016	% Direct equity interes
				Assets	Liabilities	Shareholders' equity	Profit / (loss) for the period	
<b>Investments under the equity method</b>								
<b>Subsidiaries</b>								
CSN Islands VII Corp.	20,001,000		100.00	6,310,398	6,345,212	(34,814)	(74,813)	100.0
CSN Islands IX Corp.	3,000,000		100.00	948	3	945	(1,384)	100.0
CSN Islands X Corp. (*)								
CSN Islands XI Corp.	50,000		100.00	2,517,658	2,466,501	51,157	29,165	100.0
CSN Islands XII Corp.	1,540		100.00	2,262,421	3,214,171	(951,750)	143,336	100.0
CSN Minerals S.L.U.	3,500		100.00	3,926,850	11,106	3,915,744	(835,350)	100.0
CSN Export Europe, S.L.U.	3,500		100.00	713,717	93,522	620,195	(201,146)	100.0
CSN Metals S.L.U.	16,504,020		100.00	625,744	24,672	601,072	(189,903)	100.0
CSN Americas S.L.U.	3,500		100.00	1,627,041	163,935	1,463,106	(234,309)	100.0
CSN Steel S.L.U.	22,042,688		100.00	2,606,050	1,581,876	1,024,174	333,219	100.0
Septiba Tecon S.A.	254,015,052		99.99	397,287	130,303	266,984	9,927	99.9
Mineração Nacional S.A.	65,020,211		99.99	498,972	165,602	333,370	(7,460)	99.9
Estanho de Rondônia S.A.	108,655,326		99.99	32,769	17,473	15,296	(6,995)	99.9
Cia Metalic Nordeste	92,459,582		99.99	163,360	33,087	130,273	198	99.9
	313,651,399		99.99	758,767	578,528	180,239	(32,694)	99.9

Companhia Metalúrgica Prada CSN Cimentos S.A. (**)									
Congonhas Minérios S.A.	158,419,480		87.52	12,270,781	4,884,453	7,386,328	136,178	87.5	
CSN Energia S.A.	43,149		99.99	72,774	13,684	59,090	12,879	99.9	
FTL - Ferrovia Transnordestina Logística S.A.	353,190,644		89.79	522,854	192,006	330,848	904	89.7	
Companhia Florestal do Brasil	35,454,849		99.99	34,878	3,600	31,278	(964)	99.9	
Nordeste Logística	99,999		99.99	100	55	45	(55)	99.9	
				<b>35,343,369</b>	<b>19,919,789</b>	<b>15,423,580</b>	<b>(919,267)</b>		
<b>Joint-venture e Joint-operation</b>									
Nacional Minérios S.A. (**)									
Itá Energética S.A.	253,606,846		48.75	286,475	33,732	252,743	4,639	48.7	
MRS Logística S.A.	26,611,282	2,673,312	18.64	1,478,595	875,810	602,785	46,531	18.6	
CBSI - Companhia Brasileira de Serviços de Infraestrutura	1,876,146		50.00	12,893	11,914	979	1,417	50.0	
CGPAR - Construção Pesada S.A.	50,000		50.00	42,636	30,944	11,692	3,091	50.0	
Transnordestina Logística S.A.	22,761,085	1,397,545	51.81	3,965,311	2,704,425	1,260,886	(10,742)	56.9	
Fair Value allocated to TLSA due to control loss						659,105			
				<b>5,785,910</b>	<b>3,656,825</b>	<b>2,788,190</b>	<b>44,936</b>		
<b>Associates</b>									
Arvedi Metalfer do Brasil	27,239,971		20.00	52,862	49,436	3,426	(44)	20.0	
				<b>52,862</b>	<b>49,436</b>	<b>3,426</b>	<b>(44)</b>		
<b>Classified as available-for-sale</b>									
Usiminas						769,488			
Panatlântica						20,474			
						<b>789,962</b>			
<b>Other investments</b>									

Profits on subsidiaries' inventories	(37,001)	45,041
Others	63,539	(4,402)
	<b>26,538</b>	<b>40,639</b>
<b>Total investments</b>	<b>19,031,696</b>	<b>(833,736)</b>

**Classification of investments in the balance sheet**

Investments in assets	20,018,260
Investments with negative equity	(986,564)
	<b>19,031,696</b>

(\*) Company extinguished in 2015;

(\*\*) Company incorporated in 2015;

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



### 8.b) Changes of investments balances in subsidiaries, joint ventures, joint operations, associates and other investments

	Consolidated			Parent Co
	06/30/2016	12/31/2015	06/30/2016	12/31/2015
<b>Opening balance of investments</b>	<b>3,998,227</b>	<b>13,665,453</b>	<b>23,323,565</b>	<b>24,100,000</b>
<b>Opening balance of loss provisions</b>			<b>(1,095,086)</b>	<b>(1,095,086)</b>
Investment balance of Namisa 11.30.15		(10,160,981)		
Capital increase/acquisition of shares	190,435	3,575	201,263	4,000,000
Acquisition of Congonhas Minérios shares - 4,16%				2,700,000
Capital reduction		(466,758)		(500,000)
Dividends (1)	194	(54,464)	(2,291,507)	(3,900,000)
Comprehensive income (2)	128,558	(967,447)	(271,322)	(400,000)
Comprehensive income - Business Combination				1,900,000
Equity pickup (3)	84,344	1,192,034	(833,736)	5,900,000
Incorporation of subsidiary - CSN Cimentos				(1,000,000)
Drop down of MRS assets to Congonhas		786,800		(6,100,000)
Transfer of assets - Casa de Pedra e Tecar				1,000,000
Others	(1,476)	15	(1,481)	
<b>Closing balance of investments</b>	<b>4,400,282</b>	<b>3,998,227</b>	<b>20,018,260</b>	<b>23,300,000</b>
<b>Balance of provision for investments with negative equity</b>			<b>(986,564)</b>	<b>(1,095,086)</b>
<b>Total</b>	<b>4,400,282</b>	<b>3,998,227</b>	<b>19,031,696</b>	<b>22,204,914</b>

(1) In 2016 refers to the allocation of dividends from subsidiaries CSN Energia, Itá Energética, CGPAR Construção Pesada, CSN Minerals, CSN Export, CSN Steel, CSN Metals and CSN Americas.

(2) Refers to the mark-to-market of investments classified as available for sale and translation to the reporting currency of the foreign investments (the functional currency of which is not the Brazilian Reais), actuarial gain/loss and gain/loss on net investment hedge from investments measured by equity method.

(3) The table below shows the reconciliation of the equity in results of affiliated companies included on investment balance with the amount disclosed in the income statement and it is due to the elimination of the results of the CSN's transactions with these companies

	06/30/2016	Consolidated 06/30/2015
<b>Equity in results of affiliated companies</b>		
Nacional Minérios S.A.		347,498
MRS Logística S.A.	93,038	38,734
CBSI - Companhia Brasileira de Serviços de Infraestrutura	1,417	(2,263)
Transnordestina	(10,742)	(14,490)
Arvedi Metalfer do Brasil	(44)	(1,329)
Others	675	
	<b>84,344</b>	<b>368,150</b>
<b>Eliminations</b>		
To cost of sales	(23,414)	(18,258)
To net revenues		(2,188)
To taxes	7,961	6,952
<b>Others</b>	(5,484)	
<b>Equity in results</b>	<b>63,407</b>	<b>354,656</b>

**8.c) Joint ventures and joint operations financial information**

The balances of the balance sheets and income statements of joint venture and joint operation are presented as follows and refer to 100% of the companies' profit/loss:

	06/30/2016							
	Equity interest (%)	<i>Joint-Venture</i>			<i>Joint-Operation</i>			
	MRS Logística 34.94%	CBSI 50.00%	Transnordestina Logística 51.81%	Itá Energética 48.75%	CGPAR 50.00%	MRS Logística 34.94%	CBSI 50.00%	
<b>Balance sheet</b>								
<b>Current assets</b>								
Cash and cash equivalents	578,179	1,500	30,793	7,769	7,784	671,475	3,3	
Advances to suppliers	10,178	958	35,992	79	60	6,854	2	
Other current assets	540,078	19,224	87,680	17,130	38,264	657,000	22,7	
<b>Total current assets</b>	<b>1,128,435</b>	<b>21,682</b>	<b>154,465</b>	<b>24,978</b>	<b>46,108</b>	<b>1,335,329</b>	<b>26,3</b>	
<b>Non-current assets</b>								
Advances to suppliers								
Other non-current assets	675,618	275	260,863	45,261	17,486	533,897	1	
Investments, PP&E and intangible assets	6,128,579	3,829	7,237,600	517,402	21,677	6,191,459	4,6	
<b>Total non-current assets</b>	<b>6,804,197</b>	<b>4,104</b>	<b>7,498,463</b>	<b>562,663</b>	<b>39,163</b>	<b>6,725,356</b>	<b>4,8</b>	

<b>Total Assets</b>	<b>7,932,632</b>	<b>25,786</b>	<b>7,652,928</b>	<b>587,641</b>	<b>85,271</b>	<b>8,060,685</b>	<b>31,1</b>
<b>Current liabilities</b>							
Borrowings and financing	770,913		48,237		9,063	844,296	
Other current liabilities	772,484	23,008	190,123	66,911	44,302	893,883	28,7
<b>Total current liabilities</b>	<b>1,543,397</b>	<b>23,008</b>	<b>238,360</b>	<b>66,911</b>	<b>53,365</b>	<b>1,738,179</b>	<b>28,7</b>
<b>Non-current liabilities</b>							
Borrowings and financing	2,576,007		4,841,095		8,522	2,772,462	
Other non-current liabilities	579,298	820	140,002	2,283		564,407	1,3
<b>Total non-current liabilities</b>	<b>3,155,305</b>	<b>820</b>	<b>4,981,097</b>	<b>2,283</b>	<b>8,522</b>	<b>3,336,869</b>	<b>1,3</b>
<b>Shareholders' equity</b>	<b>3,233,930</b>	<b>1,958</b>	<b>2,433,471</b>	<b>518,447</b>	<b>23,384</b>	<b>2,985,637</b>	<b>1,0</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,932,632</b>	<b>25,786</b>	<b>7,652,928</b>	<b>587,641</b>	<b>85,271</b>	<b>8,060,685</b>	<b>31,1</b>

**01/01/2016 a 06/30/2016**  
**Joint-Operation**

<b>Equity interest (%)</b>	<b>MRS Logística 34.94%</b>	<b>CBSI 50.00%</b>	<b>Joint-Venture Transnordestina Logística 51.81%</b>	<b>Itá Energética 48.75%</b>	<b>CGPAR 50.00%</b>	<b>MRS Logística 27.27%</b>	<b>CE 50.00%</b>
<b>Statements of Income</b>							
Net revenue	1,581,554	61,199		85,757	65,570	1,470,683	76,6
Cost of sales and services	(1,061,738)	(52,815)		(45,887)	(47,683)	(1,016,883)	(75,5)
Gross profit	519,816	8,384		39,870	17,887	453,800	1,0
Operating (expenses) income	(3,613)	(4,385)	(11,011)	(25,964)	(7,615)	(110,658)	(5,0)
Finance income (costs), net	(129,168)	(891)	(8,586)	494	(412)	(125,965)	(5)
Income before income tax and social contribution	387,035	3,108	(19,597)	14,400	9,860	217,177	(4,5)
Current and deferred income tax	(137,397)	(274)		(4,884)	(3,679)	(74,503)	

and social  
contribution  
**Profit / (loss)**  
**for the period**

249,638

2,834

(19,597)

9,516

6,181

142,674

(4,5

## 9. PROPERTY, PLANT AND EQUIPMENT

The information related to property, plant and equipment has not changed significantly compared to the disclosed in the Company's financial statements on December 31, 2015.

	Land	Buildings and Infrastructure	Machinery. equipment and facilities	Furniture and fixtures	Construction in progress	Other (*)
<b>Balance at December 31, 2015</b>	<b>264,289</b>	<b>2,696,126</b>	<b>11,109,272</b>	<b>38,986</b>	<b>3,199,386</b>	<b>563,540</b>
Cost	264,289	3,436,458	18,638,117	183,086	3,199,386	811,535
Accumulated depreciation		(740,332)	(7,528,845)	(144,100)		(247,995)
<b>Balance at December 31, 2015</b>	<b>264,289</b>	<b>2,696,126</b>	<b>11,109,272</b>	<b>38,986</b>	<b>3,199,386</b>	<b>563,540</b>
Effect of foreign exchange differences	(11,663)	(34,354)	(137,336)	(800)	(7,800)	(3,149)
Acquisitions	4	100	44,574	392	735,885	23,537
Capitalized interest (notes 23 and 27)					110,875	
Write-offs (note 22)		(34)	(6,997)	(6)	(74)	(6,786)
Depreciation		(57,218)	(535,721)	(2,965)		(13,568)
Transfers to other asset categories		80,110	454,292	61	(532,114)	(2,349)
Transfers to intangible assets					(14,353)	
Others			(542)		(63)	
<b>Balance at June 30, 2016</b>	<b>252,630</b>	<b>2,684,730</b>	<b>10,927,542</b>	<b>35,668</b>	<b>3,491,742</b>	<b>561,225</b>
Cost	252,630	3,458,982	18,814,607	178,690	3,491,742	816,853
Accumulated depreciation		(774,252)	(7,887,065)	(143,022)		(255,628)
<b>Balance at June 30, 2016</b>	<b>252,630</b>	<b>2,684,730</b>	<b>10,927,542</b>	<b>35,668</b>	<b>3,491,742</b>	<b>561,225</b>

	Land	Buildings and Infrastructure	Machinery. equipment and facilities	Furniture and fixtures	Construction in progress	Other (*)
<b>Balance at December 31, 2015</b>	<b>83,350</b>	<b>869,071</b>	<b>6,103,720</b>	<b>17,679</b>	<b>1,723,327</b>	<b>69,201</b>
Cost	83,350	1,025,848	10,677,122	118,301	1,723,327	159,914
Accumulated depreciation		(156,777)	(4,573,402)	(100,622)		(90,713)

<b>Balance at December 31, 2015</b>	<b>83,350</b>	<b>869,071</b>	<b>6,103,720</b>	<b>17,679</b>	<b>1,723,327</b>	<b>69,201</b>
Acquisitions			25,182	165	565,284	17,634
Capitalized interest (notes 23 and 27)					62,942	
Write-offs (note 22)		(34)	(7)	(3)		(7,594)
Depreciation		(12,348)	(255,604)	(1,463)		(3,100)
Transfers to other asset categories		49,193	185,288		(234,481)	
Transfers to intangible assets					(12,544)	
Others			(24)		566	(2)
<b>Balance at June 30, 2016</b>	<b>83,350</b>	<b>905,882</b>	<b>6,058,555</b>	<b>16,378</b>	<b>2,105,094</b>	<b>76,139</b>
Cost	83,350	1,075,172	10,887,384	118,056	2,105,094	176,116
Accumulated depreciation		(169,290)	(4,828,829)	(101,678)		(99,977)
<b>Balance at June 30, 2016</b>	<b>83,350</b>	<b>905,882</b>	<b>6,058,555</b>	<b>16,378</b>	<b>2,105,094</b>	<b>76,139</b>

(\* ) Refer basically to railway assets such as courtyards, tracks and leasehold improvements, vehicles, hardware, mines, ore deposits, and spare part inventories.

The breakdown of the projects that make up the work in progress is as follows:

	Project description	Start date	Completion date	Consolidated	
				06/30/2016	12/31/2015
<b>Logistics</b>	Current investments for maintenance of current operations.			55,213	35,457
				<b>55,213</b>	<b>35,457</b>
<b>Mining</b>	Expansion of Casa de Pedra Mine capacity production.	2007	2016/2017 (1)	738,528	709,945
	Expansion of TECAR export capacity.	2009	2020 (2)	238,453	390,920
	Current investments for maintenance of current operations.			318,350	302,764
				<b>1,295,331</b>	<b>1,403,629</b>
<b>Steel</b>	Equipment supply for use in the steel operation.	2008	2016	93,493	105,697
	Expansion of the service center/Mogi.	2013	2015/2016 (3)	77	14,950
	Current investments for maintenance of current operations.		(4)	496,232	375,579
				<b>589,802</b>	<b>496,226</b>
<b>Cement</b>	Construction of cement plants.	2011	2016 (5)	1,541,785	1,254,897
	Current investments for maintenance of current operations.			9,611	9,177
				<b>1,551,396</b>	<b>1,264,074</b>
<b>Construction in progress</b>				<b>3,491,742</b>	<b>3,199,386</b>

(1) Estimated completion date of the Central Plant Step 1;

(2) Estimated completion date of phase 60 Mtpa;

(3) Estimated completion date of Mogi Service Center;



(4) Refers substantially to the reforming of batteries for coke ovens;

(5) Estimated completion date of the unit Arcos / Minas Gerais. The estimated useful lives are as follows:

The estimated useful lives are as follows:

	<b>06/30/2016</b>	<b>Consolidated 12/31/2015</b>	<b>06/30/2016</b>	<b>Parent Company 12/31/2015</b>
<b><i>In Years</i></b>				
Buildings	43	43	43	43
Machinery, equipment and facilities	18	18	18	18
Furniture and fixtures	11	11	11	11
Others	14	14	11	11

**9.a) Depreciation, amortization and depletion expenses:**

Additions to depreciation, amortization and depletion for the period were distributed as follows:

	<b>Six months ended</b>		<b>Consolidated</b>	
			<b>Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
Production costs	602,414	531,909	298,503	273,033
Sales expenses	4,527	4,630	2,253	2,330
General and Administrative Expenses	7,147	6,639	3,496	3,317
	<b>614,088</b>	<b>543,178</b>	<b>304,252</b>	<b>278,680</b>
Other operating expenses (*)	23,304	18,477	11,196	9,473
	<b>637,392</b>	<b>561,655</b>	<b>315,448</b>	<b>288,153</b>

	<b>Six months ended</b>		<b>Parent Company</b>	
			<b>Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
Production costs	267,168	416,685	135,700	214,273
Sales expenses	3,608	3,658	1,798	1,880
General and Administrative Expenses	4,446	4,213	2,199	2,074
	<b>275,222</b>	<b>424,556</b>	<b>139,697</b>	<b>218,227</b>
Other operating expenses (*)				
	<b>275,222</b>	<b>424,556</b>	<b>139,697</b>	<b>218,227</b>

(\*) Refers to the depreciation of unused equipment and to the amortization of intangible assets, see note 22.

**10. INTANGIBLE ASSETS**

The information related to intangible assets did not have relevant changes in relation to that disclosed in the Company's financial statements as of December 31, 2015 and, accordingly, the Company decided not to repeat it in the condensed interim financial statements as of June 30, 2016.

							Consolidated
	Goodwill	Customer relationships	Software	Trademarks and patents	Rights and Licenses (*)	Others	Total
<b>Balance at December 31, 2015</b>	<b>4,098,465</b>	<b>413,387</b>	<b>75,236</b>	<b>143,636</b>	<b>727,390</b>	<b>395</b>	<b>5,458,009</b>
Cost	4,357,799	549,413	173,154	143,636	727,390	395	5,951,787
Accumulated amortization	(150,004)	(136,026)	(97,918)				(383,948)
Adjustment for accumulated recoverable value	(109,330)						(109,330)
<b>Balance at December 31, 2015</b>	<b>4,098,465</b>	<b>413,387</b>	<b>75,236</b>	<b>143,636</b>	<b>727,390</b>	<b>395</b>	<b>5,458,009</b>
Effect of foreign exchange differences		(65,524)	(125)	(23,959)		(66)	(89,614)
Acquisitions and expenditures			6				6
Transfer of property. Plant and equipment			14,353				14,353
Write-offs (note 22)	(13,091)						(13,091)
Amortization		(22,066)	(5,854)				(27,920)
<b>Balance at June 30, 2016</b>	<b>4,085,374</b>	<b>325,797</b>	<b>83,616</b>	<b>119,677</b>	<b>727,390</b>	<b>329</b>	<b>5,342,079</b>
Cost	4,459,370	458,022	179,464	119,677	727,390	329	5,944,252
Accumulated amortization	(264,666)	(132,225)	(95,848)				(492,739)
Adjustment for accumulated recoverable value	(109,330)						(109,330)
<b>Balance at June 30, 2016</b>	<b>4,085,374</b>	<b>325,797</b>	<b>83,616</b>	<b>119,677</b>	<b>727,390</b>	<b>329</b>	<b>5,342,079</b>

(\*) Composed mainly by mineral rights with estimated resources of 1,101 million tons. Corresponding amortization is recorded based on production volumes.

The estimated useful lives for the current year are as follows:

		<b>Consolidated</b>			<b>Parent Company</b>	
	<b>06/30/2016</b>	<b>12/31/2015</b>		<b>06/30/2016</b>	<b>12/31/2015</b>	
Software	5	5		5	5	
Customer relationships	13	13				

## 11. BORROWINGS, FINANCING AND DEBENTURES

As of June 30, 2016 the balances of borrowings, financing and debentures, which are carried at amortized cost, are as follows:

	<b>Rates p.a. (%)</b>	<b>Current liabilities</b>		<b>Non-current liabilities</b>		<b>Current liabilities</b>	
		<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>
<b>FOREIGN CURRENCY</b>							
Prepayment (*)	1% to 3.5%	109,231	207,657	528,547	2,633,137	109,231	
Prepayment (*)	3.51% to 8%	369,012	286,487	4,289,363	3,429,716	439,384	
Perpetual bonds	7%	4,369	5,315	3,209,800	3,904,800		
Fixed rate notes (*)	4.14% to 10%	135,052	175,768	5,445,737	6,910,992	26,634	
Intercompany bonds	Libor 6M to 3%					1,051,237	1,051,237
<i>Forfeiting</i> (**)	Libor + Spread	151,079	288,772			151,079	
Others	1.2% to 8%	98,528	115,594	270,368	425,635		
		<b>867,271</b>	<b>1,079,593</b>	<b>13,743,815</b>	<b>17,304,280</b>	<b>1,777,565</b>	<b>2,102,474</b>
<b>LOCAL CURRENCY</b>							
BNDES/FINAME	1.3% + TJLP 2.5% and fixed 6% + 1.5%	66,393	55,435	1,021,819	1,018,189	39,581	
Debentures	110.8% to 113.7% CDI	156,760	60,670	1,653,333	1,750,000	156,760	
Prepayment (*)	109.5 % to 116.5% CDI and fixed rate of 8%	194,418	522,418	5,460,000	5,200,000	143,347	
CCB	112.5% and 113% CDI	91,390	92,976	7,200,000	7,200,000	91,390	

Drawee risk (**)		84,063				
Others		6,229		12,107		
	<b>508,961</b>	<b>821,791</b>	<b>15,335,152</b>	<b>15,180,296</b>	<b>431,078</b>	
<b>Total borrowings and financing</b>	<b>1,376,232</b>	<b>1,901,384</b>	<b>29,078,967</b>	<b>32,484,576</b>	<b>2,208,643</b>	<b>2,</b>
Transaction costs and issue premiums	(38,360)	(26,703)	(74,000)	(76,742)	(33,716)	(
<b>Total borrowings and financing + transaction costs</b>	<b>1,337,872</b>	<b>1,874,681</b>	<b>29,004,967</b>	<b>32,407,834</b>	<b>2,174,927</b>	<b>2,</b>

(\*) The balances of Pre-export loans, Fixed Rate Notes and Intercompany Bonds from related parties of the parent company totals R\$11,043,554 on June 30, 2016 (R\$13,416,687 on December 31, 2015), see note 17b.

(\*\*) The balances of forfaiting and drawee risk operations totals R\$ 151,079 on June 30, 2016 (R\$372,835 on December 31, 2015).

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

As of June 30, 2016, the breakdown of principal plus interest of long-term liabilities as borrowings, financing and debentures by maturity date is presented as follows:

		<b>Consolidated</b>		<b>Parent Company</b>
2017	1,111,025	4%	2,668,109	10%
2018	5,602,570	19%	4,774,316	17%
2019	6,896,445	24%	5,271,913	19%
2020	7,408,444	25%	4,621,687	17%
2021	2,208,657	8%	2,788,330	10%
After 2021	2,642,026	9%	7,847,121	27%
Perpetual bonds	3,209,800	11%		
	<b>29,078,967</b>	<b>100%</b>	<b>27,971,476</b>	<b>100%</b>

• **Amortization and new borrowings, financing and debentures**

The table below presents the capitalizations and amortizations during the year:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>
<b>Opening balance</b>	<b>34,282,515</b>	<b>30,354,058</b>	<b>33,988,090</b>	<b>29,560,826</b>
Funding transactions	7,437	978,206	40,239	2,694,533
Forfeiting funding / Drawee Risk	78,240	924,706	78,240	924,706
Repayment	(611,239)	(2,850,077)	(224,668)	(1,542,921)
Charges – payments	(257,631)	(1,146,306)	(257,631)	(1,146,306)
Forfeiting payments	(1,582,124)	(2,957,762)	(1,323,355)	(2,656,208)
Forfeiting charges	(1,544)	(7,064)	(1,544)	(7,064)
Provision of charges	1,593,578	3,052,164	1,317,017	2,996,662
Provision charges Forfeiting / Drawee Risk	3,030	2,032	3,030	2,032
Other (1)	(3,169,423)	5,932,558	(3,541,057)	3,161,830
<b>Closing balance</b>	<b>30,342,839</b>	<b>34,282,515</b>	<b>30,078,361</b>	<b>33,988,090</b>

(1) Includes interests and unrealized foreign exchange variances.

In 2016, the Group capitalized and amortized loans as shown below:

• **Capitalization**

<b>Transaction</b>	<b>Financial institution</b>	<b>Date</b>	<b>Amount</b>	<b>Consolidated Maturity</b>
Financing	Kreissparkasse Saalfeld-Rudolstadt	June/16	7,437	January 2018
<b>Total</b>			<b>7,437</b>	

• **Amortization**

<b>Transaction</b>	<b>Payment of principal</b>	<b>Consolidated Debt charges</b>
Fixed Rate Notes	105,178	388,450
Debentures		130,306
Bank Credit Bill		539,078
Export Credit Note	65,000	403,811
Pre - Export Payment	116,935	103,112
BNDES/FINAME	16,326	16,589
Pre - Debt Payment	303,844	
Others	3,956	778
<b>Total</b>	<b>611,239</b>	<b>1,582,124</b>

## 12. FINANCIAL INSTRUMENTS

The information related to financial instruments did not have significant changes compared to what was disclosed in Company's financial statements as of December 31, 2015 and, accordingly, the Company decided not to repeat it fully in the condensed interim financial statements as of June 30, 2016.

### I - Identification and measurement of financial instruments

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

#### • Classification of financial instruments

Consolidated	Notes	Available for sale	Fair value through profit or loss	Loans and receivables - effective interest rate	Other liabilities - amortized cost method	06/30/2016	
						Balances	Available for sale
<b>Assets</b>							
<b>Current</b>							
Cash and cash equivalents	3			5,249,156		5,249,156	
Short-term investments - margin deposit	4			212,810		212,810	
Trade receivables	5			1,622,486		1,622,486	
Derivative financial instruments	7						
Trading securities	7		12,882			12,882	
<b>Total</b>			<b>12,882</b>	<b>7,084,452</b>		<b>7,097,334</b>	



<b>Non-current</b>					
Other trade receivables	7		13,311	13,311	
Investments	8	789,962		789,962	471,
Loans - related parties	7		400,053	400,053	
<b>Total</b>		<b>789,962</b>	<b>413,364</b>	<b>1,203,326</b>	<b>471,</b>
<b>Total assets</b>		<b>789,962</b>	<b>12,882</b>	<b>7,497,816</b>	<b>8,300,660</b>
<b>Liabilities</b>					
<b>Current</b>					
Borrowings and financing	11		1,376,232	1,376,232	
Derivative financial instruments	13				
Trade payables			1,194,942	1,194,942	
Dividends and interest on capital	13		464,982	464,982	
<b>Total</b>			<b>3,036,156</b>	<b>3,036,156</b>	
<b>Non-current</b>					
Borrowings and financing	11		29,078,967	29,078,967	
<b>Total</b>			<b>29,078,967</b>	<b>29,078,967</b>	
<b>Total liabilities</b>			<b>32,115,123</b>	<b>32,115,123</b>	

- **Fair value measurement**

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

<b>Consolidated</b>	<b>Level 1</b>	<b>06/30/2016 Balances</b>	<b>Level 1</b>	<b>Level 2</b>	<b>12/31/2015 Balances</b>
<b>Assets</b>					
<b>Current</b>					
<b>Financial assets at fair value through profit or loss</b>					
Derivative financial instruments				118,592	118,592
Trading securities	12,882	12,882	10,778		10,778
<b>Non-current</b>					
<b>Available-for-sale financial assets</b>					
Investments	789,962	789,962	471,674		471,674
<b>Total assets</b>	<b>802,844</b>	<b>802,844</b>	<b>482,452</b>	<b>118,592</b>	<b>601,044</b>
<b>Liabilities</b>					
<b>Current</b>					
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial instruments				26,257	26,257
<b>Total liabilities</b>				<b>26,257</b>	<b>26,257</b>

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

The Company has investments in common (USIM3) and preferred (USIM5) shares of Usiminas (“Usiminas Shares”), designated as available-for-sale financial assets. The Company adopts this designation because the nature of the investment is not comprised in any other categories of financial instruments (loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss). The asset is classified as a non-current asset in line item “investments” and is carried at fair value based on the quoted price on the stock exchange (BM&FBOVESPA). According to the Company's policy, the gains and losses arising from changes in the price of shares are recorded directly in equity, as other comprehensive income.

During March 2016, the Usiminas' Board of Directors authorized a capital increase amounting to R\$64,882, through the issuance of up to 50,689,310 preferred shares. On April 22, 2016 CSN fully exercised its right of subscription, paying R\$11,603 by 9,064,856 preferred shares. The capital increase has been approved by the Usiminas' Board of Directors on June 03, 2016.

The Usiminas' Board of Directors authorized in April 2016 an increase in its share capital in the amount of R\$1,000,000, through the issuance of 200,000,000 common shares. Over again, on May 20, 2016 CSN fully exercised its right of subscription, paying R\$178,832 by 35,766,351 preferred shares. The capital increase has been approved by the Usiminas' Board of Directors on July 19, 2016.

As of June 30, 2016, there was no impairment recorded and the gain from the change in share price in the period was recorded in other comprehensive income (the impairment recorded as of 30 June, 2015 amounted to R\$ 89,433):

Class of shares	06/30/2016			12/31/2015			Variation in the carrying amount
	Quantity	Share price	Closing Balance	Quantity	Share price	Closing Balance	
Common (*)	107,156,651	5.08	544,356	71,390,300	4.02	286,989	257,367
Preferred	114,280,556	1.97	225,133	105,215,700	1.55	163,084	62,049
	<b>221,437,207</b>		<b>769,489</b>			<b>450,073</b>	<b>319,416</b>

(\*) The quantity and carrying amount of the common shares already reflect the approval of the capital increase on July 19, 2016.

As of June 30, 2016, the Company's shareholding equity in USIMINAS was 14.13% in the common shares and 20.86% in the preferred shares. Since July 19, 2016, upon approval of the capital increase in common shares, the Company's shareholding equity in USIMINAS is 15.19% of the common shares and 20.86% are preferred shares.

As of June 30, 2016 the carrying amounts recorded in other comprehensive income for investments available for sale is R\$127,780 (R\$ (73) as of December 31, 2015).

### **III - Financial risk management**

As of June 30, 2016, there were no changes in the financial risk management policies in relation to those disclosed in the Company's financial statements for the year ended December 31, 2015.

**12.a) Foreign exchange and interest rate risks****• Exchange rate risk**

The exchange rate risk arises from the existence of assets and liabilities generated in US dollars or Euros is called natural currency exposure. Net exposure is the result of offsetting the natural currency exposure by hedging instruments adopted by CSN.

The consolidated net exposure as of June 30, 2016 is as follows:

<b>Foreign Exchange Exposure</b>	<b>(Amounts in US\$'000)</b>	<b>06/30/2016 (Amounts in €'000)</b>
Cash and cash equivalents overseas	802,027	56,126
Trade receivables	306,844	9,423
Other assets	9,740	15,840
<b>Total assets</b>	<b>1,118,611</b>	<b>81,389</b>
Borrowings and financing	(4,437,097)	(97,581)
Trade payables	(5,988)	(8,840)
Other liabilities	(7,216)	(81,329)
<b>Total liabilities</b>	<b>(4,450,301)</b>	<b>(187,750)</b>
<b>Foreing exchange exposure</b>	<b>(3,331,690)</b>	<b>(106,361)</b>
Cash flow hedge accounting	1,541,000	
Net Investment hedge accounting		96,000
<b>Net foreign exchange exposure</b>	<b>(1,790,690)</b>	<b>(10,361)</b>
Bonds Perpetual	1,000,000	
<b>Net currency exposure of the Perpetual Notes</b>	<b>(790,690)</b>	<b>(10,361)</b>

During the second quarter of 2016 CSN initiated a process of reviewing its foreign exchange hedging strategy that resulted in the liquidation of the future dollar derivatives portfolio. Consequently, the net

foreign exchange exposure on our consolidated balance sheet as of June 30, 2016 was US\$1,790,690 thousand, as shown in the table above. It is important to mention that included in the net foreign exchange exposure there is a liability of US\$ 1 billion, classified as loans and financing, related to perpetual bonds; which will not require a disbursement to settle its principal in the foreseeable future considering the corresponding nature. The company began to focus its hedging strategy to preserve its cash flow and is analyzing the replacement of the exposure generated by the settlement of derivatives with new designations of hedge accounting, capturing existing natural relations, and may also utilize other derivative instruments with the objective of protecting future cash flows.

- **Interest rate risk**

Risk arises from short and long term liabilities with fixed or post fixed interest rates and inflation rates.

12.b) CSN uses several instruments for protection of foreign currency risk and interest rate risk, as shown in the following topics:

• Portfolio of derivative financial instruments

Counterparties	Functional Currency	Notional amount	Appreciation (R\$)		06/30/2016	Appreciation (R\$)		
			Asset position	Liability position	Fair value (market) Amounts receivable / (payable)	Notional amount	Asset position	Liability position
BM&FBovespa	Dollar					1,435,000	110,075	
<b>Total forward dollar</b>						<b>1,435,000</b>	<b>110,075</b>	
BBVA	Dollar					39,450	154,017	(147,674)
BNPP	Dollar					18,700	73,007	(71,703)
<b>Total dollar-to-euro swap</b>						<b>58,150</b>	<b>227,024</b>	<b>(219,377)</b>
Itaú BBA	Real					150,000	189,760	(200,680)
HSBC	Real					185,000	233,125	(247,710)
Deutsche Bank	Real					10,000	12,579	(13,331)
<b>Total Fixed rate-to-CDI interest rate swap</b>						<b>345,000</b>	<b>435,464</b>	<b>(461,721)</b>
Itaú BBA	Real					30,000	33,396	(33,232)
HSBC	Real					120,000	133,508	(132,802)
<b>Total interest rate- to-CDI swap</b>						<b>150,000</b>	<b>166,904</b>	<b>(166,034)</b>
							<b>939,467</b>	<b>(847,132)</b>

• Classification of the derivatives in the balance sheet and statement of income

Instruments	Assets		Liabilities		06/30/2016
	Current	Total	Current	Total	Finance income and expenses, net (Note 23)
<i>Future Dollar BM&amp;F</i>					(800,621)
<i>Dollar - to- euro swap</i>					(6,898)
<i>Fixed rate- to- CDI swap (*)</i>					(299)
<i>CDI -to- fixed rate swap (*)</i>					(63)
					<b>(807,881)</b>
Instruments	Assets		Liabilities		06/30/2015
	Current	Total	Current	Total	Finance income and expenses, net (Note 23)
<i>Dollar - to-CDI swap</i>					(18)
<i>Dollar- to- real NDF</i>					316,805
<i>Future Dollar BM&amp;F</i>	110,075	110,075			
<i>Dollar- to- euro NDF</i>					39,668
<i>Dollar - to- euro swap</i>	7,647	7,647			(2,884)
<i>Fixed rate- to- CDI swap</i>			26,257	26,257	(3,596)
<i>CDI -to- fixed rate swap</i>	870	870			938
	<b>118,592</b>	<b>118,592</b>	<b>26,257</b>	<b>26,257</b>	<b>350,913</b>

(\*) The positions of swap and future dollar transactions were settled in February, March and April 2016.

### Hedge accounting – cash flow

Beginning November 1, 2014, the Company formally designated cash flow hedging relationships to protect highly probable future cash flows against US dollar fluctuations.

In order to better reflect the accounting impacts of this foreign exchange hedging strategy on its profit, CSN designated part of its US dollar-denominated liabilities as a hedging instrument of its future exports. As a result, foreign exchange differences arising on translating the designated liabilities shall be temporarily recognized in shareholders' equity and allocated to profit or loss when such exports are carried out, which will allow recognizing the US dollar impact on liabilities and exports concurrently.





The table below shows a summary of the hedging relationships as of June 30, 2016:

Designation Date	Hedging Instrument	Hedged item	Type of hedged risk	Hedged period	Exchange rate on designation	Designated amounts (US\$'000)	Amortized part (USD'000)	Impact on finance income (cost) (*)
3/11/2014	Export prepayments in US\$ to third parties	Part of the highly probable future monthly iron ore exports	Foreign exchange - R\$ vs. US\$ spot rate	October 2016-September 2019	2.4442	500,000		
1/12/2014	Export prepayments in US\$ to third parties	Part of the highly probable future monthly iron ore exports	Foreign exchange - R\$ vs. US\$ spot rate	October 2015-February 2019	2.5601	175,000	(25,000)	20,523
12/18/2014	Export prepayments in US\$ to third parties	Part of the highly probable future monthly iron ore exports	Foreign exchange - R\$ vs. US\$ spot rate	May 2020	2.6781	100,000		
07/21/2015	Export prepayments	Part of the	Foreign exchange	July 2019 to March	3.1813	60,000		

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	in US\$ to third parties	highly probable future monthly iron ore exports Part of the	- R\$ vs. US\$ spot rate	2021		
07/23/2015	Export prepayments in US\$ to third parties	highly probable future monthly iron ore exports Part of the	Foreign exchange - R\$ vs. US\$ spot rate	July 2019 to March 2021	3.2850	100,000
07/23/2015	Export prepayments in US\$ to third parties	highly probable future monthly iron ore exports Part of the	Foreign exchange - R\$ vs. US\$ spot rate	October 2018 to October 2022	3.285	30,000
07/24/2015	Export prepayments in US\$ to third parties	highly probable future monthly iron ore exports Part of the	Foreign exchange - R\$ vs. US\$ spot rate	October 2018 to October 2022	3.3254	100,000
07/27/2015	Export prepayments in US\$ to third parties	highly probable future monthly iron ore exports Part of the	Foreign exchange - R\$ vs. US\$ spot rate	October 2018 to October 2022	3.3557	25,000
07/27/2015	Export prepayments in US\$ to third parties	highly probable future monthly iron ore exports Part of the	Foreign exchange - R\$ vs. US\$ spot rate	October 2018 to October 2022	3.3557	70,000
07/27/2015	Export prepayments in US\$ to third parties	Part of the highly probable future	Foreign exchange - R\$ vs. US\$ spot rate	October 2018 to October 2022	3.3557	30,000

07/28/2015	Export prepayments in US\$ to third parties	monthly iron ore exports Part of the highly probable future monthly iron ore exports	Foreign exchange - R\$ vs. US\$ spot rate	October 2018 to October 2022	3.3815	30,000		
1/8/2015	Export prepayments in US\$ to third parties	monthly iron ore exports Part of the highly probable future monthly iron ore exports	Foreign exchange - R\$ vs. US\$ spot rate	(1)	3.3940	(9,000)		
3/8/2015	Export prepayments in US\$ to third parties	monthly iron ore exports Part of the highly probable future monthly iron ore exports	Foreign exchange - R\$ vs. US\$ spot rate	October 2018 to October 2022	3.3940	355,000		
<b>Total</b>						<b>1,566,000</b>	<b>(25,000)</b>	<b>20,523</b>

(\*) The effect on the financial result was recorded in net foreign exchange rates.

(1) During the designation on August 2015, we reviewed the future export projections and identified that the amount of US\$ 9 million designated previously were not highly probable due to Platt's quotation reduction. Therefore, the hedge relationship was discontinued from August 2015. The exchange rate of the effective period remains recorded in Stockholders' Equity until the time of debt settlement.

In the hedging relationships described above, the amounts of the debt instruments were fully designated for equivalent iron ore export portions.

The movements in the hedge accounting amounts recognized in shareholders' equity as of June 30, 2016 are as follows:

	12/31/2015	Movement	Realiza
Cash flow hedge accounting	1,520,090	(1,072,884)	(20,5
Income tax and social contribution on cash flow hedge accounting	(516,831)	364,781	6,
Not recorded Income tax and social contribution on cash flow hedge accounting	357,951	(357,951)	
<b>Cash flow hedge accounting</b>	<b>1,361,210</b>	<b>(1,066,054)</b>	<b>(13,5</b>

As of June 30, 2016 the hedging relationships established by the Company were effective, according to the prospective tests conducted. Thus, no reversal for hedge accounting ineffectiveness was recognized.

• **Net investment hedge in foreign subsidiaries**

CSN has foreign exchange exposure in Euros arising from a loan made by a foreign subsidiary with functional currency in Reais, for the acquisition of investments abroad whose functional currency is Euro. Such exposure arises from converting the balance sheets of these subsidiaries for consolidation in CSN, and the exchange rate of the loans affected the income statement in the financial result item and the exchange variation of the net assets of the foreign operation directly affected the equity in other comprehensive income.

As from September 1<sup>st</sup>, 2015 CSN began to adopt hedge of net investment to eliminate exposure in order to cover future fluctuations of the Euro on such loans. Non-derivative financial liabilities have been designated represented by loan agreements with financial institutions in the amount of € 120 million. The carrying amounts on June 30, 2016 are:

<b>Designation Date</b>	<b>Hedging Instrument</b>	<b>Hedged item</b>	<b>Type of hedged risk</b>	<b>Exchange rate on designation</b>	<b>Designated amounts (EUR'000)</b>	<b>06/30/2016 Impact on shareholders' equity</b>
9/1/2015	Non-derivative financial liabilities in EUR – Debt contract	Investments in subsidiaries which EUR is the functional currency	Foreign exchange - R\$ vs. EUR spot rate	4.0825	120,000	47,916
01/31/2016	Non-derivative financial liabilities in EUR – Debt contract	Investments in subsidiaries which EUR is the functional currency	Foreign exchange - R\$ vs. EUR spot rate	(1)	(24,000)	
<b>Total</b>					<b>96,000</b>	<b>47,916</b>

(1) In January 2016 it was settled the portion of debt designated as a hedge instrument.

The changes in the amounts related to net investment hedge as of June 30, 2016 are presented below:

	<b>12/31/2015</b>	<b>Movement</b>	<b>Realization</b>	<b>06/30/2016</b>
Net Investment hedge accounting	20,148	(68,064)		(47,916)
<b>Fair value of net investment hedge in foreign operations</b>	<b>20,148</b>	<b>(68,064)</b>		<b>(47,916)</b>

On June 30, 2016 hedge relationships established by the Company found to be effective, according to prospective tests. Therefore, no reversal by ineffectiveness of the hedge was recorded.

### 12.c) Sensitivity analysis

We present below the sensitivity analysis for currency risk and interest rate.

#### • Sensitivity analysis of Derivative Financial Instruments and consolidated Foreign Exchange Exposure

The Company considered scenarios 1 and 2 as 25% and 50% of deterioration for volatility of the currency, using as reference the closing exchange rate as of June 30, 2016.

The currencies used in the sensitivity analysis and its scenarios are shown below:

Currency	Exchange rate	Probable scenario	Scenario 1	06/30/2016	
				Scenario 2	
USD	3.2098	3.2733	4.0123		4.8147
EUR	3.5414	3.6569	4.4268		5.3121

The effects on income statement, considering both scenarios are shown below:

Instruments	Notional	Risk	Probable scenario (*)	06/30/2016	
				Scenario 1	Scenario 2
Hedge accounting of exports	1,541,000	Dollar	97,854	1,236,575	2,473,151
Currency position (not including exchange derivatives above)	(3,331,690)	Dollar	(211,562)	(2,673,515)	(5,347,029)
<b>Consolidated exchange position</b> (including exchange derivatives above)	<b>(1,790,690)</b>	<b>Dollar</b>	<b>(113,708)</b>	<b>(1,436,940)</b>	<b>(2,873,878)</b>
Net Investment hedge accounting	96,000	Euro	11,088	84,992	169,985
Currency position	(106,361)	Euro	(12,285)	(94,166)	(188,332)
<b>Consolidated exchange position</b> (including exchange derivatives above)	<b>(10,361)</b>	<b>Euro</b>	<b>(1,197)</b>	<b>(9,174)</b>	<b>(18,347)</b>

(\*) The likely scenarios were calculated considering the following changes to the risks: Real x Dollar - Real depreciation of 1.98% / Real x Euro – Real depreciation of 3.26%. Source: Banco Central do Brasil on August 03, 2016.



- **Sensitivity analysis of changes in interest rates**

The Company considered the scenarios 1, and 2 as 25% and 50% of evolution for volatility of the interest as of June 30, 2016.

<b>Changes in interest rates</b>	<b>% p.a</b>	<b>Probable scenario (*)</b>	<b>Impact on profit or loss</b>	
			<b>Scenario 1</b>	<b>Scenario 2</b>
TJLP	7.50	(8,751)	(20,075)	(40,150)
Libor	0.92	(44,920)	(12,132)	(24,264)
CDI	14.13	(308,575)	(435,241)	(870,482)

(\*) The sensitivity analysis is based on the assumption of maintaining as probable scenario the market values at June 30, 2016 recorded in the Company's assets and liabilities.

**12.d) Liquidity risk**

The following table shows the contractual maturities of financial liabilities, including accrued interest.

					<b>Consolidated</b>
<b>At June 30,2016</b>	<b>Less than one year</b>	<b>From one to two years</b>	<b>From two to five years</b>	<b>Over five years</b>	<b>Total</b>
Borrowings, financing and debentures	1,376,232	6,713,595	16,513,546	5,851,826	30,455,199
Trade payables	1,194,942				1,194,942
Dividends and interest on capital	464,982				464,982

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

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

	<b>Closing Balance</b>	<b>06/30/2016 Fair value</b>	<b>Closing Balance</b>	<b>12/31/2015 Fair value</b>
Perpetual bonds	3,214,169	1,280,700	3,910,115	1,330,685
Fixed Rate Notes	5,580,789	3,410,094	7,086,760	3,915,310

**13. OTHER PAYABLES**

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

	Current		Non-cu
	06/30/2016	12/31/2015	06/30/2016
Payables to related parties (note 17 b)	7,270	6,798	
Derivative financial instruments (note 12 I)		26,257	
Exclusive funds (1)			
Dividends and interest on capital payable to non-controlling shareholders	464,982	464,982	
Advances from customers	51,049	49,505	
Taxes in installments	26,600	24,237	84,702
Profit sharing - employees	89,565	171,695	
Provision for freight	26,811	105,104	
Provision industrial restructuring	100,244	122,854	
Taxes payable			21,498
Other provisions	35,795	30,784	
Other payables	62,969	70,801	30,832
	<b>865,285</b>	<b>1,073,017</b>	<b>137,032</b>

(1) Refers to derivative transactions managed by exclusive funds.

(2) Dividends payable by the subsidiary Congonhas with settlement scheduled for November 30, 2016.

**14. INCOME TAX AND SOCIAL CONTRIBUTION****14.a) Income tax and social contribution recognized in profit or loss:**

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

	<b>Six months ended</b>		<b>Consolidated Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
<b>Income tax and social contribution income (expense)</b>				
Current	(87,126)	(92,044)	(34,597)	121,915
Deferred	(144,589)	599,697	(74,908)	(116,779)
	<b>(231,715)</b>	<b>507,653</b>	<b>(109,505)</b>	<b>5,136</b>

	<b>Six months ended</b>		<b>Parent Company Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
<b>Income tax and social contribution income (expense)</b>				
Current	(51)	(6,040)		150,725
Deferred	(110,123)	642,283	(80,792)	(52,263)
	<b>(110,174)</b>	<b>636,243</b>	<b>(80,792)</b>	<b>98,462</b>

The reconciliation of consolidated income tax and social contribution expenses and income and the result from applying the effective rate to profit before income tax and social contribution are as follows:

	<b>Six months ended</b>		<b>Consolidated Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
<b>Loss before income tax and social contribution</b>	<b>(642,292)</b>	<b>(730,444)</b>	<b>66,790</b>	<b>(619,444)</b>

Tax rate	34%	34%	34%	
<b>Income tax and social contribution at combined statutory rate</b>	<b>218,379</b>	<b>248,351</b>	<b>(22,709)</b>	<b>21</b>
<b>Adjustment to reflect the effective rate:</b>				
Equity pickup	21,558	120,583	6,265	(14
Profit with differentiated rates or untaxed	(358,175)	195,504	(181,723)	(145
Transfer pricing adjustment	(13,028)	(22,335)	31,144	(22
Tax loss carryforwards without recognizing deferred taxes	(791,260)	(25,194)	(343,044)	(14
Indebtdness limit	(18,681)	(18,712)	(9,470)	(10
Deferred taxes on temporary differences - non computed(1)	703,320		398,329	
Deferred taxes on foreign profit			6,798	
Other permanent deductions (add-backs)	6,172	9,456	4,905	
<b>Income tax and social contribution in profit for the period</b>	<b>(231,715)</b>	<b>507,653</b>	<b>(109,505)</b>	
<b>Effective tax rate</b>	<b>-36%</b>	<b>69%</b>	<b>-14%</b>	

	Six months ended		Three months ended	
	06/30/2016	06/30/2015	06/30/2016	06/30/2015
<b>Loss before income tax and social contribution</b>	<b>(783,753)</b>	<b>(858,455)</b>	<b>23,555</b>	<b>(712,300)</b>
Tax rate	34%	34%	34%	
<b>Income tax and social contribution at combined statutory rate</b>	<b>266,476</b>	<b>291,875</b>	<b>(8,009)</b>	<b>24,000</b>
<b>Adjustment to reflect the effective rate:</b>				
Equity pickup	(283,470)	379,942	(117,863)	(110,000)
Transfer pricing adjustment		(22,335)		(22,000)
Indebtdness limit	(18,681)	(18,712)	(9,470)	(10,000)
Tax loss carryforwards without recognizing deferred taxes	(776,690)		(342,258)	
Deferred taxes on temporary differences - non computed (1)	700,146		394,787	
Other permanent deductions (add-backs)	2,045	5,473	2,021	
<b>Income tax and social contribution in profit for the period</b>	<b>(110,174)</b>	<b>636,243</b>	<b>(80,792)</b>	<b>9,000</b>
<b>Effective tax rate</b>	<b>-14%</b>	<b>74%</b>	<b>343%</b>	

(1) As from third quarter of 2015 the Company no longer computes income tax and social contribution credits on tax losses and temporary differences.

#### 14.b) Deferred income tax and social contribution:

The deferred income tax and social contribution are calculated on income tax and social contribution tax losses and the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements:

	Opening balance 12/31/2015	Comp in
<b>Deferred tax assets</b>		
Income tax losses	264,162	
Social contribution tax losses	106,654	
<b>Temporary differences</b>	<b>2,936,211</b>	
- Provision for tax. social security, labor, civil and environmental risks	231,054	
- Provision for environmental liabilities	88,501	
- Asset impairment losses	68,710	
- Inventory impairment losses	17,886	
- (Gains)/losses on financial instruments	(5,454)	
- (Gains)/losses on available-for-sale financial assets	932,016	
- Income tax and social contribution non computed o/ available-for-sale financial assets	15,973	
- Actuarial liability (pension and healthcare plan)	163,559	
- Accrued supplies and services	49,417	
- Allowance for doubtful debts	49,395	
- Unrealized exchange differences (*)	2,427,926	
- (Gain) on loss of control over Transnordestina	(224,096)	
- Cash flow hedge accounting	516,831	
- Income tax and social contribution non computed o/ cash flow hedge accounting	(357,951)	
- Deferred taxes non computed	(1,243,228)	
- Goodwill on merger	9,211	
- Other	196,461	
<b>Non-current assets</b>	<b>3,307,027</b>	

**Deferred tax liabilities**

Income tax losses	(385)
Social contribution tax losses	(138)

<b>Temporary differences</b>	<b>495,374</b>
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- Provision for tax. social security, labor, civil and environmental risks	(14,869)
- Provision for environmental liabilities	(789)
- Asset impairment losses	(18,441)
- Inventory impairment losses	(11,164)
- Actuarial liability (pension and healthcare plan)	(608)
- Accrued supplies and services	(42,976)
- Allowance for doubtful debts	(1,128)
- Fair value adjustment - SWT Aquisition	252,549
- Fair Value adjustment - Mining Business combination	336,443
- Unrealized exchange differences (*)	
- Deferred taxes non computed	614
- Others	(4,257)

<b>Non-current liabilities</b>	<b>494,851</b>
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	Opening balance 12/31/2015	Comp in
<b>Deferred tax assets</b>		
Income tax losses	226,246	
Social contribution tax losses	93,031	
<b>Temporary differences</b>	<b>2,909,684</b>	
- Provision for tax. social security, labor, civil and environmental risks	216,862	
- Provision for environmental liabilities	88,501	
- Asset impairment losses	67,483	
- Inventory impairment losses	13,757	
(Gain)/loss in financial instruments	(5,454)	
- (Gains)/losses on available-for-sale financial assets	932,016	
- Income tax and social contribution non computed o/ available-for-sale financial assets	15,973	
- Actuarial liability (pension and healthcare plan)	163,560	
- Accrued supplies and services	49,040	
- Allowance for doubtful debts	28,087	
- Unrealized exchange differences (*)	2,427,926	
(Gain) in control loss on Transnorderstina	(224,096)	
- Cash flow hedge accounting	516,831	
- Income tax and social contribution non computed o/ cash flow hedge accounting	(357,951)	
- Deferred taxes non computed	(1,133,091)	
- Other	110,240	
<b>Non-current assets</b>	<b>3,228,961</b>	

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

The Company has foreign subsidiaries in its corporate structure, for which profits are taxed at income tax in the countries where they are domiciled by lower rates than those prevailing in Brazil. From 2012 up to the 2<sup>nd</sup> quarter of 2016 such foreign subsidiaries generated profits amounting to R\$1,706,873. If for some reason tax authorities understand that these profits are subject to additional taxation in Brazil in respect of income tax and social contribution, which if due, would total R\$459.628.



The Company, based on its legal counsel's opinion, assessed the likelihood of loss in a potential claiming by tax authorities which resulted in a possible risk of loss and, therefore, no provision was recognized in the financial statements.

#### 14.c) Income tax and social contribution recognized in shareholders' equity:

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

	<b>Consolidated</b>		<b>Parent Co</b>	
	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>
<b>Income tax and social contribution</b>				
Actuarial gains on defined benefit pension plan	64,603	64,489	65,128	
Changes in the fair value on available-for-sale financial assets	38	38	38	
Actuarial gains and assets available for sale by incorporation				(
Exchange differences on translating foreign operations	(425,510)	(425,510)	(425,510)	(425,510)
Cash flow hedge accounting	145,072	158,880	145,072	145,072
	<b>(215,797)</b>	<b>(202,103)</b>	<b>(215,272)</b>	<b>(215,272)</b>

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

On June 30, 2016, the information related to judicial deposits and processes has not changed significantly compared to the disclosed in the Company's financial statements as of December 31, 2015. The breakdown of the provisioned amounts and its respective judicial deposits are presented as following:

	Consolidated				Parent C			
	Accrued liabilities		Judicial deposits		Accrued liabilities		Judicial c	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015	06/30/2016	12/31/2015	06/30/2016	12/31/2015
Tax	127,927	143,852	82,861	82,472	66,095	82,619	65,321	
Social security	73,861	70,174	46,193	46,193	72,934	69,293	46,193	
Labor	471,607	478,611	184,412	165,027	381,763	388,763	150,931	
Civil	133,901	128,451	23,408	24,634	106,900	103,087	9,461	
Environmental	7,529	17,646	1,190	1,697	2,263	12,536	1,121	
Judicial deposits			8,431	8,519				
	<b>814,825</b>	<b>838,734</b>	<b>346,495</b>	<b>328,542</b>	<b>629,955</b>	<b>656,298</b>	<b>273,027</b>	

The changes in the provision for tax, social security, labor, civil and environmental risks in the year ended June 30, 2015 were as follows:

Nature	Consolidated				06/30/2016
	12/31/2015	Additions	Net update on amount	Net utilization of reversal	
Tax	143,852		5,093	(21,018)	127,927
Social security	70,174		3,687		73,861
Labor	478,611	26,297	41,758	(75,059)	471,607
Civil	128,451	2,188	5,157	(1,895)	133,901
Environmental	17,646	1,072	454	(11,643)	7,529
	<b>838,734</b>	<b>29,557</b>	<b>56,149</b>	<b>(109,615)</b>	<b>814,825</b>

<b>Nature</b>	<b>12/31/2015</b>	<b>Additions</b>	<b>Net update on amount</b>	<b>Net utilization of reversal</b>	<b>Parent Company Current + Non-current 06/30/2015</b>
Tax	82,619		2,651	(19,175)	66,105
Social security	69,293		3,641		72,934
Labor	388,763	17,589	38,247	(62,836)	381,767
Civil	103,087	2,022	3,505	(1,714)	106,890
Environmental	12,536	52	202	(10,527)	2,261
	<b>656,298</b>	<b>19,663</b>	<b>48,246</b>	<b>(94,252)</b>	<b>629,755</b>

The provision for tax, social security, labor, civil and environmental liabilities was estimated by management and is mainly based on the legal counsel's assessment. Only proceedings for which the risk is classified as probable loss are accrued. This provision includes tax liabilities resulting from lawsuits filed by the Company, subject to SELIC (Special System for Settlement and Custody interest rates).

- Other administrative and judicial proceedings

The table below shows a summary of the carrying amounts of the main legal matters with possible risk of loss on June 30, 2016 compared to December 31, 2015. The increase in the carrying amounts substantially reflects the monetary update.

	<b>06/30/2016</b>
Tax assessment notice issued against the Company for an alleged sale of 40% of the shares of its joint venture NAMISA to a Japanese-Korean consortium,	8,060
Income tax/ Social contribution - Assessment and Imposition of Fine (AIIM) - Disallowance of deductions of goodwill generated in the reverse incorporation of Big Jump by Namisa	2,348
Assessment Notice and Imposition of Fine (AIIM) - Income tax / Social contribution - loss of interest on prepayment arising from supply contracts of iron ore and port services	1,156
Tax foreclosures - ICMS - Electricity credits	831
Installments MP 470 - alleged insufficiency of tax losses	618
Offset of taxes that were not approved by the Federal Revenue Service - IRPJ/CSLL, PIS/COFINS e IPI	1,432
Notices of violation and imposition of fine - Income taxes and social contribution due to profits from foreign subsidiaries (years 2008,2010 and 2011)	1,578
Disallowance of the ICMS credits - Transfer of iron ore	542
Disallowance of the ICMS credits - ICMS - acquisition of subsidiary (*)	
ICMS - Refers to the transfer of imported raw material at an amount lower than the price disclosed in the import documentation	265
Disallowance of the tax losses arising on adjustments to the SAPLI	430
Assessment Notice - ICMS - shipping and return merchandise for Industrialization	572
Assessment Notice- Income tax- Capital Gain of CFM vendors located outside	177
Other tax (federal, state, and municipal) lawsuits.	2,787
Social security lawsuits	302
Law suit applied by Brazilian antitrust authorities (CADE)	94
Other civil lawsuits	755
Labor and social security lawsuits	1,111
Environmental lawsuits	342
	<b>23,409</b>

(\*) Tax assessments were canceled due to a favorable decision to the Company in the 2nd administrative judicial level, the referred judgment occurred on February 15, 2016.

(1) The increase is due to an assessment notice received in June 2016, related to the Profits from foreign subsidiaries in 2011.

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

Environmental lawsuits

The environmental processes present high complexity for estimating the amount at risk, should be taken into consideration, among various aspects, procedural development, the extent of damage and the projection of repairing costs.

There are other environmental processes for which it is not yet possible to assess the risk and contingency value due to the aforementioned complexity estimation, the peculiarities of the matters involving them and also their procedural steps.

**16. PROVISION FOR ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS**

On June 30, 2016, the information related to environmental liabilities and asset retirement obligation has not changed significantly compared to the disclosed in the Company's financial statements as of December 31, 2015.

The carrying amount of the provision for environmental liabilities and asset retirement obligation (ARO) are as follows:

	<b>06/30/2016</b>	<b>Consolidated 12/31/2015</b>	<b>06/30/2016</b>	<b>Parent Company 12/31/2015</b>
Environmental liabilities	253,862	262,290	249,486	259,115
Asset retirement obligations	70,163	66,641		
	<b>324,025</b>	<b>328,931</b>	<b>249,486</b>	<b>259,115</b>



## 17. RELATED-PARTY BALANCES AND TRANSACTIONS

On June 30, 2016, the information regarding the related party transactions has not changed significantly compared to the disclosed in the Company's financial statements as of December 31, 2015.

### 17.a) Transactions with holding companies

After payment of dividends in 2015 amounting to R\$306,139, there were no transactions with holding companies.

### 17.b) Transactions with subsidiaries, joint ventures, associates, exclusive funds and other related parties

- **By transaction**

	<b>Current</b>		<b>Non-current</b>		<b>Consolidated Total</b>	
	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>
<b>Assets</b>						
Trade receivables (note 5)	82,602	61,366			82,602	61,366
Dividends receivable (note 5)	26,902	27,817			26,902	27,817
Actuarial asset (note 7)			99,580	114,433	99,580	114,433
Financial investments/ investments	161,084				161,084	
Loans (note 7)			400,053	373,214	400,053	373,214
Other receivables (note 8)	9,209	9,420	32,770	29,020	41,979	38,440



	<b>279,797</b>	<b>98,603</b>	<b>532,403</b>	<b>516,667</b>	<b>812,200</b>	<b>615,270</b>
<b>Liabilities</b>						
<b>Other payables (Note 13)</b>						
Accounts payable	7,270	6,798			7,270	6,798
Trade payables	112,863	67,443			112,863	67,443
Actuarial liabilities			514,368	514,368	514,368	514,368
	<b>120,133</b>	<b>74,241</b>	<b>514,368</b>	<b>514,368</b>	<b>634,501</b>	<b>588,609</b>
	<b>06/30/2016</b>	<b>06/30/2015</b>				
<b>P&amp;L</b>						
<b>Revenues</b>						
Sales	354,660	382,528				
Interest	27,474	32,119				
<b>Expenses</b>						
Purchases	(517,964)	(559,208)				
Interest		(256,087)				
	<b>(135,830)</b>	<b>(400,648)</b>				

- **By company**

	Assets			Liabilities			Sales	Purchases
	Current	Non-current	Total	Current	Non-current	Total		
<b>Joint-venture e Joint-operation</b>								
Itá Energética S.A.				2,652		2,652		(16,097)
CGPAR Construção Pesada S.A.	1,301		1,301	18,038		18,038		(39,930)
MRS Logística S.A.	26,199		26,199	54,829		54,829		(418,820)
CBSI - Companhia Brasileira de Serviços e Infraestrutura Transnordestina Logística S.A (1)	5,298		5,298	10,192		10,192	9	(34,603)
		381,932	381,932	33,610		33,610	2,312	
	<b>32,798</b>	<b>381,932</b>	<b>414,730</b>	<b>119,321</b>		<b>119,321</b>	<b>2,321</b>	<b>(509,450)</b>
<b>Other related parties</b>								
CBS Previdência		99,580	99,580		514,368	514,368		
Fundação CSN	1,830		1,830	77		77		
Banco Fibra	161,084		161,084					
Usiminas				509		509	17,027	(5,338)
Panatlântica	83,892	3,750	87,642				320,845	
Ibis Participações e Serviços Partifib Projetos Imobiliários	193		193				1,099	(3,176)
	<b>246,999</b>	<b>103,330</b>	<b>350,329</b>	<b>586</b>	<b>514,368</b>	<b>514,954</b>	<b>338,971</b>	<b>(8,514)</b>
<b>Associates</b>								
Arvedi Metalfer do Brasil S.A.		47,141	47,141	226		226	13,368	
<b>Total at 06/30/2016</b>	<b>279,797</b>	<b>532,403</b>	<b>812,200</b>	<b>120,133</b>	<b>514,368</b>	<b>634,501</b>	<b>354,660</b>	<b>(517,964)</b>
<b>Total at 12/31/2015</b>	<b>98,603</b>	<b>516,667</b>	<b>615,270</b>	<b>74,241</b>	<b>514,368</b>	<b>588,609</b>	<b>725,285</b>	<b>(1,103,428)</b>
<b>Total at 06/30/2015</b>							<b>382,528</b>	<b>(559,208)</b>

1. Transnordestina Logística S.A: Refers mainly to contracts in R\$: interest equivalent to 108.0% and 102.0% of CDI with final maturity in June 2017. As of June 30, 2016, the borrowings carrying amounts totaled to R\$381,932 (R\$222,727 as of December 31, 2015).

- **By transaction**

	<b>Current</b>		<b>Non-current</b>		<b>Parent Co Total</b>	
	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>06/30/2016</b>	<b>12/31/2015</b>
<b>Assets</b>						
Trade receivables (1) (note 5)	933,505	1,140,172			933,505	1,140,172
Dividends receivable (note 5)	730,062	737,668			730,062	737,668
Actuarial asset (note 7)			101,305	112,660	101,305	112,660
Loans (note 7)			257,480	239,930	257,480	239,930
Short-term investments / Investments (2)	1,220,999	1,412,428	46,961	28,078	1,267,960	1,440,506
Exclusive funds (note 7)		110,075				110,075
Other receivables (3) (note 7)	54,737	32,479	328,393	303,441	383,130	335,920
	<b>2,939,303</b>	<b>3,432,822</b>	<b>734,139</b>	<b>684,109</b>	<b>3,673,442</b>	<b>4,115,525</b>
<b>Liabilities</b>						
<b>Borrowings and financing</b>						
Prepayment (note 11)	70,371	85,987	4,803,068	5,843,050	4,873,439	5,929,037
Fixed Rate Notes and Intercompany Bonds (note 11)	26,634	32,402	3,334,373	4,056,347	3,361,007	4,088,749
Intercompany Loans (note 11)	1,051,237	1,261,861	1,757,871	2,137,040	2,809,108	3,401,901
	<b>1,148,242</b>	<b>1,380,250</b>	<b>9,895,312</b>	<b>12,036,437</b>	<b>11,043,554</b>	<b>13,419,687</b>
<b>Other payables (Note 13)</b>						
Accounts payable	127,141	110,090	79,785	118,653	206,926	228,743
Advances from customers	16	16			16	16
Exclusive funds (2) (note 13)		25,387				25,387
Trade payables	152,787	153,559			152,787	153,559
Actuarial liabilities			514,367	514,367	514,367	514,367
	<b>279,944</b>	<b>289,052</b>	<b>594,152</b>	<b>633,020</b>	<b>874,096</b>	<b>902,072</b>
	<b>06/30/2016</b>	<b>06/30/2015</b>				
<b>P&amp;L</b>						
<b>Revenues</b>						
Sales	1,364,264	2,750,132				
Interest	17,620	10,746				
Exclusive funds		372,782				
<b>Expenses</b>						
Purchases	(665,007)	(875,265)				
Interest	(252,806)	(713,396)				
Foreign exchange and monetary variations, net	2,186,217	(1,315,934)				
Exclusive funds	(731,130)					

**1,919,158**    **229,065**

(1) Accounts receivable derive from sales operations of goods and services between the parent company, subsidiaries and joint ventures.

(2) Assets: Financial investments classified as current totaled to R\$ 1,220,999 as of June 30, 2016 (R\$1,412,428 at December 31, 2015) and the interests in Usiminas, recorded in the exclusive funds and classified as investments available for sale, located in non-current assets, amounted to R\$46,961 (R\$28,078 as of December 31, 2015).

(3) Current: Refers mainly to assignment of tax loss credits of income tax and social contribution, related to Metallurgical Prada companies, FTL (Ferrovia Transnordestina Logistica) and MMSA (Companhia de Embalagens Metálicas).

Non-current: Refers mainly to advances for future capital increases, dividends to be received and receivables from acquisition of debentures.

- **By company**

	<b>Assets</b>			<b>Liabilities</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
<b>Subsidiaries</b>						
Companhia Metalic Nordeste				50		5
Companhia Metalúrgica Prada (1)	222,697	121,336	344,033	12,944	196	13,14
Estanho de Rondônia S.A.	1,063	2,034	3,097			
Sepetiba Tecon S.A.	10,574	83,764	94,338	11,919		11,91
Minérios Nacional S.A.		7,196	7,196			
Congonhas Minérios S.A. (2)	733,916		733,916	31,555		31,55
CSN Energia S.A.				12,873		12,87
Ferrovias Transnordestina Logística S.A.	3,123	33,786	36,909		79,589	79,58
Companhia Siderúrgica Nacional, LLC (3)	432,985		432,985	123,936		123,93
CSN Europe Lda.				10,861	98,604	109,46
CSN Resources S.A. (4)				1,127,769	7,225,858	8,353,62
Lusosider Aços Planos, S.A.	187,383		187,383	32,201		32,20
CSN Islands XI Corp. (5)					1,027,136	1,027,13
CSN Islands XII Corp. (6)				9,613	1,457,249	1,466,86
CSN Ibéria Lda.					86,466	86,46
Companhia de Embalagens Metálicas MMSA	5,404	44,859	50,263			
Companhia Florestal do Brasil Stahlwerk Thüringen GmbH		2,648	2,648			
	<b>1,597,145</b>	<b>295,623</b>	<b>1,892,768</b>	<b>1,373,721</b>	<b>9,975,098</b>	<b>11,348,81</b>
<b>Joint-venture e Joint-operation</b>						
ITA Energética S.A	17,063		17,063			
CGPAR Construção Pesada S.A.	4,042		4,042			
MRS Logística S.A.	13,111		13,111	38,998		38,99
CBSI - Companhia Brasileira de Serviços e Infraestrutura	1,028		1,028	15,436		15,43
Transnordestina Logística S.A.		239,359	239,359	16		1
	<b>35,244</b>	<b>239,359</b>	<b>274,603</b>	<b>54,450</b>		<b>54,45</b>
<b>Other related parties</b>						
CBS Previdência		101,305	101,305		514,366	514,36

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Fundação CSN	1,830	1,830	15			
Banco Fibra	16	16				
Usiminas						
Panatlântica	83,892	3,750	87,642			
Ibis Participações e Serviços						
Partifib Projetos Imobiliários	193		193			
	<b>85,931</b>	<b>105,055</b>	<b>190,986</b>	<b>15</b>	<b>514,366</b>	<b>514,38</b>
<b>Associates</b>						
Arvedi Metalfer do Brasil S.A.		47,141	47,141			
<b>Exclusive Funds</b>						
Diplic, Caixa Vertice, VR1, BB Steel	1,220,983	46,961	1,267,944			
<b>Total at 06/30/2016</b>	<b>2,939,303</b>	<b>734,139</b>	<b>3,673,442</b>	<b>1,428,186</b>	<b>10,489,464</b>	<b>11,917,65</b>
<b>Total at 12/31/2015</b>	<b>3,432,822</b>	<b>684,109</b>	<b>4,116,931</b>	<b>1,669,302</b>	<b>12,669,457</b>	<b>14,338,75</b>
<b>Total at 06/30/2015</b>						

(1) Companhia Metalurgica Prada refers mainly to accounts receivable and debentures from CBL amounting to R\$219,362 and 121,336, respectively, as of June 30, 2016.

(2) Congonhas Minérios: Refers mainly to dividends declared by Namisa amounting to R\$694,080 and posteriorly assumed by Congonhas due to the merger on December 31, 2015. Liabilities: Account payables related to purchases of iron ore.

(3) Companhia Siderurgica Nacional, LLC: On June 30, 2016 the carrying amounts of trade accounts receivable totaled R\$432,985 (R\$682,875 December 31, 2015), they are related to sale of steel to resellers.

(4) CSN Resources SA: Contracts in US dollars of Prepayment Fixed Rate Notes and Intercompany Bonds, the interest rate under this transaction is 9.13% and its maturity date is June 2047. On June 30, 2016, the loans amounted to R\$8,353,627 (R\$10,146,701 on December 31, 2015).

(5) CSN Islands XI Corp.: Contracts in US dollars, without interest, maturing on August 2017. On June 30 2016, the loans amounted to R\$1,027,136 (R\$1,249,536 as of December 31, 2015).





(6) CSN Islands XII Corp.: Contracts in US dollars, interest rate of 7.64% and maturing on February 2025. On June 30, 2016, the loans amounted to R\$1,466,862 (R\$1,784,417 on December 31, 2015).

### 17.c) Key management personnel

The key management personnel with authority and responsibility for planning, directing and controlling the Company's activities, include the members of the Board of Directors and statutory directors. The following is information on the compensation of such personnel and the related balances as of June 30, 2016.

	<b>Six months ended</b>		<b>Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
	<b>P&amp;L</b>		<b>P&amp;L</b>	
Short-term benefits for employees and officers	63,136	26,297	23,327	20,506
Post-employment benefits	203	117	85	87
	<b>63,339</b>	<b>26,414</b>	<b>23,412</b>	<b>20,593</b>

The remuneration of key management personnel in 2016 includes payments for contracts with executives that were linked to parameters that were achieved in the first quarter 2016.

## 18. SHAREHOLDERS' EQUITY

### 18.a) Paid-in capital

Fully subscribed and paid-in capital as of June 30, 2016 and December 31, 2015 is R\$4,540,000 comprising 1,387,524,047 book-entry common shares without par value. Each common share entitles its holder to one vote in Shareholders' Meetings.

**18.b) Authorized capital**

The Company's bylaws in effect as of June 30, 2016 determine that the capital can be raised to up to 2,400,000,000 shares by decision of the Board of Directors.

**18.c) Legal reserve**

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

**18.d) Ownership structure**

As of June 30, 2016, the Company's ownership structure was as follows:

	Number of common shares	% of total shares	<b>06/30/2016</b> % of voting capital	Number of common shares	% of total shares
Vicunha Aços S.A.	697,719,990	50.29%	51.41%	697,719,990	50.29%
Rio Iaco Participações S.A.	58,193,503	4.19%	4.29%	58,193,503	4.19%
Caixa Beneficente dos Empregados da CSN CBS	20,143,031	1.45%	1.48%	20,143,031	1.45%
BNDES Participações S.A. – BNDESPAR	8,794,890	0.63%	0.65%	8,794,890	0.63%
NYSE (ADRs)	327,284,764	23.59%	24.12%	336,435,464	24.25%
BM&FBovespa	244,996,869	17.66%	18.05%	235,846,169	17.00%
	<b>1,357,133,047</b>	<b>97.81%</b>	<b>100.00%</b>	<b>1,357,133,047</b>	<b>97.81%</b>
Treasury shares	30,391,000	2.19%		30,391,000	2.19%
<b>Total shares</b>	<b>1,387,524,047</b>	<b>100.00%</b>		<b>1,387,524,047</b>	<b>100.00%</b>

**18.e) Treasury shares**

The Board of Directors authorized various share buyback programs in order to hold shares in treasury for subsequent disposal and/or cancelation with a view to maximizing the generation of value to the shareholder through an efficient capital structure management, as shown in the table below:

Program	Board's Authorization	Authorized quantity	Program period	Average buyback price	Minimum and maximum buyback price	Number bought back
1º	3/13/2014	70,205,661	From 3/14/2014 to 4/14/2014	R\$ 9.34	R\$ 9.22 and R\$ 9.45	2,350,

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2º	4/15/2014	67,855,661	From 4/16/2014 to 5/23/2014	R\$ 8.97	R\$ 8.70 and R\$ 9.48	9,529,
3º	5/23/2014	58,326,161	From 5/26/2014 to 6/25/2014	R\$ 9.21	R\$ 8.61 and R\$ 9.72	31,544,
4º	6/26/2014	26,781,661	From 6/26/2014 to 7/17/2014	R\$ 10.42	R\$ 9.33 and R\$ 11.54	26,781,
	7/18/2014			Not applicable	Not applicable	
5º	7/18/2014	64,205,661	From 7/18/2014 to 8/18/2014	R\$ 11.40	R\$ 11.40	240,
	8/19/2014			Not applicable	Not applicable	
6º	8/19/2014	63,161,055	From 8/19/2014 to 9/25/2014	R\$ 9.82	R\$ 9.47 and R\$ 10.07	6,791,
7º	9/29/2014	56,369,755	From 9/29/2014 to 2/29/2014	R\$ 7.49	R\$ 4.48 and R\$ 9.16	21,758,
8º	12/30/2014	34,611,155	From 12/31/2014 to 3/31/2015	R\$ 5.10	R\$ 4.90 and R\$ 5.39	1,841,
9º (*)	03/31/2015	32,770,055	From 4/01/2015 to 6/30/2015			

(\*) There were no share buyback in this program.

(1) In 2014 the Board of Directors approved the cancelation of 70,446,061 treasury shares without change in the Company's share capital.

As of June 30, 2016, the position of the treasury shares was as follows:

Quantity purchased (Units)	Amount paid for the shares	Share price			Market price of the shares
		Minimum	Maximum	Average	
30,391,000	R\$ 238,976	R\$ 4.48	R\$ 10.07	R\$ 7.86	R\$ 237,65

(\*) Using the last share quotation on BM&F Bovespa as of June 30, 2016 of R\$7.82 per share.



**18.f) Policy on investments and payment of interest on capital and dividends**

At a meeting held on December 11, 2000, the Board of Directors decided to adopt a profit distribution policy which, after compliance with the provisions in Law 6,404/76, as amended by Law 9,457/97, will entail the distribution of all the profit to the Company's shareholders, provided that the following priorities are observed, irrespective of their order: (i) carrying out the business strategy; (ii) fulfilling its obligations; (iii) making the required investments; and (iv) maintaining a healthy financial situation of the Company.

**18.g) Earnings/(loss) per share:**

Basic earnings per share were calculated based on the profit attributable to the owners of CSN divided by the weighted average number of common shares outstanding during the period, excluding the common shares purchased and held as treasury shares, as follows:

	<b>Six months ended</b>		<b>Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
	<b>Common Shares</b>		<b>Common Shares</b>	
<b>Net (Loss)/ Gain of the period</b>				<b>Parent Company</b>
Attributable to owners of the Company	(893,927)	(222,212)	(57,237)	(614,268)
Weighted average number of shares	1,357,133,047	1,357,167,255	1,357,133,047	1,357,133,047
<b>Basic and diluted EPS</b>	<b>(0.65869)</b>	<b>(0.16373)</b>	<b>(0.04217)</b>	<b>(0.45262)</b>

**19. PAYMENT TO SHAREHOLDERS**

The table below shows the dividends approved and paid for the last years:

Year	Approval Year	Dividends	Total	Year	Payment Year	Dividends	Total
2014	2014	700,000	700,000	2014	2014	424,939	424,939
2015	2015	275,000	275,000		2015	274,917	274,917
				2015	2015	274,918	274,918
<b>Total approved</b>		<b>975,000</b>	<b>975,000</b>	<b>Total paid</b>		<b>974,774</b>	<b>974,774</b>

## 20. NET SALES REVENUE

Net sales revenue is comprised as follows:

	Six months ended		Three months ended	
	<b>Consolidated</b>			
	06/30/2016	06/30/2015	06/30/2016	06/30/2015
<b>Gross revenue</b>				
Domestic market	4,653,263	5,644,015	2,367,186	2,701,384
Foreign market	4,771,684	3,534,614	2,593,574	1,740,597
	<b>9,424,947</b>	<b>9,178,629</b>	<b>4,960,760</b>	<b>4,441,981</b>
<b>Deductions</b>				
Cancelled sales and discounts	(102,587)	(153,057)	(33,807)	(114,593)
Taxes on sales	(1,129,211)	(1,328,180)	(577,607)	(640,248)
	<b>(1,231,798)</b>	<b>(1,481,237)</b>	<b>(611,414)</b>	<b>(754,841)</b>
<b>Net revenue</b>	<b>8,193,149</b>	<b>7,697,392</b>	<b>4,349,346</b>	<b>3,687,140</b>

	Six months ended		Three months ended	
	<b>Parent Company</b>			
	06/30/2016	06/30/2015	06/30/2016	06/30/2015
<b>Gross revenue</b>				
Domestic market	4,292,415	5,271,493	2,192,875	2,558,445
Foreign market	960,004	1,990,270	539,623	1,002,322
	<b>5,252,419</b>	<b>7,261,763</b>	<b>2,732,498</b>	<b>3,560,767</b>
<b>Deductions</b>				
Cancelled sales and discounts	(90,985)	(132,940)	(29,928)	(100,974)
Taxes on sales	(992,120)	(1,199,944)	(510,896)	(588,946)
	<b>(1,083,105)</b>	<b>(1,332,884)</b>	<b>(540,824)</b>	<b>(689,920)</b>
<b>Net revenue</b>	<b>4,169,314</b>	<b>5,928,879</b>	<b>2,191,674</b>	<b>2,870,847</b>





**21. EXPENSES BY NATURE**

	<b>Six months ended</b>		<b>Consolidated Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
	Raw materials and inputs	(2,136,375)	(2,662,845)	(1,132,378)
Labor cost	(1,290,751)	(881,269)	(664,542)	(453,190)
Supplies	(733,689)	(526,761)	(403,640)	(265,501)
Maintenance cost (services and materials)	(651,244)	(493,757)	(358,538)	(252,623)
Outsourcing services	(1,758,476)	(1,501,228)	(965,281)	(780,064)
Depreciation, amortization and depletion (note 9 a)	(614,088)	(543,178)	(304,252)	(278,680)
Others	(268,987)	(95,506)	(96,689)	(22,656)
	<b>(7,453,610)</b>	<b>(6,704,544)</b>	<b>(3,925,320)</b>	<b>(3,268,336)</b>

**Classified as:**

Cost of sales	(6,344,665)	(5,872,628)	(3,426,907)	(2,847,095)
Selling expenses	(844,604)	(612,174)	(394,183)	(311,344)
General and administrative expenses	(264,341)	(219,742)	(104,230)	(109,897)
	<b>(7,453,610)</b>	<b>(6,704,544)</b>	<b>(3,925,320)</b>	<b>(3,268,336)</b>

	<b>Six months ended</b>		<b>Parent Company Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
	Raw materials and inputs	(1,533,676)	(1,684,969)	(750,204)
Labor cost	(724,201)	(731,283)	(370,501)	(374,119)
Supplies	(518,872)	(513,235)	(291,063)	(259,965)
Maintenance cost (services and materials)	(390,349)	(480,504)	(221,246)	(245,490)
Outsourcing services	(523,290)	(980,921)	(287,935)	(530,062)
Depreciation, amortization and depletion (note 9 a)	(275,222)	(424,556)	(139,697)	(218,227)
Others	(81,308)	(111,333)	(55,983)	(36,818)
	<b>(4,046,918)</b>	<b>(4,926,801)</b>	<b>(2,116,629)</b>	<b>(2,506,887)</b>

**Classified as:**

Cost of sales	(3,545,062)	(4,457,281)	(1,906,666)	(2,267,849)
Selling expenses	(306,229)	(294,150)	(137,596)	(148,232)
General and administrative expenses	(195,627)	(175,370)	(72,367)	(90,806)
	<b>(4,046,918)</b>	<b>(4,926,801)</b>	<b>(2,116,629)</b>	<b>(2,506,887)</b>



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

	<b>Six months ended</b>		<b>Consolidated Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
<b>Other operating income</b>				
Indemnities/gains on lawsuits	24,960	3,068	6,284	1,340
Rentals and leases	578	593	250	308
Dividends received		5,103		5,103
Other revenues	8,480	9,760	5,212	5,811
	<b>34,018</b>	<b>18,524</b>	<b>11,746</b>	<b>12,562</b>
	-	-	-	-
<b>Other operating expenses</b>				
Taxes and fees	(90,299)	(13,266)	(79,497)	(1,399)
Write-off/(Provision) of judicial deposits	(17,165)	(555)	116	(503)
Provision for environmental risks	(545)	2,663	597	(813)
Provision for tax, social security, labor, civil and environmental risks, net of reversals	(72,394)	(214,783)	(30,125)	(67,250)
Depreciation of unused equipment and amortization of intangible assets (note 9 a)	(23,304)	(18,477)	(11,196)	(9,473)
Write-off of PPE and intangible assets (notes 9 and 10)	(26,988)	(4,553)	(14,022)	(568)
Inventory impairment losses/reversals (note 6)	12,344	(6,414)	(2,275)	(4,517)
Losses on spare parts	(7,473)	(17,093)	(894)	(11,527)
Studies and project engineering expenses	(13,245)	(21,991)	(7,514)	(13,504)
Research and development expenses	(1,168)	(1,622)	(593)	(871)
Healthcare plan expenses	(33,913)	(29,869)	(14,824)	(14,907)
Impairment of available-for-sale financial assets		(97,851)		(89,434)
Other expenses	(57,609)	(31,266)	(22,700)	(20,812)
	<b>(331,759)</b>	<b>(455,077)</b>	<b>(182,927)</b>	<b>(235,578)</b>
<b>Other operating expenses, net</b>	<b>(297,741)</b>	<b>(436,553)</b>	<b>(171,181)</b>	<b>(223,016)</b>

	<b>Six months ended</b>		<b>Parent Company Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
<b>Other operating income</b>				
Indemnities/gains on lawsuits	2,573	2,780	685	1,162
Rentals and leases	550	571	222	286
Dividends received		5,103		5,103
Other revenues	1,447	3,815	823	1,996
	<b>4,570</b>	<b>12,269</b>	<b>1,730</b>	<b>8,547</b>

**Other operating expenses**

Taxes and fees	(13,102)	(11,332)	(12,406)	(506)
Write-off/(Provision) of judicial deposits	(17,171)	(559)	110	(502)
Provision for environmental risks	746	2,663	1,083	(813)
Provision for tax, social security, labor, civil and environmental risks, net of reversals	(67,158)	(204,629)	(21,722)	(59,846)
Write- off of PPE and intangible assets (notes 9 and 10)	(20,729)	(3,907)	(13,140)	(65)
Inventory impairment losses/reversals (note 6)	(412)	(8,440)	2,066	(8,047)
Losses on spare parts	(1,081)	(17,093)	(894)	(11,527)
Studies and project engineering expenses	(12,457)	(21,824)	(6,886)	(13,463)
Research and development expenses	(1,168)	(1,622)	(593)	(871)
Healthcare plan expenses	(33,915)	(29,869)	(14,825)	(14,907)
Impairment of available-for-sale financial assets		(97,851)		(89,434)
Other expenses	(23,021)	(12,224)	(19,719)	(4,946)
	<b>(189,468)</b>	<b>(406,687)</b>	<b>(86,926)</b>	<b>(204,927)</b>
<b>Other operating expenses, net</b>	<b>(184,898)</b>	<b>(394,418)</b>	<b>(85,196)</b>	<b>(196,380)</b>

**23. FINANCE INCOME (Expenses)**

	<b>Six months ended</b>		<b>Consolidated Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
<b>Finance income</b>				
Related parties (note 17 b)	27,474	32,119	14,561	10,032
Income from short-term investments	138,567	54,828	82,124	25,488
Gain from derivative		938		584
Other income (*)	217,842	11,728	44,044	7,373
	<b>383,883</b>	<b>99,613</b>	<b>140,729</b>	<b>43,477</b>
<b>Finance costs</b>				
Borrowings and financing - foreign currency	(487,884)	(417,030)	(230,051)	(199,301)
Borrowings and financing - local currency	(1,108,724)	(981,328)	(561,249)	(509,724)
Related parties (note 17 b)		(256,087)		(117,662)
Capitalized interest (notes 9 and 27)	110,875	70,483	53,214	46,158
Losses on derivatives (*)	(362)	(3,596)		(2,117)
Interest, fines and late payment charges	(20,188)	(12,644)	(14,174)	(1,630)
Other finance costs	(194,532)	(68,340)	(80,627)	(23,673)
	<b>(1,700,815)</b>	<b>(1,668,542)</b>	<b>(832,887)</b>	<b>(807,949)</b>
<b>Inflation adjustment and exchange differences, net</b>				
Inflation adjustments, net	(16,183)	7,476	(15,043)	1,209
Exchange rates, net	993,137	(433,513)	621,555	120,601
Exchange gain (losses) on derivatives (*)	(807,519)	353,571	(118,837)	(129,033)
	<b>169,435</b>	<b>(72,466)</b>	<b>487,675</b>	<b>(7,223)</b>
<b>Finance income (costs), net</b>	<b>(1,147,497)</b>	<b>(1,641,395)</b>	<b>(204,483)</b>	<b>(771,695)</b>
<b>(*) Statement of gains and (losses) on derivative transactions</b>				
Dollar-to-CDI swap		(18)		
Dollar- to- real NDF		316,805		(119,795)
Future dollar BM&F	(800,621)		(119,445)	
Dollar- to- euro NDF		39,668		6,214
Dollar - to- euro swap	(6,898)	(2,884)	608	(15,452)
	<b>(807,519)</b>	<b>353,571</b>	<b>(118,837)</b>	<b>(129,033)</b>
Fixed rate- to- CDI swap	(299)	(3,596)		(2,117)
CDI -to- fixed rate swap	(63)	938		584
	<b>(362)</b>	<b>(2,658)</b>		<b>(1,533)</b>
	<b>(807,881)</b>	<b>350,913</b>	<b>(118,837)</b>	<b>(130,566)</b>

(\*)It refers mainly to gain on repurchase of debt securities amounting to R\$146,214.

	<b>Six months ended</b>		<b>Parent Company Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
<b>Finance income</b>				
Related parties (note 17 b)	17,620	383,528	9,121	(101,584)
Income from short-term investments	35,849	12,919	31,986	7,679
Other income	33,202	10,609	27,135	6,268
	<b>86,671</b>	<b>407,056</b>	<b>68,242</b>	<b>(87,637)</b>
<b>Finance costs</b>				
Borrowings and financing - foreign currency	(114,687)	(86,020)	(54,608)	(39,941)
Borrowings and financing - local currency	(952,550)	(846,509)	(482,287)	(439,784)
Related parties (note 17 b)	(983,936)	(713,396)	(205,886)	(326,482)
Capitalized interest (notes 9 and 27)	62,942	70,483	30,212	46,158
Interest, fines and late payment charges	(7,196)	(8,464)	(4,563)	(457)
Other finance costs	(113,131)	(57,636)	(61,995)	(17,960)
	<b>(2,108,558)</b>	<b>(1,641,542)</b>	<b>(779,127)</b>	<b>(778,466)</b>
<b>Inflation adjustment and exchange differences, net</b>				
Inflation adjustments, net	(10,694)	(7,861)	(4,914)	(4,321)
Exchange rates, net	2,145,066	(1,341,245)	1,096,162	315,187
	<b>2,134,372</b>	<b>(1,349,106)</b>	<b>1,091,248</b>	<b>310,866</b>
<b>Finance income (costs), net</b>	<b>112,485</b>	<b>(2,583,592)</b>	<b>380,363</b>	<b>(555,237)</b>

**24. SEGMENT INFORMATION**

The segment information has not changed compared to the disclosed in the Company's financial statements as of December 31, 2015, therefore, the management decided not to repeat them in these condensed interim financial information.

According to the Group's structure, the businesses are distributed and managed in five operating segments as follows:

P&L	Steel	Mining	Logistics		Energy	Cement	Corpor
			Port	Railroads			
Metric tons (thou.) - (unaudited) (*)	2,498,700	17,562,229				1,165,822	
Net revenues							
Domestic market	3,107,517	228,360	95,114	640,503	134,069	223,107	
Foreign market	2,579,441	1,729,237					
<b>Total net revenue (note 20)</b>	<b>5,686,958</b>	<b>1,957,597</b>	<b>95,114</b>	<b>640,503</b>	<b>134,069</b>	<b>223,107</b>	
Cost of sales and services	(4,758,814)	(1,492,028)	(70,194)	(440,972)	(98,959)	(203,435)	
<b>Gross profit</b>	<b>928,144</b>	<b>465,569</b>	<b>24,920</b>	<b>199,531</b>	<b>35,110</b>	<b>19,672</b>	
General and administrative expenses	(469,297)	(36,571)	(11,610)	(50,402)	(11,979)	(34,726)	
Depreciation (note 9 a)	330,708	219,332	6,619	112,155	8,559	30,244	
Proportionate EBITDA of joint ventures							
<b>Adjusted EBITDA</b>	<b>789,555</b>	<b>648,330</b>	<b>19,929</b>	<b>261,284</b>	<b>31,690</b>	<b>15,190</b>	
<b>Sales by geographic area</b>							
Asia	28,200	1,439,498					
North America	1,088,419						
Latin America	142,499						
Europe	1,305,806	203,955					
Others	14,517	85,784					
<b>Foreign market</b>	<b>2,579,441</b>	<b>1,729,237</b>					
<b>Domestic market</b>	<b>3,107,517</b>	<b>228,360</b>	<b>95,114</b>	<b>640,503</b>	<b>134,069</b>	<b>223,107</b>	
<b>Total</b>	<b>5,686,958</b>	<b>1,957,597</b>	<b>95,114</b>	<b>640,503</b>	<b>134,069</b>	<b>223,107</b>	

P&L	Steel	Mining	Logistics		Energy	Cement	Corpor
			Port	Railroads			
Metric tons (thou.) - (unaudited) (*)	1,252,565	9,267,136				594,385	
Net revenues (**)							
Domestic market	1,607,150	77,287	44,691	337,362	65,920	108,903	
Foreign market	1,270,667	1,103,022					
<b>Total net revenue (note 20)</b>	<b>2,877,817</b>	<b>1,180,309</b>	<b>44,691</b>	<b>337,362</b>	<b>65,920</b>	<b>108,903</b>	
Cost of goods sold and services (**)	(2,458,907)	(906,911)	(34,153)	(226,601)	(47,845)	(102,243)	
<b>Gross profit</b>	<b>418,910</b>	<b>273,398</b>	<b>10,538</b>	<b>110,761</b>	<b>18,075</b>	<b>6,660</b>	
General and administrative expenses	(213,979)	(12,815)	(3,332)	(26,521)	(6,033)	(17,069)	
Depreciation (note 9 a)	164,480	104,898	3,326	56,460	4,279	17,432	
Proportionate EBITDA of joint ventures							
<b>Adjusted EBITDA</b>	<b>369,411</b>	<b>365,481</b>	<b>10,532</b>	<b>140,700</b>	<b>16,321</b>	<b>7,023</b>	
<b>Sales by geographic area</b>							
Asia	23,531	937,896					
North America	507,242						
Latin America	76,455						
Europe	653,847	138,992					
Others	9,592	26,134					
<b>Foreign market</b>	<b>1,270,667</b>	<b>1,103,022</b>					
<b>Domestic market</b>	<b>1,607,150</b>	<b>77,287</b>	<b>44,691</b>	<b>337,362</b>	<b>65,920</b>	<b>108,903</b>	
<b>Total</b>	<b>2,877,817</b>	<b>1,180,309</b>	<b>44,691</b>	<b>337,362</b>	<b>65,920</b>	<b>108,903</b>	

(\*) The iron ore volumes (Mining segment) presented in this note considered the company's sales and sales from its subsidiaries and jointly ventures. (In 2015, consider 60% interest in Namisa).

(\*\*) In the 2nd quarter 2016, there was an elimination adjustment in the amount of R\$ 164,268, calculated by the difference between the net sales and the cost of goods sold in the Mining segment for the 1st quarter of 2016, which did not affect the profit/loss of the period.



P&L	Steel	Mining	Logistics		Energy	Cement	Corpor
			Port	Railroads			
Metric tons (thou.) - (unaudited) (*)	2,668,458	10,760,664				1,097,641	
Net revenues							
Domestic market	3,745,469	72,841	90,193	531,036	124,047	215,959	
Foreign market	2,141,649	1,265,412					
<b>Total net revenue (note 20)</b>	<b>5,887,118</b>	<b>1,338,253</b>	<b>90,193</b>	<b>531,036</b>	<b>124,047</b>	<b>215,959</b>	
Cost of sales and services	(4,590,040)	(1,101,023)	(62,603)	(378,885)	(94,997)	(141,935)	
<b>Gross profit</b>	<b>1,297,078</b>	<b>237,230</b>	<b>27,590</b>	<b>152,151</b>	<b>29,050</b>	<b>74,024</b>	
General and administrative expenses	(438,966)	(30,870)	(11,592)	(43,980)	(11,180)	(33,437)	
Depreciation (note 9 a)	325,108	177,357	6,345	91,001	8,517	19,573	
Proportionate EBITDA of joint ventures							
<b>Adjusted EBITDA</b>	<b>1,183,220</b>	<b>383,717</b>	<b>22,343</b>	<b>199,172</b>	<b>26,387</b>	<b>60,160</b>	

#### Sales by geographic area

Asia	10,612	1,170,513					
North America	843,749						
Latin America	184,371	42,730					
Europe	1,085,129	52,169					
Others	17,788						
<b>Foreign market</b>	<b>2,141,649</b>	<b>1,265,412</b>					
<b>Domestic market</b>	<b>3,745,469</b>	<b>72,841</b>	<b>90,193</b>	<b>531,036</b>	<b>124,047</b>	<b>215,959</b>	
<b>Total</b>	<b>5,887,118</b>	<b>1,338,253</b>	<b>90,193</b>	<b>531,036</b>	<b>124,047</b>	<b>215,959</b>	

	Steel	Mining	Logistics		Energy	Cement	Corpor
			Port	Railroads			
Metric tons (thou.) - (unaudited) (*)	1,261,151	5,567,087				578,767	
Net revenues							
Domestic market	1,734,153	35,040	43,346	279,863	60,356	115,328	
Foreign market	1,029,858	645,432					
<b>Total net revenue (note 20)</b>	<b>2,764,011</b>	<b>680,472</b>	<b>43,346</b>	<b>279,863</b>	<b>60,356</b>	<b>115,328</b>	
Cost of sales and services	(2,224,484)	(534,322)	(32,033)	(198,553)	(48,048)	(75,406)	
<b>Gross profit</b>	<b>539,527</b>	<b>146,150</b>	<b>11,313</b>	<b>81,310</b>	<b>12,308</b>	<b>39,922</b>	
General and administrative expenses	(207,308)	(9,773)	(5,470)	(21,014)	(5,637)	(18,184)	
Depreciation (note 9 a)	167,511	91,309	3,170	46,288	4,275	10,184	
Proportionate EBITDA of joint ventures							

<b>Adjusted EBITDA</b>	<b>499,730</b>	<b>227,686</b>	<b>9,013</b>	<b>106,584</b>	<b>10,946</b>	<b>31,922</b>
<b>Sales by geographic area</b>						
Asia	8,602	629,499				
North America	362,355					
Latin America	103,623					
Europe	549,234	15,933				
Others	6,044					
<b>Foreign market</b>	<b>1,029,858</b>	<b>645,432</b>				
<b>Domestic market</b>	<b>1,734,153</b>	<b>35,040</b>	<b>43,346</b>	<b>279,863</b>	<b>60,356</b>	<b>115,328</b>
<b>Total</b>	<b>2,764,011</b>	<b>680,472</b>	<b>43,346</b>	<b>279,863</b>	<b>60,356</b>	<b>115,328</b>

(\*) The iron ore volumes of sales presented in this note considered the company's sales and equity interests in its subsidiaries and jointly ventures. (In 2015, consider 60% interest in Namisa).

Adjusted EBITDA is the measurement based on which the chief operating decision maker assesses the segment performance and the capacity to generate recurring operating cash, consisting of profit for the year less net finance income (costs), income tax and social contribution, depreciation and amortization, equity in results of affiliated companies, and other operating income (expenses), plus the proportionate EBITDA of joint ventures.

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

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

	<b>Six months ended</b>		<b>Consolidated Three months ended</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
(Loss)/Profit for the period	(874,007)	(222,791)	(42,715)	(614,593)
Depreciation (note 9 a)	614,088	543,178	304,252	278,680
Income tax and social contribution (note 14)	231,715	(507,653)	109,505	(5,136)
Finance income (cost) (note 23)	1,147,497	1,641,395	204,483	771,695
<b>EBITDA</b>	<b>1,119,293</b>	<b>1,454,129</b>	<b>575,525</b>	<b>430,646</b>
Other operating income (expenses) (note 22)	297,741	436,553	171,181	223,016
Equity in results of affiliated companies	(63,407)	(354,656)	(18,428)	43,822
Proportionate EBITDA of joint ventures	233,686	179,159	126,367	103,550
<b>Adjusted EBITDA (*)</b>	<b>1,587,313</b>	<b>1,715,185</b>	<b>854,645</b>	<b>801,034</b>

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

## 25. GUARANTEES

The Company is liable for guarantees of its subsidiaries and joint ventures as follows:

	Currency	Maturities	Borrowings		Tax forec
			06/30/2016	12/31/2015	06/30/2016 1
Transnordestina Logística	R\$	Up to 09/19/2056 and Indefinite	2,544,600	2,544,600	23,007
FTL - Ferrovia Transnordestina	R\$	11/15/2020	81,700	81,700	
Sepetiba Tecon	R\$	Indefinite			
Cia Metalurgica Prada	R\$	Up to 02/10/2016 and indefinite			333
CSN Energia	R\$	Indefinite			2,829
Congonhas Minérios	R\$	09/22/2022	2,000,000	2,000,000	
Fundação CSN	R\$	Indefinite	1,003	1,003	
Others	R\$			12,000	
<b>Total in R\$</b>			<b>4,627,303</b>	<b>4,639,303</b>	<b>26,169</b>
CSN Islands XI	US\$	09/21/2019	750,000	750,000	
CSN Islands XII	US\$	Perpetual	1,000,000	1,000,000	
CSN Resources	US\$	07/21/2020	1,200,000	1,200,000	
<b>Total in US\$</b>			<b>2,950,000</b>	<b>2,950,000</b>	
CSN Steel S.L.	EUR	1/31/2020	120,000	120,000	
Lusosider Aços Planos	EUR	Indefinite	25,000	25,000	
<b>Total in EUR</b>			<b>145,000</b>	<b>145,000</b>	
<b>Total in R\$</b>			<b>9,982,413</b>	<b>12,135,468</b>	
			<b>14,609,716</b>	<b>16,774,771</b>	<b>26,169</b>

## 26. INSURANCE

Aiming to properly mitigate risk and in view of the nature of its operations, the Company and its subsidiaries have taken out several different types of insurance policies. Such policies are contracted in line with the CSN Risk Management policy and are similar to the insurance taken out by other companies operating in the same lines of business as CSN and its subsidiaries. The risks covered under such policies include the following: Domestic Transportation, International Transportation, Life and Casualty, Health Coverage, Fleet Vehicles, D&O (Civil Liability Insurance for Directors and Officers), General Civil Liability, Engineering Risks, naming Risks, Export Credit, warranty and Port Operator's Civil Liability.

In 2015, after negotiation with insurers and reinsurers in Brazil and abroad, an insurance policy was issued for the contracting of a policy of Operational Risk of Property Damages and Loss of Profits, with effect from September 30, 2015 to September 30, 2016. Under the insurance policy, the LMI (Maximum Limit of Indemnity) is US\$600 million and covers the following units and subsidiaries of the Company: Presidente Vargas steelworks, Congonhas Minérios, Sepetiba Tecon, and CSN Mining. CSN takes responsibility for a range of retention of US\$375 million in excess of the deductibles for property damages and loss of profits.

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

## 27. ADDITIONAL INFORMATION TO CASH FLOWS

The following table provides additional information on transactions related to the statement of cash flows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>06/30/2016</b>	<b>06/30/2015</b>	<b>06/30/2016</b>	<b>06/30/2015</b>
Income tax and social contribution paid	25,943	134,094		120,075
Addition to PP&E with interest capitalization	110,875	70,483	62,942	70,483
Acquisition of fixed assets without adding cash	7,437			
Borrowings granted to subsidiaries			10,828	
	<b>144,255</b>	<b>204,577</b>	<b>73,770</b>	<b>190,558</b>



**28. COMPREHENSIVE INCOME STATEMENT**

**Loss (profit) for the period**

**Other comprehensive income**

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

**Actuarial of the defined benefit plan from investments in subsidiaries, net of taxes**

**Actuarial (losses) gains on defined benefit pension plan**

**Income tax and social contribution on actuarial (losses) gains on defined benefit pension plan**

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

**Cumulative translation adjustments for the period**

**Assets available for sale**

**Income taxes and social contribution available for sale assets**

**Available-for-sale assets from investments in subsidiaries, net of taxes**

**Impairment on available-for-sale assets**

**Income taxes and social contribution impairment of available-for-sale assets**

**(Loss) /gain on the percentage change in investments**

**(Loss)/ gain on cash flow hedge accounting**

**Income taxes and social contribution on (Loss) gain on cash flow hedge accounting**

**Realization on cash flow hedge accounting reclassified to income statements**

**(Loss) gain on investments in subsidiaries**

**(Loss) gain on net investment hedge in foreign subsidiaries**

**Total comprehensive income for the period**

**Attributable to:**

**Owners of the company**

**Non-controlling interests**





To the Board of Directors and Shareholders of

Companhia Siderúrgica Nacional

São Paulo – SP

## **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Companhia Siderúrgica Nacional (the “Company”), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the six-month period ended June 30, 2016, which comprises the balance sheet as of June 30, 2016 and the related statements of income and comprehensive income for the three and six-month period then ended, and statement of changes in equity and cash flows for the six-month period ended, including the explanatory notes.

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

## **Scope of review**

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

### **Conclusion on interim financial information**

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

### **Emphasis of Matter**

The individual and consolidated corresponding values, related to the cash flow statement for the three and six-month period ended June 30, 2015 are being restated accordingly to the matter described at note 2.d).

### **Other Matters**

We have also reviewed the individual and consolidated statements of value added (DVA) for the six-month period ended June 30, 2016, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the CVM applicable to the preparation of Interim Financial Information (ITR) and considered as supplemental information for International Financial Reporting Standards IFRSs, which do not require the presentation of DVA. These statements were subject to the same review procedures described above, and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

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

São Paulo, August 15, 2016

DELOITTE TOUCHE TOHMATSU

Auditores Independentes

Gilberto Grandolpho

Engagement Partner



