

NATIONAL STEEL CO  
Form 6-K  
August 10, 2005

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 6-K**

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

**For the month of August, 2005**

**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)

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION  
QUARTERLY INFORMATION ITR  
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

Accounting  
Practices  
Date: 06/30/2005 Adopted in Brazil

**REGISTRATION WITH CVM SHOULD NOT BE CONSTRUED AS AN EVALUATION OF THE  
COMPANY.  
COMPANY MANAGEMENT IS RESPONSIBLE FOR THE INFORMATION PROVIDED.**

**01.01 - IDENTIFICATION**

|  |   |   |
|--|---|---|
| 1 - CVM CODE<br><b>00403-0</b>                   | 2 - COMPANY NAME<br><b>COMPANHIA SIDERÚRGICA NACIONAL</b> | 3 - CNPJ (Corporate Taxpayer's ID)<br><b>33.042.730/0001-04</b> |
| 4 - NIRE (Corporate Registry ID)<br><b>15910</b> |   |   |

**01.02 - HEAD OFFICE**

|   |                            |                        |                    |            |
|---|----------------------------|------------------------|--------------------|------------|
| 1 - ADDRESS<br>R. SÃO JOSÉ, 20/ GR.1602 PARTE |                            | 2 - DISTRICT<br>CENTRO |                    |            |
| 3 - ZIP CODE<br>22010-020                     | 4 - CITY<br>RIO DE JANEIRO |                        | 5 - STATE<br>RJ    |            |
| 6 - AREA CODE<br>21                           | 7 - TELEPHONE<br>2215-4901 | 8 - TELEPHONE<br>-     | 9 - TELEPHONE<br>- | 10 - TELEX |
| 11 - AREA CODE<br>21                          | 12 - FAX<br>2215-7140      | 13 - FAX<br>-          | 14 - FAX<br>-      |            |
| 15 - E-MAIL<br>invrel@csn.com.br              |                            |                        |                    |            |

**01.03 - INVESTOR RELATIONS OFFICER (Company Mailing Address)**

|  |                            |                    |                            |            |
|--|----------------------------|--------------------|----------------------------|------------|
| 1- NAME<br>BENJAMIN STEINBRUCH                           |                            |                    |                            |            |
| 2 - ADDRESS<br>AV. BRIGADEIRO FARIA LIMA, 3400 20º ANDAR |                            |                    | 3 - DISTRICT<br>ITAIM BIBI |            |
| 4 - ZIP CODE<br>04538-132                                | 5 - CITY<br>SÃO PAULO      |                    | 6 - STATE<br>SP            |            |
| 7 - AREA CODE<br>11                                      | 8 - TELEPHONE<br>3049-7100 | 9 - TELEPHONE<br>- | 10 - TELEPHONE<br>-        | 11 - TELEX |
| 12 - AREA CODE<br>11                                     | 13 - FAX<br>3049-7519      | 14 - FAX<br>-      | 15 - FAX<br>-              |            |

15 - E-MAIL  
invrel@csn.com.br

**01.04 - ITR REFERENCE AND AUDITOR INFORMATION**

| CURRENT YEAR  |            | CURRENT QUARTER |                  |           | PREVIOUS QUARTER  |                  |           |
|---|------------|-----------------|------------------|-----------|---|------------------|-----------|
| 1 -<br>BEGINNING  | 2. END     | 3 -<br>QUARTER  | 4 -<br>BEGINNING | 5 - END   | 6 -<br>QUARTER  | 7 -<br>BEGINNING | 8 - END   |
| 1/01/2005   | 12/31/2005 | 2               | 4/01/2005        | 6/30/2005 | 1   | 1/01/2005        | 3/31/2005 |
| 09 - INDEPENDENT ACCOUNTANT<br>DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES |            |                 |                  |           | 10 - CVM CODE<br>00385-9  |                  |           |
| 11. TECHNICIAN IN CHARGE<br>MARCELO CAVALCANTI ALMEIDA                          |            |                 |                  |           | 12 TECHNICIAN S CPF (INDIVIDUAL<br>TAXPAYER S ID)<br>335.905.597-72 |                  |           |

**01.05 - CAPITAL STOCK**

| Number of Shares<br>(in thousands) | 1 - CURRENT QUARTER<br>6/30/2005 | 2 - PREVIOUS QUARTER<br>3/31/2004 | 3 - SAME QUARTER,<br>PREVIOUS YEAR<br>6/30/2004 |
|------------------------------------|----------------------------------|-----------------------------------|---|
| <b>Paid-in Capital</b>             |                                  |                                   |   |
| 1 Common                           | 286,917                          | 286,917                           | 286,917   |
| 2 Preferred                        | 0                                | 0                                 | 0   |
| 3 Total                            | 286,917                          | 286,917                           | 286,917   |
| <b>Treasury Stock</b>              |                                  |                                   |   |
| 4 Common                           | 16,759                           | 10,724                            | 2,513   |
| 5 Preferred                        | 0                                | 0                                 | 0   |
| 6 Total                            | 16,759                           | 10,724                            | 2,513   |

**01.06 - COMPANY PROFILE**

|   |
|---|
| 1 - TYPE OF COMPANY<br>Commercial, Industrial and Other                   |
| 2 - STATUS<br>Operational   |
| 3 - NATURE OF OWNERSHIP<br>Private National                               |
| 4 - ACTIVITY CODE<br>106 Metallurgy and Steel Industry                    |
| 5 - MAIN ACTIVITY<br>Manufacturing, transf. and trading of steel products |
| 6 - CONSOLIDATION TYPE<br>Total   |
| 7 - TYPE OF REPORT OF INDEPENDENT AUDITORS<br>Unqualified                 |

**01.07 - COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS**

| 1 - ITEM | 2 - CNPJ (Corporate Taxpayer s ID) | 3 - COMPANY NAME |
|----------|------------------------------------|------------------|
|          |                                    |                  |

**01.08 - CASH DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER**

| 1 - ITEM | 2 - EVENT | 3 - APPROVAL | 4 - TYPE                | 5 - DATE OF PAYMENT | 6 - TYPE OF SHARE | 7 - AMOUNT PER SHARE |
|----------|-----------|--------------|-------------------------|---------------------|-------------------|----------------------|
| 01       | AGO       | 04/29/2005   | Dividend                | 06/14/2005          | Common            | 7.3517000000         |
| 02       | AGO       | 04/29/2005   | Interest on Own Capital | 06/14/2005          | Common            | 0.8675400000         |



**01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR**

| 1 - ITEM | 2 - DATE OF CHANGE | 3 - CAPITAL STOCK<br>(In thousands of reais) | 4 - AMOUNT OF CHANGE<br>(In thousands of reais) | 5 - NATURE OF CHANGE | 7 - NUMBER OF SHARES ISSUED<br>(thousand) | 8 - SHARE PRICE WHEN ISSUED<br>(in reais) |
|----------|--------------------|--|---|----------------------|---|---|
|----------|--------------------|--|---|----------------------|---|---|

**01.10 - INVESTOR RELATIONS OFFICER**

| 1 DATE | 2 SIGNATURE |
|--------|-------------|
|--------|-------------|

**02.01 - BALANCE SHEET - ASSETS (in thousands of reais)**

| <b>1-Code</b> | <b>2- Description</b>                          | <b>3- 06/30/2005</b> | <b>4- 03/31/2005</b> |
|---------------|--|----------------------|----------------------|
| 1             | Total Assets                                   | 24,765,439           | 26,733,952           |
| 1.01          | Current Assets                                 | 5,861,851            | 7,275,356            |
| 1.01.01       | Cash   | 56,421               | 70,697               |
| 1.01.02       | Credits  | 1,809,931            | 2,012,324            |
| 1.01.02.01    | Domestic Market                                | 972,623              | 1,056,127            |
| 1.01.02.02    | Foreign Market                                 | 906,074              | 1,040,280            |
| 1.01.02.03    | Allowance for Doubtful Accounts                | (68,766)             | (84,083)             |
| 1.01.03       | Inventories                                    | 1,363,157            | 1,345,447            |
| 1.01.04       | Other  | 2,632,342            | 3,846,888            |
| 1.01.04.01    | Marketable Securities                          | 1,422,357            | 2,574,005            |
| 1.01.04.02    | Recoverable Income Tax and Social Contribution | 14,721               | 13,094               |
| 1.01.04.03    | Deferred Income Tax                            | 286,739              | 301,681              |
| 1.01.04.04    | Deferred Social Contribution                   | 50,906               | 52,860               |
| 1.01.04.05    | Dividends Receivable                           | 41,219               | 55,902               |
| 1.01.04.06    | Prepaid Expenses                               | 29,155               | 37,989               |
| 1.01.04.07    | Prepaid Income Tax and Social Contribution     | 609,169              | 609,169              |
| 1.01.04.08    | Other  | 178,076              | 202,188              |
| 1.02          | Long-Term Assets                               | 1,708,892            | 1,561,082            |
| 1.02.01       | Various Credits                                | 21,664               | 27,550               |
| 1.02.01.01    | Loans Eletrobras                               | 21,664               | 27,550               |
| 1.02.02       | Credit with Related Parties                    | 129,509              | 118,183              |
| 1.02.02.01    | Affiliates                                     | 0                    | 0                    |
| 1.02.02.02    | Subsidiaries                                   | 129,509              | 118,183              |
| 1.02.02.03    | Other Related Parties                          | 0                    | 0                    |
| 1.02.03       | Other  | 1,557,719            | 1,415,349            |
| 1.02.03.01    | Deferred Income Tax                            | 475,729              | 462,822              |
| 1.02.03.02    | Deferred Social Contribution                   | 93,496               | 91,399               |
| 1.02.03.03    | Judicial Deposits                              | 582,098              | 569,643              |
| 1.02.03.04    | Securities Receivables                         | 130,644              | 44,953               |
| 1.02.03.05    | Marketable Securities                          | 125,652              | 125,652              |
| 1.02.03.06    | Recoverable PIS/PASEP                          | 26,261               | 25,722               |
| 1.02.03.07    | Prepaid Expenses                               | 39,567               | 42,221               |
| 1.02.03.08    | Other  | 84,272               | 52,937               |
| 1.03          | Permanent Assets                               | 17,194,696           | 17,897,514           |
| 1.03.01       | Investments                                    | 4,998,537            | 5,671,364            |
| 1.03.01.01    | In Affiliates                                  | 0                    | 0                    |
| 1.03.01.02    | In Subsidiaries                                | 4,998,537            | 5,671,364            |
| 1.03.01.03    | Other Investments                              | 0                    | 0                    |
| 1.03.02       | Property, Plant and Equipment                  | 11,998,516           | 12,025,556           |
| 1.03.02.01    | In Operation, Net                              | 11,602,856           | 11,715,309           |
| 1.03.02.02    | In Construction                                | 253,077              | 181,470              |

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|            |          |         |         |
|------------|----------|---------|---------|
| 1.03.02.03 | Land     | 142,583 | 128,777 |
| 1.03.03    | Deferred | 197,643 | 200,594 |



**02.02 - BALANCE SHEET - LIABILITIES (in thousands of Reais)**

| <b>1- Code</b> | <b>2- Description</b>               | <b>3- 06/30/2005</b> | <b>4- 03/31/2005</b> |
|----------------|-------------------------------------|----------------------|----------------------|
| 2              | Total Liabilities                   | 24,765,439           | 26,733,952           |
| 2.01           | Current Liabilities                 | 4,571,695            | 6,668,644            |
| 2.01.01        | Loans and Financing                 | 1,379,431            | 1,340,178            |
| 2.01.02        | Debentures                          | 64,608               | 85,663               |
| 2.01.03        | Suppliers                           | 960,837              | 733,442              |
| 2.01.04        | Taxes and Contributions             | 1,251,859            | 1,263,552            |
| 2.01.04.01     | Salaries and Social Contributions   | 64,774               | 51,728               |
| 2.01.04.02     | Taxes Payable                       | 1,042,827            | 917,799              |
| 2.01.04.03     | Deferred Income Tax                 | 106,072              | 216,195              |
| 2.01.04.04     | Deferred Social Contribution        | 38,186               | 77,830               |
| 2.01.05        | Dividends Payable                   | 116,553              | 2,316,909            |
| 2.01.06        | Provisions                          | 24,048               | 14,533               |
| 2.01.06.01     | Contingencies                       | 24,048               | 14,533               |
| 2.01.07        | Debt with Related Parties           | 0                    | 0                    |
| 2.01.08        | Other                               | 774,359              | 914,367              |
| 2.01.08.01     | Accounts Payable - Subsidiaries     | 687,388              | 776,108              |
| 2.01.08.02     | Other                               | 86,971               | 138,259              |
| 2.02           | Long-Term Assets                    | 12,716,200           | 12,565,025           |
| 2.02.01        | Loans and Financing                 | 6,550,013            | 6,445,500            |
| 2.02.02        | Debentures                          | 900,000              | 900,000              |
| 2.02.03        | Provisions                          | 4,787,306            | 4,719,635            |
| 2.02.03.01     | Contingencies                       | 2,561,332            | 2,455,628            |
| 2.02.03.02     | Deferred Income Tax                 | 1,636,746            | 1,664,711            |
| 2.02.03.03     | Deferred Social Contribution        | 589,228              | 599,296              |
| 2.02.04        | Debt with Related Parties           | 0                    | 0                    |
| 2.02.05        | Other                               | 478,881              | 499,890              |
| 2.02.05.01     | Provision for Losses in Investments | 80,525               | 93,395               |
| 2.02.05.02     | Accounts Payable - Subsidiaries     | 96,983               | 108,704              |
| 2.02.05.03     | Other                               | 301,373              | 297,791              |
| 2.03           | Deferred Income                     | 0                    | 0                    |
| 2.05           | Shareholders Equity                 | 7,477,544            | 7,500,283            |
| 2.05.01        | Paid-In Capital Stock               | 1,680,947            | 1,680,947            |
| 2.05.02        | Capital Reserve                     | 17,319               | 17,319               |
| 2.05.03        | Revaluation Reserve                 | 4,640,047            | 4,701,095            |
| 2.05.03.01     | Parent Company                      | 4,640,047            | 4,701,095            |
| 2.05.03.02     | Subsidiaries/Affiliates             | 0                    | 0                    |
| 2.05.04        | Profit Reserve                      | 78,301               | 338,473              |
| 2.05.04.01     | Legal                               | 336,189              | 336,189              |
| 2.05.04.02     | Statutory                           | 0                    | 0                    |
| 2.05.04.03     | For Contingencies                   | 0                    | 0                    |
| 2.05.04.04     | Unrealized Income                   | 0                    | 0                    |

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|               |                                       |           |           |
|---------------|---------------------------------------|-----------|-----------|
| 2.05.04.05    | Income Retentions                     | 0         | 0         |
| 2.05.04.06    | Special For Non-Distributed Dividends | 0         | 0         |
| 2.05.04.07    | Other Profit Reserve                  | (257,888) | 2,284     |
| 2.05.04.07.01 | From Investments                      | 487,203   | 487,203   |
| 2.05.04.07.02 | Treasury Stock                        | (745,091) | (484,919) |
| 2.05.05       | Retained earnings/accumulated deficit | 1,060,930 | 762,449   |

**03.01 STATEMENT OF INCOME (in thousands of reais)**

| <b>1- Code</b> | <b>2- Description</b>                        | <b>3-<br/>04/01/2005<br/>to<br/>06/30/2005</b> | <b>4-<br/>01/01/2005<br/>to<br/>06/30/2005</b> | <b>5-<br/>04/01/2004<br/>to<br/>06/30/2004</b> | <b>6- 1/01/2004<br/>to<br/>06/30/2004</b> |
|----------------|--|--|--|--|---|
| 3.01           | Gross Revenue from Sales and/or Services     | 2,670,162                                      | 5,810,860                                      | 2,673,941                                      | 4,586,082                                 |
| 3.02           | Gross Revenue Deductions                     | (545,153)                                      | (1,203,753)                                    | (358,105)                                      | (681,888)                                 |
| 3.03           | Net Revenue from Sales and/or Services       | 2,125,009                                      | 4,607,107                                      | 2,315,836                                      | 3,904,194                                 |
| 3.04           | Cost of Goods and Services Sold              | (1,153,460)                                    | (2,363,015)                                    | (1,258,589)                                    | (2,121,690)                               |
| 3.04.01        | Depreciation, Depletion and Amortization     | (184,636)                                      | (382,358)                                      | (197,650)                                      | (353,715)                                 |
| 3.04.02        | Other  | (968,824)                                      | (1,980,657)                                    | (1,060,939)                                    | (1,767,975)                               |
| 3.05           | Gross Profit                                 | 971,549  | 2,244,092                                      | 1,057,247                                      | 1,782,504                                 |
| 3.06           | Operating Income/Expenses                    | (412,628)                                      | (655,648)                                      | (479,467)                                      | (729,549)                                 |
| 3.06.01        | Selling                                      | (51,671)                                       | (130,642)                                      | (67,628)                                       | (127,234)                                 |
| 3.06.01.01     | Depreciation and Amortization                | (2,185)  | (4,268)  | (1,835)  | (3,607)                                   |
| 3.06.01.02     | Other  | (49,486)                                       | (126,374)                                      | (65,793)                                       | (123,627)                                 |
| 3.06.02        | General and Administrative                   | (58,083)                                       | (107,917)                                      | (62,754)                                       | (109,917)                                 |
| 3.06.02.01     | Depreciation and Amortization                | (3,740)  | (8,264)  | (5,615)  | (11,180)                                  |
| 3.06.02.02     | Other  | (54,343)                                       | (99,653)                                       | (57,139)                                       | (98,737)                                  |
| 3.06.03        | Financial                                    | 477,217  | 150,703  | (436,639)                                      | (811,074)                                 |
| 3.06.03.01     | Financial Income                             | (256,180)                                      | (254,791)                                      | 278,997  | 311,368                                   |
| 3.06.03.02     | Financial Expenses                           | 733,397  | 405,494  | (715,636)                                      | (1,122,442)                               |
| 3.06.03.02.01  | Amortization of Special Exchange Variation   | 0  | 0  | (25,542)                                       | (53,043)                                  |
| 3.06.03.02.02  | Foreign Exchange and Monetary Variation, net | 987,565  | 923,393  | (456,743)                                      | (535,728)                                 |
| 3.06.03.02.03  | Interest expenses, fines and tax arrears     | (254,168)                                      | (517,899)                                      | (233,351)                                      | (533,671)                                 |
| 3.06.04        | Other Operating Income                       | 3,434  | 5,030  | 7,061  | 18,823                                    |
| 3.06.05        | Other Operating Expenses                     | (22,919)                                       | (57,307)                                       | (31,489)                                       | (54,323)                                  |
| 3.06.06        | Equity                                       | (760,606)                                      | (515,515)                                      | 111,982  | 354,176                                   |
| 3.07           | Operating Income                             | 558,921  | 1,588,444                                      | 577,780  | 1,052,955                                 |
| 3.08           | Non-Operating Income                         | (5,563)  | (6,483)  | (729)  | (783)                                     |
| 3.08.01        | Income                                       | 0  | 2  | 1  | 3   |
| 3.08.02        | Expenses                                     | (5,563)  | (6,485)  | (730)  | (786)                                     |

**03.01 - STATEMENT OF INCOME (in thousands of reais)**

| <b>1- Code</b> | <b>2- Description</b>                            | <b>3-<br/>04/01/2005<br/>to<br/>06/30/2005</b> | <b>4-<br/>01/01/2005<br/>to<br/>06/30/2005</b> | <b>5-<br/>04/01/2004<br/>to<br/>06/30/2004</b> | <b>6- 1/01/2004<br/>to<br/>06/30/2004</b> |
|----------------|--|--|--|--|---|
| 3.09           | Income before Taxes and Participations           | 553,358  | 1,581,961                                      | 577,051  | 1,052,172                                 |
| 3.10           | Provision for Income Tax and Social Contribution | (433,781)                                      | (682,560)                                      | (37,903)                                       | (103,028)                                 |
| 3.11           | Deferred Income Tax                              | 185,906  | 154,805  | (53,505)                                       | (116,142)                                 |
| 3.12           | Statutory Participations/Contributions           | 0  | 0  | 0  | 0   |
| 3.12.01        | Participations                                   | 0  | 0  | 0  | 0   |
| 3.12.02        | Contributions                                    | 0  | 0  | 0  | 0   |
| 3.13           | Reversal of Interest on Own Capital              | 0  | 0  | 0  | 0   |
| 3.15           | Net Income (Loss) for the Period                 | 305,483  | 1,054,206                                      | 485,643  | 833,002                                   |
|                | SHARES OUTSTANDING EX-TREASURY<br>(in thousands) | 270,158  | 270,158  | 284,404  | 284,404                                   |
|                | EARNINGS PER SHARE                               | 1.13076  | 3.90218  | 1.70758  | 2.92894                                   |
|                | LOSS PER SHARE                                   |  |  |  |   |

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION  
QUARTERLY INFORMATION ITR  
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

Accounting  
Practices  
Date: 06/30/2005 Adopted in Brazil

**00403-0** **COMPANHIA SIDERÚRGICA NACIONAL** **33.042.730/0001-04**

**04.01 NOTES TO THE FINANCIAL STATEMENTS**

**(In thousands of reais, except when indicated)**

**1. OPERATING CONTEXT**

Companhia Siderúrgica Nacional ("CSN") is engaged in the production of flat steel products, its main industrial complexes being the Presidente Vargas Steelworks located in the City of Volta Redonda, State of Rio de Janeiro, and the processing unit in the city of Araucária, State of Paraná.

CSN is engaged in the mining of iron ore, limestone and dolomite, in the State of Minas Gerais, and tin, in the State of Rondônia, to cater for the needs of the Presidente Vargas Steelworks and also maintains strategic investments in railroad, electricity and ports, to optimize its activities.

For the purpose of establishing a closer approach to its customers and winning additional markets on a global level, CSN has a steel distributor with service and distribution centers extending from the Northeast to the South of Brazil, a two-piece steel can plant geared to the Northeastern beverage industry, and also, a rolling mill in the United States and a 50% stake in another rolling mill in Portugal.

**2. PRESENTATION OF THE FINANCIAL STATEMENTS**

Hereunder the configuration of the Quarterly Information form, the Parent Company's Consolidated Statements of Changes in Financial Position and Cash Flow are presented in the table Other Information considered material by the Company .

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Financial Statements were prepared in conformity with the accounting practices adopted in Brazil, as well as with the accounting standards and pronouncements established by CVM - the Brazilian Securities and Exchange Commission.

**(a) Statement of Income**

The results of operations are determined on an accrual basis.

**(b) Marketable securities**

The investment funds have daily liquidity and have their assets valued at market as per instructions of the Central Bank of Brazil, since the Company considers these investments as securities retained for trading.

Fixed income securities are recorded at cost plus yields accrued through the balance sheet date, and do not exceed the market value and investments overseas have a daily remuneration.

**(c) Allowance for doubtful accounts**

The allowance for doubtful accounts has been set up in an amount which, in the opinion of Management, suffices to absorb any losses that might be incurred in realizing accounts receivable.

**(d) Inventories**

Inventories are stated at the lower of the average production or acquisition cost and net realization value or replacement cost, except in the case of imports in progress, which are recorded at their identified cost.

**(e) Other current and long-term assets**

Other current and long-term assets are presented at their realization value, including, when applicable, income earned to the balance sheet date or, in the case of prepaid expenses, at cost.

**(f) Investments**

Investments in subsidiaries and jointly owned subsidiary companies are recorded by the equity accounting method, adjusted for any amortizable goodwill or negative goodwill, if applicable. The other permanent investments are recorded at acquisition cost.

**(g) Property, plant and equipment**

The property, plant and equipment of the Parent Company is presented at market or replacement values, based on appraisal reports (see note 11) conducted by independent expert appraisal firms, as permitted by Resolution #288 issued by the Brazilian Securities and Exchange Commission ("CVM") on December 3, 1998. Depreciation is computed by the straight-line method at the rates, shown in the same note, based on the remaining economic useful lives of the assets after revaluation. Depletion of the iron mine Casa de Pedra is calculated on the basis of the quantity of iron ore extracted. Interest charges related to capital funding for construction in progress are capitalized for as long as the projects remain unconcluded.

**(h) Deferred charges**

The deferred charges are basically comprised of expenses incurred for development and implantation of projects that should generate a payback to the Company in the next few years, with the amortization applied on a straight-line basis based on the period foreseen for the economic return on the above projects.

**(i) Current and long-term liabilities**

These are stated at their known or estimated values, including, when applicable, accrued charges, monetary and foreign exchange variation incurred up to the balance sheet date.

**(j) Employees benefit**

The Company decided to record the respective actuarial liabilities as from January 1, 2002, in accordance with Resolution #371, issued by the Brazilian Securities and Exchange Commission ( CVM ), on December 13, 2000, in accordance with the above-mentioned reported deliberation and based on by independent actuarial studies (see note 25,item iv).

**(k) Income Tax and Social Contribution**

Income tax and social contribution on net income are calculated based on their effective tax rates and consider the tax loss carryforward and negative basis of social contribution limited to 30%, to compute the tax liability. Tax credits are set up for deferred taxes on tax losses, negative basis of social contribution on net income and on temporary

differences.



**(l) Derivatives**

The derivatives operations are recorded in accordance with the characteristics of the financial instruments. Swap operations are recorded based on the operations' net results, which are booked monthly in line with the contractual conditions.

Exchange options are adjusted monthly to market value whenever the position shows a loss. These losses are recognized as Company's liability with the corresponding entry in the financial result. Futures contracts negotiated through exclusive funds have their positions adjusted to market daily by the Future and Commodities Exchange - BMF with recognition of gains and losses directly in results.

**(m) Treasury Stocks**

As established by CVM Instruction 10/80, treasury stocks were recorded at the acquisition cost.

**(n) Estimates**

Pursuant to the accounting practices adopted in Brazil, the preparation of the financial statements requires the Company's Management to make estimates and assumptions related to the assets and liabilities reported, the disclosure of contingent assets and liabilities on the balance sheet date and the amount of income and expenses during the year. The end results may differ from these estimates.

**4. CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements for the quarters ended on June 30, 2005 and March 31, 2005 include the following direct and indirect subsidiaries and jointly-owned subsidiaries:

| Companies  | Currency<br>of Origin | Participation in the<br>capital<br>stock (%) |           | Main activities   |
|--|-----------------------|--|-----------|---|
|  |                       | 6/30/2005                                    | 3/31/2005 |   |
| <b>Direct participation: fully consolidated</b>          |                       |  |           |   |
| CSN Energy   | US\$                  | 100.00                                       | 100.00    | Equity interests<br>Financial operations and<br>product trading |
| CSN Export   | US\$                  | 100.00                                       | 100.00    | Financial operations  |
| CSN Islands  | US\$                  | 100.00                                       | 100.00    | Financial operations  |
| CSN Islands II   | US\$                  | 100.00                                       | 100.00    | Financial operations  |
| CSN Islands III  | US\$                  | 100.00                                       | 100.00    | Financial operations  |
| CSN Islands IV   | US\$                  | 100.00                                       | 100.00    | Financial operations  |
| CSN Islands V  | US\$                  | 100.00                                       | 100.00    | Financial operations  |
| CSN Islands VII  | US\$                  | 100.00                                       | 100.00    | Financial operations  |
| CSN Islands VIII   | US\$                  | 100.00                                       | 100.00    | Financial operations  |
| CSN Islands IX   | US\$                  | 100.00                                       | 100.00    | Financial operations  |
| CSN Overseas   | US\$                  | 100.00                                       | 100.00    | Equity interests  |
| CSN Panama   | US\$                  | 100.00                                       | 100.00    | Equity interests  |
| CSN Steel  | US\$                  | 100.00                                       | 100.00    | Equity interests  |
| CSN I  | R\$                   | 100.00                                       | 100.00    | Equity interests  |
| Estanho de Rondônia - ERSA                               | R\$                   | 100.00                                       |           | Mining  |
| Cia. Metalic Nordeste                                    | R\$                   | 99.99  | 99.99     | Package production  |
| Indústria Nacional de Aços Laminados -<br>INAL           | R\$                   | 99.99  | 99.99     | Steel products service center                                   |
| CSN Cimentos   | R\$                   | 99.99  | 99.99     | Cement production   |
| Inal Nordeste  | R\$                   | 99.99  | 99.99     | Steel products service center                                   |
| CSN Energia  | R\$                   | 99.90  | 99.90     | Trading of electricity  |
| CSN Participações Energéticas                            | R\$                   | 99.70  | 99.70     | Equity interests  |
| Sepetiba Tecon   | R\$                   | 20.00  | 20.00     | Maritime port services  |
| GalvaSud   | R\$                   | 15.29  | 15.29     | Steel industry  |
| <b>Direct participation: proportionally consolidated</b> |                       |  |           |   |
| Companhia Ferroviária do Nordeste<br>(CFN)               | R\$                   | 49.99  | 49.99     | Railroad transportation   |
| Itá Energética   | R\$                   | 48.75  | 48.75     | Electricity generation  |
| MRS Logística  | R\$                   | 32.22  | 32.22     | Railroad transportation   |
| <b>Indirect participation: fully consolidated</b>        |                       |  |           |   |
| CSN Aceros   | US\$                  | 100.00                                       | 100.00    | Equity interests<br>Financial operations and<br>product trading |
| CSN Cayman   | US\$                  | 100.00                                       | 100.00    | Financial operations  |
| CSN Iron   | US\$                  | 100.00                                       | 100.00    |   |

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|                     |      |        |        |                        |
|---------------------|------|--------|--------|------------------------|
| CSN LLC             | US\$ | 100.00 | 100.00 | Steel industry         |
| CSN LLC Holding     | US\$ | 100.00 | 100.00 | Equity interests       |
| CSN LLC Partner     | US\$ | 100.00 | 100.00 | Equity interests       |
| Energy I            | US\$ | 100.00 | 100.00 | Equity interests       |
| Management Services | US\$ | 100.00 | 100.00 | Services               |
| Tangua              | US\$ | 100.00 | 100.00 | Equity interests       |
| GalvaSud            | R\$  | 84.71  | 84.71  | Steel industry         |
| Sepetiba Tecon      | R\$  | 80.00  | 80.00  | Maritime port services |

**Indirect participation: proportionally consolidated**

|           |     |       |       |                |
|-----------|-----|-------|-------|----------------|
| Lusosider | EUR | 50.00 | 50.00 | Steel industry |
|-----------|-----|-------|-------|----------------|

The financial statements prepared in US dollars and in Euros were translated at the exchange rate in effect on June 30, 2005 R\$/US\$2.3504 (R\$/US\$2.6662 on March 31, 2005) and EUR/US\$1.21080 (EUR/US\$1.29785 on March 31, 2005).

The gains/losses from this translation were accounted for in the income statements of the related periods, as equity accounting in the parent company and exchange variation in the consolidated entity. These referred Financial Statements were prepared applying the same accounting principles as those applied by the parent company.

In the preparation of the consolidated financial statements, the consolidated intercompany balances, such as intercompany investments, equity accounting, asset and liability balances, revenues and expenses and unrealized profits arising from consolidated intercompany operations have been eliminated.

The reference date for the subsidiaries and jointly-owned subsidiaries financial statements coincides with those of the parent company.

The reconciliation between shareholders' equity and net income for the year of the parent company and consolidated is as follows:

|                                   | Shareholders' equity |                  | Net income       |                |
|-----------------------------------|----------------------|------------------|------------------|----------------|
|                                   | 6/30/2005            | 3/31/2005        | 6/30/2005        | 6/30/2004      |
| <b>Parent company</b>             | 7,477,544            | 7,500,283        | 1,054,206        | 833,002        |
| Income elimination in inventories | (107,445)            | (221,164)        | 81,828           | (78,130)       |
| Other adjustments                 |                      | 1                |                  | 1,924          |
| <b>Consolidated</b>               | <b>7,370,099</b>     | <b>7,279,120</b> | <b>1,136,034</b> | <b>756,796</b> |

**5. RELATED PARTIES TRANSACTIONS**

## a) Assets

| Companies             | Accounts receivable | Marketable securities | Mutual | Debentures | Dividends receivable | Advance for future capital increase | Advance to suppliers | Total     |
|-----------------------|---------------------|-----------------------|--------|------------|----------------------|-------------------------------------|----------------------|-----------|
| CSN Cayman            | 120,001             |                       |        |            |                      |                                     |                      | 120,001   |
| CSN Export            | 841,081             |                       |        |            |                      |                                     |                      | 841,081   |
| Tecon                 | 263                 |                       |        | 36,000     |                      | 62,785                              | 2,190                | 101,238   |
| Cia. Metalic Nordeste | 4,244               |                       |        |            |                      |                                     |                      | 4,244     |
| Inal Nordeste         | 5,136               |                       |        |            |                      | 12,204                              |                      | 17,340    |
| CFN                   | 26                  |                       |        |            |                      | 51,936                              |                      | 51,962    |
| GalvaSud              | 89,868              |                       |        |            |                      |                                     |                      | 89,868    |
| INAL                  | 69,752              |                       |        |            | 27,175               |                                     |                      | 96,927    |
| MRS Logística         | 197                 |                       |        |            | 14,044               |                                     |                      | 14,241    |
| Exclusive Funds       |                     | 274,463               |        |            |                      |                                     |                      | 274,463   |
| Ersa                  |                     |                       |        |            |                      |                                     | 1,230                | 1,230     |
| Other (*)             | 699                 |                       | 2,584  |            |                      |                                     |                      | 3,283     |
| 6/30/2005             | 1,131,267           | 274,463               | 2,584  | 36,000     | 41,219               | 126,925                             | 3,420                | 1,615,878 |
| 3/31/2005             | 1,359,419           | 1,804,264             | 1,359  | 36,000     | 55,902               | 116,824                             |                      | 3,373,768 |

(\*) OTHER: CSN Cimentos, Itá Energética, Fundação CSN, CBS Previdência, CSN I, CSN Steel, Lusosider, CSN Participações Energéticas, CSN Aceros and CSN LLC.

## b) Liabilities

| Companies | Loans and financing | Accounts payable | Total |
|-----------|---------------------|------------------|-------|
|           | Prepayments         | Suppliers        | Other |

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|                     | Fixed<br>Rate<br>Notes <sup>(2)</sup> | Investees<br>Loans | Intercompany<br>Bonds <sup>(2)</sup> | Mutual <sup>(1)</sup><br>/<br>current<br>accounts | Investees<br>Inventory |        |         |           |           |
|---------------------|---------------------------------------|--------------------|--------------------------------------|---|------------------------|--------|---------|-----------|-----------|
| CSN<br>Cayman       |                                       | 21,975             |                                      | 131,098   | 153,073                |        |         |           |           |
| CSN Export          | 1,497,530                             |                    |                                      | 12,079  | 1,509,609              |        |         |           |           |
| CSN Iron            |                                       |                    | 1,420,606                            |   | 1,420,606              |        |         |           |           |
| CSN Islands<br>V    | 365,903                               |                    |                                      |   | 365,903                |        |         |           |           |
| CSN Islands<br>VII  | 687,142                               |                    |                                      |   | 687,142                |        |         |           |           |
| CSN Islands<br>VIII | 1,255,065                             |                    |                                      | 2,159   | 1,257,224              |        |         |           |           |
| CSN<br>Overseas     | 438,276                               | 63,890             |                                      | 44,594  | 546,760                |        |         |           |           |
| Energy I            |                                       |                    |                                      | 100,834   | 100,834                |        |         |           |           |
| CSN Steel           | 472,299                               |                    |                                      | 308,372   | 780,671                |        |         |           |           |
| CSN<br>Panama       |                                       |                    |                                      | 163,697   | 163,697                |        |         |           |           |
| Inal<br>Nordeste    |                                       |                    |                                      |   | 12                     |        |         |           |           |
| GalvaSud            |                                       |                    |                                      | 118   | 35                     |        |         |           |           |
| INAL                |                                       |                    |                                      | 45,262  | 45,262                 |        |         |           |           |
| MRS<br>Logística    |                                       |                    |                                      | 6,500   | 6,500                  |        |         |           |           |
| CSN<br>Energia      |                                       |                    |                                      | 21,421  | 21,421                 |        |         |           |           |
| CBS<br>Previdência  |                                       |                    |                                      |   | 213,146                |        |         |           |           |
| Other (*)           |                                       |                    |                                      | 115   | 423                    |        |         |           |           |
| 6/30/2005           | 2,408,105                             | 2,308,110          | 85,865                               | 1,420,606   | 784,369                | 52,315 | 213,181 | 7,272,551 |           |
| 3/31/2005           | 1,573,659                             | 2,901,182          | 87,038                               | 1,647,973   | 884,811                | 12,070 | 380     | 207,033   | 7,314,146 |

These operations were carried out under conditions considered by the Company's management as normal market terms and/or effective legislation for similar operations, being the main ones highlighted below:

- (1) CSN Cayman: annual Libor + 3% p.a. with indeterminate maturity.  
CSN Overseas: semiannual Libor + 3% p.a. with indeterminate maturity.  
CSN Export: Euribor + 0.5% p.a. with indeterminate maturity.  
CSN Overseas (part): IGPM + 6% p.a. with indeterminate maturity.

- Contracts in US\$ - CSN Iron: interest of 10% p.a. (1<sup>st</sup> tranche) and 8.25% p.a. (2<sup>nd</sup> tranche) with maturities 1<sup>st</sup> and 2<sup>nd</sup> tranches on 6/01/2007.  
(2) CSN Islands V interest of 7.875% p.a. with maturity on 7/07/2005.

Contracts in Yen - CSN Islands VII: interest of 7.3% and 7.75% p.a. with maturity on 9/12/2008.  
CSN Islands VIII: interest of 5.65% p.a. with maturity on 12/16/2013.

(\* ) OTHER: CFN, CSN Islands, CSN Cimentos, Itá Energética, Fundação CSN, CSN I, Lusosider, ERSA, CSN Participações Energéticas, CSN Aceros and Metalic.

## c) Result

| Companies        | Income                |  |       |           | Expenses              |  |        |           |
|------------------|-----------------------|--|-------|-----------|-----------------------|--|--------|-----------|
|                  | Products and services | Interest and monetary and exchange variation | Other | Total     | Products and services | Interest and monetary and exchange variation | Other  | Total     |
| CSN Cayman       | 202                   | (13,671)                                     |       | (13,469)  | 61                    | (16,875)                                     |        | (16,814)  |
| CSN Export       | 872,640               | (93,130)                                     |       | 779,510   | 697,813               | (124,744)                                    |        | 573,069   |
| CSN Iron         |                       |  |       |           |                       | (117,573)                                    |        | (117,573) |
| CSN Islands III  |                       |  |       |           |                       | 2,953  |        | 2,953     |
| CSN Islands V    |                       |  |       |           |                       | (30,563)                                     |        | (30,563)  |
| CSN Islands VII  |                       |  |       |           |                       | (122,552)                                    |        | (122,552) |
| CSN Islands VIII |                       |  |       |           |                       | (241,956)                                    |        | (241,956) |
| CSN Overseas     |                       |  |       |           |                       | (37,140)                                     |        | (37,140)  |
| CSN Panama       |                       |  |       |           |                       | (21,172)                                     |        | (21,172)  |
| Energy I         |                       |  |       |           |                       | (13,043)                                     |        | (13,043)  |
| CSN Steel        |                       |  |       |           |                       | (63,640)                                     |        | (63,640)  |
| Itá Energética   |                       |  |       |           | 55,372                |  |        | 55,372    |
| GalvaSud         | 231,600               |  |       | 231,600   | 102,923               |  |        | 102,923   |
| INAL             | 374,656               |  |       | 374,656   | 168,104               |  |        | 168,104   |
| Cia. Metalic     |                       |  |       |           |                       |  |        |           |
| Nordeste         | 25,537                |  |       | 25,537    | 13,207                |  |        | 13,207    |
| Inal Nordeste    | 5,589                 |  |       | 5,589     | 354                   |  |        | 354       |
| MRS              |                       |  |       |           |                       |  |        |           |
| Logística        |                       |  |       |           | 57,745                |  |        | 57,745    |
| Exclusive Funds  |                       | (335,138)                                    |       | (335,138) |                       |  |        |           |
| Ersa             |                       |  |       |           | 5,543                 |  |        | 5,543     |
| CBS              |                       |  |       |           |                       |  |        |           |
| Previdência      |                       |  |       |           |                       |  | 45,950 | 45,950    |
| Other (*)        |                       |  |       |           | 2,751                 | (677)  |        | 2,074     |
| 6/30/2005        | 1,510,224             | (441,939)                                    |       | 1,068,285 | 1,103,873             | (786,982)                                    | 45,950 | 362,841   |
| 6/30/2004        | 1,494,558             | 419,895                                      | 6     | 1,914,459 | 178,619               | 864,956                                      | 47,440 | 1,091,015 |

Trade transactions with the Company's subsidiaries, such as sale of products and contracting of inputs and services are performed under usual conditions applicable to non-related parties.



(\*) **OTHER:** Fundação CSN, CSN Cimentos, CSN I, CSN LLC, Sepetiba Tecon, Banco Fibra and CSN Islands.

## 6. MARKETABLE SECURITIES

|   | Parent Company |           | Consolidated |           |
|---|----------------|-----------|--------------|-----------|
|   | 6/30/2005      | 3/31/2005 | 6/30/2005    | 3/31/2005 |
| <b>Short term</b>   |                |           |              |           |
| Financial investment fund   | 274,463        | 1,804,265 | 368,017      | 1,901,043 |
| Investment abroad (time deposits)   | 1,110,783      | 733,828   | 2,552,471    | 3,167,232 |
| Fixed income investments  | 37,111         | 35,912    | 425,530      | 430,767   |
|   | 1,422,357      | 2,574,005 | 3,346,018    | 5,499,042 |
| Derivatives   |                |           | 233,015      | 476,923   |
|   | 1,422,357      | 2,574,005 | 3,579,033    | 5,975,965 |
| <b>Long term</b>  |                |           |              |           |
| Fixed income investments and debentures (net of provision for probable losses and withholding income tax) | 125,652        | 125,652   | 90,159       | 90,159    |
|   | 125,652        | 125,652   | 90,159       | 90,159    |
|   | 1,548,009      | 2,699,657 | 3,669,192    | 6,066,124 |

Company's management invests the Company's financial resources in exclusive Investment Funds, with daily liquidity, which are substantially comprised of Brazilian government bonds and fixed income bonds issued in Brazil, with monetary or foreign exchange variation. Additionally, the Company's foreign subsidiaries maintain their available cash in indexed accounts (Time Deposits) in first-tier banks overseas.

**7. ACCOUNTS RECEIVABLE**

|  | <b>Parent Company</b> |                  | <b>Consolidated</b> |                  |
|--|-----------------------|------------------|---------------------|------------------|
|  | 6/30/2005             | 3/31/2005        | 6/30/2005           | 3/31/2005        |
| <b>Domestic market</b>                 |                       |                  |                     |                  |
| Subsidiary companies                   | 169,605               | 210,673          |                     |                  |
| Other clients                          | 803,018               | 845,454          | 1,092,653           | 1,177,258        |
|  | <b>972,623</b>        | <b>1,056,127</b> | <b>1,092,653</b>    | <b>1,177,258</b> |
| <b>Foreign market</b>                  |                       |                  |                     |                  |
| Subsidiary companies                   | 961,662               | 1,148,755        |                     |                  |
| Other clients                          | 10,223                | 6,172            | 467,252             | 303,540          |
| Exports Contract Advance (ACE)         | (65,811)              | (114,647)        |                     | (39,993)         |
|  | <b>906,074</b>        | <b>1,040,280</b> | <b>467,252</b>      | <b>263,547</b>   |
| <b>Allowance for doubtful accounts</b> | (68,766)              | (84,083)         | (95,808)            | (105,793)        |
|  | 1,809,931             | 2,012,324        | 1,464,097           | 1,335,012        |

**8. INVENTORIES**

|                      | <b>Parent Company</b> |           | <b>Consolidated</b> |           |
|----------------------|-----------------------|-----------|---------------------|-----------|
|                      | 6/30/2005             | 3/31/2005 | 6/30/2005           | 3/31/2005 |
| Finished products    | 306,003               | 332,983   | 623,908             | 717,414   |
| Products in process  | 309,103               | 217,676   | 409,612             | 266,487   |
| Raw materials        | 424,375               | 546,476   | 557,248             | 765,353   |
| Store                | 275,219               | 257,514   | 333,406             | 308,095   |
| Imports in progress  | 53,104                | 0         | 54,954              | 2,596     |
| Provision for losses | (4,901)               | (9,852)   | (5,192)             | (10,121)  |
| Other                | 254                   | 650       | 23,478              | 14,348    |
|                      | 1,363,157             | 1,345,447 | 1,997,414           | 2,064,172 |

**9. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION**

|                              | <b>Parent Company</b> |           | <b>Consolidated</b> |           |
|------------------------------|-----------------------|-----------|---------------------|-----------|
|                              | 6/30/2005             | 3/31/2005 | 6/30/2005           | 3/31/2005 |
| <b>Current assets</b>        |                       |           |                     |           |
| Income tax                   | 286,739               | 301,681   | 371,150             | 404,157   |
| Social contribution          | 50,906                | 52,860    | 81,279              | 89,737    |
|                              | 337,645               | 354,541   | 452,429             | 493,894   |
| <b>Long-term assets</b>      |                       |           |                     |           |
| Income tax                   | 475,729               | 462,822   | 493,268             | 482,333   |
| Social contribution          | 93,496                | 91,399    | 99,844              | 98,456    |
|                              | 569,225               | 554,221   | 593,112             | 580,789   |
| <b>Current liabilities</b>   |                       |           |                     |           |
| Income tax                   | 106,072               | 216,195   | 106,072             | 216,195   |
| Social contribution          | 38,186                | 77,830    | 38,186              | 77,830    |
|                              | 144,258               | 294,025   | 144,258             | 294,025   |
| <b>Long-term liabilities</b> |                       |           |                     |           |
| Income tax                   | 1,636,746             | 1,664,711 | 1,636,746           | 1,664,723 |
| Social contribution          | 589,228               | 599,296   | 589,228             | 599,296   |
|                              | 2,225,974             | 2,264,007 | 2,225,974           | 2,264,019 |
|                              | 6/30/2005             | 6/30/2004 | 6/30/2005           | 6/30/2004 |
| <b>Income</b>                |                       |           |                     |           |
| Income tax                   | 96,742                | (64,889)  | 86,874              | (36,498)  |
| Social contribution          | 58,063                | (51,253)  | 54,505              | (41,025)  |
|                              | 154,805               | (116,142) | 141,379             | (77,523)  |

The sources of the deferred social contribution and income tax of the Parent Company are shown as follows:

|  | 6/30/2005  |                     | 3/31/2005  |                     |
|--|------------|---------------------|------------|---------------------|
|  | Income tax | Social contribution | Income tax | Social contribution |
|  |            |                     |            |                     |

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|  | Short<br>term | Long<br>term | Short<br>term | Long<br>term | Short<br>term | Long<br>term | Short<br>term | Long<br>term |
|--|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
| <b>Assets</b>  |               |              |               |              |               |              |               |              |
| Non deductible provisions                                    | 141,405       | 307,084      | 50,906        | 93,496       | 146,833       | 244,277      | 52,860        | 84,487       |
| Taxes under litigation                                       |               | 168,645      |               |              |               | 218,545      |               |              |
| Tax losses/ negative basis                                   | 145,334       |              |               |              | 154,848       |              |               |              |
| Other  |               |              |               |              |               |              |               | 6,912        |
|  | 286,739       | 475,729      | 50,906        | 93,496       | 301,681       | 462,822      | 52,860        | 91,399       |
| <b>Liabilities</b>   |               |              |               |              |               |              |               |              |
| Income tax and social contribution<br>on revaluation reserve | 93,000        | 1,636,746    | 33,480        | 589,228      | 93,000        | 1,659,870    | 33,480        | 597,553      |
| Other  | 13,072        |              | 4,706         |              | 123,195       | 4,841        | 44,350        | 1,743        |
|  | 106,072       | 1,636,746    | 38,186        | 589,228      | 216,195       | 1,664,711    | 77,830        | 599,296      |

Deferred income tax arising from tax losses was set up based on CSN's historical profitability and on projections of future profitability duly approved by the Company's management bodies. These credits are expected to be substantially offset during 2005.

Reconciliation between expenses and income of current income tax and social contribution of the parent company and the application of the effective rate on net income before IRPJ and CSL is as follows:

|  | 6/30/2005        |                  | 6/30/2004        |                 |
|--|------------------|------------------|------------------|-----------------|
|  | IRPJ             | CSL              | IRPJ             | CSL             |
| <b>Income before income tax (IR) and social contribution (CSL)</b> | 1,581,961        | 1,581,961        | 1,052,172        | 1,052,172       |
| ( - ) Interest on own capital total expense                        | (116,455)        | (116,455)        |                  |                 |
| Income before income tax and social contribution - adjusted        | 1,465,506        | 1,465,506        | 1,052,172        | 1,052,172       |
| - Rate   | 25%              | 9%               | 25%              | 9%              |
| <b>Total</b>   | <b>(366,377)</b> | <b>(131,896)</b> | <b>(263,043)</b> | <b>(94,695)</b> |
| <b>Adjustments to reflect the effective rate:</b>                  |                  |                  |                  |                 |
| Equity accounting  | (120,750)        | (43,470)         | 94,164           | 33,899          |
| Earnings from foreign subsidiaries                                 | 86,203           | 31,033           | (43,202)         | (15,553)        |
| Effects of "Plano Verão" judicial decision                         |                  |                  | 31,761           |                 |
| Other permanent additions (write-offs)                             | 11,683           | 5,819            | 35,501           | 1,998           |
| <b>Parent company s current and deferred IR/CSL</b>                | <b>(389,241)</b> | <b>(138,514)</b> | <b>(144,819)</b> | <b>(74,351)</b> |
| <b>Consolidated current and deferred IR/CSL</b>                    | <b>(452,029)</b> | <b>(156,105)</b> | <b>(129,722)</b> | <b>(68,516)</b> |

**10. INVESTMENTS****a) Direct participations in subsidiaries and jointly-owned subsidiaries**

| Companies                        | Number of shares |             | Direct participation % | Net income (loss) for the quarter | 6/30/2005                                  | 3/31/2005                                  | Shareholders' equity (unsecured liability) |
|----------------------------------|------------------|-------------|------------------------|-----------------------------------|--|--|--|
|                                  | Common           | Preferred   |                        |                                   | Shareholders' equity (unsecured liability) | Shareholders' equity (unsecured liability) |  |
|                                  |                  |             |                        |                                   | Net income (Loss) for the quarter          | Net income (Loss) for the quarter          |  |
| <b>Steel and Services</b>        |                  |             |                        |                                   |  |  |  |
| GalvaSud                         | 11,801,406,867   |             | 15.29                  | (24,347)                          | 461,630                                    | 15,909                                     | 485,980                                    |
| CSN I                            | 9,996,751,600    | 1,200       | 100.00                 | (27,591)                          | 502,275                                    | 6,516                                      | 529,866                                    |
| INAL                             | 285,950,000      |             | 99.99                  | 24,828                            | 433,560                                    | 24,511                                     | 408,732                                    |
| <b>Cia. Metalic</b>              |                  |             |                        |                                   |  |  |  |
| Nordeste                         | 80,491,136       | 4,424,971   | 99.99                  | (14,199)                          | 91,406                                     | (4,061)                                    | 105,606                                    |
| INAL Nordeste                    | 1,100,000        |             | 99.99                  | (502)                             | (5,100)                                    | (1)  | (4,599)                                    |
| <b>Corporate</b>                 |                  |             |                        |                                   |  |  |  |
| CSN Steel                        | 480,726,588      |             | 100.00                 | (386,352)                         | 1,065,698                                  | 115,867                                    | 1,452,050                                  |
| CSN Overseas                     | 7,173,411        |             | 100.00                 | (148,317)                         | 1,046,049                                  | 55,982                                     | 1,194,366                                  |
| CSN Panama                       | 4,240,032        |             | 100.00                 | (189,300)                         | 453,625                                    | (38,332)                                   | 642,925                                    |
| CSN Energy                       | 3,675,319        |             | 100.00                 | (61,651)                          | 449,462                                    | 4,084                                      | 511,113                                    |
| CSN Islands                      | 50,000           |             | 100.00                 | (15)                              | 110  | (2)  | 125  |
| CSN Export                       | 31,954           |             | 100.00                 | (4,652)                           | 78,562                                     | (4,722)                                    | 83,214                                     |
| CSN Islands II                   | 1,000            |             | 100.00                 | 190                               | (1,419)                                    | (2)  | (1,609)                                    |
| CSN Islands III                  | 1,000            |             | 100.00                 | 26                                | (519)                                      | (3)  | (545)                                      |
| CSN Islands IV                   | 1,000            |             | 100.00                 | 8                                 | (86)                                       | (1)  | (94)                                       |
| CSN Islands V                    | 1,000            |             | 100.00                 | 15                                | (136)                                      | (1)  | (151)                                      |
| CSN Islands VII                  | 1,000            |             | 100.00                 | 198                               | (242)                                      | (169)                                      | (440)                                      |
| CSN Islands VIII                 | 1,000            |             | 100.00                 | 19,038                            | 2,204                                      | 956  | (19,741)                                   |
| CSN Islands IX                   | 1,000            |             | 100.00                 | 9,559                             | 50,088                                     | 43,037                                     | 40,529                                     |
| <b>Infrastructure and Energy</b> |                  |             |                        |                                   |  |  |  |
| Itá Energética                   | 520,219,172      |             | 48.75                  | 8,250                             | 544,030                                    | 15,264                                     | 535,780                                    |
| MRS Logística                    | 188,332,666      | 151,667,334 | 32.22                  | 107,389                           | 612,902                                    | 91,680                                     | 505,513                                    |
| Septiba Tecon                    | 62,220,270       |             | 20.00                  | 2,862                             | (18,116)                                   | (2,573)                                    | (20,978)                                   |
| CFN                              | 36,206,330       |             | 49.99                  | (10,333)                          | (64,189)                                   | (9,557)                                    | (53,758)                                   |
| ERSA                             | 34,236,307       |             | 100.00                 | (1,806)                           | 17,025                                     |  |  |
| CSN Cimentos                     | 376,337          |             | 99.99                  | (2,167)                           | (37,308)                                   | (862)                                      | (35,141)                                   |
| CSN Energia                      | 1,000            |             | 99.90                  | (85)                              | 113,880                                    | (18)                                       | 113,314                                    |
| <b>CSN Participações</b>         |                  |             |                        |                                   |  |  |  |
| Energéticas                      | 1,000            |             | 99.70                  |                                   | 1  |  | 1  |



**b) Investment movement**

| Companies                     | 3/31/2005                  |                                 |                      |                   |                                      | 6/30/2005                |                                 |
|-------------------------------|----------------------------|---------------------------------|----------------------|-------------------|--------------------------------------|--------------------------|---------------------------------|
|                               | Initial investment balance | Balance of provision for losses | Addition (write-off) | Equity accounting | Goodwill amortization <sup>(1)</sup> | Final investment balance | Balance of provision for losses |
| <b>Steel and Services</b>     |                            |                                 |                      |                   |                                      |                          |                                 |
| INAL                          | 408,722                    |                                 |                      | 24,826            |                                      | 433,548                  |                                 |
| INAL Nordeste                 |                            | (4,599)                         |                      | (501)             |                                      |                          | (5,100)                         |
| GalvaSud                      | 74,306                     |                                 |                      | (3,723)           |                                      | 70,583                   |                                 |
| Cia. Metalic                  |                            |                                 |                      |                   |                                      |                          |                                 |
| Nordeste                      | 196,859                    |                                 |                      | (14,198)          | (8,297)                              | 174,364                  |                                 |
| CSN I                         | 529,866                    |                                 |                      | (27,591)          |                                      | 502,275                  |                                 |
|                               | 1,209,753                  | (4,599)                         |                      | (21,187)          | (8,297)                              | 1,180,770                | (5,100)                         |
| <b>Corporate Center</b>       |                            |                                 |                      |                   |                                      |                          |                                 |
| CSN Islands VIII              |                            | (19,741)                        |                      | 21,945            |                                      | 2,204                    |                                 |
| CSN Islands IX                | 40,529                     |                                 |                      | 9,559             |                                      | 50,088                   |                                 |
| CSN Islands VII               |                            | (440)                           |                      | 198               |                                      |                          | (242)                           |
| CSN Islands II                |                            | (1,609)                         |                      | 190               |                                      |                          | (1,419)                         |
| CSN Islands III               |                            | (545)                           |                      | 26                |                                      |                          | (519)                           |
| CSN Islands V                 |                            | (151)                           |                      | 15                |                                      |                          | (136)                           |
| CSN Islands IV                |                            | (94)                            |                      | 8                 |                                      |                          | (86)                            |
| CSN Islands                   | 125                        |                                 |                      | (15)              |                                      | 110                      |                                 |
| CSN Export                    | 83,214                     |                                 |                      | (4,652)           |                                      | 78,562                   |                                 |
| CSN Energy                    | 511,113                    |                                 |                      | (61,651)          |                                      | 449,462                  |                                 |
| CSN Overseas                  | 1,194,366                  |                                 |                      | (148,317)         |                                      | 1,046,049                |                                 |
| CSN Panama                    | 642,925                    |                                 |                      | (189,300)         |                                      | 453,625                  |                                 |
| CSN Steel                     | 1,452,050                  |                                 |                      | (386,352)         |                                      | 1,065,698                |                                 |
|                               | 3,924,322                  | (22,580)                        |                      | (758,346)         |                                      | 3,145,798                | (2,402)                         |
| <b>Infrastructure Center</b>  |                            |                                 |                      |                   |                                      |                          |                                 |
| MRS Logistica                 | 162,894                    |                                 |                      | 34,605            |                                      | 197,499                  |                                 |
| Itá Energética                | 261,193                    |                                 |                      | 4,022             |                                      | 265,215                  |                                 |
| Sepetiba Tecon                |                            | (4,196)                         |                      | 572               |                                      |                          | (3,624)                         |
| CSN Energia                   | 113,201                    |                                 | 649                  | (84)              |                                      | 113,766                  |                                 |
| ERSA                          |                            |                                 | 100,000              | (1,806)           | (2,706)                              | 95,488                   |                                 |
| CSN Cimentos                  |                            | (35,141)                        |                      | (2,167)           |                                      |                          | (37,308)                        |
| CFN                           |                            | (26,879)                        |                      | (5,212)           |                                      |                          | (32,091)                        |
| CSN Participações Energéticas | 1                          |                                 |                      |                   |                                      | 1                        |                                 |
|                               | 537,289                    | (66,216)                        | 100,649              | 29,930            | (2,706)                              | 671,969                  | (73,023)                        |



5,671,364 (93,395) 100,649 (749,603) (11,003) 4,998,537 (80,525)

- (1) This comprises the balance of parent company's equity accounting. The balances of goodwill and negative goodwill are shown in item (d) of this note.

**c) Additional Information on the main Investees**

- GalvaSud

Incorporated in 1998, through a joint venture between CSN (51.0%) and Thyssen-Krupp Stahl AG (49.0%), it initiated its operational activities in December 2000. It has as an objective the operation of a galvanization line for hot immersion and weld laser lines to produce welded blanks directed to the automobile industry, as well as the operation of service centers for steel product processing.

On June 22, 2004, the subsidiary CSN I subscribed 8,262,865,920 common shares of GalvaSud's capital, paid with credits related to the full payment of all financial debts of the Company, and also acquired the totality of shares held by Thyssen-Krupp Stahl AG.

After the acquisition, CSN became the holder of a 15.29% participation on a direct basis and of an 84.71% participation on an indirect basis of GalvaSud's capital stock, by means of its wholly-owned subsidiary CSN I.

- Itá Energética

Itasa (Itá Energética) holds a 60.5% participation in the consortium Itá hydroelectric plant UHE Itá, created by means of concession agreement executed on July 31, 2000.

CSN holds 48.75% of the subscribed capital corresponding to 48.75% of the total of common shares issued by Itasa, a special purpose company originally organized to make feasible the construction of UHE Ita, the contracting of supply of goods and services necessary to carry out the venture and obtain the financing by offering the corresponding guarantees.

Itasa is a jointly-owned subsidiary company and started to be consolidated on December 31, 2004 in view of the reclassification of the long-term assets from available for sale to permanent investments.

- Indústria Nacional de Aços Laminados INAL

The Company aims to reprocess and act as distributor of CSN's steel products, acting as a service and distribution center.

- Cia Metalic Nordeste

The objective of Cia. Metalic Nordeste, incorporated in 2002, based at Maracanaú, in the State of Ceará, is the manufacture of steel packages and the holding of interests in other companies.

- MRS Logística

Incorporated in 1996, through a privatization auction, the Company's main objective is to explore and develop cargo railroad public transport for the Southeast network.

MRS transports the iron ore from Casa de Pedra to UPV steelworks in Volta Redonda and imported raw material through Sepetiba Port. It also links the Presidente Vargas steelworks to the Ports of Rio de Janeiro and Santos and also to other load terminals in the State of São Paulo, CSN's principal market.

MRS Logística is a jointly-owned subsidiary, which has not been consolidated up to December 31, 2003 by express authorization of CVM.

- CFN

Incorporated in 1997 through a privatization auction, it has as its main objective the exploration and development of the cargo railroad public transport service for the Northeast network.

- Sepetiba Tecon

Incorporated in 1998, through a privatization auction. The objective is to exploit the No.1 Containers Terminal of the Sepetiba Port, located in Itaguaí, State of Rio de Janeiro. This terminal is connected to the Presidente Vargas Mill by the Southeast railroad network.



- CSN Energia

Incorporated in 1999, with the main objective of distributing and trading the excess of electric energy generated by CSN and by companies, consortiums or other entities in which CSN holds an interest in.

The Company maintains a balance receivable related to the energy sale trade under the scope of the electricity commercialization chamber ( Câmara de Comercialização de Energia Elétrica ) - CCEE, in the amount of R\$97,036 on June 30, 2005 (R\$ 98,042 on March 31, 2005).

From the balance receivable on June 30, 2005, the amount of R\$76,305 (R\$76,305 on March 31, 2005) is due by concessionaires with injunctions suspending the corresponding payments. The Company's Management understands that an allowance for doubtful accounts is not necessary in view of the measures taken by the industry official entities.

- CSN Cimentos

On March 28, 2005, the company previously named FEM Projetos, Construções e Montagens began to be named CSN Cimentos.

The Company has as purpose the cement production and trading, and the main raw material will be blast furnace slag, a byproduct of pig-iron production. It may start operating in the third quarter of 2006.

- ERSA Estanho de Rondônia

Acquired in April 7, 2005 for R\$100,000, the Company, which is based in the State of Rondônia, has as main purpose the extraction and processing of tin, which is one of the main raw material used in CSN for the production of tin plates.

CSN recorded goodwill on this acquisition. See item (d) of this note.

#### **d) Goodwill, negative goodwill and other interests**

On June 30, 2005, the Company maintained on its consolidated balance sheet the amount of R\$325,757 (R\$273,347 on March 31, 2005) net of amortization related to goodwill based on the expectation of future gains, with amortization estimated at five years, and negative goodwill relating to an investment at Lusosider Projectos Siderúrgicos in the amount of R\$17,113, expected to be amortized in 3 year.

| Investment goodwill | Balance on 3/31/2005 | Additions     | Amortization    | Balance on 6/30/2005 | Investor   |
|---------------------|----------------------|---------------|-----------------|----------------------|------------|
| GalvaSud            | 118,324              |               | (6,960)         | 111,364              | CSN I      |
| Metalic             | 91,262               |               | (8,297)         | 82,965               | CSN        |
| Ersa                |                      | 81,169        | (2,705)         | 78,464               | CSN        |
| Tangua / LLC        | 57,524               |               | (10,352)        | 47,172               | CSN Panama |
| Inal                | 5,273                |               | (465)           | 4,808                | CSN        |
|                     | <b>272,383</b>       | <b>81,169</b> | <b>(28,779)</b> | <b>324,773</b>       |            |
| Other stakes        | 964                  | 20            |                 | 984                  |            |

**273,347**      **81,189**      **(28,779)**      **325,757**

**e) Additional Information on participations abroad**

- CSN LLC

The Company was incorporated in 2001 with the assets and liabilities of the extinguished Heartland Steel Inc. located in Terre Haute, State of Indiana USA and it is a complex comprising cold rolling, hot coil pickled line and galvanization line.

In 2003, CSN, through its subsidiary CSN Panama, recorded an increase in the capital of Tangua Inc. with the capitalization of US\$175 million and became the holder of 100% of its capital stock. Tangua Inc., through its subsidiaries CSN LLC Holding, directly, and CSN LCC Partner, indirectly, is the holder of all of CSN LLC shares.

- Lusosider

Lusosider Aços Planos was incorporated in 1996, providing continuity to Siderurgia Nacional flat products company, privatized on that date by the Portuguese Government. The Company is located in Seixal, Portugal and is engaged in galvanization line and tin plates.

In 2003, the Company, through its subsidiary CSN Steel, acquired 912,500 shares issued by Lusosider Projectos Siderúrgicos, holder of Lusosider Aços Planos., which represents 50% of the total capital of Lusosider.



b) land, machinery and equipment, facilities, real properties and buildings, existing in the Presidente Vargas, Itaguaí, Casa de Pedra and Arcos plants, in addition to the iron ore mine in Casa de Pedra. The report established an addition of R\$4,068,559, composing the new amount of the assets.

Up to June 30, 2005, the assets provided as collateral for financial operations amounted R\$1,775,695.

Depreciation, depletion and amortization in the first half of 2005 amounted to R\$358,321 (R\$350,938 in the first half of 2004), of which R\$352,476 (R\$344,037 in the first half of 2004) was



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charged to production costs and R\$5,845 (R\$6,901 in the first half of 2004) charged to selling, general and administrative expenses (amortization of deferred charges not included).

As of June 30, 2005, the Company had R\$6,991,522 of revaluation of net depreciation assets (R\$7,084,018 on March 31, 2005).

## 12. DEFERRED CHARGES

|                                 | Parent Company |           | Consolidated |           |
|---------------------------------|----------------|-----------|--------------|-----------|
|                                 | 6/30/2005      | 3/31/2005 | 6/30/2005    | 3/31/2005 |
| Information technology projects | 110,961        | 164,676   | 121,550      | 175,265   |
| ( - ) Accumulated amortization  | (61,973)       | (110,208) | (72,562)     | (113,457) |
| Expansion projects              | 208,551        | 147,654   | 208,551      | 147,654   |
| ( - ) Accumulated amortization  | (62,876)       | (44,140)  | (62,876)     | (44,140)  |
| Other projects                  | 13,712         | 70,638    | 255,570      | 303,498   |
| ( - ) Accumulated amortization  | (10,732)       | (28,026)  | (123,461)    | (131,364) |
|                                 | 197,643        | 200,594   | 326,772      | 337,456   |

Information technology projects are represented by automation projects and computerization of operating processes that aim to reduce costs and increase the competitiveness of the Company.

Amortization of information technology projects and of other projects in the first half of 2005 amounted to R\$28,845 (R\$28,437 in the first half of 2004), of which R\$21,894 (R\$20,527 in the first half of 2004) related to production costs and R\$6,951 (R\$7,910 in the first half of 2004) to selling, general and administrative expenses.

## 13. LOANS, FINANCING AND DEBENTURES

|                                     | Parent Company |           |            |           | Consolidated |           |            |           |
|-------------------------------------|----------------|-----------|------------|-----------|--------------|-----------|------------|-----------|
|                                     | 6/30/2005      |           | 3/31/2005  |           | 6/30/2005    |           | 3/31/2005  |           |
|                                     | Short term     | Long term | Short term | Long term | Short term   | Long term | Short term | Long term |
| Prepayment                          | 295,295        | 2,346,346 | 312,189    | 1,522,400 | 124,876      | 1,486,966 | 284,582    | 1,122,470 |
| Advances on Exchange Contract (ACC) |                |           | 937        |           |              |           | 937        |           |
| Fixed Rate Notes                    | 398,639        | 3,334,541 | 697,061    | 3,858,208 | 455,363      | 3,065,704 | 683,466    | 3,477,613 |
| BNDES/Finame                        | 124,767        | 443,283   | 141,927    | 540,754   | 128,253      | 443,533   | 147,573    | 541,078   |
| Financed imports                    | 47,018         | 247,135   | 51,365     | 298,971   | 56,678       | 286,754   | 42,003     | 264,672   |
| Bilateral                           | 46,329         | 25,128    | 53,278     | 57,526    | 46,329       | 25,128    | 53,278     | 57,526    |
| Other                               | 321,350        | 18,767    | 2,093      | 22,223    | 1,401,444    | 114,861   | 1,103,281  | 204,212   |

## FOREIGN CURRENCY

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1,233,398 6,415,200 1,258,850 6,300,082 2,212,943 5,422,946 2,315,120 5,667,571

**DOMESTIC  
CURRENCY**

|   |         |           |         |           |         |           |         |           |
|---|---------|-----------|---------|-----------|---------|-----------|---------|-----------|
| BNDES/Finame<br>Debentures (Note<br>14) | 48,060  | 127,813   | 47,744  | 138,418   | 85,701  | 392,660   | 86,868  | 397,083   |
| Other                                   | 74,957  | 7,000     | 73,424  | 7,000     | 34,640  | 17,362    | 31,836  | 18,268    |
|   | 187,625 | 1,034,813 | 206,831 | 1,045,418 | 233,731 | 1,481,520 | 252,635 | 1,490,944 |

**Total Loans and  
Financing**

1,421,023 7,450,013 1,465,681 7,345,500 2,446,674 6,904,466 2,567,755 7,158,515

|      |        |  |          |  |        |  |     |  |
|------|--------|--|----------|--|--------|--|-----|--|
| Swap | 23,016 |  | (39,840) |  | 31,498 |  | 173 |  |
|------|--------|--|----------|--|--------|--|-----|--|

**Total Loans and  
Financing + Swap**

1,444,039 7,450,013 1,425,841 7,345,500 2,478,172 6,904,466 2,567,928 7,158,515

On June 30, 2005, the long-term amortization schedule, composed of the year of maturity, is as follows:

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|              | Parent<br>Company | Consolidated     |
|--------------|-------------------|------------------|
| 2006         | 858,001           | 874,780          |
| 2007         | 1,697,142         | 627,873          |
| 2008         | 1,582,907         | 1,354,697        |
| 2009         | 301,711           | 483,493          |
| 2010         | 270,184           | 378,998          |
| 2011 to 2024 | 2,740,068         | 3,184,625        |
|              | <b>7,450,013</b>  | <b>6,904,466</b> |

Interest is applied to loans and financing and debentures, at the following annual rates as of June 30, 2005:

|                 | Parent<br>Company | Consolidated     |
|-----------------|-------------------|------------------|
| Up to 7%        | 3,904,311         | 3,019,436        |
| From 7.1 to 9%  | 1,834,205         | 1,227,647        |
| From 9.1 to 11% | 2,371,597         | 3,958,323        |
| Over 11%        | 783,939           | 1,177,232        |
|                 | <b>8,894,052</b>  | <b>9,382,638</b> |

Breakdown of total debt by currency/index of origin:

|                          | Parent Company |               | Consolidated  |               |
|--------------------------|----------------|---------------|---------------|---------------|
|                          | 6/30/2005      | 3/31/2005     | 6/30/2005     | 3/31/2005     |
| <b>Domestic Currency</b> |                |               |               |               |
| CDI                      | 7.43           | 7.82          | 7.65          | 7.65          |
| IGPM                     | 4.19           | 4.12          | 5.11          | 4.91          |
| TJLP                     | 1.98           | 2.11          | 5.21          | 5.07          |
| IGP-DI                   | 0.15           | 0.15          | 0.17          | 0.17          |
| Other currencies         |                |               | 0.13          | 0.07          |
|                          | <b>13.75</b>   | <b>14.20</b>  | <b>18.27</b>  | <b>17.87</b>  |
| <b>Foreign currency</b>  |                |               |               |               |
| US dollar                | 58.13          | 56.54         | 54.04         | 55.18         |
| Yen                      | 26.16          | 27.10         | 25.02         | 24.12         |
| Basket of currencies     | 1.42           | 1.72          | 1.38          | 1.63          |
| Euro                     | 0.30           | 0.44          | 0.94          | 1.20          |
| Other currencies         | 0.24           |               | 0.35          |               |
|                          | <b>86.25</b>   | <b>85.80</b>  | <b>81.73</b>  | <b>82.13</b>  |
|                          | <b>100.00</b>  | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

Loans with certain agents contain certain restrictive clauses, which are being complied with.

As described in note 15, the Company contracts derivatives operations, aiming at minimizing fluctuation risks in the parity between Real and another foreign currency.

The guarantees provided for loans and financing amounted to R\$4,791,840 on June 30, 2005 (R\$4,072,992 on March 31, 2004), and comprise fixed assets items (note 11), bank guarantees, sureties and prepayment operations. This amount does not take into consideration the guarantees provided to subsidiaries and joint subsidiaries, as mentioned in note 16.

Fund raisings made by the Company through its subsidiaries in the current year are as follows:

| Subsidiary     | Description           | Principal<br>(US\$<br>million) | Issuance     | Term<br>(years) | Maturity     | Interest<br>rate (p.a.) |
|----------------|-----------------------|--------------------------------|--------------|-----------------|--------------|-------------------------|
| CSN Islands IX | <i>Notes</i>          | 200                            | January/2005 | 10              | January/2015 | 10%                     |
| CSN Export     | <i>Securitization</i> | 250                            | June/2005    | 10              | May/2015     | 6,148%                  |

The funds raised in the operations will be used for working capital, increasing the Company's liquidity.

#### 14. DEBENTURES

##### First issuance

As approved at the Extraordinary General Meeting and ratified at the Board of Directors Meeting, held on January 10 and February 20, 2002, respectively, the Company issued on February 1<sup>st</sup>, 2002, 69,000 registered and non-convertible debentures, unsecured and without preference, in two tranches, being R\$10 of unit face value. 54,000 debentures were issued in the first tranche and 15,000 in the second tranche, with a total face amount of R\$690,000.

However, the credit from negotiation with financial institutions, occurred on March 1, 2002 in the amount of R\$699,227. The difference of R\$9,227, resulting from the unit price variation between the issue date and the transaction date, is recorded in Shareholders' Equity as Capital Reserve.

The Company's Board of Directors approved at the meeting held on January 7, 2004 the redemption of all second tranche debentures, covered by the deed, representing a total of fifteen thousand (15,000) debentures, which was carried out on February 9, 2004 and on August 31, 2004, it approved the redemption of all first tranche debentures, representing a total of fifty-four thousand (54,000) debentures. The full redemption was carried out on October 4, 2004.

##### Second issuance

As approved at the Board of Directors Meeting held on October 21 and ratified at the meeting held on December 5, 2003, the Company issued, on December 1, 2003, 40,000 registered, non-convertible debentures, unsecured and without preference in one single tranche, for the unit face value of R\$10. The referred debentures were issued for the total amount of R\$400,000, whereas the credits generated in the negotiations with the financial institutions were received on December 9 and 10, 2003, amounting to R\$401,805. The difference of R\$1,805, resulting from the unit price variation between the date of issue and of the effective negotiation is recorded under Shareholders' Equity as Capital Reserve.

The maturity of the face value is foreseen for December 1, 2006.

##### Third issuance

As approved at the Board of Directors Meeting held on December 11, 2003 and ratified at the December 18, 2003 meeting, the Company issued on December 1, 2003, 50,000 registered and non-convertible debentures, unsecured and without preference in two tranches, for the unit face value of R\$10. Such debentures were issued for the total value of issue of R\$500,000, being the credits from the negotiations with the financial institutions were received on December 22 and 23, 2003, amounting to R\$505,029. The difference of R\$5,029, resulting from the variation of the unit price between the date of issue and of the effective negotiation is recorded in Shareholders' Equity as Capital Reserve.



The balance of the face value of the 1<sup>st</sup> tranche incurs compensation interest corresponding to 106.5% of Cetip's CDI. The face value of the 2<sup>nd</sup> tranche is adjusted by the IGP-M plus compensation interest of 10% p.a.. The maturity of the 1<sup>st</sup> tranche is foreseen for December 1, 2006 and of the 2<sup>nd</sup> tranche for December 1, 2008.

The deeds for the issue contain certain restrictive covenants, which have been duly complied with.

## 15. FINANCIAL INSTRUMENTS

### General considerations

The Company's business includes flat steel products to supply domestic and foreign markets and mining of iron ore, limestone, dolomite and tin to supply the Presidente Vargas steelwork needs. The main market risk factors that can affect the Company's business are shown as follows:

#### Exchange rate risk

Most of the revenues of the Company are in Brazilian Reais, as of June 30, 2005, R\$7,635,889 of the Company's consolidated debt of loans and financing were denominated in foreign currency (R\$7,982,691 as of March 31, 2005). As a consequence, the Company is subject to changes in exchange rates and manages the risk of these rates fluctuations which affects the value in Brazilian Reais that will be necessary to pay the liabilities in foreign currency, using derivative financial instruments, mainly futures contracts, swaps and forward contracts, as well as investing a great part of its cash and funds available in securities remunerated by U.S. dollar exchange variation.

#### Credit risk

The credit risk exposure with financial instruments is managed through the restriction of counterparts in derivative instruments to large financial institutions with high quality of credit. Thus, management believes that the risk of non-compliance by the counterparts is insignificant. The Company neither maintains nor issues financial instruments with commercial aims. The selection of customers as well as the diversification of its accounts receivable and the control on sales financing terms by business segments are procedures adopted by CSN to minimize problems with its trade partners. Since part of the Company's funds available is invested in the Brazilian government bonds, there is exposure to the credit risk with the government.

The financial instruments recorded in the Parent Company's balance sheet accounts as of June 30, 2005, in which market value differs from the book value, are as follows:

|   | Book Value | Market Value |
|---|------------|--------------|
| Loans and financing (short and long term) | 8,894,052  | 9,000,398    |

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On June 30, 2005 the consolidated position of outstanding derivative agreements was as follows:

|  | Agreement            |                       | Market value             |
|--|----------------------|-----------------------|--------------------------|
|  | Maturity             | Notional amount       | gain / (loss)            |
| Variable income swap (*)   | 7/28/2006            | US\$ 49,223 thousand  | R\$ 233,015              |
| Derivatives from interest listed at BM&F (DI) - contracted by exclusive funds                            | Apr/2006 to Jan/2007 | R\$1,479,000 thousand | Daily adjusted at market |
| Exchange derivatives listed at BM&F (Options, forward US\$, SCC and DDI) - contracted by exclusive funds | Apr/05 to Jul/08     | US\$186,750 thousand  | Daily adjusted at market |
| Options other contracts daily adjusted   | 1/3/2006             | US\$400,000 thousand  | (R\$ 78,154)             |
| Exchange swap registered with CETIP (contracted by exclusive funds)                                      | Jan/07               | US\$780,000 thousand  | (R\$ 124,057)            |

(\*) Refers to non cash swap which, at the end of the contract, the counterpart shall remunerate at the variation of equity assets, in as much the Company's subsidiary, CSN Steel, undertakes to remunerate the same notional updated value at the pre-fixed rate of 7.5% per annum.

Market value

The amounts presented as market value were calculated according to the conditions that were used in local and foreign markets on June 30, 2005, for financial transactions with identical features, such as: volume of the transaction and rates and maturity dates.

Mathematical methods are used presuming there is no arbitrage between the markets and the financial assets. Finally, all the transactions carried out in non-organized markets (over-the-counter market) are contracted with financial institutions previously approved by the Company's Board of Directors.



**16. COLLATERAL SIGNATURE AND GUARANTEES**

With respect to its wholly owned and jointly-owned subsidiaries, the Company has expressed in their original currency - the following responsibilities for guarantees provided:

| Companies             | Currency | In<br>millions |           | Maturity                | Conditions   |
|-----------------------|----------|----------------|-----------|-------------------------|--|
|                       |          | 6/30/2005      | 3/31/2005 |                         |  |
| CFN                   | R\$      | 18.0           | 18.0      | Indeterminate           | BNDES loan guarantees  |
| CFN                   | R\$      | 23.0           | 23.0      | 3/5/2006                | BNDES loan guarantees  |
| CFN                   | R\$      | 24.0           | 24.0      | 11/13/2009              | BNDES loan guarantees  |
| CFN                   | R\$      | 20.0           | 20.0      | 3/2/2006                | BNDES loan guarantees  |
| CFN                   | R\$      | 19.2           |           | 5/4/2006                | BNDES loan guarantees  |
| Cia. Metalic Nordeste | R\$      | 4.8            | 4.8       | 5/15/2008               | Promissory notes/guarantee given to Banco Santos referring to contracts for the financing of equipment |
| Cia. Metalic Nordeste | R\$      | 7.2            | 7.2       | 1/27/2003 to 1/30/2006  | Promissory notes/guarantee given to BEC Provin and ABC Brasil referring to working capital contracts   |
| Cia. Metalic Nordeste | R\$      | 20.1           | 20.1      | 1/15/2006               | Guarantee given to BNDES, for contracts referring to financing of machinery and equipment              |
| CSN Cimentos          | R\$      | 27.0           |           | 6/22/2006               | Guarantee for execution of outstanding debt with INSS  |
| CSN Iron              | US\$     | 79.3           | 79.3      | 1/6/2007                | Promissory note of Eurobond operation  |
| CSN Islands V         | US\$     | 150.0          | 150.0     | 7/7/2005                | Installment of guarantee by CSN in Bond issuance   |
| CSN Islands VII       | US\$     | 275.0          | 275.0     | 9/12/2008               | Installment of guarantee by CSN in Bond issuance   |
| CSN Islands VIII      | US\$     | 550.0          | 550.0     | 12/16/2013              | Installment of guarantee by CSN in Bond issuance   |
| CSN Islands IX        | US\$     | 450.0          | 400.0     | 1/15/2015               | Installment of guarantee by CSN in Bond issuance   |
| CSN Overseas          | US\$     | 20.0           | 20.0      | 10/29/2009              | Installment of guarantee by CSN in Promissory Notes issuance   |
| INAL                  | R\$      | 3.6            | 3.6       | 3/15 and 4/15/2006      | Personal guarantee in equipment financing  |
| INAL                  | US\$     | 1.4            | 1.4       | 3/26/2008               | Personal guarantee in equipment financing  |
| Sepetiba Tecon        | US\$     | 33.5           | 33.5      | 12/30/2004 to 9/15/2013 | Personal guarantee in financing for the acquisition of equipment and implementation of terminal        |

**17. CONTINGENT LIABILITIES AND JUDICIAL DEPOSITS**

The Company is currently party to several administrative and court proceedings involving different actions, claims and complaints, as shown below:

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|                    | 6/30/2005            |                         | 3/31/2005            |                         |
|--------------------|----------------------|-------------------------|----------------------|-------------------------|
|                    | Judicial<br>deposits | Contingent<br>Liability | Judicial<br>deposits | Contingent<br>Liability |
| <b>Short Term:</b> |                      |                         |                      |                         |
| Labor              |                      | 7,253                   |                      | 6,410                   |
| Civil              |                      | 16,795                  |                      | 8,123                   |
| Parent Company     |                      | 24,048                  |                      | 14,533                  |
| Consolidated       |                      | 26,581                  |                      | 16,971                  |
| <b>Long Term:</b>  |                      |                         |                      |                         |
| Environment        |                      | 1,087                   |                      | 62                      |
| Labor              | 23,049               | 79,541                  | 22,335               | 89,726                  |
| Civil              | 6,818                | 58,562                  | 5,809                | 81,154                  |
| Tax                | 552,231              | 2,422,142               | 541,499              | 2,284,686               |
| Parent Company     | 582,098              | 2,561,332               | 569,643              | 2,455,628               |
| Consolidated       | 612,393              | 2,682,965               | 599,279              | 2,574,638               |

The provision for contingencies estimated by the Company's Management was substantially based on the appraisal of its tax and legal advisors. Such provision is only recorded for lawsuits classified as probable losses. The tax liabilities stemming from actions taken by Company's initiative are maintained and increased by Selic interest rates.

The Company is defending itself in other judicial and administrative proceedings in the approximate amount of R\$238,000 on June 30, 2005 and evaluations made by the Company's legal advisers are deemed as possible risk, and potential losses were not provisioned, pursuant to the accounting practices adopted in Brazil.

**a) Labor litigation dispute:**

As of June 30, 2005, CSN was the defendant in approximately 6,446 labor claims (around 5,400 claims on March 31, 2005), which required a provision in the amount of R\$86,794 up to that date (R\$96,136 on March 31, 2005). Most of the lawsuits are related to joint and/or subsidiary responsibility, wages equalization, additional payment for unhealthy and hazardous activities, overtime and differences related to the 40% fine over FGTS (severance pay), and due to government's economic policies.

The lawsuits related to subsidiary responsibility are originated from the non-payment by the contracted companies of their labor obligations, which results in the inclusion of CSN in the lawsuits, as defendant, to honor on a subsidiary basis the payment of such obligations.

The most recent lawsuits originated from subsidiary responsibility have been reducing due to the procedures adopted by the Company in order to inspect and assure compliance with the wages and social charges payments, through the creation of the Contract Follow-up Centers since 2000.

The strong increase in labor claims in 2004 and 2005 is due to difference request of the 40% fine on the FGTS deposited amounts, in view of the understated inflation imposed by economic plans. The matter is still polemic, pending an uniform understanding.

**b) Civil Actions:**

These are, mainly, claims for indemnities among the civil judicial processes in which the Company is involved. Such proceedings, in general, are originated from occupational accident and diseases related to industrial activities of the Company. For all these disputes, as of June 30, 2005 the Company accrued the amount of R\$75,357 (R\$89,277 on March 31, 2005).

**c) Tax Litigation Dispute:**

• **Income Tax and Social Contribution**

(i) The Company claims recognition of the financial and tax effects on the calculation of the income tax and social contribution on net income, related to Consumer Price Index - IPC understated inflation, which occurred in 1989, by a percentage of 51.87% ( Plano Verão ).

In September 2004, the proceeding reached its end, and judgment was made final and unappealable, granting to CSN the right to apply the indexes of 42.72% (Jan/89) and 10.14% (Feb/89). Said proceeding is under phase of calculating the award.

As of June 30, 2005, the Company has recorded R\$218,381 (R\$218,381 on March 31, 2005) as judicial deposit and a provision of R\$60,573 (R\$60,573 on March 31, 2005), which represents the portion not recognized by the courts.

(ii) In February 2003, the tax authorities assessed the Company for the calculation of prior years - IRPJ and CSL. On August 21, 2003 a decision was rendered by the 2<sup>nd</sup> Panel of the Federal Revenue Office in Rio de Janeiro that cancelled such tax assessment, being the Company assessed again, by the tax authorities, for the same matter, in November 2003. As of June 30, 2005, the Company set up a provision related to this tax assessment at the amount of R\$400,091 (R\$390,109 on March 31, 2005), which includes legal charges.



(iii) The Company filed an action questioning the assessment of Social Contribution on Income on export revenues, based on the Constitutional Amendment #33/01.

On March 10, 2003, the Company obtained an initial decision authorizing the exclusion of export revenues from said calculation basis, as well as the offsetting of amounts paid on these revenues from 2001. On June 30, 2005 the provision referring to the offsetting amounts based on the referred proceeding was R\$429,507 (R\$369,804 on March 31, 2005), which includes legal charges.

- PIS (Social Integration Program)/COFINS (Contribution for Social Security Financing) Law 9,718/99

CSN is questioning the legality of Law 9,718/99, which increases the PIS and COFINS calculation basis, including the financial revenue of the Company. Provision amounts to R\$272,848 as of June 30, 2005 (R\$267,744 on March 31, 2005), which includes legal charges.

The Company obtained a favorable decision in the lower court decision and the proceeding is under compulsory re-examination by the 2<sup>nd</sup> Regional Federal Court.

- CPMF (Provisional Contribution on Financial Transactions)

The Company is questioning the CPMF taxation since the promulgation of the Constitutional Amendment 21/99. The amount of this provision as of June 30, 2005 is R\$326,421 (R\$299,851 on March 31, 2005), which includes legal charges.

The lower court decision was favorable and the proceeding is being judged by the 2<sup>nd</sup> Regional Federal Court. However, we emphasize that the most recent court decisions have not been favorable to the taxpayers. The possibility of loss is probable.

- CIDE Contribution for Intervention in the Economic Domain

CSN disputes the legal validity of Law 10,168/00, which established the collection of the intervention contribution in the economic domain on the amounts paid, credited or remitted to nonresident beneficiaries of the country, as royalties or remuneration of supply contracts, technical assistance, trademark license agreement and exploration of patents.

The Company recorded court deposits and its corresponding provision in the amount of R\$22,325 on June 30, 2005 (R\$22,190 on March 31, 2005), which includes legal charges.

The lower court decision was unfavorable and the proceeding is currently under judgment of the 2<sup>nd</sup> Regional Federal Court. The Company believes in the success of the claim, although there are no consolidated former court decisions, due to the fact that the issue is very recent.

- Education Salary

The Company discusses the unconstitutionality of the Educational-Salary and the possible recovery of the amounts paid in the period from January 5, 1989 to October 16, 1996.

The provision as of June 30, 2005 amounts to R\$33,121 (R\$33,121 on March 31, 2005), which includes legal charges.

TRF maintained the unfavorable decision against CSN, judgment made final and unappealable. In view of this fact, the Company attempted to pay the amount due, and FNDE (education salary creditor) only accepted to receive the amount accrued of fine, reason that the Company deposited in court the amount due not including fine. Hence, a new proceeding has been discussing whether or not the collection has its grounds. The Company's attorneys consider as possible loss prospects, and for this reason, the Company did not provision the fine amount.

- SAT Workers Compensation Insurance

The Company understands that it must pay the SAT at the rate of 1% in all of its establishments, and not 3%, as determined by the current legislation. The amount provisioned on June 30, 2005 totals R\$66,897 (R\$62,335 on March 31, 2005), including legal charges.

The lower court decision was unfavorable and the proceeding is under judgment of TRF of the 2<sup>nd</sup> Region. Although there was so far no judgment of the matter by the Brazilian Supreme Court, the Company's lawyers deem as probable the possibilities of loss.

- IPI (Excise Tax) presumed credit on inputs

The Company brought an action pleading the right to the IPI presumed credit on the acquisition of exempted, immune, non-taxed inputs, or taxed at zero rate. An initial decision was obtained authorizing the use of said credits.

On June 30, 2005, the provision related to the total credits already offset amounted to R\$660,957 (R\$635,557 on March 31, 2005), updated by Selic (Special System for Settlement and Custody).

- IPI premium credit over exports

The Company brought an action pleading the right to the IPI premium credit on exports and a favorable decision was obtained authorizing the use of said credits.

On June 30, 2005, the provision amount referring to the total of credits already offset amounted to R\$107,544 (R\$103,089 on March 31, 2005), updated by Selic.

- Other

The Company also provided for several other lawsuits in respect of FGTS LC 110, Drawback and Freight Surcharge for Renovation of Merchant Marine (AFRMM), PIS/COFINS Manaus Free-Trade Zone, COFINS Law 10,833/03, PIS Law 10,637 and environmental contingencies whose amount as of June 30, 2005 amounts to R\$42,945 (R\$40,377 on March 31, 2005), including legal additions.

**18. SHAREHOLDERS EQUITY**

|   | Paid-in<br>capital<br>stock | Reserves         | Retained<br>earnings | Treasury<br>Stocks      | Total<br>shareholders'<br>equity |
|---|-----------------------------|------------------|----------------------|-------------------------|----------------------------------|
| <b>BALANCES ON 12/31/2004</b>   | <b>1,680,947</b>            | <b>5,603,937</b> |                      | <b>(440,343)</b>        | <b>6,844,541</b>                 |
| Realization of revaluation reserve, net of<br>income tax<br>and social contribution |                             | (62,131)         | 62,131               |                         |                                  |
| Net income for the quarter  |                             |                  | 748,723              |                         | 748,723                          |
| Interest on own capital proposed (R\$<br>0.17526 per<br>share)                      |                             |                  | (48,405)             |                         | (48,405)                         |
| Treasury stocks   |                             |                  |                      | (44,576)                | (44,576)                         |
| <b>BALANCES ON 3/31/2005</b>  | <b>1,680,947</b>            | <b>5,541,806</b> | <b>762,449</b>       | <b><u>(484,919)</u></b> | <b>7,500,283</b>                 |
| Realization of revaluation reserve, net of<br>income tax<br>and social contribution |                             | (61,048)         | 61,048               |                         |                                  |
| Net income for the quarter  |                             |                  | 305,483              |                         | 305,483                          |
| Interest on own capital proposed (R\$0.25189<br>per<br>share)                       |                             |                  | (68,050)             |                         | (68,050)                         |
| Treasury stocks   |                             |                  |                      | <u>(260,172)</u>        | (260,172)                        |
| <b>BALANCES ON 6/30/2005</b>  | <b>1,680,947</b>            | <b>5,480,758</b> | <b>1,060,930</b>     | <b><u>(745,091)</u></b> | <b>7,477,544</b>                 |

**Paid-in capital stock**

At the Annual and Extraordinary General Meetings held on April 29, 2004, CSN approved the proposal made by the Board of Directors on March 30, 2004, for splitting the shares representing the capital stock, operation by which each share of the capital stock was then represented by 4 shares, followed by the reverse split of these shares in the proportion of 1,000 shares for 1 share, which resulted in the reverse splitting of 250 shares into 1, as well as the change in the share-to-ADR ratio of 1 share to 1 ADR.

Consequently the Company's capital stock on June 30, 2005 was comprised of 286,917,045 common shares (286,917,045 common shares on March 31, 2005), all of them non par book-entry common shares. Each common share entitles the owner to one vote at the General Meetings' resolutions.

**Treasury stocks**

The Board of Directors approved the purchase of the Company's shares to be held in treasury and subsequent sale and/or cancellation as follows.

| Authorization<br>date | Number of<br>shares | Acquisition<br>term | Date       |             |
|-----------------------|---------------------|---------------------|------------|-------------|
|                       |                     |                     | Start      | Termination |
| 4/27/2004             | 4,705,880           | 3 months            | 4/28/2004  | 7/29/2004   |
| 7/27/2004             | 7,200,000           | 3 months            | 8/02/2004  | 11/01/2004  |
| 10/26/2004            | 6,357,000           | 3 months            | 11/12/2004 | 2/11/2005   |
| 12/21/2004            | 5,000,000           | 180 days            | 12/22/2004 | 6/19/2005   |
| 5/25/2005             | 15,000,000          | 360 days            | 5/26/2005  | 5/26/2006   |



Treasury stocks position as of June 30, 2005 is as follows:

| Number of<br>shares purchased<br><br>(in units) | Total value<br>paid for<br><br>shares | Share unit cost |         |         | Market value<br>of shares<br><br>on 6/30/2005 |
|---|---------------------------------------|-----------------|---------|---------|---|
|   |                                       | Minimum         | Maximum | Average |   |
| 16,758,699                                      | 745,091                               | 33.30           | 63.65   | 43.73   | 638,506                                       |

While held in treasury, the shares will have no proprietorship or political rights.

### Revaluation reserve

This reserve covers revaluations of the Company's fixed assets approved by the Shareholder's Extraordinary General Meeting held December 19, 2002 and April 29, 2003, which were intended for determining adequate amounts for the Company's fixed assets at market value, pursuant to the CVM Deliberation #288, dated December 3, 1998. The objective of such procedure is for the financial statements to reflect assets value closer to their replacement value.

Pursuant to the provisions of CVM Resolution #273, as of August 20, 1998, a provision for deferred social contribution and income tax was set up based on the balance of the revaluation reserve (except land), classified as a long-term liability.

The realized portion of the revaluation reserve, net of income tax and social contribution, is included for purposes of calculating the mandatory minimum dividend.

### Ownership structure

On June 30, 2005, the capital was comprised as follows:

|   | Number of shares   |                |
|---|--------------------|----------------|
|   | Common             | %              |
| Vicunha Siderurgia S.A.                       | 116,286,665        | 43.04%         |
| BNDESPAR                                      | 18,085,295         | 6.69%          |
| Caixa Beneficente dos Empregados da CSN - CBS | 11,831,289         | 4.38%          |
| Several (ADR - NYSE)                          | 47,805,713         | 17.70%         |
| Other shareholders (approx. 10 thousand)      | 76,149,384         | 28.19%         |
| <b>Outstanding shares</b>                     | <b>270,158,346</b> | <b>100.00%</b> |
| Treasury stocks                               | 16,758,699         |                |
| <b>Total shares</b>                           | <b>286,917,045</b> |                |

### Investment policy and payment of interest on own capital/dividends

On December 13, 2000, CSN's Board of Directors decided to adopt a policy of profit distribution, which, by observing the provisions of Law 6,404/76, altered by Law 9,457/97 implies the distribution of all the Company's net profit to the shareholders, as long as the following priorities are preserved irrespective of their order: (i) corporate strategy, (ii) compliance with obligations, (iii) making the necessary investments and (iv) maintenance of a good financial situation of the Company.

**19. INTEREST ON OWN CAPITAL**

The calculation of interest on own capital is based on the change in the Long-Term Interest Rates over equity, limited to 50% of the income for the year before income tax or 50% of accrued profits and profit reserves, and the higher between two limits may be used, pursuant to the prevailing laws.

In compliance with CVM Resolution 207, as of December 31, 1996, and fiscal rules, the Company opted to record the interest on own capital at the amount of R\$68,050 in the quarter ended on June 30, 2005, corresponding to the compensation of R\$0.25189 per share, as counter entry of the financial expenses account, and revert it on the same account, therefore, not been shown on the income statement and not generating effects on the ending net income, except as to the fiscal effects, these recognized under income tax and social contribution. The Company's management shall propose that the amount of interest on own capital be attributed to the mandatory minimum dividend.

**20. NET REVENUES AND COST OF GOODS SOLD**

|                       | <b>Parent Company</b>    |                  |                          |                          |                  |                          |
|-----------------------|--------------------------|------------------|--------------------------|--------------------------|------------------|--------------------------|
|                       | 6/30/2005                |                  |                          | 6/30/2004                |                  |                          |
|                       | Tons<br>(In<br>thousand) | Net<br>revenue   | Cost of<br>Goods<br>Sold | Tons<br>(In<br>thousand) | Net<br>revenue   | Cost of<br>Goods<br>Sold |
| Domestic Market       | 1,762                    | 3,487,173        | 1,648,473                | 1,575                    | 2,479,280        | 1,363,070                |
| Foreign Market        | 527                      | 873,288          | 568,832                  | 859                      | 1,217,503        | 642,929                  |
| <b>Steel Products</b> | <b>2,289</b>             | <b>4,360,461</b> | <b>2,217,305</b>         | <b>2,434</b>             | <b>3,696,783</b> | <b>2,005,999</b>         |
| Domestic Market       |                          | 229,120          | 138,886                  |                          | 196,673          | 110,477                  |
| Foreign Market        |                          | 17,526           | 6,824                    |                          | 10,738           | 5,214                    |
| <b>Other sales</b>    |                          | <b>246,646</b>   | <b>145,710</b>           |                          | <b>207,411</b>   | <b>115,691</b>           |
|                       | <b>2,289</b>             | <b>4,607,107</b> | <b>2,363,015</b>         | <b>2,434</b>             | <b>3,904,194</b> | <b>2,121,690</b>         |

|                 | <b>Consolidated</b>      |                |                          |                          |                |                          |
|-----------------|--------------------------|----------------|--------------------------|--------------------------|----------------|--------------------------|
|                 | 6/30/2005                |                |                          | 6/30/2004                |                |                          |
|                 | Tons<br>(In<br>thousand) | Net<br>revenue | Cost of<br>Goods<br>Sold | Tons<br>(In<br>thousand) | Net<br>revenue | Cost of<br>Goods<br>Sold |
| Domestic Market | 1,664                    | 3,454,671      | 1,389,373                | 1,624                    | 2,629,278      | 1,404,942                |
| Foreign Market  | 670                      | 1,328,145      | 1,049,723                | 867                      | 1,540,514      | 813,477                  |

|                       |              |                  |                  |              |                  |                  |
|-----------------------|--------------|------------------|------------------|--------------|------------------|------------------|
| <b>Steel Products</b> | 2,334        | 4,782,816        | 2,439,096        | 2,491        | 4,169,792        | 2,218,419        |
| Domestic Market       |              | 564,562          | 364,279          |              | 231,706          | 170,228          |
| Foreign Market        |              | 60,300           | 6,824            |              | 26,023           | 5,215            |
| <b>Other sales</b>    |              | 624,862          | 371,103          |              | 257,729          | 175,443          |
|                       | <b>2,334</b> | <b>5,407,678</b> | <b>2,810,199</b> | <b>2,491</b> | <b>4,427,521</b> | <b>2,393,862</b> |

**21. CONSOLIDATED REVENUES AND INCOME BY BUSINESS SEGMENT**

The disclosure by business segment followed the concept suggested by CVM, providing the means to evaluate the performance in all of the Company business segments.

6/30/2005

|  | Steel and<br>Services | Corporate        | Infrastructure<br>and Energy | Consolidated<br>Total |
|--|-----------------------|------------------|------------------------------|-----------------------|
| Net revenues from sales  | 5,094,345             |                  | 313,333                      | 5,407,678             |
| Cost of goods and services sold                                    | (2,593,509)           |                  | (216,690)                    | (2,810,199)           |
| <b>Gross income</b>  | <b>2,500,836</b>      |                  | <b>96,643</b>                | <b>2,597,479</b>      |
| Operating Income (Expenses)  |                       |                  |                              |                       |
| Selling  | (272,646)             |                  | (4,781)                      | (277,427)             |
| Administrative   | (133,120)             |                  | (29,937)                     | (163,057)             |
| Other operating expenses, net                                      | (52,189)              | (16,092)         | (3,807)                      | (72,088)              |
| Net financial result   | (30,126)              | (524,533)        | (6,707)                      | (561,366)             |
| Exchange and monetary variation, net                               | 478,823               | (235,639)        | 152                          | 243,336               |
| Equity accounting  | (34,199)              | 18,056           |                              | (16,143)              |
| <b>Operating Income (loss)</b>                                     | <b>2,457,379</b>      | <b>(758,208)</b> | <b>51,563</b>                | <b>1,750,734</b>      |
| Non-operating income   | (6,539)               |                  | (27)                         | (6,566)               |
| <b>Income (loss) before income tax<br/>and social contribution</b> | <b>2,450,840</b>      | <b>(758,208)</b> | <b>51,536</b>                | <b>1,744,168</b>      |
| Income tax and social contribution                                 | (847,615)             | 257,791          | (18,310)                     | (608,134)             |
| <b>Net income (loss) for the period</b>                            | <b>1,603,225</b>      | <b>(500,417)</b> | <b>33,226</b>                | <b>1,136,034</b>      |

**22. FINANCIAL RESULTS AND MONETARY AND FOREIGN EXCHANGE VARIATIONS, NET**

|   | Parent Company |           | Consolidated |           |
|---|----------------|-----------|--------------|-----------|
|   | 6/30/2005      | 6/30/2004 | 6/30/2005    | 6/30/2004 |
| <b>Financial expenses:</b>                                  |                |           |              |           |
| Loans and financing - foreign currency                      | (100,767)      | (113,039) | (359,654)    | (283,886) |
| Loans and financing - Brazilian currency                    | (86,021)       | (132,739) | (90,729)     | (125,972) |
| Transactions with subsidiaries                              | (155,169)      | (217,640) |              |           |
| PIS/COFINS on financial revenues                            | (11,204)       | (28,679)  | (11,526)     | (29,887)  |
| Interest, fines and interest on arrears (fiscal)            | (109,811)      | 17,460    | (113,960)    | 16,386    |
| CPMF  | (48,377)       | (47,600)  | (55,477)     | (50,339)  |
| Other financial expenses                                    | (6,550)        | (11,434)  | (73,702)     | (34,520)  |
|   | (517,899)      | (533,671) | (705,048)    | (508,218) |
| <b>Financial revenues</b>                                   |                |           |              |           |
| Yield on marketable securities, net of provision for losses | (288,756)      | 2,878     | (174,660)    | (4,556)   |
| Exchange swap   | 223            | 253,876   | 218,594      | 235,096   |
| Other income  | 33,742         | 54,614    | 99,748       | 30,861    |
|   | (254,791)      | 311,368   | 143,682      | 261,401   |
| <b>Net financial income</b>                                 | (772,690)      | (222,303) | (561,366)    | (246,817) |
| <b>Monetary variation</b>                                   |                |           |              |           |
| - Assets  | 6,518          | 4,758     | 7,038        | 4,859     |
| - Liabilities   | (12,563)       | (10,571)  | (15,012)     | (10,749)  |
|   | (6,045)        | (5,813)   | (7,974)      | (5,890)   |
| <b>Exchange Variations</b>                                  |                |           |              |           |
| - Assets  | (111,238)      | 178,095   | (250,517)    | 144,489   |
| - Liabilities   | 1,040,676      | (708,010) | 501,827      | (510,380) |
| - Amortization of deferred exchange variation               |                | (53,043)  |              | (54,623)  |
|   | 929,438        | (582,958) | 251,310      | (420,514) |
| <b>Monetary and exchange variations, net</b>                | 923,393        | (588,771) | 243,336      | (426,404) |

**23. STATEMENT OF VALUE-ADDED (PARENT COMPANY)**

|   | R\$ million    |                |
|---|----------------|----------------|
|   | 6/30/2005      | 6/30/2004      |
| <b>Revenue</b>                                    |                |                |
| Sales of products and services                    | 5,781          | 4,561          |
| Allowance for doubtful accounts                   | (2)            | (5)            |
| Non-operating income                              | (7)            | (1)            |
|   | <b>5,772</b>   | <b>4,555</b>   |
| <b>Input purchased from third parties</b>         |                |                |
| Raw material consumed                             | (1,228)        | (969)          |
| Cost of goods and services                        | (540)          | (570)          |
| Materials, energy, third-party services and other | (219)          | (188)          |
|   | <b>(1,987)</b> | <b>(1,727)</b> |
| <b>Gross value-added</b>                          | <b>3,785</b>   | <b>2,828</b>   |
| <b>Retention</b>                                  |                |                |
| Depreciation, amortization and depletion          | (395)          | (368)          |
| <b>Net produced value-added</b>                   | <b>3,390</b>   | <b>2,460</b>   |
| <b>Value-added transferred</b>                    |                |                |
| Equity accounting                                 | (515)          | 354            |
| Financial income/Exchange variations              | (360)          | 494            |
|   | <b>(875)</b>   | <b>848</b>     |
| <b>Total value-added to distribute</b>            | <b>2,515</b>   | <b>3,308</b>   |
| <b>VALUE-ADDED DISTRIBUTION</b>                   |                |                |
| Staff and charges                                 | 243            | 210            |
| Taxes, charges and contributions                  | 1,740          | 990            |
| Interest and exchange variation                   | (522)          | 1,275          |
| Interest on own capital                           | 116            | 35             |
| Retained earnings in the period                   | 938            | 798            |

2,515

3,308

38

## 24. STATEMENT OF EBITDA

The Company's EBITDA (gross profit minus selling, general and administrative expenses, plus depreciation and depletion) is as follows:

|  | R\$ million    |              |              |              |
|--|----------------|--------------|--------------|--------------|
|  | Parent company |              | Consolidated |              |
|  | 6/30/2005      | 6/30/2004    | 6/30/2005    | 6/30/2004    |
| Net revenues   | 4,607          | 3,904        | 5,408        | 4,428        |
| Gross income   | 2,244          | 1,783        | 2,597        | 2,034        |
| Operating expenses (selling, general and administrative) | (239)          | (237)        | (440)        | (423)        |
| Depreciation (cost of goods sold and operating expenses) | 395            | 368          | 464          | 402          |
| <b>EBITDA</b>  | <b>2,400</b>   | <b>1,914</b> | <b>2,621</b> | <b>2,013</b> |
| <b>% EBITDA-MARGIN</b>                                   | <b>52%</b>     | <b>49%</b>   | <b>48%</b>   | <b>45%</b>   |

## 25. EMPLOYEES' PENSION FUND

### (i) Private Pension Administration

The Company is the principal sponsor of the CSN employees' pension fund ("Caixa Beneficiante dos Empregados da CSN - CBS), a private non-profit pension fund established in July 1960, main purpose of which is to pay supplementary benefits rather than those of the official Pension Plan. CBS congregates CSN employees, of CSN related companies and entity itself, provided they sign the adhesion agreement.

### (ii) Characteristics of the plans

CBS has three benefit plans, as follows:

#### **35% of average salary plan**

It is a defined benefit plan, which began on 02/01/1966, with the purpose of paying retirements (related to length of service, special, disability or old-age) on a life-long basis, equivalent to 35% of the participant's salaries for the 12 last salaries. The plan also guarantees the payment of sickness assistance to the licensed by the Official Pension Plan (Previdência Oficial). It also guarantees the payment of funeral grant and pension. The participants (active and retired)



and the sponsors make 13 contributions per year, being the same number of benefits paid per year. This plan is in process of extinction, and become inactive on 10/31/1977, when the new benefit plan began.

**Supplementary average salary plan**

It is a defined benefit plan, which began on 11/01/1977. The purpose of this plan is to complement the difference between the 12 last average salaries and the Official Pension Plan (Previdência Oficial) benefit, to the retired, and also on a life-long basis. As with the 35% Average Salary Plan, there is sickness assistance, funeral grant and pension coverage. Thirteen contributions and payment of benefits are made per year. It became inactive on 12/26/1995, because of the combined supplementary benefits plan creation.

**Combined supplementary benefit plan**

This plan began on 12/27/1995. It is a mixed plan, being a defined contribution (CD), related to the retirement and a defined benefit (BD), in relation to other benefits (pension in activity, disability and sickness benefit). In this plan, the retirement benefit is calculated based on the sponsor and participants contributions, totaling 13 per year. Upon retirement of the participant, the plan becomes a defined benefit plan and 13 benefits are paid per year.

As of June 30, 2005 and March 31, 2005, the plans are presented as follows:

|   | 6/30/2005     | 3/31/2005     |
|---|---------------|---------------|
| <b>Members</b>                                  | <b>18,726</b> | <b>18,583</b> |
| Activite  | 7,667         | 7,448         |
| Retired employees                               | 11,059        | 11,135        |
| <b>Distribution of members by benefit plan:</b> |               |               |
| <b>35% of average salary plan</b>               | <b>5,690</b>  | <b>5,749</b>  |
| Active  | 17            | 18            |
| Retired employees                               | 5,673         | 5,731         |
| <b>Supplementary average salary plan</b>        | <b>5,091</b>  | <b>5,112</b>  |
| Active  | 58            | 58            |
| Retired employees                               | 5,033         | 5,054         |
| <b>Combined supplementary benefit plan</b>      | <b>7,945</b>  | <b>7,722</b>  |
| Active  | 7,592         | 7,372         |
| Retired employees                               | 353           | 350           |
| <b>Linked beneficiaries:</b>                    | <b>5,454</b>  | <b>5,433</b>  |
| 35% of average salary plan                      | 4,182         | 4,181         |
| Supplementary average salary plan               | 1,215         | 1,197         |
| Combined supplementary benefits plan            | 57            | 55            |
| <b>Total members (associates/beneficiaries)</b> | <b>24,180</b> | <b>24,016</b> |

**(iii) Equalization of actuarial liability**

On January 25, 1996, the Supplementary Social Security Secretariat (Secretaria de Previdência Complementar - SPC), through letter #55 SPC/CGOF/COJ approved a proposal to equalize the insufficiency of reserves based on the value determined on September 30, 1995, monetarily updated to December 31, 1995.

Through an official letter 1555/SPC/GAB/COA, of August 22, 2002, confirmed by official letter 1598/SPC/GAB/COA of August 28, 2002 a new proposal was approved for refinancing of reserves to amortize the sponsors' responsibility in 240 monthly and successive installments being the 1<sup>st</sup> to 12<sup>th</sup> in the amount of R\$958 and from 13<sup>th</sup> on R\$3,133, monetarily indexed (INPC + 6% p.a.), starting June 28, 2002.

The agreement also foresees the installments anticipation in case of cash necessity in the defined benefit plan and the incorporating to the updated debit balance the eventual deficits/surplus under the sponsors' responsibility, so as to preserve the plans' balance without exceeding the maximum period of amortization provided for by the agreement.

**(iv) Actuarial Liabilities**

As provided by CVM Deliberation 371, as of December 13, 2000, approving the NPC 26 of IBRACON - Employees Benefit Accounting - that established new calculation and disclosure accounting practices of these benefits, the Company's management and its external actuaries, maintain the assessment of the effects arising from this new practice, in conformity with the report dated February 1, 2005.

**Actuarial Liability Recognition**

The Company's Administration decided to recognize the actuarial liability adjustment in the results for the period of five years, from January 1, 2002, being appropriated in the semester ended on June 30, 2005 the amount of R\$12,578 (R\$14,904 in the first half of 2004), in accordance with paragraphs 83 and 84 of NPC 26 of IBRACON and CVM Resolution 371/2000, which, added to related disbursements, totaled R\$39,476 (R\$36,696 in the first half of 2004).

The balance of the provision for the coverage of the actuarial liability on June 30, 2005 amounts to R\$213,146 (R\$206,997 on March 31, 2005).

With respect to the recognition of the actuarial liability, the amortizing contribution related to the amount for the participants for determination of the reserve insufficiency was deducted from the present value of total actuarial obligation of the respective plans. A number of participants are disputing in court this amortizing contribution; the Company, however, based on its legal and actuarial advisers understands that such contribution was duly approved by the Complementary Social Security - SPC and consequently, is legally due by the participants.

In addition, in the case of Plano Milênio (Mixed Plan of Supplementary Benefit), of defined contribution, which shows net asset and where the sponsor's contribution corresponds to an equal counterpart of the participants' contribution, the understanding of the actuary is that up to 50% of the net actuarial asset may be used for reduction of the sponsor's contribution. As a result, the sponsor opted for recognizing 50% of such asset on its books, in the amount of R\$3,621 in 2005 (R\$8,722 in 2004).

**Main actuarial assumptions adopted in the actuarial liability calculation**

|  |   |
|--|---|
| Methodology used   | Projected credit unit method                                |
| Nominal discount rate for actuarial liability                | 13.4% p.a. ( 8% actual and 5% inflation)                    |
| Expected yield rate over plan assets                         | 13.4% p.a.( 8% actual and 5% inflation)                     |
| Estimated salary increase index                              | INPC + 1% (6.05%)   |
| Estimated benefits increase index                            | INPC + 0% (5.00%)   |
| Estimated inflation rate in the long-term                    | INPC + 0% (5.00%)   |
| Biometric table of overall mortality                         | UP94 with 3 years of severity and separated by sex          |
| Biometric table for disability                               | Winklevoss  |
| Expected turnover rate                                       | 2% p.a.   |
| Probability of starting retirement                           | 100% in the first eligibility to a full benefit by the Plan |
| CSN does not have obligations on other after-labor benefits. |   |

**26. SUBSEQUENT EVENTS**

- Cancellation of shares held in treasury

On July 7, 2005, the Company held an Extraordinary General Meeting at which the majority of those attending the meeting approved the cancellation of 14,849,099 shares held in treasury, without reduction in the Company’s capital stock. The amendment to the *caput* of the Article 5 and the *caput* of the Article 7 of the Company’s Bylaws was also approved, which began to take effect with the following wordings, by means of reflecting the new capital stock structure: *Article 5 - The Company’s capital stock, fully subscribed and paid-in, is one billion, six hundred, eighty million, nine hundred, forty seven thousand, three hundred, sixty three reais and seventy one centavos (R\$1,680,947,363.71), divided into two hundred, seventy two million, sixty seven thousand, nine hundred and forty six (272,067,946) non-par book-entry common shares. ; and Article 7 - The Company’s capital stock may be increased up to four hundred million (400,000,000) shares, by means of the issue of up to one hundred, twenty seven million, nine hundred, thirty two thousand and fifty four (127,932,054) new non-par book-entry shares, by resolution of the Board of Directors. .* The cancellation approved on July 7, 2005 was made effective on July 21, 2005.

- Offering

The Company, through its subsidiary CSN Islands X Corp., issued US\$500 million in perpetual notes on July 7, 2005 and, in view of the large demand for the securities issued, on July 14, 2005, it issued, additionally, U\$250 million. The notes without maturity bearing interest at 9.5% p.a. and the funds raised in this operation will be used for working capital, therefore increasing, the Company’s liquidity.

**27. EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH**

The accompanying financial statements have been prepared on the basis of accounting practices laid down by the Corporate Law in Brazil.

Certain accounting practices applied by the Company and its subsidiaries that conform to those accounting practices in Brazil may not conform to generally accept accounting principles in other countries.

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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION  
QUARTERLY INFORMATION ITR  
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

Accounting  
Practices  
Date: 06/30/2005  
Adopted in Brazil

00403-0

**COMPANHIA SIDERÚRGICA  
NACIONAL**

33.042.730/0001-04

**05.01 COMMENTS ON THE COMPANY S PERFORMANCE IN THE  
QUARTER**

**Output**

After the low output level in Presidente Vargas Mill in the first quarter of the year as a consequence of partial revamps and maintenance interventions anticipated due to a failure in electricity transmission lines of Furnas, occurred in January, the Company restored its usual levels of crude steel production, as shown in the table below. The year-to-date accumulated production decreased by 7%.

Rolling and finishing lines maintained lower rate of production in the first half of the year, reducing by 15% the total volume of finished products, reflecting the Company s supply and demand fine-tuning policy. Exceptions were the galvanized and cold rolled production, which was reduced respectively by only 30 thousand and 20 thousand tonnes.

| <b>Production<br/>(data in thousand t)</b> | <b>1Q 04</b> | <b>2Q 04</b> | <b>1Q 05</b> | <b>2Q 05</b> | <b>1st Half 04</b> | <b>1st Half<br/>05</b> |
|--|--------------|--------------|--------------|--------------|--------------------|------------------------|
| <b>Presidente Vargas Mill<br/>(UPV)</b>    |              |              |              |              |                    |                        |
| Crude steel                                | 1,355        | 1,368        | 1,167        | 1,362        | 2,723              | 2,529                  |
| Finished Products                          | 1,255        | 1,273        | 1,046        | 1,096        | 2,528              | 2,142                  |
| <b>CSN Paraná</b>                          | 38           | 64           | 55           | 33           | 102                | 88                     |
| <b>GalvaSud</b>                            | 35           | 24           | 75           | 81           | 59                 | 156                    |

The highlight for second quarter were the monthly record production in tin-coating lines 92.7 thousand tonnes in May, surpassing the previous record of 92.0 thousand tonnes of August 1998 and the beginning of simultaneous injection of pulverized coal and natural gas in blast furnace #3, in June, thus completing the introduction of this new technology in CSN, which began in March 2004 in blast furnace #2. The main goal of this new technology is to reduce the reliance on coke. Once natural gas injection targets expected by the Company are reached, the total cut-back on coke can be up to 200 thousand tonnes.

**Sales**

Sales volume totaled 1,137 thousand tonnes, 60 thousand tonnes down compared to previous quarter. Due to weak demand in local market (refer to Macroeconomic and Industry Scenario) and to a continuing downward trend in international prices (as a result also of the weak demand in respective main consumption markets), the Company has decided not to keep the sales volume but to maintain the profit margins. As a consequence, sales in local market dropped by 130 thousand tonnes, only partially offset by the increase of 70 thousand tonnes in exports. Year-to-date accumulated volume is 6% lower than first half of 2004.

With the reduction in sales volume, inventory levels of finished products remained virtually unchanged compared to March, only presenting a slight decline.

The sales mix remained unchanged compared to previous quarter, with a 52% share of high value-added products (galvanized products and tin plates).

Breakdown by sector also remained stable compared to first quarter, with 18% Automotive, 32% Home Appliances & OEM, 32% Distribution, 43% Construction and 13% Packaging. It is worth to note that the Company has a significant share of sales of galvanized products by sector: 76% of Home Appliances & OEM, 66% of Distribution and 79% of Construction. Breakdown by product has not largely changed, as shown in the graph.

## Prices

As a result of economic slowdown and its impact in steel demand, in addition to the high levels of inventories in all production chain, sales prices have embarked on a downward trend in the end of first quarter 2005. Taking as reference the price of hot rolled products destined to European markets\*, the accumulated drop in prices between July



and March was 17%, slightly lower for other products (cold rolled and zinc coated products).

This scenario, reflected also in local market, impacted CSN's sales prices. CSN's export prices fell by 16%, on average, in second quarter; however, in dollar terms, the drop was only 10%, approximately 40% less than the price drop in international markets. This is due to the differentiated sales portfolio of the Company: zinc coated products dropped by 8% and tin plates prices increased by 0.4% (both in dollar terms)

In the domestic market, fall in CSN's prices were even lower - 4% drop in Reais and 3% gain in dollars despite of high inventories in distribution sector and the economic slowdown, offset by high-value-added products portfolio, similarly to what happened to export.

Market expects that inventory and demand return to normal levels by the end of third quarter, both in international and local markets. Together with the continuing production cut policy currently set in place by main producers, a better outlook for prices can be expected starting as of that moment of the year. Before that, prices should continue to be pressured downwards, although the Company does not expect further significant falls.

\*EU export FOB ARA port (Antwerp, Rotterdam and Amsterdam); Source: CRU - Steel Sheet Products

## Net Revenue

As a result of lower sales volume and prices, net revenue fell by 11% compared to previous quarter and remained flat compared to same period of 2004 (0.6% fall). This performance can be explained mainly by a fall in revenue from sales to local market, since revenue from exports increased slightly (1.7%, or R\$12 million).

Despite the worse performance in second quarter, the year-to-date revenue is 22% higher compared to the same period of previous year.

Starting this quarter, we are presenting net revenue breakdown by business segment, which are shown in the graph. It is worth to point out the growth in Energy and Logistics business, due to the consolidation of Itasa and MRS in the fourth quarter of 2004.

### **Production Costs (Parent Company)**

The lower production level in the first quarter affects comparison to the second quarter, as a consequence of failure in transmission lines of Furnas (refer to 1Q05 Earnings Release). Thus, of the R\$47 million (+8%) increase of in raw materials cost in the second quarter, R\$70 million are due to increase in consumption, R\$3 million are due to price increase, and both are offset by the positive impact of the appreciation of Real amounting to R\$26 million.

It is important to note that the increase in Raw Materials represented 52% of the total increase in production costs by 8%. Labor, which increased by 39%, was accountable for 32% of total, while General Costs and Depreciation,, which increased respectively by 2.5% and 4%, represented nearly 9% and 7% each of the total. The increase in Labor mainly reflects the wage readjustment

resulting from annual negotiations and bonuses for renewal of the agreement of work shifts, granted in May.

Compared to the same quarter of previous year total costs increased by 3.5% Raw Materials increased only by 3%, Labor increased by 11%, General Costs and Depreciation by 2.5%. In this comparison, Raw Material costs increase is due to price factor, which represented a R\$99 million impact, mainly due to increases in coal, zinc and scrap, positively offset by the reduction of consumption (impact of R\$25 million) and by the foreign exchange variation (impact of R\$56 million).

Regarding the main cost items – coal and coke, in 2Q05 we noticed opposite price trends in those two raw materials, in line with the expectations reported in the fourth quarter 2004 (which should continue till the end of the year). Average coke cost in second quarter was US\$380/t, compared to US\$408/t in previous quarter and US\$445/t in 4Q04. In the same comparison base, the average coal cost was US\$112/t, compared to US\$107/t and US\$100/t, respectively. Expected acquisition cost (distinct from production cost) for the year is around US\$120/t for coal and US\$250/t for coke (CIF Sepetiba). In June, inventory levels of coal and coke reached regular average levels: 3 months of consumption. With this inventory, added to the last purchase made in June (US\$220/t CIF Sepetiba), the Company has no intention to acquire coke in the second half of the year.

### Operating Expenses

Operating expenses reached R\$266 million this quarter, a 7.7% increase compared to previous quarter, mainly due to higher labor expenses (hike in wages after the collective labor agreement in May).

In the first half comparison year to year, already excluding the effect of the consolidation of MRS and Itasa, we would have total expenses of R\$489 million, or a 12% increase. This change was mainly due to the same factors described in the previous paragraph.

### EBITDA

The table and graph in this section show the EBITDA performance over the last quarters, highlighting that starting in the fourth quarter the effects of MRS and Itasa consolidation and PIS/Cofins adjustments were excluded for comparison purposes. It is noticeable the weak performance of 2Q05 compared to other quarters, due to lower sales prices and volumes in the period. In the first half 2005 over the same period of 2004, EBITDA grew by 20%, accumulating R\$2,424 million with a 46% margin (100 basis points increase).

| EBITDA* and EBITDA<br>Margin* Change | 2Q05 x<br>1Q05 | 2Q05 x<br>2Q04 | 1H05 x<br>1H04 |
|--------------------------------------|----------------|----------------|----------------|
| EBITDA (var. %)                      | -14            | -5             | +20            |
| Margin (var. p.p.)                   | 0              | +1             | +1             |

\* Excluding MRS/ITASA consolidation and PIS/COFINS effects



## Net Financial Result and Debt

Net financial debt (includes financial expenses and income, in addition to net monetary and foreign exchange variations) was negative R\$214 million, compared to negative R\$104 million of first quarter. This change is mainly due to losses in financial transactions, which were only partially offset by positive foreign exchange and monetary variations over the foreign currency-denominated debt.

Net debt increased by R\$2,057 million, mainly caused by dividend payments in June, totaling R\$2,268 million. Thus, by the end of the quarter, the Net Debt/EBITDA ratio returned to 1x, in line with the ratio in the end of 2004. For the first half of the year the average cost of debt was 9.4% p.a., equivalent to 51% of CDI.

The reduction of gross debt in the period was due to amortization payments, which surpassed the total amount of US\$250 million raised by receivables securitization in May.

After this securitization and the issuance of perpetual bonds in the amount of US\$750 million in July the Company does not intend to access the capital market for the rest of the year (for further details on these two capital raising transactions, refer to Recent Developments section). The payment schedule (principal+interest) for the next two quarters is as follows:

| Amortizations (US\$ million) | 3Q05       | 4Q05       | 2H05       |
|------------------------------|------------|------------|------------|
| <b>Debt in US\$</b>          | 232        | 523        | 755        |
| <b>Debt in R\$</b>           | 7          | 47         | 54         |
| <b>Total</b>                 | <b>239</b> | <b>570</b> | <b>809</b> |

## Income Taxes

Income taxes and social contribution expenses were R\$314 million, a R\$20 million increase over the previous quarter despite the lower income before taxes, which means an increase in effective tax rate from 29% to 43%. This raise in tax rate was chiefly due to non-deductible losses in the equity income line.





### Net Income

Due to lower operating income and net financial results and, in a lesser extent, to increased income taxes and social contribution expenses, net income fell by R\$300 million compared to previous quarter, a drop of 42%.

However, the accumulated year-to-date net income in 2005 is 50% higher than the first half of 2004. In addition, the R\$1,136 million net income accumulated in 2005 represents 57% of the total net income for the year 2004.

### Capex

Capex in the quarter totaled R\$239 million, of which R\$62 million were destined to Sepetiba's Port (Tecar) expansion project, part of the Casa de Pedra expansion project, and R\$28 million was destined to MRS (corresponding to the 32% stake CSN holds in that company).

In first half of 2005 Capex reached R\$391 million, of which R\$113 million were invested in the Tecar expansion project and R\$50 million in MRS. The remaining balance was destined to projects related to the maintenance of operating and technological excellence in CSN's and its subsidiaries' plants.

### Working Capital

There was a positive change in working capital, comparing the amount registered in June 30 to the one registered on March 30. In the assets side, inventory was reduced, due to the reduction of raw materials (coal and coke) and finished products, offset by the increase in products in process, spare parts, supplies and import in progress. In turn, receivables line increased basically due to longer payment terms given to clients.

In the liabilities side, all lines increased, highlighting the suppliers' line.

|                                  |                |                | In R\$<br>million |
|----------------------------------|----------------|----------------|-------------------|
| Account                          | 1Q05           | 2Q05           | Change            |
| <b>Assets</b>                    | <b>3,548</b>   | <b>3,606</b>   | <b>-58</b>        |
| Cash Equivalents                 | 149            | 145            | +4                |
| Accounts Receivables             | 1,335          | 1,464          | -129              |
| Domestic Market                  | 1,177          | 1,093          | +84               |
| Export Market                    | 264            | 467            | -203              |
| Allowance for Doubtful           | (106)          | (96)           | +10               |
| Inventories                      | 2,064          | 1,997          | +67               |
| <b>Liability</b>                 | <b>1,944</b>   | <b>2,238</b>   | <b>+294</b>       |
| Suppliers                        | 882            | 1,040          | +158              |
| Salaries and Social Contribution | 74             | 91             | +17               |
| Deferred Taxes                   | 988            | 1,107          | +119              |
| <b>Working Capital</b>           | <b>(1,604)</b> | <b>(1,368)</b> | <b>+236</b>       |

### Recent Developments

#### • Coal Terminal Expansion Project Financing

BNDES approved the financing in the amount of R\$333 million on July 20, destined to the Coal Terminal expansion project, one of the three investments that comprises for the Casa de Pedra expansion project. The project aims at adjusting and expanding the port, currently in use for coal and coke imports, for ore exports. When full operation is reached, the terminal will have 30 million tons iron ore capacity.

Financing represents around 75% of the total amount to be invested in the project; and the remaining balance will come from Company's own resources.

#### • Securitization Program

In May 2005, the Company issued its fourth series of receivables securitization, totaling US\$250 million, within the scope of program initiated in June 2003. Of the funds raised, approximately US\$ 80 million were destined to the payment of second series. It is important to note that the better maturities and costs for this last securitization, contributing to extend the average maturity and to reduce the Company's average cost of debt. Maturities and costs for each series are as follows:

| Series        | Issuing Date | Value (US\$ million) | Term (years) | Grace Period (years) | Cost (% p.a.) |
|---------------|--------------|----------------------|--------------|----------------------|---------------|
| <b>First</b>  | Jun/03       | 142                  | 7            | 2                    | 7.28%         |
| <b>Second</b> | Aug/03       | 125                  | 3            |                      | Libor+1.55%   |
| <b>Third</b>  | Jun/04       | 162                  | 8            | 3                    | 7.427%        |
| <b>Fourth</b> | May/05       | 250                  | 10           | 3                    | 6.148%        |

- **Perpetual Bonds**

On July 7, the company issued US\$500 million as perpetual bonds, at 9.5% p.a., just 22 bps above the Brazilian Treasury bond yield due in 2040 and with coupon of 11% p.a.. Facing strong demand, the Company reopened the offering, raising additional US\$250 million on July 14. These funds are mainly destined to short term debt payments (refer to Net Financing Results and Debt section). Although there is no maturity for these bonds, the Company has the option to repurchase the total debt each quarter after the fifth year from the issuance date (the partial repurchase is not allowed).

- **Shares Buy-Back and Write-Off Program**

Starting in the beginning of 2004, the Company's Board of Directors approved a number of share buy-back programs, as follows:

| <b>Program</b> | <b>Number of Shares (in million)</b> | <b>Approval Date</b> | <b>Expiry Date</b> |
|----------------|--------------------------------------|----------------------|--------------------|
| <b>First</b>   | 4.7                                  | Apr/29/04            | Jul/27/04          |
| <b>Second</b>  | 7.2                                  | Jul/28/04            | Nov/01/04          |
| <b>Third</b>   | 6.4                                  | Oct/27/04            | Fev/11/05          |
| <b>Fourth</b>  | 5.0                                  | Dec/22/04            | Jun/19/05          |
| <b>Fifth*</b>  | 15.0                                 | May/26/05            | May/26/06          |

\*The fifth program substituted the fourth

According to the approved programs, the Company bought back shares throughout 2004, at a cost of R\$440 million, as shown in the table below.

| <b>Period in 2004</b> | <b>Number of Shares Acquired</b> | <b>Average price paid per share</b> |
|-----------------------|----------------------------------|-------------------------------------|
| <b>May</b>            | 517,600                          | 34.63                               |
| <b>June</b>           | 3,470,600                        | 37.78                               |
| <b>August</b>         | 760,199                          | 45.16                               |
| <b>October</b>        | 82,000                           | 41.39                               |
| <b>November</b>       | 3,383,900                        | 49.51                               |
| <b>December</b>       | 1,809,300                        | 49.52                               |
| <b>Total</b>          | <b>10,023,599</b>                | <b>43.93</b>                        |

On July 7, the Extraordinary Shareholders Meeting approved the write-off of 14,849,099 shares held in treasury. Up to this date, the Company had already acquired, as part of the Fifth Buy-Back Program, 2,210 thousand shares, spending R\$ 89 million.

- **Conversion of BNDES shares**

In April 2005, BNDESPAR (Brazilian Development Bank) increased its stake in CSN from 1,023,597 to 18,085,295 shares (corresponding to 6.30% of the total capital), as a result of swap of debentures of sixth series of shares held by Vicunha Siderurgia S.A., according to the terms and conditions of issuance contract of Vicunha Siderurgia S.A. debentures. After this transaction, Vicunha Siderurgia's stake in the Company's total capital decreased from 46.48% to 40.53%.



• **Audit Committee**

In June 2005 an Audit Committee was appointed, in compliance with SEC's rules and, as required, it is composed of three independent members of our Board of Directors: Mr. Fernando Perrone, Mr. Dionísio Carneiro and Mr. Yoshiaki Nakano.

The Audit Committee is responsible for recommending the appointment of independent auditors to the Board of Directors; reporting on the policies and our annual auditing plan submitted by the employee responsible for internal auditing and, on its execution, monitoring and evaluating the results and activities of the external auditors, and identifying, prioritizing, and submitting actions to be implemented by the executive officers; and analyzing the annual report, as well as our financial statements and making recommendations to the Board of Directors.

• **Board of Directors and Executive Officers**

On June 21, the Board of Directors re-elected Benjamin Steinbruch and Jacks Rabinovich as Chairman and Vice-Chairman, respectively, for one year term.

Also on this date the Board elected Enéas Garcia Diniz as Production Executive Officer, for a 2-year term, replacing Nelson Cunha who left the Company on the same date. Mr. Enéas has been working on several positions in the production area of the Company since 1985.

On June 24, Lauro Rezende, Investments and Investor Relations Executive Officer, resigned. These duties have been performed, on an interim basis, by the Company's CEO.

• **Event in NYSE**

On May 10, CSN held the event in New York Stock Exchange for the third consecutive year, with the participation of all executive officers. There was a presentation of the outlook for the market, Company's results for 2004 and for first quarter 2005 and an update about the expected schedule and disbursements for the Casa de Pedra Mine expansion project in the event. The presentation can be found in Company's website.

• **Investor Relations Website**

Aiming at offering updated information with increased transparency, equal treatment and easy access, CSN launched, on August 5, a completely restructured website for the Company's investors and for the public, using the state-of-the-art tools and features available in the market. The new website is part of the initiatives taken by the Investor Relations department to improve services provided for analysts, investors and shareholders. The new website is part of the initiatives taken by the Investor Relations department to improve services provided for analysts, investors and shareholders.

## Outlook

The situation in the Brazilian steel market is similar to the one experienced in U.S. and European markets: Companies reducing its production rates to align to weak demand and to inventory levels above the average throughout the supply chain. According to IISI (International Iron and Steel Institute) data, crude steel production in U.S. and European Union (25 countries) dropped by 2.6% and 1.7% in first half of 2005, respectively, and 1.2% in Brazil. The only countries that have continued to increase significantly the output are China and India, growing by 28% and 12% in the period, driven by the strong demand in their local markets. Outlook of IBS (Instituto Brasileiro de Siderurgia Brazilian Steel Institute) is a 4.4% decrease in Brazilian crude steel production in 2005.

In a weak demand and high inventory scenario, downward pressure on prices is stronger and international prices (U.S. and Europe) have dropped by 30%, comparing June to December.

However the largest companies of these markets are seeking to find a balance between supply and demand, reflecting an historical moment, and should for now on contribute to reduce this downward pressure and keep prices in higher levels compared to average prices of the last years. In addition, raw material prices expected for the next years, specially coal and coke prices, support the positive outlook for steel prices, together with the restoration of inventories to normal average levels, expected for the end of third quarter. It is worth mentioning that some European companies have already considered the possibility of a price increase in fourth quarter. Finally, the economic growth for 2005 estimated for the main steel consumer countries (U.S. 3.6%; E.U. 1.6%; China 8.9%; Source: IMF), although lower than the initially forecasted, lead us to believe that the recent downturn in prices is much more a consequence of a temporary slowdown in demand and high inventories than an indicator of recession or reversion of the growth cycle.

Due to lower than expected sales performance in first half of the year, the Company has reviewed some of its expectations for 2005, as shown in the next table. Basically, the Company expects a sales volume of 5 million tonnes, 300 thousand tonnes lower than the previously projected, and still 300 thousand tonnes above the volume sold in 2004. The local sales and exports mix should also be maintained in comparison to 2004: 70% of sales to local market, compared to initial expectation of 75%. The Company will align its output level to this new sales environment, not increasing the finished products inventory.

| Variable                | Guidance Revision                                  |            |
|-------------------------|--|------------|
|                         | March/05   | August/05  |
| Production* (MM t)      | -  | 4.6        |
| Sales Volume (MM t)     | 5.3  | 5.0        |
| % Sales in local market | 75%  | 70%        |
| Sale Price              | Average05>Average04<br>Local market and<br>Exports | Maintained |
| Coal Cost (US\$/t FOB)  | 110  | Maintained |
| Coke Cost (US\$/t CIF)  | 250-280  | Maintained |
| EBITDA Margin           | Growth   | Stability  |
| Net Debt/EBITDA         | <1   | Maintained |

\*Finished Products



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

**FEDERAL PUBLIC SERVICE**

**CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION**  
**QUARTERLY INFORMATION ITR**  
**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

Accounting  
 Practices  
 Date: 06/30/2005 Adopted in Brazil

**01.01 - IDENTIFICATION**

|                                |   |   |
|--------------------------------|---|---|
| 1 - CVM CODE<br><b>00403-0</b> | 2 - COMPANY NAME<br><b>COMPANHIA SIDERÚRGICA NACIONAL</b> | 3 - CNPJ (Corporate Taxpayer's ID)<br><b>33.042.730/0001-04</b> |
|--------------------------------|---|---|

**06.01 - CONSOLIDATED BALANCE SHEET - ASSETS (in thousands of reais)**

| 1- Code    | 2- Description                                 | 3- 06/30/2005 | 4- 03/31/2005 |
|------------|--|---------------|---------------|
| 1          | Total Assets                                   | 24,784,928    | 27,135,545    |
| 1.01       | Current Assets                                 | 8,661,952     | 11,127,586    |
| 1.01.01    | Cash   | 145,089       | 149,245       |
| 1.01.02    | Credits  | 1,464,097     | 1,335,012     |
| 1.01.02.01 | Domestic Market                                | 1,092,653     | 1,177,258     |
| 1.01.02.02 | Foreign Market                                 | 467,252       | 263,547       |
| 1.01.02.03 | Allowance for Doubtful Accounts                | (95,808)      | (105,793)     |
| 1.01.03    | Inventories                                    | 1,997,414     | 2,064,172     |
| 1.01.04    | Other  | 5,055,352     | 7,579,157     |
| 1.01.04.01 | Marketable Securities                          | 3,579,033     | 5,975,965     |
| 1.01.04.02 | Recoverable Income Tax and Social Contribution | 21,811        | 29,006        |
| 1.01.04.03 | Deferred Income Tax                            | 371,150       | 404,157       |
| 1.01.04.04 | Deferred Social Contribution                   | 81,279        | 89,737        |
| 1.01.04.05 | Prepaid Expenses                               | 38,287        | 46,023        |
| 1.01.04.06 | Prepaid Income Tax and Social Contribution     | 627,804       | 645,239       |
| 1.01.04.07 | Other  | 335,988       | 389,030       |
| 1.02       | Long-Term Assets                               | 1,912,017     | 1,794,259     |
| 1.02.01    | Various Credits                                | 22,005        | 27,891        |
| 1.02.01.01 | Loans Eletrobras                               | 22,005        | 27,891        |
| 1.02.02    | Credit with Related Parties                    | 0             | 0             |
| 1.02.02.01 | Affiliates                                     | 0             | 0             |
| 1.02.02.02 | Subsidiaries                                   | 0             | 0             |
| 1.02.02.03 | Other Related Parties                          | 0             | 0             |
| 1.02.03    | Other  | 1,890,012     | 1,766,368     |
| 1.02.03.01 | Deferred Income Tax                            | 493,268       | 482,333       |
| 1.02.03.02 | Deferred Social Contribution                   | 99,844        | 98,456        |
| 1.02.03.03 | Judicial Deposits                              | 612,393       | 599,279       |

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|            |                               |            |            |
|------------|-------------------------------|------------|------------|
| 1.02.03.04 | Securities Receivables        | 272,884    | 204,776    |
| 1.02.03.05 | Recoverable PIS/PASEP         | 26,615     | 26,007     |
| 1.02.03.06 | Prepaid Expenses              | 75,048     | 78,198     |
| 1.02.03.07 | Marketable Securities         | 90,159     | 90,159     |
| 1.02.03.08 | Other                         | 219,801    | 187,160    |
| 1.03       | Permanent Assets              | 14,210,959 | 14,213,700 |
| 1.03.01    | Investments                   | 308,644    | 273,347    |
| 1.03.01.01 | In Affiliates                 | 0          | 0          |
| 1.03.01.02 | In Subsidiaries               | 307,660    | 272,352    |
| 1.03.01.03 | Other Investments             | 984        | 995        |
| 1.03.02    | Property, Plant and Equipment | 13,575,543 | 13,602,897 |
| 1.03.02.01 | In Operation, Net             | 13,078,626 | 13,212,663 |
| 1.03.02.02 | In Construction               | 335,271    | 240,679    |
| 1.03.02.03 | Land                          | 161,646    | 149,555    |
| 1.03.03    | Deferred                      | 326,772    | 337,456    |

**01.01 - IDENTIFICATION**

|                                |   |   |
|--------------------------------|---|---|
| 1 - CVM CODE<br><b>00403-0</b> | 2 - COMPANY NAME<br><b>COMPANHIA SIDERÚRGICA NACIONAL</b> | 3 - CNPJ (Corporate Taxpayer's ID)<br><b>33.042.730/0001-04</b> |
|--------------------------------|---|---|

**06.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of reais)**

| 1- Code    | 2- Description                    | 3- 06/30/2005 | 4- 03/31/2005 |
|------------|-----------------------------------|---------------|---------------|
| 2          | Total Liabilities                 | 24,784,928    | 27,135,545    |
| 2.01       | Current Liabilities               | 5,205,129     | 7,400,710     |
| 2.01.01    | Loans and Financing               | 2,364,782     | 2,433,997     |
| 2.01.02    | Debentures                        | 113,390       | 133,931       |
| 2.01.03    | Suppliers                         | 1,039,724     | 882,341       |
| 2.01.04    | Taxes, Charges and Contributions  | 1,342,247     | 1,356,210     |
| 2.01.04.01 | Salaries and Social Contributions | 91,273        | 74,389        |
| 2.01.04.02 | Taxes Payable                     | 1,106,716     | 987,796       |
| 2.01.04.03 | Deferred Income Tax               | 106,072       | 216,195       |
| 2.01.04.04 | Deferred Social Contribution      | 38,186        | 77,830        |
| 2.01.05    | Dividends Payable                 | 116,553       | 2,316,909     |
| 2.01.06    | Provisions                        | 26,581        | 16,971        |
| 2.01.06.01 | Contingencies                     | 26,581        | 16,971        |
| 2.01.07    | Debt with Related Parties         | 0             | 0             |
| 2.01.08    | Other                             | 201,852       | 260,351       |
| 2.02       | Long-Term Liabilities             | 12,203,469    | 12,378,321    |
| 2.02.01    | Loans and Financing               | 5,832,968     | 6,082,922     |
| 2.02.02    | Debentures                        | 1,071,498     | 1,075,593     |
| 2.02.03    | Provisions                        | 4,908,939     | 4,838,955     |
| 2.02.03.01 | Contingencies                     | 2,682,965     | 2,574,936     |
| 2.02.03.02 | Deferred Income Tax               | 1,636,746     | 1,664,723     |
| 2.02.03.03 | Deferred Social Contribution      | 589,228       | 599,296       |
| 2.02.04    | Debt with Related Parties         | 0             | 0             |
| 2.02.05    | Other                             | 390,064       | 381,149       |
| 2.03       | Deferred Income                   | 6,231         | 77,394        |
| 2.04       | Minority Interest                 | 0             | 0             |
| 2.05       | Shareholders' Equity              | 7,370,099     | 7,279,120     |
| 2.05.01    | Paid-In Capital                   | 1,680,947     | 1,680,947     |
| 2.05.02    | Capital Reserve                   | 17,319        | 17,319        |
| 2.05.03    | Revaluation Reserve               | 4,640,047     | 4,701,095     |
| 2.05.03.01 | Parent Company                    | 4,640,047     | 4,701,095     |
| 2.05.03.02 | Subsidiaries/Affiliates           | 0             | 0             |
| 2.05.04    | Profit Reserves                   | 78,301        | 338,473       |
| 2.05.04.01 | Legal                             | 336,189       | 336,189       |
| 2.05.04.02 | Statutory                         | 0             | 0             |
| 2.05.04.03 | For Contingencies                 | 0             | 0             |

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|            |                   |   |   |
|------------|-------------------|---|---|
| 2.05.04.04 | Unrealized Income | 0 | 0 |
| 2.05.04.05 | Profit Retention  | 0 | 0 |

**06.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of reais)**

| <b>1- Code</b> | <b>2- Description</b>                 | <b>3- 06/30/2005</b> | <b>4- 03/31/2005</b> |
|----------------|---------------------------------------|----------------------|----------------------|
| 2.05.04.06     | Special For Non-Distributed Dividends | 0                    | 0                    |
| 2.05.04.07     | Other Profit Reserves                 | (257,888)            | 2,284                |
| 2.05.04.07.01  | For Investments                       | 487,203              | 487,203              |
| 2.05.04.07.02  | Treasury Stocks                       | (745,091)            | (484,919)            |
| 2.05.05        | Retained Earnings/Accumulated Deficit | 953,485              | 541,286              |

**07.01 - CONSOLIDATED STATEMENT OF INCOME (in thousands of reais)**

| <b>1- Code</b> | <b>2- Description</b>                        | <b>3-<br/>04/01/2005<br/>to<br/>06/30/2005</b> | <b>4-<br/>01/01/2005<br/>to<br/>06/30/2005</b> | <b>5-<br/>04/01/2004<br/>to<br/>06/30/2004</b> | <b>6-<br/>01/01/2004<br/>to<br/>06/30/2004</b> |
|----------------|--|--|--|--|--|
| 3.01           | Gross Revenue from Sales and/or Services     | 3,148,919                                      | 6,726,550                                      | 2,999,802                                      | 5,261,618                                      |
| 3.02           | Deductions from Gross Revenue                | (603,510)                                      | (1,318,872)                                    | (437,431)                                      | (834,097)                                      |
| 3.03           | Net Revenue from Sales and/or Services       | 2,545,409                                      | 5,407,678                                      | 2,562,371                                      | 4,427,521                                      |
| 3.04           | Cost of Goods and Services Sold              | (1,330,622)                                    | (2,810,199)                                    | (1,369,553)                                    | (2,393,862)                                    |
| 3.04.01        | Depreciation and Amortization                | (211,263)                                      | (436,761)                                      | (211,248)                                      | (380,864)                                      |
| 3.04.02        | Other  | (1,119,359)                                    | (2,373,438)                                    | (1,158,305)                                    | (2,012,998)                                    |
| 3.05           | Gross Profit                                 | 1,214,787                                      | 2,597,479                                      | 1,192,818                                      | 2,033,659                                      |
| 3.06           | Operating Income/Expenses                    | (476,003)                                      | (846,745)                                      | (711,843)                                      | (1,091,494)                                    |
| 3.06.01        | Selling                                      | (139,798)                                      | (277,427)                                      | (154,606)                                      | (279,560)                                      |
| 3.06.01.01     | Depreciation and Amortization                | (2,464)  | (4,818)  | (2,130)  | (4,263)  |
| 3.06.01.02     | Other  | (137,334)                                      | (272,609)                                      | (152,476)                                      | (275,297)                                      |
| 3.06.02        | General and Administrative                   | (87,142)                                       | (163,057)                                      | (80,821)                                       | (143,884)                                      |
| 3.06.02.01     | Depreciation and Amortization                | (12,424)                                       | (22,109)                                       | (8,973)  | (17,442)                                       |
| 3.06.02.02     | Other  | (74,718)                                       | (140,948)                                      | (71,848)                                       | (126,442)                                      |
| 3.06.03        | Financial                                    | (213,784)                                      | (318,030)                                      | (469,412)                                      | (673,221)                                      |
| 3.06.03.01     | Financial Income                             | (246,530)                                      | 143,682  | 93,965   | 261,401  |
| 3.06.03.02     | Financial Expenses                           | 32,746   | (461,712)                                      | (563,377)                                      | (934,622)                                      |
| 3.06.03.02.01  | Amortization of Special Exchange Variation   | 0  | 0  | (26,454)                                       | (54,623)                                       |
| 3.06.03.02.02  | Foreign Exchange and Monetary Variation, net | 405,446  | 243,336  | (318,772)                                      | (371,781)                                      |
| 3.06.03.02.03  | Interest expenses, fines and tax arrears     | (372,700)                                      | (705,048)                                      | (218,151)                                      | (508,218)                                      |
| 3.06.04        | Other Operating Income                       | 7,196  | 20,579   | 11,128   | 23,423   |
| 3.06.05        | Other Operating Expenses                     | (46,010)                                       | (92,667)                                       | (29,241)                                       | (36,810)                                       |
| 3.06.06        | Equity                                       | 3,535  | (16,143)                                       | 11,109   | 18,558   |
| 3.07           | Operating Income                             | 738,784  | 1,750,734                                      | 480,975  | 942,165  |

**07.01 - CONSOLIDATED STATEMENT OF INCOME (in thousands of reais)**

| <b>1- Code</b> | <b>2- Description</b>                            | <b>3-<br/>04/01/2005<br/>to<br/>06/30/2005</b> | <b>4-<br/>01/01/2005<br/>to<br/>06/30/2005</b> | <b>5-<br/>04/01/2004<br/>to<br/>06/30/2004</b> | <b>6- 1/01/2004<br/>to<br/>06/30/2004</b> |
|----------------|--|--|--|--|---|
| 3.08           | Non-Operating Income                             | (5,726)  | (6,566)  | 12,530   | 12,869                                    |
| 3.08.01        | Income   | 78   | 151  | 13,403   | 13,448                                    |
| 3.08.02        | Expenses   | (5,804)  | (6,717)  | (873)  | (579)                                     |
| 3.09           | Income before Taxes and Interest                 | 733,058  | 1,744,168                                      | 493,505  | 955,034                                   |
| 3.10           | Provision for Income Tax and Social Contribution | (473,140)                                      | (749,513)                                      | (46,242)                                       | (120,715)                                 |
| 3.11           | Deferred Income Tax                              | 159,284  | 141,379  | (23,752)                                       | (77,523)                                  |
| 3.12           | Statutory Participation/Contributions            | 0  | 0  | 0  | 0   |
| 3.12.01        | Participation                                    | 0  | 0  | 0  | 0   |
| 3.12.02        | Contributions                                    | 0  | 0  | 0  | 0   |
| 3.13           | Reversal of Interest on Own Capital              | 0  | 0  | 0  | 0   |
| 3.14           | Minority Interest                                | 0  | 0  | 0  | 0   |
| 3.15           | Net Income (Loss) for the Period                 | 419,202  | 1,136,034                                      | 423,511  | 756,796                                   |
|                | SHARES OUTSTANDING EX-TREASURY<br>(in thousands) | 270,158  | 270,158  | 284,404  | 284,404                                   |
|                | EARNINGS PER SHARE                               | 1.55169  | 4.20507  | 1.48912  | 2.66099                                   |
|                | LOSS PER SHARE                                   |  |  |  |   |





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

## FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION  
 QUARTERLY INFORMATION ITR  
 COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

Accounting  
 Practices  
 Date: 06/30/2005 Adopted in Brazil

## 01.01 - IDENTIFICATION

|                         |  |  |
|-------------------------|--|--|
| 1 - CVM CODE<br>00403-0 | 2 - COMPANY NAME<br>COMPANHIA SIDERÚRGICA NACIONAL | 3 - CNPJ (Corporate Taxpayer's ID)<br>33.042.730/0001-04 |
|-------------------------|--|--|

## 09.01 - EQUITY IN SUBSIDIARIES AND/OR AFFILIATED COMPANIES

| 1 - ITEM            | 2 - NAME OF SUBSIDIARY /ASSOCIATED COMPANY | 3 - CNPJ (Corporate Taxpayer's ID)                          | 4 - CLASSIFICATION | 5 - PARTICIPATION IN CAPITAL OF INVESTEE - %                 | 6 - INVESTOR'S SHAREHOLDERS' EQUITY - % |
|---------------------|--|---|--------------------|--|---|
| 7 - TYPE OF COMPANY |  | 8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands) |                    | 9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands) |   |

|   |              |                    |                    |        |       |
|---|--------------|--------------------|--------------------|--------|-------|
| 01  | CSN OVERSEAS | 05.722.388/0001-58 | PRIVATE SUBSIDIARY | 100.00 | 13.99 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY |              |                    | 7,173              |        | 7,173 |

|   |           |                    |                    |        |         |
|---|-----------|--------------------|--------------------|--------|---------|
| 02  | CSN STEEL | 05.706.345/0001-89 | PRIVATE SUBSIDIARY | 100.00 | 14.25   |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY |           |                    | 480,727            |        | 480,727 |

|   |             |                    |                    |        |      |
|---|-------------|--------------------|--------------------|--------|------|
| 03  | CSN ISLANDS | 05.923.780/0001-65 | PRIVATE SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY |             |                    | 50                 |        | 50   |

|   |            |                    |                    |        |       |
|---|------------|--------------------|--------------------|--------|-------|
| 04  | CSN ENERGY | 06.202.987/0001-03 | PRIVATE SUBSIDIARY | 100.00 | 6.01  |
| COMMERCIAL, INDUSTRY AND OTHER TYPES OF COMPANY |            |                    | 3,675              |        | 3,675 |

|    |                                  |                    |                    |       |      |
|----|----------------------------------|--------------------|--------------------|-------|------|
| 06 | IND. NAC. DE AÇOS LAMINADOS INAL | 02.737.015/0001-62 | PRIVATE SUBSIDIARY | 99.99 | 5.80 |
|----|----------------------------------|--------------------|--------------------|-------|------|

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|  |  |         |  |         |
|--|--|---------|--|---------|
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |  | 285,950 |  | 285,950 |
|--|--|---------|--|---------|

|  |              |                    |                       |       |      |
|--|--------------|--------------------|-----------------------|-------|------|
| 07   | CSN CIMENTOS | 42.564.807/0001-05 | PRIVATE<br>SUBSIDIARY | 99.99 | 0.00 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |              |                    |                       | 376   | 376  |

|  |                         |                    |                       |        |        |
|--|-------------------------|--------------------|-----------------------|--------|--------|
| 08   | CIA METALIC DO NORDESTE | 01.183.070/0001-95 | PRIVATE<br>SUBSIDIARY | 99.99  | 1.22   |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                         |                    |                       | 84,916 | 84,916 |

|  |               |                    |                       |       |       |
|--|---------------|--------------------|-----------------------|-------|-------|
| 09   | INAL NORDESTE | 00.904.638/0001-57 | PRIVATE<br>SUBSIDIARY | 99.99 | 0.00  |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |               |                    |                       | 1,100 | 1,100 |

**09.01 - EQUITY IN SUBSIDIARIES AND/OR AFFILIATED COMPANIES**

|  |            |                    |                       |        |       |
|--|------------|--------------------|-----------------------|--------|-------|
| 10   | CSN PANAMA | 05.923.777/0001-41 | PRIVATE<br>SUBSIDIARY | 100.00 | 6.07  |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |            |                    |                       | 4,240  | 4,240 |

|  |             |                    |                       |       |      |
|--|-------------|--------------------|-----------------------|-------|------|
| 11   | CSN ENERGIA | 03.537.249/0001-29 | PRIVATE<br>SUBSIDIARY | 99.90 | 1.52 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |             |                    |                       | 1     | 1    |

|  |                                  |                    |                       |       |      |
|--|----------------------------------|--------------------|-----------------------|-------|------|
| 12   | CSN PARTICIPAÇÕES<br>ENERGÉTICAS | 03.537.201/0001-10 | PRIVATE<br>SUBSIDIARY | 99.70 | 0.00 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                                  |                    |                       | 1     | 1    |

|  |       |                    |                       |           |           |
|--|-------|--------------------|-----------------------|-----------|-----------|
| 13   | CSN I | 04.518.302/0001-07 | PRIVATE<br>SUBSIDIARY | 100.00    | 6.72      |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |       |                    |                       | 9,996,753 | 9,996,753 |

|  |          |                    |                       |            |            |
|--|----------|--------------------|-----------------------|------------|------------|
| 14   | GALVASUD | 02.618.456/0001-45 | PRIVATE<br>SUBSIDIARY | 15.29      | 6.17       |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |          |                    |                       | 11,801,407 | 11,801,407 |

|  |                |                    |                       |        |        |
|--|----------------|--------------------|-----------------------|--------|--------|
| 16   | SEPETIBA TECON | 02.394.276/0001-27 | PRIVATE<br>SUBSIDIARY | 20.00  | 0.00   |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                |                    |                       | 62,220 | 62,220 |

|  |  |                    |                       |        |        |
|--|--|--------------------|-----------------------|--------|--------|
| 17   | COMPANHIA FERROVIÁRIA<br>DO NORDESTE-CFN | 02.281.836/0001-37 | PRIVATE<br>SUBSIDIARY | 49.99  | 0.00   |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |  |                    |                       | 36,206 | 36,206 |

|  |                |                    |                               |         |         |
|--|----------------|--------------------|-------------------------------|---------|---------|
| 18   | ITÁ ENERGÉTICA | 01.355.994/0002-02 | PUBLICLY-TRADED<br>SUBSIDIARY | 48.75   | 7.28    |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                |                    |                               | 520,219 | 520,219 |

**09.01 - EQUITY IN SUBSIDIARIES AND/OR AFFILIATED COMPANIES**

|  |               |                    |                               |       |         |
|--|---------------|--------------------|-------------------------------|-------|---------|
| 19   | MRS LOGÍSTICA | 01.417.222/0001-77 | PUBLICLY-TRADED<br>SUBSIDIARY | 32.22 | 8.20    |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |               |                    | 340,000                       |       | 340,000 |

|  |                |                    |                       |        |      |
|--|----------------|--------------------|-----------------------|--------|------|
| 20   | CSN ISLANDS II | 05.918.534/0001-15 | PRIVATE<br>SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                |                    | 1                     |        | 1    |

|  |                 |                    |                       |        |      |
|--|-----------------|--------------------|-----------------------|--------|------|
| 22   | CSN ISLANDS III | 05.918.535/0001-60 | PRIVATE<br>SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                 |                    | 1                     |        | 1    |

|  |                |                    |                       |        |      |
|--|----------------|--------------------|-----------------------|--------|------|
| 23   | CSN ISLANDS IV | 05.918.536/0001-04 | PRIVATE<br>SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                |                    | 1                     |        | 1    |

|  |               |                    |                       |        |      |
|--|---------------|--------------------|-----------------------|--------|------|
| 24   | CSN ISLANDS V | 05.918.538/0001-01 | PRIVATE<br>SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |               |                    | 1                     |        | 1    |

|  |            |                    |                       |        |      |
|--|------------|--------------------|-----------------------|--------|------|
| 27   | CSN EXPORT | 05.760.237/0001-94 | PRIVATE<br>SUBSIDIARY | 100.00 | 1.05 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |            |                    | 32                    |        | 32   |

|  |                 |                    |                       |        |      |
|--|-----------------|--------------------|-----------------------|--------|------|
| 28   | CSN ISLANDS VII | 05.918.539/0001-48 | PRIVATE<br>SUBSIDIARY | 100.00 | 0.00 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                 |                    | 1                     |        | 1    |

|  |                  |                    |                       |        |      |
|--|------------------|--------------------|-----------------------|--------|------|
| 29   | CSN ISLANDS VIII | 06.042.103/0001-09 | PRIVATE<br>SUBSIDIARY | 100.00 | 0.03 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                  |                    | 1                     |        | 1    |

**09.01 - EQUITY IN SUBSIDIARIES AND/OR AFFILIATED COMPANIES**

|  |                |                    |                       |        |      |
|--|----------------|--------------------|-----------------------|--------|------|
| 30   | CSN ISLANDS IX | 07.064.261/0001-14 | PRIVATE<br>SUBSIDIARY | 100.00 | 0.67 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                |                    | 1                     |        | 1    |

|  |                             |                    |                       |        |      |
|--|-----------------------------|--------------------|-----------------------|--------|------|
| 31   | ERSA ESTANHO DE<br>RONDÔNIA | 00.684.808/0001-35 | PRIVATE<br>SUBSIDIARY | 100.00 | 0.23 |
| COMMERCIAL, INDUSTRY AND<br>OTHER TYPES OF COMPANY |                             |                    | 34,236                |        | 0    |

**10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES**

|  |                      |
|--|----------------------|
| 1- ITEM                                | 02                   |
| 2 - No. ORDER                          | 2                    |
| 3 - No. REGISTRY AT CVM                | CVM/SRE/DEB/2003/020 |
| 4 - REGISTRY DATE AT CVM               | 12/8/2003            |
| 5 - ISSUED SERIES                      | SINGLE               |
| 6 - TYPE OF ISSUANCE                   | COMMON               |
| 7 - NATURE OF ISSUANCE                 | PUBLIC               |
| 8 - DATE OF ISSUANCE                   | 12/1/2003            |
| 9 - MATURITY DATE                      | 12/1/2006            |
| 10 - TYPE OF DEBENTURE                 | WITHOUT PREFERENCE   |
| 11 - CONDITION OF CURRENT REMUNERATION | 107% CDI CETIP       |
| 12 - PREMIUM/NEGATIVE GOODWILL         |                      |
| 13 - NOMINAL VALUE (Reais)             | 10,0000.00           |
| 14-AMOUNT ISSUED (Thousands of Reais)  | 400,000              |
| 15-AMOUNT OF SECURITIES ISSUED (UNIT)  | 40,000               |
| 16 - OUTSTANDING SECURITIES (UNIT)     | 40,000               |
| 17 - TREASURY SECURITIES (UNIT)        | 0                    |
| 18 - CALLED AWAY SECURITIES (UNIT)     | 0                    |
| 19 CONVERTED SECURITIES (UNIT)         | 0                    |
| 20 SECURITIES TO BE DISTRIBUTED (UNIT) | 0                    |
| 21 - DATE OF THE LAST RENEGOTIATION    |                      |
| 22 - DATE OF NEXT EVENT                | 12/01/2005           |

**10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES**

|  |                      |
|--|----------------------|
| 1- ITEM                                | 03                   |
| 2 - No. ORDER                          | 3                    |
| 3 - No. REGISTRY AT CVM                | CVM/SRE/DEB/2003/022 |
| 4 REGISTRY DATE AT CVM                 | 12/19/2003           |
| 5 - ISSUED SERIES                      | 1A                   |
| 6 - TYPE OF ISSUANCE                   | COMMON               |
| 7 - NATURE OF ISSUANCE                 | PUBLIC               |
| 8 - DATE OF ISSUANCE                   | 12/1/2003            |
| 9 - EXPIRATION DATE                    | 12/1/2006            |
| 10 - TYPE OF DEBENTURE                 | WITHOUT PREFERENCE   |
| 11 - CONDITION OF CURRENT REMUNERATION | 106.5% CDI CETIP     |
| 12 PREMIUM/NEGATIVE GOODWILL           |                      |
| 13 NOMINAL VALUE (Reais)               | 10,000.00            |
| 14- AMOUNT ISSUED (Thousands of Reais) | 250,000              |
| 15- AMOUNT OF SECURITIES ISSUED (UNIT) | 25,000               |
| 16 - OUTSTANDING SECURITIES (UNIT)     | 25,000               |
| 17 - TREASURY SECURITIES (UNIT)        | 0                    |
| 18 - CALLED AWAY SECURITIES (UNIT)     | 0                    |
| 19 CONVERTED SECURITIES (UNIT)         | 0                    |
| 20 SECURITIES TO BE DISTRIBUTED (UNIT) | 0                    |
| 21 - DATE OF THE LAST RENEGOTIATION    |                      |
| 22 - DATE OF NEXT EVENT                | 12/1/2005            |

**10.01 - CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES**

|  |                      |
|--|----------------------|
| 1- ITEM                                | 04                   |
| 2 - No. ORDER                          | 3                    |
| 3 - No. REGISTRY AT CVM                | CVM/SRE/DEB/2003/023 |
| 4 - REGISTRY DATE AT CVM               | 12/19/2003           |
| 5 - ISSUED SERIES                      | 2A                   |
| 6 - TYPE OF ISSUANCE                   | COMMON               |
| 7 - NATURE OF ISSUANCE                 | PUBLIC               |
| 8 - DATE OF ISSUANCE                   | 12/1/2003            |
| 9 - EXPIRATION DATE                    | 12/1/2008            |
| 10 - TYPE OF DEBENTURE                 | WITHOUT PREFERENCE   |
| 11 - CONDITION OF CURRENT REMUNERATION | IGPM + 10% p.a.      |
| 12 - PREMIUM/NEGATIVE GOODWILL         |                      |
| 13 - NOMINAL VALUE (Reais)             | 10,000.00            |
| 14- AMOUNT ISSUED (Thousands of Reais) | 250,000              |
| 15- AMOUNT OF SECURITIES ISSUED (UNIT) | 25,000               |
| 16 - OUTSTANDING SECURITIES (UNIT)     | 25,000               |
| 17 - TREASURY SECURITIES (UNIT)        | 0                    |
| 18 - CALLED AWAY SECURITIES (UNIT)     | 0                    |
| 19 CONVERTED SECURITIES (UNIT)         | 0                    |
| 20 SECURITIES TO BE DISTRIBUTED (UNIT) | 0                    |
| 21 - DATE OF THE LAST RENEGOTIATION    |                      |
| 22 - DATE OF NEXT EVENT                | 12/1/2005            |



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QUARTERLY INFORMATION ITR  
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

Accounting  
Practices  
Date: 06/30/2005 Adopted in Brazil

**00403-0**

**COMPANHIA SIDERÚRGICA  
NACIONAL**

**33.042.730/0001-04**

**15.01 INVESTMENT PROJECTS**

**OPERATING INVESTMENTS**

Expenditures made in 2005 with the main investment projects were:

| Description                                     | Amount in thousands of R\$ |               |                |
|---|----------------------------|---------------|----------------|
|   | 1Q                         | 2Q            | 2005           |
| Sepetiba Project Port Expansion                 | 50,459                     | 62,297        | 112,756        |
| Sepetiba Project Ship Unloader DN1              | 3,012                      | 7,520         | 10,532         |
| Mine Project Casa de Pedra Mine Expansion       | 4,535                      | 2,460         | 6,995          |
| Revamp of Lime Furnace #3                       | 153                        | 2,810         | 2,963          |
| Cisa Project Phase II                           | 2,489                      | 140           | 2,629          |
| Natural Gas Injection in Blast Furnaces         | 1,660                      | 324           | 1,984          |
| Cisa Project Phase I                            | 1,491                      | 477           | 1,968          |
| Revamp of AF#3 Facilities                       | 208                        | 1,526         | 1,734          |
| Repotentiation of Liquid Metal Rolling Bridges  | 1,258                      | 381           | 1,639          |
| Cement Project - Implementation of Cement Plant | 693                        | 944           | 1,637          |
| Adjustment of Pig-iron Pans                     | 250                        | 979           | 1,229          |
| Cisa Project Infrastructure                     | 847                        | 334           | 1,181          |
| Steelmaking Automation                          | 489                        | 385           | 874            |
| Repair of Steelmaking Gasometer Broadside       | 610                        |               | 610            |
| Repair and Modification of Torpedo Cars         | 292                        | 226           | 518            |
| Electromechanical Revamp in Torpedo Cars        | 399                        |               | 399            |
| Benzene Steam Capture from Tanks                | 285                        | 1             | 286            |
| Regenerators Thermal Isolation AF#3             | 206                        | 53            | 259            |
| Revamp of Gas System 1 Phase II                 | 198                        | 32            | 230            |
| Laboratory Resources                            | 217                        | 12            | 229            |
|   | <b>69,751</b>              | <b>80,901</b> | <b>150,652</b> |



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**00403-0** **COMPANHIA SIDERÚRGICA NACIONAL** **33.042.730/0001-04**

**16.01 - OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY**

**Companhia Siderúrgica Nacional  
Statements of Changes in Financial Position  
For the periods ended on June 30, 2005 and 2004  
(In thousands of reais)**

|  | Parent Company   |                | Consolidated     |                |
|--|------------------|----------------|------------------|----------------|
|  | 2005             | 2004           | 2005             | 2004           |
| <b>SOURCES OF FUNDS</b>  |                  |                |                  |                |
| <b>Funds provided by operations</b>                                  |                  |                |                  |                |
| Net income for the period  | <b>1,054,206</b> | <b>833,002</b> | <b>1,136,034</b> | <b>756,796</b> |
| Expenses (income) not affecting net working capital                  |                  |                |                  |                |
| Monetary and exchange variation and long term accrued charges (net)  | (935,786)        | 433,789        | (551,340)        | 345,388        |
| Equity accounting and amortization of goodwill and negative goodwill | 515,543          | (354,176)      | 16,143           | (18,558)       |
| Write-offs from permanent assets                                     | 6,467            | 650            | 9,666            | 1,103          |
| Depreciation, depletion and amortization                             | 394,890          | 368,502        | 463,687          | 402,569        |
| Amortization of special exchange variation                           |                  | 53,043         |                  | 54,623         |
| Deferred income tax and social contribution                          | (109,296)        | (145,148)      | (87,634)         | (143,349)      |
| Provision for contingent liabilities                                 |                  |                |                  |                |
| PIS/COFINS/CPMF  | 61,508           | 75,320         | 61,508           | 75,320         |
| Employees pension fund provision                                     | 12,578           | 14,904         | 14,591           | 14,640         |

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|   |                    |                    |                  |                    |
|---|--------------------|--------------------|------------------|--------------------|
| Deferred income variation                             |                    |                    | (3,933)          | 28,607             |
| Other   | 96,181             | (21,335)           | 98,677           | (17,218)           |
|   | <b>1,096,291</b>   | <b>1,258,551</b>   | <b>1,157,399</b> | <b>1,499,921</b>   |
| <b>Funds Provided by Others</b>                       |                    |                    |                  |                    |
| Resources from loans and financing                    | 1,121,392          | 2,194,711          | 1,123,808        | 1,171,588          |
| Dividends and interest on own capital of subsidiaries | 27,175             |                    |                  |                    |
| Decrease in other long-term assets                    | 28,534             | 66,270             | 33,102           | 54,132             |
| Increase in other long-term liabilities               | 74,938             | 75,805             | 135,011          | 95,717             |
| Other   |                    | 10,873             |                  | 17,499             |
|   | <b>1,252,039</b>   | <b>2,347,659</b>   | <b>1,291,921</b> | <b>1,338,936</b>   |
| <b>TOTAL SOURCES OF FUNDS</b>                         | <b>2,348,330</b>   | <b>3,606,210</b>   | <b>2,449,320</b> | <b>2,838,857</b>   |
| <b>USES OF FUNDS</b>                                  |                    |                    |                  |                    |
| <b>Funds used in permanent assets</b>                 |                    |                    |                  |                    |
| Investments   | 101,097            | 438,663            | 81,349           | 139,205            |
| Property, plant and equipment                         | 270,343            | 159,726            | 373,875          | 341,851            |
| Deferred assets                                       | 17,357             | 21,582             | 17,417           | 40,238             |
|   | <b>388,797</b>     | <b>619,971</b>     | <b>472,641</b>   | <b>521,294</b>     |
| <b>Others</b>   |                    |                    |                  |                    |
| Dividends and Interest on own equity                  | 116,455            | 35,000             | 116,455          | 35,000             |
| Treasury stocks                                       | 304,748            | 91,791             | 304,748          | 91,791             |
| Transfer of loans and financing to short term         | 248,229            | 1,218,160          | 277,331          | 1,227,853          |
| Increases in long-term assets                         | 160,795            | 76,974             | 154,283          | 96,956             |
| Decreases in long-term liabilities                    | 47,752             | 2,487              | 111,890          | 33,810             |
|   | <b>877,979</b>     | <b>1,424,412</b>   | <b>964,707</b>   | <b>1,485,410</b>   |
| <b>TOTAL USES OF FUNDS</b>                            | <b>1,266,776</b>   | <b>2,044,383</b>   | <b>1,437,348</b> | <b>2,006,704</b>   |
| <b>INCREASE (DECREASE) IN NET WORKING CAPITAL</b>     | <b>1,081,554</b>   | <b>1,561,827</b>   | <b>1,011,972</b> | <b>832,153</b>     |
| <b>CHANGES IN NET WORKING CAPITAL</b>                 |                    |                    |                  |                    |
| <b>Current Assets</b>                                 |                    |                    |                  |                    |
| At end of the period                                  | 5,861,851          | 5,534,896          | 8,661,953        | 6,253,120          |
| At beginning of the period                            | 6,440,179          | 5,507,669          | 8,608,514        | 6,775,380          |
|   | <b>(578,328)</b>   | <b>27,227</b>      | <b>53,439</b>    | <b>(522,260)</b>   |
| <b>Current Liabilities</b>                            |                    |                    |                  |                    |
| At end of the period                                  | 4,571,695          | 3,017,145          | 5,205,129        | 3,188,105          |
| At beginning of the period                            | 6,231,577          | 4,551,745          | 6,163,662        | 4,542,518          |
|   | <b>(1,659,882)</b> | <b>(1,534,600)</b> | <b>(958,533)</b> | <b>(1,354,413)</b> |
| <b>INCREASE (DECREASE) IN NET WORKING CAPITAL</b>     | <b>1,081,554</b>   | <b>1,561,827</b>   | <b>1,011,972</b> | <b>832,153</b>     |

**Companhia Siderúrgica Nacional**  
**Statements of Cash Flows**  
**For the periods ended on June 30, 2005 and 2004**  
**(In thousands of reais)**

|   | Parent Company   |                  | Consolidated     |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2005             | 2004             | 2005             | 2004             |
| <b>Cash flow from operating activities</b>  |                  |                  |                  |                  |
| <b>Net income (loss) for the period</b>   | <b>1,054,206</b> | <b>833,002</b>   | <b>1,136,034</b> | <b>756,796</b>   |
| <b>Adjustments to reconcile the net income for the period with the resources from operating activities:</b> |                  |                  |                  |                  |
| - Amortization of deferred exchange variation   |                  | 53,043           |                  | 54,623           |
| - Net monetary and exchange variations  | (1,096,643)      | 632,080          | (807,416)        | 460,777          |
| - Provision for loan and financing charges  | 345,655          | 459,797          | 454,844          | 427,840          |
| - Depreciation, depletion and amortization  | 394,890          | 368,502          | 463,687          | 402,569          |
| - Write-off of permanent assets   | 6,467            | 650              | 9,666            | 1,103            |
| - Equity accounting and amortization of goodwill and negative goodwill                                      | 515,543          | (354,176)        | 16,143           | (18,558)         |
| - Deferred income tax and social contribution   | (154,806)        | 116,144          | (141,380)        | 77,522           |
| - Provision Swap and Forward  | 143,797          | (512,826)        | 142,717          | (515,467)        |
| - Other provisions  | 72,973           | 110,911          | 81,529           | 86,868           |
|   | <b>1,282,082</b> | <b>1,707,127</b> | <b>1,355,824</b> | <b>1,734,073</b> |
| <b>(Increase) decrease in assets:</b>   |                  |                  |                  |                  |
| - Accounts receivable   | (129,251)        | (359,778)        | (351,605)        | (472,628)        |
| - Inventories   | 196,559          | (403,025)        | 277,629          | (547,904)        |
| - Judicial deposits   | (21,633)         | (39,240)         | (23,190)         | (41,709)         |
| - Credits with subsidiaries   | 6,652            | (195,305)        |                  | 1,024            |
| - Recoverable taxes   | (47,903)         | 118,215          | (41,461)         | 115,885          |
| - Other   | (105,453)        | 50,705           | (56,436)         | 5,443            |
|   | <b>(101,029)</b> | <b>(828,428)</b> | <b>(195,063)</b> | <b>(939,889)</b> |
| <b>Increase (decrease) in liabilities</b>   |                  |                  |                  |                  |
| - Suppliers   | 379,755          | (96,306)         | 255,836          | (48,407)         |
| - Salaries and payroll charges  | 9,342            | 16,483           | 11,866           | 20,275           |
| - Taxes   | 405,417          | (211,604)        | 386,130          | (201,356)        |
| - Accounts payable - Subsidiaries   | (356,960)        | 6,874            |                  |                  |
| - Unsecured liabilities   | 204,602          | 72,634           | 211,527          | 94,605           |
| - Other   | (47,424)         | (73,464)         | (97,577)         | (18,543)         |
|   | <b>594,732</b>   | <b>(285,383)</b> | <b>767,782</b>   | <b>(153,426)</b> |
| <b>Net resources from operating activities</b>  | <b>1,775,785</b> | <b>593,316</b>   | <b>1,928,543</b> | <b>640,758</b>   |
| <b>Cash Flow from investing activities</b>  |                  |                  |                  |                  |
| - Investments   | (101,097)        | (438,663)        | (81,349)         | (139,205)        |
| - Property, plant and equipment   | (270,343)        | (159,726)        | (373,875)        | (341,851)        |

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|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| - Deferred assets   | (17,357)           | (21,582)           | (17,417)           | (40,238)           |
| <b>Net resources used on investing activities</b>                             | <b>(388,797)</b>   | <b>(619,971)</b>   | <b>(472,641)</b>   | <b>(521,294)</b>   |
| <b>Cash Flow from financing activities</b>                                    |                    |                    |                    |                    |
| <b>Financial Funding</b>  |                    |                    |                    |                    |
| - Loans and Financing   | 1,465,582          | 2,241,462          | 2,453,457          | 1,713,135          |
|   | <b>1,465,582</b>   | <b>2,241,462</b>   | <b>2,453,457</b>   | <b>1,713,135</b>   |
| <b>Payments</b>   |                    |                    |                    |                    |
| - Financial Institution   |                    |                    |                    |                    |
| - Principal   | (438,495)          | (1,414,950)        | (835,203)          | (1,802,864)        |
| - Charges   | (319,406)          | (450,468)          | (335,852)          | (453,591)          |
| - Dividends and interest on own capital                                       | (2,268,419)        | (752,226)          | (2,268,419)        | (752,226)          |
| - Treasury stocks   | (304,748)          | (91,791)           | (304,748)          | (91,791)           |
|   | <b>(3,331,068)</b> | <b>(2,709,435)</b> | <b>(3,744,222)</b> | <b>(3,100,472)</b> |
| <b>Net resources from (to) financing activities</b>                           | <b>(1,865,486)</b> | <b>(467,973)</b>   | <b>(1,290,765)</b> | <b>(1,387,337)</b> |
| <b>Increase (decrease) in cash and cash equivalents</b>                       |                    |                    |                    |                    |
|   | <b>(478,498)</b>   | <b>(494,628)</b>   | <b>165,137</b>     | <b>(1,267,873)</b> |
| Cash and marketable securities, beginning of period                           | 1,957,276          | 2,193,171          | 3,325,969          | 3,650,707          |
| <b>Cash and marketable securities (except for derivatives), end of period</b> | <b>1,478,778</b>   | <b>1,698,543</b>   | <b>3,491,106</b>   | <b>2,382,834</b>   |

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION  
QUARTERLY INFORMATION ITR  
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

Accounting  
Practices  
Date: 06/30/2005 Adopted in Brazil

00403-0

COMPANHIA SIDERÚRGICA  
NACIONAL

33.042.730/0001-04

## 17.01 - REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

### INDEPENDENT PUBLIC ACCOUNTANTS SPECIAL REVIEW REPORT

To the Stockholders and Management of  
Companhia Siderúrgica Nacional  
Rio de Janeiro RJ

1. We have conducted a special review on the Quarterly Information (ITRs) of Companhia Siderúrgica Nacional, which includes the individual and consolidated balance sheets as of June 30, 2005, the related statements of income for the quarter and six months ended on that date, the performance report and the relevant information, presented in accordance with the accounting practices adopted in Brazil, prepared under the responsibility of the Company's management.
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Auditors - IBRACON, together with the Federal Accounting Council, and mainly comprised: (a) inquiries and discussions with the administrators responsible for the accounting, financial and operating areas of the Company and its subsidiaries, as to main criteria adopted in the preparation of the Quarterly Information; and (b) review of the information and subsequent events that have or may have significant effects on the Company's and its subsidiaries financial position and operations.
3. Based on our special review, we are not aware of any material modification that should be made to the Quarterly Information referred to in paragraph (1) above for it to be in accordance with the accounting practices adopted in Brazil, applied in compliance with the standards issued by CVM, specifically applicable to the preparation of mandatory Quarterly Information.
4. As described in the explanatory note 10 c) to the Quarterly Information, as of June 30, 2005, the Company and its subsidiary CSN Energia, have recorded in current assets, accounts receivable at the amount of R\$76 million, in conformity with preliminary court injunctions to suspend the payment, related to the sale of energy in the Wholesale Electric Energy Market - MAE, for the period between September 2000 and September 2002. This amount is subject to alteration depending on the outcome of current judicial processes, filed by agents of the

electric energy market, with respect of the interpretation of market regulation in effect.



5. The individual and consolidated balance sheets as of March 31, 2005 presented for comparative purposes, were reviewed by us, and our report, dated April 22, 2005 included an emphasis paragraph relating to the same subject mentioned in the paragraph (4) above. The individual and consolidated statements of income for the quarter and six months ended June 30, 2004, presented for comparative purposes, were reviewed by us, and our report, dated July 23, 2004, contains an exception with respect to the deferral of net negative exchange variations and an emphasis paragraph relating to the same subject mentioned in the paragraph (4) above.
6. Our special review was conducted for the purpose of issuing a report on the Quarterly Information referred to in paragraph (1) above, taken as a whole. The Supplementary Information referring to the Value-Added Statement is exhibited in the explanatory note 23, the EBTIDA Statement is included in the explanatory note 24, and the Statements of Changes in Financial Position and of Cash Flows are presented in Attachment 16.01 to the Quarterly Information for the purposes of allowing additional analyses and are not required as part of the basic Quarterly Information. This information was reviewed by us according to the review procedures mentioned in paragraph (2) above, and based on our special review is fairly stated, in all its material aspects, in relation to the Quarterly Information taken as a whole.
7. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro , July 29, 2005

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes  
CRC-SP 11609/O-S-RJ

Marcelo Cavalcanti Almeida  
Accountant  
CRC-RJ 036206/O

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

**FEDERAL PUBLIC SERVICE****CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION  
QUARTERLY INFORMATION ITR  
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**Accounting  
Practices  
Date: 06/30/2005 Adopted in Brazil**01.01 - IDENTIFICATION**

|                                |   |   |
|--------------------------------|---|---|
| 1 - CVM CODE<br><b>00403-0</b> | 2 - COMPANY NAME<br><b>COMPANHIA SIDERÚRGICA NACIONAL</b> | 3 - CNPJ (Corporate Taxpayer's ID)<br><b>33.042.730/0001-04</b> |
|--------------------------------|---|---|

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 10, 2005

**COMPANHIA SIDERÚRGICA NACIONAL**

By:                     /s/ Benjamin Steinbruch

**Benjamin Steinbruch  
Chief Executive Officer and  
Acting Chief Financial  
Officer**

**FORWARD-LOOKING STATEMENTS**

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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