

NATIONAL STEEL CO
Form 6-K/A
November 14, 2016

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K/A

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

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

COMPANHIA SIDERÚRGICA NACIONAL

(Exact name of registrant as specified in its charter)

National Steel Company

(Translation of Registrant's name into English)

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

(Address of principal executive office)

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

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

Yes No

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

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

Version: 1

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Company Information / Capital Breakdown

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

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

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

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

| Code | Description | Current Quarter 06/30/2016 | Previous Year 12/31/2015 |
|---------------|---|-------------------------------|-----------------------------|
| 2 | Total liabilities | 41,399,607 | 45,605,526 |
| 2.01 | Current liabilities | 3,533,932 | 4,272,372 |
| 2.01.01 | Payroll and related taxes | 142,050 | 141,496 |
| 2.01.02 | Trade payables | 748,094 | 742,364 |
| 2.01.03 | Taxes payable | 57,989 | 5,814 |
| 2.01.04 | Borrowings and financing | 2,174,927 | 2,879,073 |
| 2.01.05 | Other payables | 325,240 | 411,699 |
| 2.01.06 | Provisions | 85,632 | 91,926 |
| 2.01.06.01 | Provision for tax, social security, labor and civil risks | 85,632 | 91,926 |
| 2.02 | Non-current liabilities | 30,286,578 | 33,668,407 |
| 2.02.01 | Borrowings and financing | 27,903,434 | 31,109,017 |
| 2.02.02 | Other payables | 88,404 | 126,450 |
| 2.02.04 | Provisions | 2,294,740 | 2,432,940 |
| 2.02.04.01 | Provision for tax, social security, labor and civil risks | 544,323 | 564,372 |
| 2.02.04.02 | Other provisions | 1,750,417 | 1,868,568 |
| 2.02.04.02.03 | Provision for environmental liabilities and decommissioning of assets | 249,486 | 259,115 |
| 2.02.04.02.04 | Pension and healthcare plan | 514,367 | 514,367 |
| 2.02.04.02.05 | Provision for losses on investments | 986,564 | 1,095,086 |
| 2.03 | Consolidated Shareholders' equity | 7,579,097 | 7,664,747 |
| 2.03.01 | Issued capital | 4,540,000 | 4,540,000 |
| 2.03.02 | Capital reserves | 30 | 30 |
| 2.03.04 | Earnings reserves | 2,464,701 | 2,464,701 |
| 2.03.04.01 | Legal reserve | 442,531 | 442,531 |
| 2.03.04.02 | Statutory reserve | 2,151,920 | 2,151,920 |
| 2.03.04.04 | Earnings reserves to realize | 109,226 | 109,226 |
| 2.03.04.09 | Treasury shares | -238,976 | -238,976 |
| 2.03.05 | Profit/Losses | -893,927 | 0 |
| 2.03.08 | Other comprehensive income | 1,468,293 | 660,016 |

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

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

| | | | | | |
|------------|---------------|----------|----------|----------|----------|
| 3.99.01.01 | Common shares | -0.04217 | -0.65869 | -0.45262 | -0.16373 |
|------------|---------------|----------|----------|----------|----------|

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**Parent Company Statements / Statement of Comprehensive Income
(R\$ thousand)**

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

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

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

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

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

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

| Code | Description | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehensive income | Shareholders' equity |
|------------|--|--------------------|--|---------------------|---|----------------------------------|-------------------------|
| 5.01 | Opening balances | 4,540,000 | | 302,464,701 | 0 | 660,016 | 7,664,747 |
| 5.03 | Adjusted opening balances | 4,540,000 | | 302,464,701 | 0 | 660,016 | 7,664,747 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | -893,927 | 808,277 | -85,650 |
| 5.05.01 | Profit for the year | 0 | 0 | 0 | -893,927 | 0 | -893,927 |
| 5.05.02 | Other comprehensive income | 0 | 0 | 0 | 0 | 808,277 | 808,277 |
| 5.05.02.04 | Translation adjustments for the year | 0 | 0 | 0 | 0 | -467,937 | -467,937 |
| 5.05.02.08 | Actuarial gains on defined benefit pension plan, net of taxes | 0 | 0 | 0 | 0 | 114 | 114 |
| 5.05.02.09 | Available-for-sale assets, net of taxes | 0 | 0 | 0 | 0 | 127,853 | 127,853 |
| 5.05.02.10 | (Loss) / gain on the percentage change in investments | 0 | 0 | 0 | 0 | 584 | 584 |
| 5.05.02.11 | (Loss) / gain on hedge accounting, net of taxes | 0 | 0 | 0 | 0 | 1,079,599 | 1,079,599 |
| 5.05.02.12 | (Loss) / gain on net investment | 0 | 0 | 0 | 0 | 68,064 | 68,064 |

| | | | | | | |
|------|------------------------|-----------|-------------|----------|-----------|-----------|
| | hedge, net of taxes | | | | | |
| 5.07 | Closing balance | 4,540,000 | 302,464,701 | -893,927 | 1,468,293 | 7,579,097 |

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

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

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

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Version: 1

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

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

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

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Version: 1

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL
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ITR — Quarterly Financial Information -
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**Consolidated Financial Statements / Balance Sheet – Liabilities
(R\$ thousand)**

| Code | Description | Current Quarter 06/30/2016 | Previous Year 12/31/2015 |
|---------------|--|-------------------------------|-----------------------------|
| 2 | Total liabilities | 44,329,737 | 48,649,974 |
| 2.01 | Current liabilities | 4,511,055 | 5,325,571 |
| 2.01.01 | Payroll and related taxes | 261,743 | 256,840 |
| 2.01.02 | Trade payables | 1,194,942 | 1,293,008 |
| 2.01.03 | Taxes payable | 727,095 | 700,763 |
| 2.01.04 | Borrowings and financing | 1,337,872 | 1,874,681 |
| 2.01.05 | Other payables | 865,285 | 1,073,017 |
| 2.01.06 | Provisions | 124,118 | 127,262 |
| 2.01.06.01 | Provision for tax, social security, labor and civil risks | 124,118 | 127,262 |
| 2.02 | Non-current liabilities | 31,149,356 | 34,588,740 |
| 2.02.01 | Borrowings and financing | 29,004,967 | 32,407,834 |
| 2.02.02 | Other payables | 137,032 | 131,284 |
| 2.02.03 | Deferred taxes | 478,257 | 494,851 |
| 2.02.04 | Provisions | 1,529,100 | 1,554,771 |
| 2.02.04.01 | Provision for tax, social security, labor and civil risks | 690,707 | 711,472 |
| 2.02.04.02 | Other provisions | 838,393 | 843,299 |
| 2.02.04.02.03 | Provision for environmental liabilities and asset retirement obligations | 324,025 | 328,931 |
| 2.02.04.02.04 | Pension and healthcare plan | 514,368 | 514,368 |
| 2.03 | Consolidated Shareholders' equity | 8,669,326 | 8,735,663 |
| 2.03.01 | Issued capital | 4,540,000 | 4,540,000 |
| 2.03.02 | Capital reserves | 30 | 30 |
| 2.03.04 | Earnings reserves | 2,464,701 | 2,464,701 |
| 2.03.04.01 | Legal reserve | 442,531 | 442,531 |
| 2.03.04.02 | Statutory reserve | 2,151,920 | 2,151,920 |
| 2.03.04.04 | Earnings reserves to realize | 109,226 | 109,226 |
| 2.03.04.09 | Treasury shares | -238,976 | -238,976 |
| 2.03.05 | Profit/Losses | -893,927 | 0 |
| 2.03.08 | Other comprehensive income | 1,468,293 | 660,016 |
| 2.03.09 | Non-controlling interests | 1,090,229 | 1,070,916 |

**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL
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**Consolidated Financial Statements / Statements of Income
(R\$ thousand)**

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

**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL
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**Consolidated Financial Statements / Statement of Comprehensive Income
(R\$ thousand)**

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

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

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

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

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

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

| Code | Description | Paid-in capital | Capital reserve, granted options and treasury shares | Earnings reserve | Retained earnings (accumulated losses) | Other comprehensive income | Shareholders' equity | Non-con inter | |
|------------|--|--------------------|--|---------------------|---|----------------------------------|----------------------|------------------|----|
| 5.01 | Opening balances | 4,540,000 | | 302,464,701 | | 0 | 660,016 | 7,664,747 | 1, |
| 5.03 | Adjusted opening balances | 4,540,000 | | 302,464,701 | | 0 | 660,016 | 7,664,747 | 1, |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | -893,927 | 808,277 | -85,650 | | |
| 5.05.01 | Profit for the year | 0 | 0 | 0 | -893,927 | 0 | -893,927 | | |
| 5.05.02 | Other comprehensive income | 0 | 0 | 0 | 0 | 808,277 | 808,277 | | |
| 5.05.02.04 | Translation adjustments for the year | 0 | 0 | 0 | 0 | -467,937 | -467,937 | | |
| 5.05.02.08 | Actuarial gains on defined benefit pension plan, net of taxes | 0 | 0 | 0 | 0 | 114 | 114 | | |
| 5.05.02.09 | Available-for-sale assets, net of taxes | 0 | 0 | 0 | 0 | 127,853 | 127,853 | | |
| 5.05.02.10 | (Loss) / gain on the percentage change in investments | 0 | 0 | 0 | 0 | 584 | 584 | | |
| 5.05.02.11 | (Loss) / gain on hedge accounting, net of taxes | 0 | 0 | 0 | 0 | 1,079,599 | 1,079,599 | | |
| 5.05.02.12 | | 0 | 0 | 0 | 0 | 68,064 | 68,064 | | |

| | | | | | | | | |
|---------|---|-----------|-------------|----------|-----------|-----------|----|---|
| | (Loss) / gain on net investment hedge, net of taxes | | | | | | | |
| 5.06 | Internal changes in shareholders' equity | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5.06.04 | Non-controlling interests in subsidiaries | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5.07 | Closing balance | 4,540,000 | 302,464,701 | -893,927 | 1,468,293 | 7,579,097 | 1, | |

**CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL
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**Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2015 to 06/30/2015
(R\$ thousand)**

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

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

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

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

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

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

1. DESCRIPTION OF BUSINESS

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

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

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

• **Steel:**

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

• **Mining:**

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

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

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

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

• **Cement:**

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

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NACIONAL

Version: 1

• **Logistics**

Railroads:

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

Ports:

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

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

• **Energy:**

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.a) Basis of preparation

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

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

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

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

Note 02 - Summary of significant accounting policies

Note 03 – Business Combination

Note 09 – Investments

Note 27 - Employee benefits

Note 29 - Commitments

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The consolidated and parent company interim financial statements for the period ended June 30, 2016 are being restated as detailed in note 2.e, which were approved by the Board of Directors on November 14, 2016.

2.b) Basis of presentation

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

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

2.c) Basis of consolidation

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

• **Companies**

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

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

Direct interest in joint operations: proportionate consolidation

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

Direct interest in joint ventures: equity method

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

Indirect interest in joint ventures: equity method

| | | |
|--------------------|-------|------------------------------|
| MRS Logística S.A. | 16.30 | 16.30 Railroad transportatio |
|--------------------|-------|------------------------------|

Direct interest in associates: equity method

| | | |
|--------------------------------|-------|-----------------------------|
| Arvedi Metalfer do Brasil S.A. | 20.00 | 20.00 Metallurgy and Equity |
|--------------------------------|-------|-----------------------------|

(*) They are Dormant Companies therefore they do not appear in the note 9.a, where is disclosed business information under the equity method.

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

(2) Company liquidated in January 2016;

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

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

- **Exclusive funds**

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

(1) Multimarket investment fund fully redeemed.

2.d) Restatement of accounting balances

- **Forfaiting**

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

- **Drawee risk**

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

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

a) Statements of cash flows at June 30, 2015

| | Published | | Consolidated |
|--|--------------------|--------------------------|----------------------------|
| | Balances | Reclassifications | 06/30/2015 |
| | | | Restated Cash flows |
| Cash generated by operating activities | | | |
| Profit for the year attributable to the controlling shareholders | (222,212) | | (222,212) |
| Trade payables | 86,589 | 180,521 | 267,110 |
| Paid Interests | (1,358,562) | (3,716) | (1,362,278) |
| Others | 2,495,448 | | 2,495,448 |
| Net cash generated by operating activities | 1,001,263 | 176,805 | 1,178,060 |
| Cash used in investing activities | 185,918 | | 185,918 |
| Cash generated by financing activities | | | |
| Forfaiting funding / drawee risk | | 386,143 | 386,143 |
| Forfaiting amortization / drawee risk | | (562,948) | (562,948) |
| Others | (2,022,975) | | (2,022,975) |
| Net cash used in financing activities | (2,022,975) | (176,805) | (2,199,780) |
| Exchange rate changes on cash and cash equivalents | (5,799) | | (5,799) |
| Increase in cash and cash equivalents | (841,593) | | (841,593) |

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

Cash generated by financing activities

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

Exchange rate changes on cash and cash equivalents

| | | |
|--|------------------|--|
| Increase in cash and cash equivalents | (904,481) | |
|--|------------------|--|

b) Statement of income and statement of comprehensive income at June 30, 2015

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

2.e) Restatement of the Quarterly Financial Information for the six-month period ended June 30, 2016

The Company voluntarily restated its financial statements for the fiscal year ended December 31, 2015 due to a change in the interpretation of the application of the Technical Pronouncement CPC 15/ IFRS 3 in the period after the publication of these financial statements, as required by the accounting pronouncement CPC23/IAS8.

The change in the interpretation of the CPC/IFRS was identified by reassessing the events triggered by the inquiries made by the *Securities Exchange Commission* (SEC) on the accounting procedure for the presentation of the non-controlling interests of the subsidiary Congonhas Minérios in the Company's consolidated financial statements.

The restatement did not change the Company's consolidated results, as well as net equity, and was only a relocation between line items. The adjustments that generated the restatement of the financial statements for the fiscal year ended December 31, 2015, the initial balances for the six-month period ended June 30, 2016, are detailed in those restated financial statements.

The tables below show the impacts in the balances as of December 31, 2015 and June 30, 2016 between line items of our shareholders' equity:

| | December, 31 2015 | | |
|--|--------------------------|--------------------------|------------------|
| | As presented | Reclassifications | Restated |
| Issued capital | 4,540,000 | | 4,540,000 |
| Capital reserves | 30 | | 30 |
| Earnings reserves | 2,104,804 | 359,897 | 2,464,701 |
| Legal reserve | 424,536 | 17,995 | 442,531 |
| Statutory reserve | 1,895,494 | 256,426 | 2,151,920 |
| Earnings reserves to realize | 23,750 | 85,476 | 109,226 |
| Treasury shares | (238,976) | | (238,976) |
| Other comprehensive income | 1,019,913 | (359,897) | 660,016 |
| Shareholder's equity attributed to controlling interest | 7,664,747 | | 7,664,747 |
| Non-controlling interest | 1,070,916 | | 1,070,916 |
| Total shareholders's equity | 8,735,663 | | 8,735,663 |

| | June, 30 2016 | | |
|--|----------------------|--------------------------|------------------|
| | As presented | Reclassifications | Restated |
| Issued capital | 4,540,000 | | 4,540,000 |
| Capital reserves | 30 | | 30 |
| Earnings reserves | 2,104,804 | 359,897 | 2,464,701 |
| Legal reserve | 424,536 | 17,995 | 442,531 |
| Statutory reserve | 1,895,494 | 256,426 | 2,151,920 |
| Earnings reserves to realize | 23,750 | 85,476 | 109,226 |
| Treasury shares | (238,976) | | (238,976) |
| Loss for the period | (893,927) | | (893,927) |
| Other comprehensive income | 1,828,190 | (359,897) | 1,468,293 |
| Shareholder's equity attributed to controlling interest | 7,579,097 | | 7,579,097 |
| Non-controlling interest | 1,090,229 | | 1,090,229 |
| Total shareholders's equity | 8,669,326 | | 8,669,326 |

3. CASH AND CASH EQUIVALENTS

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

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

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

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

4. SHORT-TERM INVESTMENTS

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

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

5. TRADE RECEIVABLES

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

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

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

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

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

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

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

6. INVENTORIES

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

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

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

7. OTHER CURRENT AND NON-CURRENT ASSETS

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

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

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

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

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

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

8. INVESTMENTS

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

- **Reduce of financial leverage**

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

- **Transnordestina**

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

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

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

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

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

Classification of investments in the balance sheet

| | |
|----------------------------------|-------------------|
| Investments in assets | 20,018,260 |
| Investments with negative equity | (986,564) |
| | 19,031,696 |

(*) Company extinguished in 2015;

(**) Company incorporated in 2015;

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

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

| | Consolidated | | | Parent Co |
|--|------------------|-------------------|--------------------|--------------|
| | 06/30/2016 | 12/31/2015 | 06/30/2016 | Re |
| Opening balance of investments | 3,998,227 | 13,665,453 | 23,323,565 | 24,1 |
| Opening balance of loss provisions | | | (1,095,086) | (1,08 |
| Investment balance of Namisa 11.30.15 | | (10,160,981) | | |
| Capital increase/acquisition of shares | 190,435 | 3,575 | 201,263 | 4 |
| Acquisition of Congonhas Minérios shares - 4,16% | | | | 2,7 |
| Capital reduction | | (466,758) | | (5 |
| Dividends (1) | 194 | (54,464) | (2,291,507) | (3,98 |
| Comprehensive income (2) | 128,558 | (967,447) | (271,322) | (4 |
| Comprehensive income - Business Combination | | | | 1,5 |
| Equity pickup (3) | 84,344 | 1,192,034 | (833,736) | 6,3 |
| Incorporation of subsidiary - CSN Cimentos | | | | (1,0 |
| Drop down of MRS assets to Congonhas | | 786,800 | | (6,17 |
| Transfer of assets - Casa de Pedra e Tecar | | | | 1 |
| Others | (1,476) | 15 | (1,481) | |
| Closing balance of investments | 4,400,282 | 3,998,227 | 20,018,260 | 23,3 |
| Balance of provision for investments with negative equity | | | (986,564) | (1,09 |
| Total | 4,400,282 | 3,998,227 | 19,031,696 | 22,2 |

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

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

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

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

8.c) Joint ventures and joint operations financial information

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

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

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

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

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

and social
contribution
Profit / (loss)
for the period

249,638

2,834

(19,597)

9,516

6,181

142,674

(4,5

9. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

(2) Estimated completion date of phase 60 Mtpa;

(3) Estimated completion date of Mogi Service Center;

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

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

The estimated useful lives are as follows:

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

9.a) Depreciation, amortization and depletion expenses:

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

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

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

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

10. INTANGIBLE ASSETS

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

| | | | | | | | Consolidated |
|--|------------------|------------------------|---------------|------------------------|-------------------------|------------|------------------|
| | Goodwill | Customer relationships | Software | Trademarks and patents | Rights and Licenses (*) | Others | Total |
| Balance at December 31, 2015 | 4,098,465 | 413,387 | 75,236 | 143,636 | 727,390 | 395 | 5,458,009 |
| Cost | 4,357,799 | 549,413 | 173,154 | 143,636 | 727,390 | 395 | 5,951,787 |
| Accumulated amortization | (150,004) | (136,026) | (97,918) | | | | (383,948) |
| Adjustment for accumulated recoverable value | (109,330) | | | | | | (109,330) |
| Balance at December 31, 2015 | 4,098,465 | 413,387 | 75,236 | 143,636 | 727,390 | 395 | 5,458,009 |
| Effect of foreign exchange differences | | (65,524) | (125) | (23,959) | | (66) | (89,614) |
| Acquisitions and expenditures | | | 6 | | | | 6 |
| Transfer of property. Plant and equipment | | | 14,353 | | | | 14,353 |
| Write-offs (note 22) | (13,091) | | | | | | (13,091) |
| Amortization | | (22,066) | (5,854) | | | | (27,920) |
| Balance at June 30, 2016 | 4,085,374 | 325,797 | 83,616 | 119,677 | 727,390 | 329 | 5,342,083 |
| Cost | 4,459,370 | 458,022 | 179,464 | 119,677 | 727,390 | 329 | 5,944,252 |
| Accumulated amortization | (264,666) | (132,225) | (95,848) | | | | (492,739) |
| Adjustment for accumulated recoverable value | (109,330) | | | | | | (109,330) |
| Balance at June 30, 2016 | 4,085,374 | 325,797 | 83,616 | 119,677 | 727,390 | 329 | 5,342,083 |

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

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

| | 06/30/2016 | Consolidated 12/31/2015 | 06/30/2016 | Parent Company 12/31/2015 |
|------------------------|------------|----------------------------|------------|------------------------------|
| Software | 5 | 5 | 5 | 5 |
| Customer relationships | 13 | 13 | | |

11. BORROWINGS, FINANCING AND DEBENTURES

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

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

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

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

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

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

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

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

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

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

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

(1) Includes interests and unrealized foreign exchange variances.

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

• **Capitalization**

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

• **Amortization**

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

12. FINANCIAL INSTRUMENTS

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

I - Identification and measurement of financial instruments

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

• Classification of financial instruments

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

Non-current

| | | | | | |
|-------------------------|---|----------------|----------------|------------------|-------------|
| Other trade receivables | 7 | | 13,311 | 13,311 | |
| Investments | 8 | 789,962 | | 789,962 | 471, |
| Loans - related parties | 7 | | 400,053 | 400,053 | |
| Total | | 789,962 | 413,364 | 1,203,326 | 471, |

| | | | | | | |
|---------------------|--|----------------|---------------|------------------|------------------|-------------|
| Total assets | | 789,962 | 12,882 | 7,497,816 | 8,300,660 | 471, |
|---------------------|--|----------------|---------------|------------------|------------------|-------------|

Liabilities**Current**

| | | | | | |
|-----------------------------------|----|--|------------------|------------------|--|
| Borrowings and financing | 11 | | 1,376,232 | 1,376,232 | |
| Derivative financial instruments | 13 | | | | |
| Trade payables | | | 1,194,942 | 1,194,942 | |
| Dividends and interest on capital | 13 | | 464,982 | 464,982 | |
| Total | | | 3,036,156 | 3,036,156 | |

Non-current

| | | | | | |
|--------------------------|----|--|-------------------|-------------------|--|
| Borrowings and financing | 11 | | 29,078,967 | 29,078,967 | |
| Total | | | 29,078,967 | 29,078,967 | |

| | | | | | |
|--------------------------|--|--|-------------------|-------------------|--|
| Total liabilities | | | 32,115,123 | 32,115,123 | |
|--------------------------|--|--|-------------------|-------------------|--|

- **Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

III - Financial risk management

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

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

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

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

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

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

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

- **Interest rate risk**

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

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

• Portfolio of derivative financial instruments

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

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

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

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

Hedge accounting – cash flow

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

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

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

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

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

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

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

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

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

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

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

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

- **Net investment hedge in foreign subsidiaries**

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

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

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

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

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

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

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

12.c) Sensitivity analysis

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

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

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

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

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

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

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

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

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

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

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

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

12.d) Liquidity risk

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

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

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

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

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

13. OTHER PAYABLES

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

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

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

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

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

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

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

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

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

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

| | | | | |
|--|------------------|----------------|------------------|----------------|
| Tax rate | 34% | 34% | 34% | 21% |
| Income tax and social contribution at combined statutory rate | 218,379 | 248,351 | (22,709) | 218,379 |
| Adjustment to reflect the effective rate: | | | | |
| Equity pickup | 21,558 | 120,583 | 6,265 | (14,000) |
| Profit with differentiated rates or untaxed | (358,175) | 195,504 | (181,723) | (145,000) |
| Transfer pricing adjustment | (13,028) | (22,335) | 31,144 | (22,000) |
| Tax loss carryforwards without recognizing deferred taxes | (791,260) | (25,194) | (343,044) | (14,000) |
| Indebtdness limit | (18,681) | (18,712) | (9,470) | (10,000) |
| Deferred taxes on temporary differences - non computed(1) | 703,320 | | 398,329 | |
| Deferred taxes on foreign profit | | | 6,798 | |
| Other permanent deductions (add-backs) | 6,172 | 9,456 | 4,905 | |
| Income tax and social contribution in profit for the period | (231,715) | 507,653 | (109,505) | |
| Effective tax rate | -36% | 69% | -14% | |

| | Six months ended | | Three months ended | |
|--|------------------|------------------|--------------------|------------------|
| | 06/30/2016 | 06/30/2015 | 06/30/2016 | 06/30/2015 |
| Loss before income tax and social contribution | (783,753) | (858,455) | 23,555 | (712,000) |
| Tax rate | 34% | 34% | 34% | |
| Income tax and social contribution at combined statutory rate | 266,476 | 291,875 | (8,009) | 246,000 |
| Adjustment to reflect the effective rate: | | | | |
| Equity pickup | (283,470) | 379,942 | (117,863) | (110,000) |
| Transfer pricing adjustment | | (22,335) | | (22,000) |
| Indebtdness limit | (18,681) | (18,712) | (9,470) | (10,000) |
| Tax loss carryforwards without recognizing deferred taxes | (776,690) | | (342,258) | |
| Deferred taxes on temporary differences - non computed (1) | 700,146 | | 394,787 | |
| Other permanent deductions (add-backs) | 2,045 | 5,473 | 2,021 | |
| Income tax and social contribution in profit for the period | (110,174) | 636,243 | (80,792) | 99,000 |
| Effective tax rate | -14% | 74% | 343% | |

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

14.b) Deferred income tax and social contribution:

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

| | Opening balance 12/31/2015 | Comp in |
|--|-------------------------------|------------|
| Deferred tax assets | | |
| Income tax losses | 264,161 | |
| Social contribution tax losses | 106,654 | |
| Temporary differences | 2,936,212 | |
| - Provision for tax. social security, labor, civil and environmental risks | 231,054 | |
| - Provision for environmental liabilities | 88,501 | |
| - Asset impairment losses | 68,711 | |
| - Inventory impairment losses | 17,884 | |
| - (Gains)/losses on financial instruments | (5,454) | |
| - (Gains)/losses on available-for-sale financial assets | 947,989 | |
| - Income tax and social contribution non computed o/ available-for-sale financial assets | (155,533) | |
| - Actuarial liability (pension and healthcare plan) | 163,559 | |
| - Accrued supplies and services | 49,423 | |
| - Allowance for doubtful debts | 49,394 | |
| - Unrealized exchange differences (*) | 2,427,926 | |
| - (Gain) on loss of control over Transnordestina | (224,096) | |
| - Cash flow hedge accounting | 516,831 | |
| - Income tax and social contribution non computed o/ cash flow hedge accounting | (357,951) | |
| - Deferred taxes non computed | (1,087,695) | |
| - Goodwill on merger | 9,211 | |

| | |
|--|------------------|
| - Other | 196,458 |
| Non-current assets | 3,307,027 |
| Deferred tax liabilities | |
| Income tax losses | (385) |
| Social contribution tax losses | (138) |
| Temporary differences | 495,374 |
| - Provision for tax. social security, labor, civil and environmental risks | (14,869) |
| - Provision for environmental liabilities | (789) |
| - Asset impairment losses | (18,441) |
| - Inventory impairment losses | (11,164) |
| - Actuarial liability (pension and healthcare plan) | (608) |
| - Accrued supplies and services | (42,977) |
| - Allowance for doubtful debts | (1,128) |
| - Fair value adjustment - SWT Aquisition | 252,549 |
| - Fair Value adjustment - Mining Business combination | 336,443 |
| - Unrealized exchange differences (*) | |
| - Deferred taxes non computed | 614 |
| - Others | (4,256) |
| Non-current liabilities | 494,851 |

| | Opening balance 12/31/2015 | Comp ir |
|--|-------------------------------|------------|
| Deferred tax assets | | |
| Income tax losses | 226,246 | |
| Social contribution tax losses | 93,031 | |
| Temporary differences | 2,909,684 | |
| - Provision for tax. social security, labor, civil and environmental risks | 216,862 | |
| - Provision for environmental liabilities | 88,501 | |
| - Asset impairment losses | 67,483 | |
| - Inventory impairment losses | 13,757 | |
| (Gain)/loss in financial instruments | (5,454) | |
| - (Gains)/losses on available-for-sale financial assets | 947,989 | |
| - Income tax and social contribution non computed o/ available-for-sale financial assets | (155,533) | |
| - Actuarial liability (pension and healthcare plan) | 163,560 | |
| - Accrued supplies and services | 49,040 | |
| - Allowance for doubtful debts | 28,087 | |
| - Unrealized exchange differences (*) | 2,427,926 | |
| (Gain) in control loss on Transnorderstina | (224,096) | |
| - Cash flow hedge accounting | 516,831 | |
| - Income tax and social contribution non computed o/ cash flow hedge accounting | (357,951) | |
| - Deferred taxes non computed | (977,558) | |
| - Other | 110,240 | |
| Non-current assets | 3,228,961 | |

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

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

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

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

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

| | Consolidated | | Parent Co | |
|--|---------------------|-------------------|-------------------|-------------------|
| | 06/30/2016 | 12/31/2015 | 06/30/2016 | 12/31/2015 |
| Income tax and social contribution | | | | |
| Actuarial gains on defined benefit pension plan | 64,603 | 64,489 | 65,128 | |
| Changes in the fair value on available-for-sale financial assets | 38 | 38 | 38 | |
| Actuarial gains and assets available for sale by incorporation | | | | (|
| Exchange differences on translating foreign operations | (425,510) | (425,510) | (425,510) | (42 |
| Cash flow hedge accounting | 145,072 | 158,880 | 145,072 | 1 |
| | (215,797) | (202,103) | (215,272) | (20 |

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

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

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

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

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

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

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

- Other administrative and judicial proceedings

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

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

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

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

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

Environmental lawsuits

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

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

16. PROVISION FOR ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS

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

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

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

17. RELATED-PARTY BALANCES AND TRANSACTIONS

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

17.a) Transactions with holding companies

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

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

- **By transaction**

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

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

- **By company**

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

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

- **By transaction**

| | Current | | Non-current | | Parent Co Total | |
|---|-------------------|-------------------|--------------------|-------------------|----------------------------|-------------------|
| | 06/30/2016 | 12/31/2015 | 06/30/2016 | 12/31/2015 | 06/30/2016 | 12/31/2015 |
| Assets | | | | | | |
| Trade receivables (1) (note 5) | 933,505 | 1,140,172 | | | 933,505 | 1,140,172 |
| Dividends receivable (note 5) | 730,062 | 737,668 | | | 730,062 | 737,668 |
| Actuarial asset (note 7) | | | 101,305 | 112,660 | 101,305 | 112,660 |
| Loans (note 7) | | | 257,480 | 239,930 | 257,480 | 239,930 |
| Short-term investments / Investments (2) | 1,220,999 | 1,412,428 | 46,961 | 28,078 | 1,267,960 | 1,440,506 |
| Exclusive funds (note 7) | | 110,075 | | | | 110,075 |
| Other receivables (3) (note 7) | 54,737 | 32,479 | 328,393 | 303,441 | 383,130 | 335,920 |
| | 2,939,303 | 3,432,822 | 734,139 | 684,109 | 3,673,442 | 4,155,525 |
| Liabilities | | | | | | |
| Borrowings and financing | | | | | | |
| Prepayment (note 11) | 70,371 | 85,987 | 4,803,068 | 5,843,050 | 4,873,439 | 5,929,037 |
| Fixed Rate Notes and Intercompany Bonds (note 11) | 26,634 | 32,402 | 3,334,373 | 4,056,347 | 3,361,007 | 4,088,754 |
| Intercompany Loans (note 11) | 1,051,237 | 1,261,861 | 1,757,871 | 2,137,040 | 2,809,108 | 3,401,901 |
| | 1,148,242 | 1,380,250 | 9,895,312 | 12,036,437 | 11,043,554 | 13,419,692 |
| Other payables (Note 13) | | | | | | |
| Accounts payable | 127,141 | 110,090 | 79,785 | 118,653 | 206,926 | 228,743 |
| Advances from customers | 16 | 16 | | | 16 | 16 |
| Exclusive funds (2) (note 13) | | 25,387 | | | | 25,387 |
| Trade payables | 152,787 | 153,559 | | | 152,787 | 153,559 |
| Actuarial liabilities | | | 514,367 | 514,367 | 514,367 | 514,367 |
| | 279,944 | 289,052 | 594,152 | 633,020 | 874,096 | 922,072 |
| | 06/30/2016 | 06/30/2015 | | | | |
| P&L | | | | | | |
| Revenues | | | | | | |
| Sales | 1,364,264 | 2,750,132 | | | | |
| Interest | 17,620 | 10,746 | | | | |
| Exclusive funds | | 372,782 | | | | |
| Expenses | | | | | | |
| Purchases | (665,007) | (875,265) | | | | |
| Interest | (252,806) | (713,396) | | | | |
| Foreign exchange and monetary variations, net | 2,186,217 | (1,315,934) | | | | |
| Exclusive funds | (731,130) | | | | | |

1,919,158 **229,065**

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

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

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

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

- **By company**

| | Assets | | | Liabilities | | |
|--|------------------|--------------------|------------------|--------------------|--------------------|-------------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| Subsidiaries | | | | | | |
| Companhia Metalic Nordeste | | | | 50 | | 50 |
| Companhia Metalúrgica Prada (1) | 222,697 | 121,336 | 344,033 | 12,944 | 196 | 13,140 |
| Estanho de Rondônia S.A. | 1,063 | 2,034 | 3,097 | | | |
| Sepetiba Tecon S.A. | 10,574 | 83,764 | 94,338 | 11,919 | | 11,919 |
| Minérios Nacional S.A. | | 7,196 | 7,196 | | | |
| Congonhas Minérios S.A. (2) | 733,916 | | 733,916 | 31,555 | | 31,555 |
| CSN Energia S.A. | | | | 12,873 | | 12,873 |
| Ferrovias Transnordestina Logística S.A. | 3,123 | 33,786 | 36,909 | | 79,589 | 79,589 |
| Companhia Siderúrgica Nacional, LLC (3) | 432,985 | | 432,985 | 123,936 | | 123,936 |
| CSN Europe Lda. | | | | 10,861 | 98,604 | 109,465 |
| CSN Resources S.A. (4) | | | | 1,127,769 | 7,225,858 | 8,353,627 |
| Lusosider Açores Planos, S.A. | 187,383 | | 187,383 | 32,201 | | 32,201 |
| CSN Islands XI Corp. (5) | | | | | 1,027,136 | 1,027,136 |
| CSN Islands XII Corp. (6) | | | | 9,613 | 1,457,249 | 1,466,862 |
| CSN Ibéria Lda. | | | | | 86,466 | 86,466 |
| Companhia de Embalagens Metálicas MMSA | 5,404 | 44,859 | 50,263 | | | |
| Companhia Florestal do Brasil | | 2,648 | 2,648 | | | |
| Stahlwerk Thüringen GmbH | | | | | | |
| | 1,597,145 | 295,623 | 1,892,768 | 1,373,721 | 9,975,098 | 11,348,811 |
| Joint-venture e Joint-operation | | | | | | |
| ITA Energética S.A | 17,063 | | 17,063 | | | |
| CGPAR Construção Pesada S.A. | 4,042 | | 4,042 | | | |
| MRS Logística S.A. | 13,111 | | 13,111 | 38,998 | | 38,998 |
| CBSI - Companhia Brasileira de Serviços e Infraestrutura | 1,028 | | 1,028 | 15,436 | | 15,436 |
| Transnordestina Logística S.A. | | 239,359 | 239,359 | 16 | | 16 |
| | 35,244 | 239,359 | 274,603 | 54,450 | | 54,450 |
| Other related parties | | | | | | |
| CBS Previdência | | 101,305 | 101,305 | | 514,366 | 514,366 |

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

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

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

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

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

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

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

17.c) Key management personnel

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

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

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

18. SHAREHOLDERS' EQUITY

18.a) Paid-in capital

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

18.b) Authorized capital

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

18.c) Legal reserve

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

18.d) Ownership structure

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

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

18.e) Treasury shares

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

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

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

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

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

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

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

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

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

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

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

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

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

19. PAYMENT TO SHAREHOLDERS

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

| Year | Approval Year | Dividends | Total | Year | Payment Year | Dividends | Total |
|-----------------------|---------------|----------------|----------------|-------------------|--------------|----------------|----------------|
| 2014 | 2014 | 700,000 | 700,000 | 2014 | 2014 | 424,939 | 424,939 |
| 2015 | 2015 | 275,000 | 275,000 | | 2015 | 274,917 | 274,917 |
| | | | | 2015 | 2015 | 274,918 | 274,918 |
| Total approved | | 975,000 | 975,000 | Total paid | | 974,774 | 974,774 |

20. NET SALES REVENUE

Net sales revenue is comprised as follows:

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

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

21. EXPENSES BY NATURE

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

Classified as:

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

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

Classified as:

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

22. OTHER OPERATING INCOME (EXPANSES)

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

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

Other operating expenses

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

23. FINANCE INCOME (Expenses)

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

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

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

24. SEGMENT INFORMATION

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

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

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

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

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

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

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

Sales by geographic area

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

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

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

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

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

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

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

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

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

25. GUARANTEES

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

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

26. INSURANCE

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

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

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

27. ADDITIONAL INFORMATION TO CASH FLOWS

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

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

28. COMPREHENSIVE INCOME STATEMENT

Loss (profit) for the period

Other comprehensive income

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

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

Actuarial (losses) gains on defined benefit pension plan

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

Items that could be subsequently reclassified to the statement of income

Cumulative translation adjustments for the period

Assets available for sale

Income taxes and social contribution available for sale assets

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

Impairment on available-for-sale assets

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

(Loss) /gain on the percentage change in investments

(Loss)/ gain on cash flow hedge accounting

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

Realization on cash flow hedge accounting reclassified to income statements

(Loss) gain on investments in subsidiaries

(Loss) gain on net investment hedge in foreign subsidiaries

Total comprehensive income for the period

Attributable to:

Owners of the company

Non-controlling interests

29. SUBSEQUENT EVENTS

- **Metalic Discontinued Operations**

The Company signed on August 23, 2016 an agreement to sell its subsidiary Cia. Metalic do Nordeste at a base value of US\$98 million, subject to certain adjustments. The closing is dependent upon certain precedent conditions contractually established as usual in transactions of this nature. The completion of the sale is expected to occur during the fourth quarter of 2016.

- **CGPar business combination**

On September 30, 2016 the Company acquired the remaining 50% of equity interest of its joint-venture CGPar. Under this acquisition, the Company acquired the majority control of CGPar.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors and Shareholders of

Companhia Siderúrgica Nacional

São Paulo – SP

Introduction

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

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

Scope of review

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

Conclusion on interim financial information

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

Emphasis of Matter

Restatement of interim financial information

We have issued our review report on August 15, 2016 without modifications on the Company's individual and consolidated interim financial information, which are being restated. As described in note 2.e) to the interim financial information, the interim financial information were adjusted and are being restated to reflect a change in interpretation in respect to the application of CPC15 (R1) / IFRS 3 – “Business Combination”, as part of the business combination of the subsidiary Congonhas Minérios S.A. Our conclusion is not qualified in respect of this matter.

Restatement of amounts from prior year

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

Other Matters

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

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

São Paulo, November 14, 2016

DELOITTE TOUCHE TOHMATSU

Gilberto Grandolpho

Auditores Independentes

Engagement Partner

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: November 14, 2016

COMPANHIA SIDERÚRGICA NACIONAL

By:

/s/ Benjamin Steinbruch

Benjamin Steinbruch
Chief Executive Officer

By:

/s/ David Moise Salama

David Moise Salama
Executive 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.
