

NATIONAL STEEL CO  
Form 6-K  
April 05, 2013

---

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

---

**FORM 6-K**

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

**For the month of April, 2013**  
**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)**

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**Table of Contents****Company Information**

Capital Breakdown 2

Cash Dividends 3

**Parent Company Financial Statements**

Balance Sheet – Assets 4

Balance Sheet – Liabilities 5

Statement of Income 7

Statement of Comprehensive Income 8

Statement of Cash Flows 9

**Statement of Changes in Shareholders' Equity**

1/1/2012 to 12/31/2012 11

1/1/2011 to 12/31/2011 13

Statement of Value Added 14

**Consolidated Financial Statements**

Balance Sheet - Assets 16

Balance Sheet - Liabilities 17

Statement of Income 18

Statement of Comprehensive Income 21

Statement of Cash Flows 22

**Statement of Changes in Shareholders' Equity**

1/1/2012 to 12/31/2012 24

1/1/2011 to 12/31/2011 26

Statement of Value Added 28

Comments on the Company's Consolidated Performance 30

Notes to the Financial Statements 38

**Report and Statements**

Unqualified Independent Auditors' Report on the Financial Statements 116

Statement of Directors' on the Financial Statement 118

Statement of Directors' on the Auditors' Report 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

**Company Information / Capital Breakdown**

<b>Number of Shares (Units)</b>	<b>Balance at 12/31/2012</b>
<b>Paid-in Capital</b>	
Common	1,457,970,108
Preferred	0
<b>Total</b>	<b>1,457,970,108</b>
<b>Treasury Shares</b>	
Common	0
Preferred	0
<b>Total</b>	<b>0</b>



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

<b>Event</b>	<b>Approval</b>	<b>Dividends</b>	<b>Inition Payment</b>	<b>Type of share</b>	<b>Class of share</b>	<b>Dividends per common share (R\$/share)</b>
Annual general meeting	04/27/2012	Dividends	05/31/2012	ordinary		0.82306
Meeting of Board of Directors	12/26/2012	Dividends	1/4/2013	ordinary		0.20576
Proposal		Interest on Capital		ordinary		0.38410



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD Current year</b>	<b>YTD Previous year</b>
		<b>12/31/2012</b>	<b>12/31/2011</b>
1	Total assets	46,925,534	45,582,817
1.01	Current assets	8,386,446	8,886,953
1.01.01	Cash and cash equivalents	2,995,757	2,073,244
1.01.03	Trade receivables	2,146,909	3,516,800
1.01.04	Inventories	2,704,302	2,885,617
1.01.08	Other current assets	539,478	411,292
1.02	Non-current assets	38,539,088	36,695,864
1.02.01	Long-term receivables	3,526,732	3,852,937
1.02.01.06	Deferred taxes	1,869,775	1,300,650
1.02.01.09	Other non-current assets	1,656,957	2,552,287
1.02.02	Investments	23,356,506	22,573,890
1.02.03	Property, plant and equipment	11,636,182	10,247,845
1.02.04	Intangible assets	19,668	21,192

PAGE 4 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD</b>	<b>YTD</b>
		<b>Current year 12/31/2012</b>	<b>Previous year 12/31/2011</b>
2	Total liabilities	46,925,534	45,582,817
2.01	Current liabilities	5,700,760	7,351,509
2.01.01	Payroll and related taxes	130,014	123,839
2.01.02	Trade payables	1,193,726	667,886
2.01.03	Taxes payable	118,365	122,648
2.01.04	Borrowings and financing	2,621,503	4,330,141
2.01.05	Other payables	1,383,179	1,872,865
2.01.06	Provisions	253,973	234,130
2.01.06.01	Provision for tax, social security, labor and civil risks	253,973	225,997
2.01.06.02	Other provisions	0	8,133
2.02	Non-current liabilities	32,607,877	30,245,487
2.02.01	Borrowings and financing	21,518,489	19,005,495
2.02.02	Other payables	8,927,096	9,718,976
2.02.04	Provisions	2,162,292	1,521,016
2.02.04.01	Provision for tax, social security, labor and civil risks	344,951	262,432
2.02.04.02	Other provisions	1,817,341	1,258,584
2.02.04.02.03	Provision for environmental liabilities and asset decommissioning	400,487	313,094
2.02.04.02.04	Pension and healthcare plan	565,556	469,027
2.02.04.02.05	Provision for losses on investments	851,298	476,463
2.03	Shareholders' equity	8,616,897	7,985,821

PAGE 5 of 119



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

2.03.01	Issued capital	4,540,000	1,680,947
2.03.02	Capital reserves	30	30
2.03.04	Earnings reserves	3,690,543	7,671,620
2.03.04.01	Legal reserve	336,190	336,190
2.03.04.02	Statutory reserve	2,794,353	5,717,390
2.03.04.08	Additional dividends and interest on capital proposed	560,000	273,492
2.03.04.10	Investment reserve	0	1,344,548
2.03.08	Other comprehensive income	386,324	(1,366,776)

PAGE 6 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD Current</b>	<b>YTD</b>
		<b>year</b>	<b>Previous</b>
		<b>1/1/2012 to</b>	<b>1/1/2011 to</b>
		<b>12/31/2012</b>	<b>12/31/2011</b>
3.01	Net revenue from sales and/or services	10,640,617	10,754,587
3.02	Cost of sales and/or services	(8,039,597)	(7,257,670)
3.03	Gross profit	2,601,020	3,496,917
3.04	Operating (expenses)/income	(1,009,748)	3,502,173
3.04.01	Selling expenses	(320,722)	(335,302)
3.04.02	General and administrative expenses	(332,425)	(355,914)
3.04.04	Other operating income	79,082	133,020
3.04.05	Other operating expenses	(1,767,276)	(336,768)
3.04.06	Share of profits (losses) of investees	1,331,593	4,397,137
3.05	Profit before finance income (costs) and taxes	1,591,272	6,999,090
3.06	Finance costs	(3,033,404)	(3,533,524)
3.06.01	Finance income	287,527	255,438
3.06.02	Finance costs	(3,320,931)	(3,788,962)
3.06.02.01	Net exchange gains (losses) on financial instruments	(542,103)	(794,544)
3.06.02.02	Finance costs	(2,778,828)	(2,994,418)
3.07	(Loss)/Profit before taxes on income	(1,442,132)	3,465,566
3.08	Income tax and social contribution	1,022,019	240,467
3.09	(Loss)/Profit from continuing operations	(420,113)	3,706,033
3.11	(Loss)/Profit for the year	(420,113)	3,706,033
3.99	Earnings per share - (R\$/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	-0.28815	2.54191
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	-0.28815	2.54191



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD Current Year 01/01/2012 to 12/31/2012</b>	<b>YTD Previous Year 01/01/2011 to 12/31/2011</b>
4.01	(Loss)/Profit for the period	(420,113)	3,706,033
4.02	Other comprehensive income	1,753,100	(1,198,761)
4.02.01	Cumulative translation adjustments for the period	147,735	195,046
4.02.02	Actuarial gains/(loss) on defined benefit pension plan, net of taxes	106,209	(74,331)
4.02.03	Available-for-sale assets, net of taxes	(8,329)	(621,312)
4.02.04	Loss on realization of available-for-sale assets	0	(698,164)
4.02.05	Impairment of available-for-sale assets, net of taxes	1,507,485	0
4.03	Comprehensive Income for the Year	1,332,987	2,507,272

PAGE 8 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD Current Year 01/01/2012 to 12/31/2012</b>	<b>YTD Previous Year 01/01/2011 to 12/31/2011</b>
6.01	Net cash generated by operating activities	2,581,615	1,707,665
6.01.01	Cash generated from operations	2,550,780	3,326,955
6.01.01.01	Profit for the year	(420,113)	3,706,033
6.01.01.02	Accrued charges on borrowings and financing	2,474,810	2,767,087
6.01.01.03	Depreciation/ depletion / amortization	920,547	761,060
6.01.01.04	Share of profits of investees	(1,331,593)	(4,397,137)
6.01.01.05	Deferred income tax and social contribution	(1,022,019)	(240,467)
6.01.01.06	Provision for tax, social security, labor, civil and environmental risks	263,004	70,403
6.01.01.07	Inflation adjustment and exchange differences, net	483,201	794,544
6.01.01.08	Gain on derivative transactions	9,166	20,594
6.01.01.09	Impairment of available-for-sale assets	1,245,024	0
6.01.01.11	Residual value of permanent assets written off	3,617	15,601
6.01.01.12	Estimated losses on receivables	0	(116,336)
6.01.01.13	Provision for actuarial liabilities	(29,955)	(11,249)
6.01.01.14	Other provisions	(44,909)	(43,178)
6.01.02	Changes in assets and liabilities	30,835	(1,619,290)
6.01.02.01	Trade receivables - third parties	90,402	(324,125)
6.01.02.02	Intragroup receivables	1,178,457	(916,200)
6.01.02.03	Inventories	117,202	(197,446)
6.01.02.04	Receivables from related parties	31,238	1,022,436
6.01.02.05	Recoverable taxes	146,080	(32,919)

PAGE 9 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

6.01.02.06	Judicial deposits	15,263	(25,662)
6.01.02.07	Dividends received from subsidiaries	275,806	660,489
6.01.02.09	Trade payables	440,823	143,683
6.01.02.10	Payroll and related taxes	(111,631)	(61,070)
6.01.02.11	Taxes	131,234	139,505
6.01.02.12	Taxes in installments - REFIS	(254,921)	(295,125)
6.01.02.13	Payables to related parties	(4,166)	(23,690)
6.01.02.14	Tax, social security, labor, civil and environmental risks liabilities	(7,958)	58,802
6.01.02.15	Interest paid	(2,027,268)	(1,757,687)
6.01.02.17	Interest on swap paid	(10,591)	(21,479)
6.01.02.18	Other	20,865	11,198
6.02	Net cash used in investing activities	(470,520)	(4,142,387)
6.02.01	Investments/advances for future capital increase	(698,420)	(2,128,402)
6.02.02	Purchase of property, plant and equipment	(1,627,071)	(2,015,015)
6.02.03	Cash from acquisition of subsidiaries	0	1,030
6.02.05	Capital reduction in subsidiary	1,855,208	0
6.02.09	Intangible assets	(237)	0
6.03	Net cash (used in) generated by financing activities	(1,173,330)	4,397,329
6.03.01	Borrowings and financing raised	2,712,471	7,314,956
6.03.03	Repayments to financial institutions - principal	(2,686,067)	(1,061,246)
6.03.05	Dividends and interest on capital paid	(1,199,734)	(1,856,381)
6.04	Changes in cash and cash equivalents	(15,252)	2,340
6.05	Increase in cash and equivalents	922,513	1,964,947
6.05.01	Cash and equivalents at the beginning of the year	2,073,244	108,297
6.05.02	Cash and equivalents at the end of the year	2,995,757	2,073,244

PAGE 10 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**Parent Company Statements / Statement of Changes in Shareholders' Equity - 1/1/2012 to 12/31/2012  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-in capital</b>	<b>Capital reserve, granted options and treasury shares</b>	<b>Earnings reserve</b>	<b>(a)</b>
5.01	Opening balances	1,680,947	30	7,671,620	
5.03	Adjusted opening balances	1,680,947	30	7,671,620	
5.04	Capital transactions with shareholders	2,859,053	0	(3,432,545)	
5.04.01	Capital increases	2,859,053	0	(2,859,053)	
5.04.06	Dividends	0	0	(300,000)	
5.04.07	Interest on capital	0	0	(560,000)	
5.04.08	Interest on capital declared	0	0	(560,000)	
5.04.09	Approval of additional dividends at Annual Shareholders' Meeting	0	0	(273,492)	
5.05	Total comprehensive income	0	0	0	
5.05.01	Profit for the year	0	0	0	
5.05.02	Other comprehensive income	0	0	0	
5.05.02.04	Cumulative translation adjustments for the period	0	0	0	
5.05.02.06	Actuarial (losses)/gains on defined benefit pension plan, net of taxes	0	0	0	
5.05.02.07	Available-for-sale financial assets, net of taxes	0	0	0	
5.05.02.08	Impairment of available-for-sale assets, net of taxes	0	0	0	
5.06	Internal changes in shareholders' equity	0	0	(548,532)	

PAGE 11 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

5.06.04	Losses absorbed for the period	0	0	(420,113)	420,113	0	0
5.06.05	Acturial losses absorbed	0	0	(128,419)	128,419	0	0
5.07	Closing balances	4,540,000	30	3,690,543	0	386,324	8,616,897

PAGE 12 of 119



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**Parent Company Statements / Statement of Changes in Shareholders' Equity - 1/1/2011 to 12/31/2011  
(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-in capital</b>	<b>Capital reserve, granted options and treasury shares</b>	<b>Earnings reserve</b>	<b>(a)</b>
5.01	Opening balances	1,680,947	30	6,119,798	
5.03	Adjusted opening balances	1,680,947	30	6,119,798	
5.04	Capital transactions with shareholders	0	0	(954,211)	
5.04.06	Dividends	0	0	0	
5.04.09	Additional dividends proposed	0	0	273,492	
5.04.10	Approval of prior year's proposed dividends	0	0	(1,227,703)	
5.05	Total comprehensive income	0	0	0	
5.05.01	Profit for the year	0	0	0	
5.05.02	Other comprehensive income	0	0	0	
5.05.02.04	Cumulative translation adjustments for the period	0	0	0	
5.05.02.07	Actuarial (losses)/gains on defined benefit pension plan, net of taxes	0	0	0	
5.05.02.08	Available-for-sale financial assets, net of taxes	0	0	0	
5.06	Internal changes in shareholders' equity	0	0	2,506,033	
5.06.01	Set-up reserves	0	0	2,506,033	
5.07	Closing balances	1,680,947	30	7,671,620	

PAGE 13 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD</b>	
		<b>Current year</b>	<b>Previous year</b>
		<b>1/1/2012 to</b>	<b>1/1/2011 to</b>
		<b>12/31/2012</b>	<b>12/31/2011</b>
7.01	Revenues	13,422,399	13,393,141
7.01.01	Sales of products and services	13,348,805	13,396,286
7.01.02	Other revenues/(expenses)	58,578	(5,367)
7.01.04	Allowance for doubtful debts	15,016	2,222
7.02	Raw materials acquired from third parties	(10,031,414)	(7,754,533)
7.02.01	Costs of sales and services	(7,644,242)	(6,953,404)
7.02.02	Materials, electric power, outside services and other	(1,129,547)	(784,079)
7.02.03	Impairment of assets	(1,257,625)	(17,050)
7.03	Gross value added	3,390,985	5,638,608
7.04	Retentions	(920,547)	(761,060)
7.04.01	Depreciation, amortization and depletion	(920,547)	(761,060)
7.05	Wealth created	2,470,438	4,877,548
7.06	Value added received as transfer	1,840,216	4,816,365
7.06.01	Share of profits of subsidiaries	1,331,593	4,397,137
7.06.02	Finance income/exchange gains	508,888	416,732
7.06.03	Other	(265)	2,496
7.07	Wealth for distribution	4,310,654	9,693,913
7.08	Wealth distributed	4,310,654	9,693,913
7.08.01	Personnel	926,812	1,051,880
7.08.01.01	Salaries and wages	696,600	827,001

PAGE 14 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

7.08.01.02	Benefits	167,720	174,603
7.08.01.03	Severance pay fund (FGTS)	62,492	50,276
7.08.02	Taxes, Fees and Contributions	257,147	984,812
7.08.02.01	Federal	38,053	721,263
7.08.02.02	State	184,992	227,690
7.08.02.03	Municipal	34,102	35,859
7.08.03	Lenders and lessors	3,546,808	3,951,188
7.08.03.01	Interest	3,541,482	3,947,778
7.08.03.02	Leases	5,326	3,410
7.08.04	Shareholders	(420,113)	3,706,033
7.08.04.02	Dividends	0	926,508
7.08.04.03	(Accumulated losses)/Retained earningsfor the year	(420,113)	2,779,525

PAGE 15 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD Current</b>	<b>YTD</b>
		<b>year</b>	<b>Previous</b>
		<b>12/31/2012</b>	<b>12/31/2011</b>
1	Total assets	49,295,228	46,869,702
1.01	Current assets	21,121,945	21,944,306
1.01.01	Cash and cash equivalents	14,444,875	15,417,393
1.01.03	Trade receivables	1,794,566	1,616,206
1.01.04	Inventories	3,580,025	3,734,984
1.01.08	Other current assets	1,302,479	1,175,723
1.02	Non-current assets	28,173,283	24,925,396
1.02.01	Long-term receivables	4,137,310	4,856,721
1.02.01.02	Short-term investments measured at amortized cost	116,753	139,679
1.02.01.06	Deferred taxes	2,372,501	1,840,773
1.02.01.09	Other non-current assets	1,648,056	2,876,269
1.02.02	Investments	2,351,774	2,088,225
1.02.03	Property, plant and equipment	20,408,747	17,377,076
1.02.04	Intangible assets	1,275,452	603,374

PAGE 16 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD Current year 12/31/2012</b>	<b>YTD Previous year 12/31/2011</b>
2	Total liabilities	49,295,228	46,869,702
2.01	Current liabilities	6,408,076	6,496,947
2.01.01	Payroll and related taxes	241,291	202,469
2.01.02	Trade payables	1,957,789	1,232,075
2.01.03	Taxes payable	336,348	325,132
2.01.04	Borrowings and financing	2,295,409	2,702,083
2.01.05	Other payables	1,221,350	1,728,445
2.01.06	Provisions	355,889	306,743
2.01.06.01	Provision for tax, social security, labor and civil risks	355,889	292,178
2.01.06.02	Other provisions	0	14,565
2.02	Non-current liabilities	33,879,639	31,955,585
2.02.01	Borrowings and financing	27,856,350	25,186,505
2.02.02	Other payables	4,388,451	5,593,520
2.02.03	Deferred taxes	284,110	37,851
2.02.04	Provisions	1,350,728	1,137,709
2.02.04.01	Provision for tax, social security, labor and civil risks	371,697	346,285
2.02.04.02	Other provisions	979,031	791,424
2.02.04.02.03	Provision for environmental liabilities and asset decommissioning	413,440	322,374
2.02.04.02.04	Pension and healthcare plan	565,591	469,050
2.03	Shareholders' equity	9,007,513	8,417,170
2.03.01	Issued capital	4,540,000	1,680,947

PAGE 17 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

2.03.02	Capital reserves	30	30
2.03.04	Earnings reserves	3,690,543	7,671,620
2.03.04.01	Legal reserve	336,190	336,190
2.03.04.02	Statutory reserve	2,794,353	5,717,390
2.03.04.08	Additional dividends proposed	560,000	273,492
2.03.04.11	Investment reserve	0	1,344,548
2.03.08	Other comprehensive income	386,324	(1,366,776)
2.03.09	Non-controlling interests	390,616	431,349

PAGE 18 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD Current</b>	<b>YTD</b>
		<b>year</b>	<b>Previous</b>
		<b>1/1/2012 to</b>	<b>1/1/2011 to</b>
		<b>12/31/2012</b>	<b>12/31/2011</b>
3.01	Net revenue from sales and/or services	16,896,264	16,519,584
3.02	Cost of sales and/or services	(12,072,206)	(9,800,844)
3.03	Gross profit	4,824,058	6,718,740
3.04	Operating (expenses)/income	(4,182,361)	(961,818)
3.04.01	Selling expenses	(931,525)	(604,108)
3.04.02	General and administrative expenses	(576,514)	(575,585)
3.04.04	Other operating income	46,003	719,177
3.04.05	Other operating expenses	(2,719,373)	(501,302)
3.04.06	Share of profits (losses) of investees	(952)	0
3.05	Profit before finance income (costs) and taxes	641,697	5,756,922
3.06	Finance costs	(1,992,405)	(2,005,803)
3.06.01	Finance income	416,781	717,450
3.06.02	Finance costs	(2,409,186)	(2,723,253)
3.06.02.01	Net exchange gains (losses) on financial instruments	185,754	160,668
3.06.02.02	Finance costs	(2,594,940)	(2,883,921)
3.07	(Loss)/Profit before taxes on income	(1,350,708)	3,751,119
3.08	Income tax and social contribution	870,134	(83,885)
3.09	(Loss)/Profit from continuing operations	(480,574)	3,667,234
3.11	Consolidated (loss)/profit for the year	(480,574)	3,667,234
3.11.01	Attributed to owners of the Company	(420,113)	3,706,033

PAGE 19 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

3.11.02	Attributed to non-controlling interests	(60,461)	(38,799)
3.99	Earnings per share - (R\$/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	-0.28815	2.54191
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	-0.28815	2.54191

PAGE 20 of 119



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD</b>	
		<b>YTD Current Year 01/01/2012 to 12/31/2012</b>	<b>Previous Year 01/01/2011 to 12/31/2011</b>
4.01	(Loss)/Profit for the period	(480,574)	3,667,234
4.02	Other comprehensive income	1,753,100	(1,198,761)
4.02.01	Cumulative translation adjustments for the period	147,735	195,046
4.02.02	Actuarial gains/(losses) on defined benefit pension plan, net of taxes	106,209	(74,331)
4.02.03	Available-for-sale assets, net of taxes	(8,329)	(621,312)
4.02.04	Loss on realization of available-for-sale assets	0	(698,164)
4.02.05	Impairment of available-for-sale assets, net of taxes	1,507,485	0
4.03	Comprehensive Income for the Year	1,272,526	2,468,473
4.03.01	Attributed to owners of the Company	1,332,987	2,507,272
4.03.02	Attributed to non-controlling interests	(60,461)	(38,799)

PAGE 21 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

Code	Description	YTD	YTD
		Current Year 01/01/2012 to 12/31/2012	Previous Year 01/01/2011 to 12/31/2011
6.01	Net cash generated by operating activities	3,487,500	4,201,780
6.01.01	Cash generated from operations	5,246,849	6,461,926
6.01.01.01	Profit for the year	(480,574)	3,667,234
6.01.01.02	Accrued charges on borrowings and financing	2,249,123	2,650,622
6.01.01.03	Depreciation/ depletion / amortization	1,230,651	948,251
6.01.01.04	Share of profits of investees	952	0
6.01.01.05	Deferred income tax and social contribution	(1,075,156)	(52,542)
6.01.01.06	Provision for tax, social security, labor, civil and environmental risks	252,432	62,746
6.01.01.07	Inflation adjustment and exchange differences, net	996,810	(250,083)
6.01.01.08	Gain on derivative transactions	4,975	110,009
6.01.01.09	Impairment of available-for-sale assets	2,022,793	0
6.01.01.10	Realization of available-for-sale assets	0	(698,164)
6.01.01.11	Residual value of permanent assets written off	5,246	54,727
6.01.01.13	Provision for actuarial liabilities	(30,655)	(11,412)
6.01.01.15	Other provisions	70,252	(19,462)
6.01.02	Changes in assets and liabilities	(1,759,349)	(2,260,146)
6.01.02.01	Trade receivables	(237,873)	(339,427)
6.01.02.02	Inventories	200,893	(410,264)
6.01.02.03	Receivables from related parties	(3,774)	471,666
6.01.02.04	Recoverable Taxes	139,823	16,700
6.01.02.05	Judicial deposits	39,023	(20,253)
6.01.02.08	Trade payables	663,198	544,300
6.01.02.09	Payroll and related taxes	(91,447)	(47,072)

PAGE 22 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

6.01.02.10	Taxes	74,982	135,765
6.01.02.11	Taxes in installments - REFIS	(255,338)	(296,304)
6.01.02.12	Payables to related parties	(1,322)	0
6.01.02.13	Tax, social security, labor, civil and environmental risks liabilities	(10,539)	120,951
6.01.02.14	Interest paid	(2,297,833)	(2,145,400)
6.01.02.15	Interest on swap paid	(50,569)	(360,976)
6.01.02.16	Other	71,427	70,168
6.02	Net cash used in investing activities	(3,539,653)	(5,275,011)
6.02.01	Investments	(166,915)	(2,126,493)
6.02.02	Purchase of property, plant and equipment	(3,142,634)	(4,400,825)
6.02.03	Cash from acquisition of subsidiaries	14,880	0
6.02.04	Disposal of investments	0	1,310,171
6.02.07	Receipt/payment in derivative transactions	57,740	(57,157)
6.02.08	Business combination - purchase price considered	(301,192)	0
6.02.09	Intangible assets	(1,532)	(707)
6.03	Net cash (used in) generated by financing activities	(748,879)	4,740,715
6.03.01	Borrowings and financing raised	3,721,945	7,824,012
6.03.02	Repayment to financial institutions - principal	(2,523,828)	(1,469,206)
6.03.03	Repayments of principal - acquisition of subsidiaries	(803,456)	0
6.03.04	Dividends and interest on capital paid	(1,199,734)	(1,856,381)
6.03.05	Capital contribution by non-controlling shareholders	56,194	242,290
6.04	Changes in cash and cash equivalents	(171,486)	1,510,631
6.05	(Decrease)/Increase in cash and equivalents	(972,518)	5,178,115
6.05.01	Cash and equivalents at the beginning of the year	15,417,393	10,239,278
6.05.02	Cash and equivalents at the end of the year	14,444,875	15,417,393

PAGE 23 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 1/1/2012 to 12/31/2012 (R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-in capital</b>	<b>Capital reserve, granted options and treasury shares</b>	<b>Earnings(accumulated reserve)</b>	<b>Retained earnings/ losses)</b>
5.01	Opening balances	1,680,947	30	7,671,620	0
5.03	Adjusted opening balances	1,680,947	30	7,671,620	0
5.04	Capital transactions with shareholders	2,859,053	0	(3,432,545)	0
5.04.01	Capital increases	2,859,053	0	(2,859,053)	0
5.04.06	Dividends	0	0	(300,000)	0
5.04.07	Interest on capital	0	0	(560,000)	0
5.04.08	Interest on capital proposed	0	0	560,000	0
5.04.09	Approval of prior year's proposed dividends	0	0	(273,492)	0
5.05	Total comprehensive income	0	0	0	(548,532)
5.05.01	Profit for the year	0	0	0	(420,113)
5.05.02	Other comprehensive income	0	0	0	(128,419)
5.05.02.04	Cumulative translation adjustments for the period	0	0	0	0
5.05.02.06	Actuarial (losses)/gains on defined benefit pension plan	0	0	0	0
5.05.02.07	Available-for-sale financial assets, net of taxes	0	0	0	0
5.05.02.09	Actuarial losses reclassification	0	0	0	(128,419)
5.06	Internal changes in shareholders' equity	0	0	(548,532)	548,532
5.06.04	Losses absorbed for the period	0	0	(420,113)	420,113

PAGE 24 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

5.06.05 Actuarial losses absorbed	0	0	(128,419)	128,419	0	0	0
5.06.06 Non-controlling interests in subsidiaries	0	0	0	0	0	0	19,728 19,728
5.07 Closing balances	4,540,000	303,690,543			0386,3248,616,897	390,6169,007,51	

PAGE 25 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

**Consolidated Financial Statements / Statement of Changes in Shareholders' Equity - 1/1/2011 to 12/31/2011 (R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and shares	Earnings reserve	Retained earnings/(accumulated losses)	Other comprehensive income	Shareholders' Equity	Non-current assets
5.01	Opening balances	1,680,947	30	6,119,798	0	(168,015)	7,632,760	
5.03	Adjusted opening balances	1,680,947	30	6,119,798	0	(168,015)	7,632,760	
5.04	Capital transactions with shareholders	0	0	(954,211)	(1,200,000)	0	(2,154,211)	
5.04.06	Dividends	0	0	0	(926,508)	0	(926,508)	
5.04.09	Additional dividends proposed	0	0	273,492	(273,492)	0	0	
5.04.10	Approval of prior year's proposed dividends	0	0	(1,227,703)	0	0	(1,227,703)	
5.05	Total comprehensive income	0	0	0	3,706,033	(1,198,761)	2,507,272	
5.05.01	Profit for the year	0	0	0	3,706,033	0	3,706,033	
5.05.02	Other comprehensive income	0	0	0	0	(1,198,761)	(1,198,761)	
5.05.02.04	Cumulative translation adjustments for the period	0	0	0	0	195,046	195,046	
5.05.02.07	Actuarial (losses)/gains on defined benefit pension plan, net of taxes	0	0	0	0	(74,331)	(74,331)	

5.05.02.08	Available-for-sale financial assets, net of taxes	0	0	0	0	(1,319,476)	(1,319,476)
5.06	Internal changes in shareholders' equity	0	0	2,506,033	(2,506,033)	0	0

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

5.06.01 Set-up reserves	0	02,506,033	(2,506,033)	0	0	0
5.06.04 Non-controlling interests in subsidiaries	0	0	0	0	0	0280,220
5.07 Closing balances	1,680,947	307,671,620	0	(1,366,776)	7,985,821	431,3498

PAGE 27 of 119



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

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

<b>Code</b>	<b>Description</b>	<b>YTD</b>	
		<b>Current Year</b>	<b>Previous Year</b>
		<b>01/01/2012 to 12/31/2012</b>	<b>01/01/2011 to 12/31/2011</b>
7.01	Revenues	19,958,436	20,157,662
7.01.01	Sales of products and services	19,882,933	19,525,854
7.01.02	Other revenues/(expenses)	62,096	632,798
7.01.04	Allowance for doubtful debts	13,407	(990)
7.02	Raw materials acquired from third parties	(14,161,514)	(10,027,982)
7.02.01	Costs of sales and services	(9,946,475)	(8,591,341)
7.02.02	Materials, electric power, outside services and other	(2,163,738)	(1,414,706)
7.02.03	Impairment of assets	(2,051,301)	(21,935)
7.03	Gross value added	5,796,922	10,129,680
7.04	Retentions	(1,230,651)	(948,251)
7.04.01	Depreciation, amortization and depletion	(1,230,651)	(948,251)
7.05	Wealth created	4,566,271	9,181,429
7.06	Value added received as transfer	1,449,279	2,827,069
7.06.01	Share of profits of subsidiaries	952	0
7.06.02	Finance income/exchange gains	1,445,319	2,817,667
7.06.03	Other	3,008	9,402
7.07	Wealth for distribution	6,015,550	12,008,498
7.08	Wealth distributed	6,015,550	12,008,498
7.08.01	Personnel	1,816,844	1,485,903

PAGE 28 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

7.08.01.01	Salaries and wages	1,387,201	1,132,384
7.08.01.02	Benefits	329,393	270,825
7.08.01.03	Severance pay fund (FGTS)	100,250	82,694
7.08.02	Taxes, Fees and Contributions	1,229,221	2,025,300
7.08.02.01	Federal	690,374	1,493,787
7.08.02.02	State	512,807	505,185
7.08.02.03	Municipal	26,040	26,328
7.08.03	Lenders and lessors	3,450,059	4,830,061
7.08.03.01	Interest	3,436,910	4,820,991
7.08.03.02	Leases	13,149	9,070
7.08.04	Shareholders	(480,574)	3,667,234
7.08.04.01	Interest on capital	0	10,400
7.08.04.02	Dividends	0	926,508
7.08.04.03	(Accumulated losses)/Retained earnings for the year	(420,113)	2,769,125
7.08.04.04	Non-controlling interests	(60,461)	(38,799)

PAGE 29 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**2012 MANAGEMENT REPORT**

**1- MESSAGE FROM MANAGEMENT**

Economic globalization and the growing protagonism of Brazil have been leading CSN to increasingly consider the internationalization of its operations as a viable business strategy. In 2012, it took one more step in this direction when it acquired the German steelmaker Stahlwerk Thüringen GmbH (SWT). With a production capacity of 1.1 million tonnes of long steel per year, the plant is one of the most efficient in Europe.

SWT joins CSN's other two overseas operational units – CSN LLC, in Terre Haute, in the United States, and Lusosider, in Portugal. Both Europe and the U.S. are mature markets, with healthy midterm prospects.

The arrival of SWT and the consent improvement in the productivity of the Brazilian operations pushed CSN to a new record in 2012 – consolidated net revenue of R\$16.9 billion.

Annual net revenue from steel operations came to R\$10.8 billion and sales volume reached its highest ever figure of 5.8 million tonnes, 19% up on 2011. Domestic sales volume totaled 4.5 million tonnes of flat steel, another new record.

Having begun operations at the Presidente Vargas Steelworks in Volta Redonda in the 1940's, CSN is now one of the country's largest integrated steelmakers. Its mining, cement, energy and logistics operations complement one another, generating synergies and production gains. In 2012, CSN's investments in all its activities totaled R\$3.1 billion.

And the future is equally promising. In the coming months there will be the start-up of the new long steel plant in Volta Redonda, marking CSN's definitive entry into this market at a time of prolonged construction expansion in Brazil. As part of the same trajectory, we also made considerable progress with our cement production, selling 2 million tonnes of the product.

With its eye firmly fixed on domestic market growth and its global strategic positioning, CSN is diversifying its activities in order to ensure a solid future.

**Benjamin Steinbruch**

**Chairman of the Board of Directors**



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

## **2- THE COMPANY**

CSN is a highly integrated company, with interests in steel, mining, cement, logistics and energy. It operates throughout the entire steel production chain, from the mining of iron ore to the production and sale of a diversified range of high value-added steel products. Thanks to its integrated production system and exemplary management, CSN's production costs are among the lowest in the global steel sector.

In 2012, CSN sold 5.8 million tonnes of steel, 19% up on 2011 and a new record, mostly fueled by domestic sales, which totaled 4.5 million tonnes.

The Company's mine, Casa de Pedra, located in Congonhas, Minas Gerais, supplies it with the high-quality iron ore needed to produce steel. With proven and probable reserves of 1.6 billion tonnes, its current production capacity is 21 million tonnes per year.

Together with its jointly-owned subsidiary NAMISA, CSN has been selling iron ore on the seaborne market since 2007. It also runs two port terminals in Itaguaí (RJ): Tecar, from where iron ore is shipped to the seaborne market, and a container terminal, Sepetiba Tecon. With the Casa de Pedra mine, CSN has been consolidating its position as an important player in the seaborne iron ore market, and is currently, in conjunction with NAMISA, Brazil's second-largest producer. Most iron ore exports go to Asia, Europe and the Middle East.

The complementary nature of the steel and cement industries led CSN to enter the cement market in 2009, adding value to the slag generated by crude steel production.

In addition to the limestone used to produce steel at the Presidente Vargas Steelworks, in Volta Redonda, as of 2011 the Arcos mine, in Minas Gerais, began supplying non-steel limestone for the production of clinker, one of the main raw materials for cement production. As a result, CSN's operations have become even more integrated through verticalization, thereby enhancing competitiveness and profitability.

The Company is also one of Brazil's largest industrial electricity consumers and has been investing in power generation assets and projects since 1999 in order to ensure self-sufficiency. CSN's generating capacity of 428 MW is sufficient to meet all the Group's electricity needs.

## **3- OUTLOOK, STRATEGY AND INVESTMENTS**

CSN has been investing in modernizing its facilities in its five highly-integrated segments, as well as expanding production capacity, always seeking to maximize returns for its shareholders. In addition to investing in organic growth projects, the Company also analyzes opportunities for acquisitions and strategic alliances, both in Brazil and abroad.

### **3.1 – STEEL**

The Presidente Vargas Steelworks is CSN's most important steel producer unit, with an installed production capacity of 5.6 million tonnes of crude steel. In 2012, it produced 4.8 million tonnes of crude steel and 4.7 million tonnes of rolled steel.

In the flat steel segment, CSN has been expanding its service centers, investing in the expansion of the Porto Real unit, a Company branch focused on the vehicle industry, as well as developing expansion projects for the pre-painting plant in Paraná.

It has also been diversifying its steel activities, entering the long steel segment through the construction of a plant in Volta Redonda, which will produce 500,000 tonnes per year, including rebar and wire rods.

The Company also has three subsidiaries abroad, CSN LLC, in Terre Haute, Indiana, U.S.A., which is a cold-rolling and galvanizing plant; Lusosider, in Paio Pires, Portugal, which produces coated rolled steel; and SWT, acquired in January 2012, located in Unterwellenborn, Germany, with an annual production capacity of 1 million tonnes of steel profiles for civil and industrial construction.

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL      Version: 1

### **3.2 – MINING**

CSN is Brazil's second largest iron ore exporter. In 2012, finished iron ore product sales from the Casa de Pedra and NAMISA mines totaled 25.8 million tonnes. The Company also produced 6.1 million tonnes of iron ore for its own consumption. Once the ongoing expansion projects come on stream, annual production capacity is expected to reach 89 million tonnes.

At the same time, CSN is expanding Tecar, its terminal in the Port of Itaguai, Rio de Janeiro, in order to reach an annual iron ore shipment capacity of 84 million tonnes.

### **3.3 – CEMENT**

In 2009, CSN established its first cement grinding plant in Volta Redonda, with an annual capacity of 2.4 million tonnes. In 2012, the unit produced and sold approximately 2.0 million tonnes of cement. Given the expected growth of the domestic cement market, the Company is evaluating to expand its annual production capacity to 5.4 million tonnes.

### **3.4 – LOGISTICS**

#### ***Ports***

Sepetiba Tecon, managed by CSN, is a hub port for cargo and is one of the biggest container terminals in Rio de Janeiro and one of the largest in its segment in Brazil.

In order to expand the terminal, the Company is investing in infrastructure, including the equalization of Berth 301 and the acquisition of new equipment. The idea behind this project is to transform Berth 301 into a continuous quay, allowing it to handle several large vessels simultaneously, thereby raising its capacity.

#### ***Railways***

CSN retains an interest in two rail companies: MRS Logística and Transnordestina Logística S.A.

#### **MRS**

CSN holds, directly and indirectly, a 33.27% voting-capital interest in MRS Logística, which operates the former Southeastern Network of the Federal Railways (RFFSA), in the Rio de Janeiro - São Paulo - Belo Horizonte corridor.

MRS' rail services are vital for the supply of raw materials and the outflow of finished products. It transports all the iron ore for export and all the coal and coke consumed by the Presidente Vargas Steelworks, as well as some of CSN's steel and cement output.

**TRANSNORDESTINA**

With the support of the federal government, Transnordestina Logística S.A. (TLSA) is building Nova Transnordestina, a 1,728 km-long railway connecting the rail terminal in Eliseu Martins (PI) to the Ports of Suape (PE) and Pecém (CE), crossing several cities in the states of Piauí, Pernambuco and Ceará.

The railway's projected annual operating capacity of 30 million tonnes will play a crucial role in the development of the Northeast and provide logistical support for the region's economic expansion in the oil and by-product, grain, mining and agricultural sectors, among others.

CSN's interest in TLSA's capital stock totaled 76.13% at the end of 2012.



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

A complete account of investments in affiliated companies and subsidiaries, in addition to the changes that occurred during the fiscal year of 2012, can be found in Note 9 to the Company's financial statements.

#### **4- CORPORATE GOVERNANCE**

##### **Investor Relations**

In 2012, CSN continued to expand its communication with the capital market, improving investors' perception of its basic fundamentals and helping reduce funding costs. To this end, the Company took part in 300 meetings and conference calls, involving more than 600 analysts and investors.

##### **Capital Stock**

CSN is controlled by Vicunha Siderurgia S.A. and Rio Iaco Participações S.A., which retain 47.86% and 3.99% of the Company's total capital, respectively. Management is exercised by the Board of Directors and Board of Executive Officers.

§ All of CSN's shares are common shares, each share representing one vote at Shareholders' Meetings;

§ More than 45% of CSN's shares are traded on the stock markets, mainly the BOVESPA and the NYSE.

##### **Annual Shareholders' Meeting**

The Annual Shareholders' Meeting, the Company's sovereign body, meets once a year, in accordance with the prevailing legislation, to elect the members of the Board of Directors, examine management's accounts and the financial statements, and decide on the allocation of annual net income and the payment of dividends, among other matters. Whenever necessary, Extraordinary Shareholders' Meetings may be called to decide on specific issues that are not within the normal scope of the Annual Meeting.





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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**Board of Directors**

The Board of Directors comprises between seven and eleven members, who meet on a routine basis on pre-established dates throughout the year and on an extraordinary basis whenever necessary. Members are elected for a one-year term of office, re-election being permitted.

Its responsibilities include defining and monitoring the Company's policies and strategies, overseeing the activities of the Board of Executive Officers and deciding on matters relevant to the Company's businesses and operations. It is also responsible for electing and removing the executive officers and may, if necessary, constitute special advisory committees to help in the execution of these duties.

**Board of Executive Officers**

The Board of Executive Officers is responsible for managing and administering the Company's day-to-day business, always in line with the guidelines and resolutions of the Board of Directors and the Annual Shareholders' Meeting. It currently comprises seven officers, including the Chief Executive Officer, who meet whenever called to do so by the CEO or two other officers. Each officer is responsible for conducting the operations of his or her respective area. Officers are elected for a two-year term, re-election being permitted.

**Audit Committee**

The Audit Committee has autonomy to make decisions on all matters concerning Sections 301 and 407 of the Sarbanes-Oxley Act. Its main responsibilities include reviewing, analyzing and making recommendations to the Board of Directors on matters concerning the indication, hiring and compensation of the external auditors, as well as supervising the internal and external audits. In regard to the hiring of external auditors, special procedures are adopted to ensure that there are no conflicts of interest, dependence or loss of objectivity on the part of the auditors in their relations with the Company.

**Internal Audit**

CSN maintains an internal auditing team, which acts independently within the organization to assist and communicate material facts to the Board of Directors, the Audit Committee and the Board of Executive Officers. This internal auditing team is responsible for ensuring the appropriate allocation of resources and protecting the assets of the CSN Group companies, providing support for compliance with the planned results, upgrading processes and internal controls in order to enhance financial and operating performance, as well as preventing the risk of losses or fraud and, consequently, any damage to CSN's corporate image. The Company also provides several communication channels through which employees, clients, suppliers and third parties can report unlawful acts and irregularities that may affect the financial statements of CSN and its subsidiaries.

**Independent Auditors**

The independent auditors, Deloitte Touche Tohmatsu, who provided auditing services to CSN and its subsidiaries in 2012, were also hired to perform services in addition to those related to the audit of the

financial statements. It is the belief of both the Company and its independent auditors that these services did not affect the latter's independence.

Audit fees

Refers to the audit of the annual financial statements and the review of the Company's quarterly reports.

Audit-related fees

Refers to due diligence procedures and the preparation and issuance of comfort letters for bonds issued by the Company's subsidiaries abroad.



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

<b>Amounts related to services provided by the Company's auditors</b>	<b>(R\$ '000)</b>
Audit fees	2,992
Audit-related fees	1,899
<b>Total</b>	<b>4,891</b>

Services additional to the examination of the financial statements are submitted for prior approval to the Audit Committee in order to ensure that, based on the pertinent legislation, they do not represent a conflict of interest or jeopardize the auditors' independence or objectivity.

In accordance with CVM Instruction 480/09, on March 26, 2013 the Board of Executive Officers declared that they had discussed, reviewed, and were in full agreement with the opinions expressed in the independent auditors' report and with the financial statements for the fiscal year ended December 31, 2012.

**Sarbanes-Oxley Act**

The Company is in the final stage of certification of internal controls related to the 2012 Consolidated Financial Statements (CSN and its subsidiaries), in compliance with Section 404 of the Sarbanes-Oxley Act (SOx).

In 2012, tests were carried out to evaluate the effectiveness of internal controls in CSN (Presidente Vargas Steelworks, Casa de Pedra mine and CSN Porto Real), CSN Cimentos, CSN LLC, Prada (distribution and packaging), and Transnordestina Logística S.A - TLSA, which are companies considered significant for SOx certification. The evaluations of these companies began in May 2012. The managers of each process were responsible for carrying out the tests and monitoring the identified and reported improvements.

It is important to emphasize that financial accounts closing and disclosure to the market and Entity Level processes are corporate in nature, including all CSN companies except NAMISA, which has its own structure for executing these processes and activities.

**Code of Ethics**

CSN has employed a Code of Ethics since 1998. The code is normally delivered to employees in corporate integration training courses.

The Code of Ethics for the Group's companies' details the standards of personal and professional conduct expected of its employees in their relations with co-workers, clients, shareholders, suppliers, communities and competitors, as well as the environment, and also contains a declaration of our corporate conduct and our commitment to our employees. Its content is in the public domain and is available at [www.csn.com.br](http://www.csn.com.br).

The Code of Ethics includes, since its inception, the guidelines for **"Trading the Company's Shares"**, based on CVM Instruction 358/2002.

**Disclosure of Material Acts and Facts**

CSN maintains a Material Act or Fact Disclosure Policy, which determines that all such disclosures must contain information that is accurate, appropriate, transparent and in a uniform manner, within the proper timeframes, in accordance with CVM Instruction 358/2002 and Section 409 of the Sarbanes-Oxley Act – Real Time Issuer Disclosure. All material acts or facts are disclosed in Brazil (BOVESPA) and in the United States (NYSE), where the Company's shares are traded.



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

## **5 – INNOVATION**

Aiming to meet new market demands and the expectations of its clients, CSN has been investing in the research and development of new products, including:

- Lighter structural steel for vehicle and bus bodies, helping to reduce fuel consumption;
- Pre-painted steel coated with Organo-Metallic film for vehicle fuel tanks, eliminating certain steps in the production chain;
- Advanced extra-fine steel (“CSN Extra Fino®”) for home appliances and steel furniture.

## **6- PEOPLE**

CSN has a people management model based on five pillars – Attract; Align and Engage; Evaluate; Develop; Recognize and Reward – and invests in projects aimed at professional development and improvement, thereby contributing to the growth of the organization and its people.

In 2012, the Company, which had around 21,000 employees, directed its HR initiatives towards promoting, maintaining and accelerating the development of its employees’ skills in order to meet the Group’s growth requirements and sustainability of the business.

Also in 2012, CSN held the second module of the Leaders’ School, in which 283 officers and 695 coordinators and supervisors took part. The program is designed to develop human resources management in a strategic manner.

The Company has also been investing in the education of trainees and young professionals in order to develop their personal and organizational abilities. These programs seek to attract talent to meet the Company’s future demand for personnel.

## **7- SOCIAL RESPONSIBILITY**

CSN’s social responsibility projects were created to value the potential of each region where it operates and their respective communities, in partnership with local government and society. In 2012, it invested more than R\$13 million in educational and cultural activities through CSN Foundation initiatives and through projects developed by external institutions, using tax incentive mechanisms. The sponsored initiatives included the musical “Um Violinista no Telhado” (Fiddler on the Roof), the Jewish Immigration Memorial and the CD “Coral Cidade dos Profetas” (City of the Prophets Choir).

CSN also sponsored projects developed by institutions registered with the Municipal Councils for Children and Teenagers’ Rights such as Cruzeiro’s APAE, whose proceeds are allocated to Children and Teenagers’ Funds.

## **8- ENVIRONMENTAL RESPONSIBILITY**

A commitment to sustainability is part of CSN's Mission and Values. All its main units have received ISO 14001 certification for their environmental management systems and it is constantly striving to ensure a better integration of its activities, optimizing the use of natural resources.

Throughout 2012, CSN measured the greenhouse gas emissions of its main units in order to develop strategies to manage and mitigate carbon emissions, as well as prepare for compliance with national climate legislation requirements. The Company has been analyzing the effects of climate change and water shortage on its businesses, by participating in the Carbon Disclosure Initiative. It is also a member of the Climate Forum, organized by the Ethos Institute for Business and Social Responsibility to discuss changes to the prevailing legislation.

PAGE 36 of 119

---

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

Also in 2012, CSN examined the performance of its most important units in regard to environmental, social and financial issues in order to prepare a sustainability report in compliance with the guidelines of the Global Report Initiative (GRI).

In addition, the Company's External Sustainability Council issues guidelines to ensure that new sustainability concepts become an integral part of CSN's strategic decisions.

**9- DISCLAIMER**

Certain of the statements contained herein are forward-looking statements and projections, which express or imply results, performance or events that are expected in the future. Actual results, performance or events may differ materially from those expressed or implied by the forward-looking statements as a result of several factors, including general and economic conditions in Brazil and in other countries, interest rate and exchange rate levels, future renegotiations and prepayment of foreign-currency liabilities or loans, protectionist measures in Brazil, the United States and other countries, changes in laws and regulations and general competitive factors (on a regional, national or global basis).

CSN's financial information presented herein is in accordance with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), and with the accounting practices adopted in Brazil. Non-financial information, as well as other operating information, has not been audited by the independent auditors.

PAGE 37 of 119



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

## **1. DESCRIPTION OF BUSINESS**

Companhia Siderúrgica Nacional "CSN", also referred to as 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, associates and jointly controlled entities collectively referred to herein as "Group"). The Company's registered office is located in São Paulo.

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

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

- **Steel:**

The Company's main industrial facility is the Presidente Vargas Steel Mill ("UPV"), located in the city of Volta Redonda, State of Rio de Janeiro. This segment consolidates the operations related to the production, distribution and sale of flat steel, long steel, metallic containers and galvanized steel. In addition to the facilities in Brazil, CSN has operations in the United States, Portugal and Germany aimed at gaining markets and performing excellent services for final consumers. Its steels are used in the home appliances, civil construction and automobile industries.

- **Mining:**

The production of iron ore is developed in the city of Congonhas, in the State of Minas Gerais. It further mines tin in the State of Rondônia to supply the needs of UPV, with the excess of these raw materials being sold to subsidiaries and third parties. CSN holds the concession to operate TECAR, a solid bulk terminal, one of the 4 (four) terminals that comprise the Itaguaí Port, in Rio de Janeiro. Importations of coal and coke are carried out through this terminal.

- **Cement:**

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

- **Logistics:**

*Railroads:*

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

*Ports:*

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

Tecon handles the shipments of CSN steel products, movement of containers, as well as storage, consolidation and deconsolidation of cargo.

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

- **Energy:**

As energy is fundamental in its production process, the Company invested in assets for generation of electric power to guarantee its self-sufficiency.

For further details on the Group's strategic investments and segments, see Note 26 - Business Segment Reporting.

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

### **(a) Basis of preparation**

The consolidated financial statements have been prepared and are being presented in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil comprise those in the Brazilian corporate law and the technical pronouncements, guidelines and interpretations issued by Accounting Pronouncements Committee (CPC) and approved by Brazilian Securities Commission (CVM).

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

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

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

The individual and consolidated financial statements were approved by the Board of Directors and authorized for issue on March 26, 2013.

### **(b) Consolidated financial statements**

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

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



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

• **Companies**

Companies	Equity interests (%)		Main activities
	12/31/2012	12/31/2011	
<b>Direct interest in subsidiaries: full consolidation</b>			
CSN Islands VII Corp.	100.00	100.00	Financial transactions
CSN Islands VIII Corp.	100.00	100.00	Financial transactions
CSN Islands IX Corp.	100.00	100.00	Financial transactions
CSN Islands X Corp.	100.00	100.00	Financial transactions
CSN Islands XI Corp.	100.00	100.00	Financial transactions
CSN Islands XII Corp.	100.00	100.00	Financial transactions
Tangua Inc. (1)		100.00	Financial transactions
International Investment Fund	100.00	100.00	Equity interests and financial
CSN Minerals S.L.U.	100.00	100.00	Equity interests
CSN Export Europe, S.L.U.	100.00	100.00	Financial transactions and eq
CSN Metals S.L.U.	100.00	100.00	Equity interests and financial
CSN Americas S.L.U.	100.00	100.00	Equity interests and financial
CSN Steel S.L.U.	100.00	100.00	Equity interests and financial
TdBB S.A	100.00	100.00	Dormant company
SePETiba Tecon S.A.	99.99	99.99	Port services
Mineração Nacional S.A.	99.99	99.99	Mining and equity interests
Florestal Nacional S.A.	99.99	99.99	Reforestation
Estanho de Rondônia S.A.	99.99	99.99	Tin mining
Cia Metalic Nordeste	99.99	99.99	Manufacture of packaging and
Companhia Metalúrgica Prada	99.99	99.99	Manufacture of packaging and
CSN Cimentos S.A.	99.99	99.99	Cement manufacturing
CSN Gestão de Recursos Financeiros Ltda.	99.99	99.99	Dormant company
Congonhas Minérios S.A.	99.99	99.99	Mining and equity interests
CSN Energia S.A.	99.99	99.99	Sale of electric power
Transnordestina Logística S.A.	76.13	70.91	Railroad logistics
TFNE - Transnordestina Ferrovias do Nordeste S.A.	99.99		Railroad logistics
<b>Indirect interest in subsidiaries: full consolidation</b>			
CSN Aceros S.A.	100.00	100.00	Equity interests
Companhia Siderúrgica Nacional LLC	100.00	100.00	Steel
CSN Europe Lda.	100.00	100.00	Financial transactions, produc
CSN Ibéria Lda.	100.00	100.00	Financial transactions, produc
CSN Portugal, Unipessoal Lda.	100.00	100.00	Financial transactions and pro
Lusosider Projectos Siderúrgicos S.A.	100.00	100.00	Equity interests
Lusosider Aços Planos, S. A.	99.94	99.94	Steel and equity interests
CSN Acquisitions, Ltd.	100.00	100.00	Financial transactions and eq

CSN Resources S.A.	100.00	100.00	Financial transactions and equity
CSN Finance (UK) Ltd (1)		100.00	Financial transactions and equity
CSN Holdings (UK) Ltd	100.00	100.00	Financial transactions and equity
CSN Handel GmbH	100.00	100.00	Financial transactions, production and sales
Companhia Brasileira de Latas	59.17	59.17	Sale of cans and containers in
Rimet Empreendimentos Industriais e Comerciais S. A.	58.96	58.08	Production and sale of steel c
Companhia de Embalagens Metálicas MMSA	58.98	58.98	Production and sale of cans a
Empresa de Embalagens Metálicas - LBM Ltda.	58.98	58.98	Sales of containers and holdin
Empresa de Embalagens Metálicas - MUD Ltda.	58.98	58.98	Production and sale of house
Empresa de Embalagens Metálicas - MTM do Nordeste	58.98	58.98	Production and sale of cans a
Companhia de Embalagens Metálicas - MTM	58.98	58.98	Production and sale of cans a
CSN Steel Comercializadora, S.L.U. (2)	100.00		Financial transactions, produc
CSN Steel Holdings 1, S.L.U. (2)	100.00		Financial transactions, produc
CSN Steel Holdings 2, S.L.U. (2)	100.00		Financial transactions, produc
Stalwerk Thüringen GmbH (2)	100.00		Production and sale of long s
CSN Steel Sections UK Limited (2)	100.00		Financial transactions, produc
CSN Steel Sections Czech Republic s.r.o. (2)	100.00		Financial transactions, produc
CSN Steel Sections Polska Sp.Z.o.o (2)	100.00		Financial transactions, produc

**Direct interest in jointly controlled entities: proportionate consolidation**

Nacional Minérios S.A.	60.00	60.00	Mining and equity interests
Itá Energética S.A.	48.75	48.75	Electric power generation
MRS Logística S.A.	27.27	27.27	Railroad transportation
Consórcio da Usina Hidrelétrica de Igarapava	17.92	17.92	Electric power consortium
Aceros Del Orinoco S.A.	22.73	22.73	Dormant company
CBSI - Companhia Brasileira de Serviços de Infraestrutura	50.00	50.00	Provision of services
CGPAR - Construção Pesada S.A. (3)	50.00		Mining support services and e

**Indirect interest in jointly controlled entities: proportionate consolidation**

Namisa International Minérios SLU	60.00	60.00	Financial transactions, produc
Namisa Europe, Unipessoal Lda.	60.00	60.00	Equity interests and sales of p
Namisa Handel GmbH (4)	60.00	60.00	Financial transactions, produc
MRS Logística S.A.	6.00	6.00	Railroad transportation
Aceros Del Orinoco S.A.	9.08	9.08	Dormant company

**Direct interest in associates: equity method**

Arvedi Metalfer do Brasil S.A. (5)	20.00		Metallurgy and equity interest
------------------------------------	-------	--	--------------------------------

(1) Companies liquidated in 2012.

(2) Companies acquired on January 31, 2012 (see note 9.e).

(3) Equity interest acquired in July 2012 (see note 9.d).

(4) New corporate name of Alodius Handel GmbH, changed on August 13, 2012.

(5) Equity interest acquired on July 31, 2012 (see note 9.f).





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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

- Exclusive Funds

<b>Exclusive Funds</b>	<b>Equity interests (%)</b>		<b>Main activities</b>
	<b>31/12/2012</b>	<b>31/12/2011</b>	
<b>Direct interests: full consolidation</b>			
Diplic - Balanced mutual fund	100.00	100.00	Investment fund
Mugen - Balanced mutual fund	100.00	100.00	Investment fund
Caixa Vértice - Balanced mutual fund private credit	100.00	100.00	Investment fund

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

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

- **Subsidiaries**

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

- **Joint controlled entities**

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

- **Associates**

Associates are all entities over which the Company has significant influence but not control, generally through a shareholding of 20% to 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting and are initially recognized at cost.

- **Transactions and non-controlling interests**

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

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

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**(c) Individual financial statements**

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

**(d) Foreign currencies**

**i. Functional and presentation currency**

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

**ii. Balances and transactions**

Transactions in foreign currencies are translated into the functional currency using the exchange rates in effect at the dates of the transactions or valuation on which items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at exchange rates in effect as of December 31, 2012 of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when they are recognized in shareholders' equity as qualifying cash flow hedges and qualifying net investment hedges.

The asset and liability balances are translated at the exchange rate in effect at the end of the reporting period. As of December 31, 2012, US\$1 is equivalent to R\$2,0435 (R\$1,8758 as of December 31, 2011), EUR 1 is equivalent to R\$2,6954 (R\$2,4342 as of December 31, 2011), JPY 1 is equivalent to R\$0.02372 (R\$0.02431 as of December 31, 2011).

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

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

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

Starting 2012, in view of the changes in operations of the subsidiary Namisa Europe, its functional currency changed from the US dollar to the Brazilian real.



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**iii. Group companies**

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

- Assets and liabilities in each balance sheet presented have been translated at the exchange rate at the end of the reporting period;
- Income and expenses of each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates in effect at the transaction dates, in which case income and expenses are translated at the rate in effect at the transaction dates); and
- All resulting exchange differences are recognized as a separate component in other comprehensive income.

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

**(e) Cash and cash equivalents**

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

**(f) Trade receivables**

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

**(g) Inventories**

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

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

**(h) Investments**

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





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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

**(i) Business combination**

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

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

Property, plant and equipment are carried at cost of acquisition, formation or construction, less accumulated depreciation or depletion and any impairment loss. Depreciation is calculated under the straight-line method based on the remaining economic useful lives of assets, as mentioned in note 10. The depletion of mines is calculated based on the quantity of ore mined. Land is not depreciated since their useful life is considered indefinite. However, if the tangible assets are mine-specific, that is, used in the mining activity, they are depreciated over the shorter of the normal useful lives of such assets or the useful life of the mine. The Company recognizes in the carrying amount of property, plant and equipment the cost of replacement, reducing the carrying amount of the part that it is replacing if it is probable that future economic benefits embodied therein will revert to the Company, and if the cost of the asset can be reliably measured. All other disbursements are expensed as incurred. Borrowing costs related to funds obtained for construction in progress are capitalized until these projects are completed.

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

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

Mineral rights acquired are classified as other assets in property, plant and equipment. Exploration expenditures are recognized as expenses until the viability of mining activities is established; after this period subsequent development costs are capitalized. Exploration and valuation expenditures include:

- Research and analysis of exploration area historical data;

- Topographic, geological, geochemical and geophysical studies;
- Determine the mineral asset's volume and quality/grade of deposits;
- Examine and test the extraction processes and methods;
- Topographic surveys of transportation and infrastructure needs;
- Market studies and financial studies.

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

The development stage includes:

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

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

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

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

**(k) Intangible assets**

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

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

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

- **Goodwill**

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

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

- **Software**

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

**(l) Impairment of non-financial assets**

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



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**(m) Employee benefits**

**i. Employee benefits**

**Defined contribution plans**

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

**Defined benefit plans**

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

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

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

The Company has chosen to recognize all the actuarial gains and losses resulting from defined benefit plans immediately in other comprehensive income, and subsequently are transferred to retained earnings. They are recorded in the income statement only if the plan is extinguished.

**ii. Profit sharing and bonus**

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

**(n) Provisions**

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



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL      Version: 1

**(o) Concessions**

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

**(p) Share capital**

Common shares are classified in shareholders' equity.

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

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

**(q) Revenue recognition**

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

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

**(r) Finance income and finance costs**

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

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

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

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**(s) Income tax and social contribution**

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

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

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

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

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

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

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

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

**(t) Earnings/(loss) per share**

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

**(u) Environmental and restoration costs**

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





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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

**(v) Research and development**

All these costs are recognized in the income statement when incurred, except when they meet the criteria for capitalization. Research and development expenditures recognized as expense for the year ended December 31, 2012, amounted to R\$ 6,033 (R\$ 6,532 as December 31, 2011).

**(w) Financial instruments**

**i) Financial assets**

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

• **Financial assets measured at fair value through profit or loss**

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

• **Loans and receivables**

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

• **Held-to-maturity assets**

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

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

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

- **Recognition and measurement**

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

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

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

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

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

**ii) Impairment of financial assets**

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

- **Assets measured at amortized cost**

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

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

- significant financial difficulty of the issuer or counterparty;
- a breach of contract, such as default or delinquency in interest or principal payments;
- the issuer, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of such assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - adverse changes in the payment status of borrowers in the portfolio;
  - national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

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

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. Determining what is considered a "significant" or "prolonged" decline requires judgment. For this judgment we assess, among other factors, the historical changes in the equity prices, the duration and proportion in which the fair value of the investment is lower than its cost, and the financial health and short-term prospects of the business for the investee, including factors such as: industry and segment performance, changes in technology, and operating and financial cash flows. If there is any of this evidence of impairment of available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recorded in profit or loss—is reclassified from shareholders' equity and recognized in the income statement. Impairment losses recognized in the income statement as available-for-sale instruments are not reversed through the income statement.

CSN tested for impairment its available-for-sale investment in Usiminas shares (see note 13).

- iii) **Financial liabilities**

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

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

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

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

- **Other financial liabilities**

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

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

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL      Version: 1

- **Offsetting financial instruments**

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

**iv) Derivative instruments and hedging activities**

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

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

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

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

**(x) Segment information**

An operating segment is a component of the Group committed to the business activities from which it can obtain revenues and incur expenses, including revenues and expenses related to transactions with any other components of the Group. All the operating results of operating segments are reviewed regularly by the Executive Officers of CSN to make decisions regarding funds to be allocated to the segment and assessment of its performance, and for which there is distinct financial information available (see Note 26).

**(y) Government grants**

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

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

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

The following standards, amendments to standards and IFRS interpretations issued by the IASB are not yet effective and were not early adopted by the Company for the year ended December 31, 2012:

<b>Standard</b>	<b>Description</b>	<b>Effective date</b>
Amendment to IAS 1	<i>Presentation of Items of Other Comprehensive Income.</i> Groups in other comprehensive income the items that could be reclassified to profit or loss in the income statement for the year.	January 1, 2013
Amendment to IAS 19	<i>Employee Benefits.</i> Eliminates the corridor approach (applied by the Company in previous years) for recognition of actuarial gains or losses and requires that finance costs be calculated on a net funding basis. Simplifies the presentation of changes in assets and liabilities of defined benefit plans and expands the disclosure requirements.	January 1, 2013



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

IFRS 10 *Consolidated Financial Statements*. Defines principles and requirements for the preparation and presentation of consolidated financial statements when an entity controls one or more other entities. Establishes the concept of control as the basis for consolidation and sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. January 1, 2013

IFRS 11 *Joint Arrangements*. Establishes principles for disclosure of financial statements of entities that are parties of joint agreements. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenues and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportionate consolidation of joint ventures is no longer allowed. January 1, 2013

IFRS 12 *Disclosure of Interests in Other Entities*. Consolidates all the requirements of disclosures that an entity should carry out when participating in one or more entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. January 1, 2013

IFRS 13 *Fair Value Measurement*. Provides a more precise definition of fair value, explains how to calculate it (one single source of measurement), and determines what must be disclosed. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. January 1, 2013

Amendment to IAS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*. Establishes disclosure requirements for compensation agreements of financial assets and liabilities. January 1, 2013

IFRS 27 (revised in 2011)	<i>Separate Financial Statements</i> . Includes other considerations on separate financial statements and the control provisions of IAS 27 that have been included in the new IFRS 10.	January 1, 2013
IAS 28 (revised in 2011)	<i>Investments in Associates and Joint Ventures</i> . Establishes the requirements for joint ventures and associates accounted for under the equity method following the issue of IFRS 11.	January 1, 2013
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> . IFRIC 20 includes clarifications on the recognition of stripping costs in the production phase of a surface mine. Pursuant to IFRIC 20, mining entities that present IFRS financial statements are required to derecognize existing stripping assets to retained earnings if such assets cannot be attributed to an identifiable component of a mineral deposit.	January 1, 2013

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

IAS 32	<i>Financial Instruments: Presentation</i> " on the offsetting of assets and liabilities. Provides additional clarifications to the application guidance in IAS 32 on the requirement to set off financial assets and financial liabilities in the balance sheet.	January 1, 2014
IFRS 9	<i>Financial Instruments</i> . IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The IAS 39 guidance on the impairment of financial assets, and on hedge accounting continues to apply. The amendment postpones the effective date from 2013 to 2015. It also eliminates the requirement for restatement of comparative information and requires additional disclosures on the transition to IFRS 9.	January 1, 2015

It is expected that some of these new standards will have a material impact on the Group's financial statements in 2013 and 2015, such as the IFRS 10, IFRS 11 and IFRS 12, which can affect the recognition and disclosure of the investments in entities currently consolidated and/or proportionately consolidated by the Company, IFRIC 20 *Shipping Costs in the Production Phase of a Surface Mine* can affect the recognition of stripping costs in non-current assets, and IFRS 9 can change the classification and measurement of the Group's financial assets. The impact of adopting these standards has not yet been measured.

The Accounting Pronouncements Committee (CPC) has not yet issued the pronouncements and amendments correlated with some of the new and revised IFRSs described above. Because of the CPC's and the CVM's commitment to keep the set of standards issued updated according to the changes made by the IASB, we expect that such pronouncements and amendments be issued by the CPC and approved by the date they become effective.

As for the other new and revised standards listed in the table above, the Company estimates that their adoption will not have material impacts on its financial statements.

### 3. BUSINESS COMBINATION

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

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

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

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

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



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

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

(\*) Comprising mainly the fair value adjustment to property, plant and equipment amounting to R\$90,572. Total fair value of property, plant and equipment was measured at R\$123,518 (see note 10).

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

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

**Goodwill arising on acquisition**

(-) Book value of CBL	(604,794)
(+) Fair value adjustment of assets acquired and liabilities assumed	443,541
<b>(=) Total fair value of assets acquired and liabilities assumed</b>	<b>(161,253)</b>

**Purchase price** 43,316

**Goodwill arising on acquisition** 204,569

Goodwill arising on the acquisition comprises mainly the expected synergies generated by the business combination of packings segments of Companhia Metalúrgica Prada with CBL.

On December 31, 2012, the business combination with Companhia Brasileira de Latas, which took place on July 12, 2011, is under review of Conselho Administrativo de Defesa Econômica, or CADE (Brazilian antitrust agency).

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

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

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

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

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

The purchase price of R\$301,192 (€131,790), including the final adjustment to the purchase price of R\$1,943 (€850), was allocated between identified assets acquired and liabilities assumed, measured at fair value. In the purchase price identification process, the Company considered the adjustments presented below and the starting point was the transaction amount of R\$1,104,648 (€483,350)

	<b>Amounts in R\$</b>
Transaction price	1,104,648
Net debt	(857,031)
Provisions	(11,782)
Tax credits	13,498
Working capital	51,859
<b>(=) Purchase price</b>	<b>301,192</b>

The transaction costs are represented by consulting services and lawyers' fees totaling R\$20,879, which have been included in the income statement, in general and administrative expenses, as incurred.

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

The fair value adjustments made based on the corporate balance sheet to prepare the opening balance sheet were adjusted after the completion of the valuation report in December 2012.

	<b>Carrying amounts</b>	<b>Fair value adjustments</b>	<b>Total fair value</b>
<b>Assets acquired</b>			
Current assets (*)	400,387		400,387
Non-current assets (**)	191,956	786,988	978,944
Current liabilities	(262,203)		(262,203)
Non-current liabilities (***)	(842,526)	(209,005)	(1,051,531)
<b>Total assets acquired</b>	<b>(512,386)</b>	<b>577,983</b>	<b>65,597</b>

(\*) Includes R\$14,880 in cash and cash equivalents.



(\*\*) Comprising mainly the fair value adjustment to property, plant and equipment amounting to R\$392,817. Total fair value of property, plant and equipment was measured at R\$582,478 (see note 10).

(\*\*\*) Refers to the deferred income tax on the fair value adjustments.

**Goodwill arising on acquisition**

(+) Purchase price	301,192
(-) Fair value of assets acquired and liabilities assumed	65,597
<b>(=) Goodwill arising on acquisition</b>	<b>235,595</b>

Goodwill arising on the acquisition was mainly based on expected future earnings, as described in note 11.



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**4. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
<b>Current</b>				
<b>Cash and cash equivalents</b>				
<b>Cash and banks</b>	<b>207,614</b>	<b>101,360</b>	<b>25,897</b>	<b>14,047</b>
<b>Short-term investments</b>				
<b>In Brazil:</b>				
Government bonds	862,299	646,594	769,447	773,523
Private securities	902,159	2,017,019	340,720	1,241,159
	<b>1,764,458</b>	<b>2,663,613</b>	<b>1,110,167</b>	<b>2,014,682</b>
<b>Abroad:</b>				
Time deposits	12,472,803	12,652,420	1,859,693	44,515
<b>Total short-term investments</b>	<b>14,237,261</b>	<b>15,316,033</b>	<b>2,969,860</b>	<b>2,059,197</b>
<b>Cash and cash equivalents</b>	<b>14,444,875</b>	<b>15,417,393</b>	<b>2,995,757</b>	<b>2,073,244</b>

The funds available in the Company and subsidiaries set up in Brazil are basically invested in investment funds, which are considered exclusives and are consolidated with repurchase agreements backed by government and private bonds with immediate liquidity.

Private securities are short-term investments in Bank Deposit Certificates (CDBs) and Debentures with yields pegged to the Interbank Deposit Certificate (CDI) fluctuation, and government securities are basically repurchase agreements backed by National Treasury Bills (LTNs) and Financial Treasury Bills (LFTs). The exclusive funds managed by BTG Pactual Serviços Financeiros S.A. DTVM and Caixa Econômica Federal and their assets collateralize possible losses on investments and transactions carried out. Investments in funds were consolidated.

In addition, a significant part of the funds of the Company and its foreign subsidiaries is invested in time deposits with leading banks, bearing fixed rates.

**5. TRADE RECEIVABLES**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
<b>Trade receivables</b>				

**Third parties**

Domestic market	832,620	895,517	521,517	620,426
Foreign market	876,393	701,807	23,799	4,869
Estimated losses on doubtful debts	(111,532)	(124,939)	(86,391)	(101,407)
	<b>1,597,481</b>	<b>1,472,385</b>	<b>458,925</b>	<b>523,888</b>

**Related parties (Note 18 - b and c)**

	<b>117,598</b>	<b>86,612</b>	<b>552,744</b>	<b>2,120,038</b>
	<b>1,715,079</b>	<b>1,558,997</b>	<b>1,011,669</b>	<b>2,643,926</b>

**Other receivables**

Dividends receivable (Note 18 - b)			985,973	676,242
Other receivables from related parties	17,065	1,537	114,478	163,248
Other receivables	62,422	55,672	34,789	33,384
	<b>79,487</b>	<b>57,209</b>	<b>1,135,240</b>	<b>872,874</b>
	<b>1,794,566</b>	<b>1,616,206</b>	<b>2,146,909</b>	<b>3,516,800</b>

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

The gross trade receivables balance from third parties is comprised as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
Falling due	1,436,878	1,359,540	406,543	484,722
Overdue until 180 days	123,379	89,766	25,052	16,915
Overdue above 180 days	148,756	148,018	113,721	123,658
	<b>1,709,013</b>	<b>1,597,324</b>	<b>545,316</b>	<b>625,295</b>

In order to meet the needs of some customers in the domestic market, related to the extension of the payment term for billing of steel, in common agreement with CSN's internal commercial policy and maintenance of its very short-term receipts (up to 14 days), at the request of the customer, transactions are carried out for assignment of receivables without co-obligation negotiated between the customer and banks with common relationship, where CSN assigns the trade notes/bills that it issues to the banks with common relationship.

Due to the characteristics of the transactions for assignment of receivables without co-obligation, after assignment of the customer's trade notes/bills and receipt of the funds from the closing of each transaction, CSN settles the trade receivables and becomes entirely free of the credit risk on the transaction. This transaction totals R\$224,718 as of December 31, 2012 (R\$262,367 as of December 31, 2011), less the trade receivables.

The changes in the Company's estimated losses on doubtful debts are as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
<b>Opening balance</b>	<b>(124,939)</b>	<b>(117,402)</b>	<b>(101,407)</b>	<b>(99,023)</b>
Estimated losses	(11,073)	(20,005)	(6,668)	(11,628)
Recovery of receivables	24,480	12,468	21,684	9,244
<b>Closing balance</b>	<b>(111,532)</b>	<b>(124,939)</b>	<b>(86,391)</b>	<b>(101,407)</b>

**6. INVENTORIES**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
Finished products	1,133,002	997,128	755,770	714,688
Work in process	668,152	776,918	584,952	680,997
Raw materials	563,533	694,383	477,350	566,734
Storeroom supplies	1,084,854	981,086	885,819	802,343
Iron ore	174,643	215,399	74,341	72,248
Advances to suppliers	55,068	153,215	16,414	126,421
(-) Allowance for inventory losses	(99,227)	(83,145)	(90,344)	(77,814)
	<b>3,580,025</b>	<b>3,734,984</b>	<b>2,704,302</b>	<b>2,885,617</b>

Changes in the allowance for inventory losses are as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
<b>Opening balance</b>	<b>(83,145)</b>	<b>(64,115)</b>	<b>(77,814)</b>	<b>(61,700)</b>
Estimated losses on obsolete or slow-moving inventories	(16,082)	(19,030)	(12,530)	(16,114)
<b>Closing balance</b>	<b>(99,227)</b>	<b>(83,145)</b>	<b>(90,344)</b>	<b>(77,814)</b>



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

Estimated losses for certain items considered obsolete or slow-moving were recognized.

As of December 31, 2012, the Company has long-term iron ore inventories amounting to R\$144,483, classified in other non-current assets (R\$144,483 as of December 31, 2011), as described in note 7.

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

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

	<b>Current</b>		<b>Consolidated Non-current</b>		<b>12/31/2011</b>
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>	
Judicial deposits (Note 16)			732,666	954,711	
Credits with the PGFN (*) (Note 15)			84,392	806,103	
Recoverable taxes (**)	569,486	689,006	310,542	257,977	267,000
Prepaid taxes					
Prepaid expenses	44,332	24,135	100,728	115,853	115,853
Actuarial asset - related party			93,546		
Unrealized gains on derivatives (Note 13 I)	239,266	55,115	8,665	376,344	239,266
Guarantee margin on financial instruments (Note 13 V)	435,161	407,467			435,161
Iron ore inventory (Note 6)			144,483	144,483	
Northeast Investment Fund - FINOR			9,914	47,754	
Trade receivables			8,983	10,043	
Receivable from related parties			136,077	115,549	
Other	14,234		18,060	47,452	
	<b>1,302,479</b>	<b>1,175,723</b>	<b>1,648,056</b>	<b>2,876,269</b>	<b>539,279</b>

(\*) Refers to the excess judicial deposit originated by the 2009 REFIS (Tax Debt Refinancing Program) as described in note 15.



(\*\*) Refers mainly to taxes on revenue (PIS/COFINS) and State VAT (ICMS) on the acquisition of fixed assets which will be recovered over a 48-month period, and income tax and social contribution for offset.

**8. INCOME TAX AND SOCIAL CONTRIBUTION**

**(a) Income tax and social contribution recognized in profit or loss:**

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
<b>Income tax and social contribution income/(expenses)</b>				
Current	(205,022)	(136,427)		
Deferred	1,075,156	52,542	1,022,019	240,467
	<b>870,134</b>	<b>(83,885)</b>	<b>1,022,019</b>	<b>240,467</b>

The reconciliation of Company and consolidated income tax and social contribution expenses and income and the result from applying the effective rate on profit before income tax (IRPJ) and social contribution (CSLL) are as follows:

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

	<b>Consolidated</b>		<b>Parent Compa</b>	
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
<b>Profit before income tax and social contribution</b>	<b>(1,350,708)</b>	<b>3,751,119</b>	<b>(1,442,132)</b>	<b>3,465,500</b>
Tax rate	34%	34%	34%	34%
<b>Income tax and social contribution at combined statutory rate</b>	<b>459,241</b>	<b>(1,275,380)</b>	<b>490,325</b>	<b>(1,178,290)</b>
<b>Adjustment to reflect effective rate:</b>				
Equity Method			451,031	1,497,300
Income subject to special tax rates or untaxed	386,182	1,279,431		
Tax incentives	2,115	73,134		68,700
Adjustments arising from Law 11,941 and MP 470 installment plans	39,256	(16,060)	39,256	(16,060)
Sale of nondeductible securities		(189,946)		(126,290)
Tax loss carryforwards without recognizing deferred taxes	(42,683)			
Tax credits		44,434		
Other permanent deductions (additions)	26,023	502	41,407	(4,900)
<b>Income tax and social contribution in profit (loss) for the year</b>	<b>870,134</b>	<b>(83,885)</b>	<b>1,022,019</b>	<b>240,400</b>
<b>Effective rate</b>	<b>-64%</b>	<b>2%</b>	<b>-71%</b>	<b>-7%</b>

**(b) Deferred income tax and social contribution:**

The deferred income tax and social contribution are calculated on income tax and social contribution loss carryforwards and related temporary differences between the tax bases of assets and liabilities and the accounting balances of the financial statements. They are presented at net amounts when related to a sole jurisdiction.

	<b>Consolidated</b>		<b>Parent Compa</b>	
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
<b>Deferred tax assets</b>				
Income tax loss carryforwards	818,705	425,406	639,247	392,900
Social contribution loss carryforwards	242,606	157,858	231,805	141,400
<b>Temporary differences</b>	<b>1,311,190</b>	<b>1,257,509</b>	<b>998,723</b>	<b>766,200</b>
- Provision for tax, social security, labor and civil risks	269,803	211,835	264,958	200,200
- Asset impairment losses	66,062	60,930	40,035	24,500
- Inventory impairment losses	50,295	30,814	29,472	28,000
- Gains/(losses) on available-for-sale financial instruments	363,966	253,985	191,511	192,200
- Actuarial liability (pension and healthcare plan)	157,445	144,360	157,802	144,200
- Provision for interest on capital		74		
- Accrued supplies and services	66,997	67,445	52,379	64,600

- Estimated losses on doubtful debts	30,761	45,342	29,752	41,8
- Goodwill on merger	62,042	371,153	10,031	23,4
- Unrealized foreign exchange (*)	206,711		197,944	
- Other	37,108	71,571	24,839	46,8
<b>Non-current assets</b>	<b>2,372,501</b>	<b>1,840,773</b>	<b>1,869,775</b>	<b>1,300,6</b>
<b>Deferred tax liabilities</b>				
- Business combination	225,965	17,960		
- Other	58,145	19,891		
<b>Non-current liabilities</b>	<b>284,110</b>	<b>37,851</b>		

(\*) In 2012, the Company opted for taxing foreign exchange on a cash basis to calculate income tax and social contribution.

Some Group companies recognized tax credits on income tax and social contribution loss carryforwards not subject to statute of limitations and based on the history of profitability and expected future taxable profits determined in technical studies approved by Management.

Since they are subject to significant factors that may change the projections for realization, the carrying amounts of deferred tax assets and projections are reviewed annually. These studies indicate the realization of these tax assets within the term stipulated by the mentioned instruction and the limit of 30% of the taxable profit.

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

The estimate of recovery of the deferred income tax and social contribution assets is as follows:

	<b>Consolidated</b>	<b>Parent Company</b>
Up to 1 year	1,473,430	998,724
From 1 to 2 years	424,119	413,903
From 2 to 3 years	462,860	451,930
From 3 to 5 years	12,092	5,218
	<b>2,372,501</b>	<b>1,869,775</b>

Certain Group companies have tax assets amounting to R\$789,704 and R\$259,933, related to income tax and social contribution loss carryforwards, for which no deferred taxes were set up, of which R\$10,769 expire in 2013, R\$771 in 2014, R\$30,978 in 2015, and R\$50,225 in 2025. The remaining tax assets refer to domestic companies and, therefore, are not subject to statute of limitations.

The tax benefit of goodwill of National Minérios S.A., which arose on the merger of Big Jump in July 2009, amounted to R\$1,391,858. Up to December 31, 2012 a total amount of R\$951,104 (R\$672,732 up to 2011) had been realized, leaving a remaining amount of R\$440,754, which will be realized through 2014. In 2013, this realization will be R\$278,372 and in 2014, the benefit will be R\$162,382.

The undistributed profits of the Company's foreign subsidiaries have been invested and will continue to be invested in their operations. These undistributed profits of the Company's foreign subsidiaries amounted to R\$8,111,394 as of December 31, 2012 (R\$8,033,902 as of December 31, 2011).

**(c) Income tax and social contribution recognized in shareholders' equity:**

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
<b>Income tax and social contribution</b>				
Actuarial gains on defined benefit pension plan	66,155	54,714	65,980	54,714
Changes in the fair value on available-for-sale financial assets	(377,164)	241,484	(285,164)	190,714
Exchange differences on translating foreign operations	(425,510)	(425,510)	(425,510)	(425,510)
	<b>(736,519)</b>	<b>(129,312)</b>	<b>(644,694)</b>	<b>(655,306)</b>

**(d) Tax incentives**

The Company is granted by Income Tax incentives based on the legislation in effect, such as: Worker Food Program, the Rouanet Law (tax incentives related to cultural activities), Tax Incentives for Audiovisual Activities, and Funds for the Rights of Children and Adolescents. As of December 31, 2012, these tax incentives total R\$3,366 (R\$1,914 as of December 31, 2011).



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL

Version: 1

**9. INVESTMENTS****a) Direct equity interests in subsidiaries and jointly controlled entities**

Companies	Number of shares	%	Assets	Liabilities	Shareholders' equity
	held by CSN	Direct			
Common Subsidiaries	(in units)	interest			
	Preferred				
CSN Islands VII Corp.	20,001,000	100.00	7,058,295	7,261,007	(202,712)
CSN Islands VIII Corp.	2,501,000	100.00	1,419,190	1,365,455	53,735
CSN Islands IX Corp.	3,000,000	100.00	856,329	854,456	1,873
CSN Islands X Corp.	1,000	100.00	57	45,283	(45,226)
CSN Islands XI Corp.	50,000	100.00	1,566,837	1,559,941	6,896
CSN Islands XII Corp.	1,540	100.00	1,763,078	2,043,055	(279,977)
Tangua Inc.					
International Investment Fund	50,000	100.00	98		98
CSN Minerals S.L.U.	131,649,926	100.00	3,762,487	495	3,761,992
CSN Export Europe, S.L.U.	35,924,748	100.00	790,202	299	789,903
CSN Metals S.L.U.	256,951,582	100.00	1,254,559	247	1,254,312
CSN Americas S.L.U.	151,877,946	100.00	1,688,612	10,383	1,678,229
CSN Steel S.L.U.	454,072,527	100.00	2,337,092	368,325	1,968,767
Sepetiba Tecon S.A.	254,015,052	99.99	259,258	35,939	223,319
Mineração Nacional S.A.	999,999	99.99	1,151	97	1,054
CSN Aços Longos S. A.					
Florestal Nacional S.A.	24,616,207	99.99	440,909	742,238	(301,329)
Estanho de Rondônia S.A.	34,236,306	99.99	48,986	15,231	33,755
Companhia Metalic Nordeste	92,293,155	99.99	169,282	46,897	122,385
Companhia Metalúrgica Prada	4,668,787	99.99	686,299	456,952	229,347
CSN Cimentos S.A.	3,734,582,664	99.99	1,237,779	102,523	1,135,256
INAL Nordeste S. A.					
Congonhas Minérios S.A.	64,610,862	99.99	1,984,592	2,006,645	(22,053)
CSN Energia S.A.	43,149	99.99	15,796	7,744	8,052

Edgar Filing: NATIONAL STEEL CO - Form 6-K

Transnordestina Logística S.A.	22,999,805	1,397,545	76.13	3,902,500	2,450,426	1,452,074
TFNE - Transnordestina Ferrovias do Nordeste S.A.	9,999		99.99	10		10
<b>Joint controlled entities</b>						
Nacional Minérios S.A.	285,040,443		60.00	9,118,928	1,317,238	7,801,690
Itá Energética S.A.	253,606,842		48.75	375,370	45,566	329,804
MRS Logística S.A.	52,414,154	40,301,916	27.27	1,712,266	1,026,680	685,586
CBSI - Companhia Brasileira de Serviços de Infraestrutura	1,876,146		50.00	14,635	12,747	1,888
CGPAR - Construção Pesada S.A.	500		50.00	37,599	36,669	930
<b>Associates</b>						
Arvedi Metalfer do Brasil	15,406,408		20.00	22,718	9,740	12,977

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

**b) Changes in investments in associates, subsidiaries and jointly controlled entities**

	<b>12/31/2012</b>	<b>Parent Company 12/31/2011</b>
<b>Opening balance of investments</b>	<b>22,573,890</b>	<b>17,023,295</b>
<b>Opening balance of impairment loss allowance</b>	<b>(476,463)</b>	<b>(140,875)</b>
Capital increase/acquisition of shares	649,496	3,240,582
Capital reduction	(1,855,208)	
Dividends	(585,675)	(853,316)
Share of profits of investees	1,331,593	4,397,137
Comprehensive income (*)	867,905	(1,281,507)
Merger of subsidiary (**)		(290,789)
Other	(330)	2,900
<b>Closing balance of investments</b>	<b>23,356,506</b>	<b>22,573,890</b>
<b>Closing balance of impairment loss allowance</b>	<b>(851,298)</b>	<b>(476,463)</b>

(\*) Refers to the mark-to-market of investments classified as available-for-sale and the translation into the presentation currency, and, as described in Note 9.f), in 2011 the Company disposed of its interest in Riversdale;

(\*\*) Merger of CSN Aços Longos on January 28, 2011 and Inal Nordeste on May 30, 2011.





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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**c) Additional information on the main operating subsidiaries**

- **SEPETIBA TECON**

It is engaged in operating Container Terminal No. 1 of the Itaguaí Port, located in Itaguaí, State of Rio de Janeiro. The terminal is connected to UPV by the Southeast railroad network, the concession of which is granted to MRS Logística. The services provided are handling and storage of containers, steel products and cargo in general, among other products and services related to container washing, maintenance and sanitization.

Sepetiba Tecon won the auction held on September 3, 1998 for the terminal concession, which allows it to operate the terminal during a 25-year period, extendable for another 25 periods.

Upon concession termination, all rights and privileges transferred to Tecon will be handed back to the Federal Government, together with the assets owned by Tecon and those resulting from investments made by Tecon in leased assets, declared as returnable assets by the Federal Government as they are necessary to the continuity of the related services. Any assets declared as returnable assets will be compensated by the Federal Government at their residual value, calculated based on Tecon's accounting records, less depreciation.

- **ESTANHO DE RONDÔNIA - ERSA**

Headquartered in the State of Rondônia, this subsidiary operates two units, one in the city of Itapuã do Oeste and the other one in the city of Ariquemes. In Itapuã do Oeste, where the mining business unit is based, it mines cassiterite (tin ore) while in Ariquemes it operates a foundry to obtain metallic tin, the raw material used by UPV for the production of tin plates.

- CIA. METALIC NORDESTE

Headquartered in Maracanaú, State of Ceará, it is engaged in manufacturing metallic containers basically sold to the beverage industry. Its production is mainly sold in Brazil's North and Northeastern market, and the lid surplus is sold in the foreign market.

Its operating unit has two different production lines: Cans, using as raw material tinned steel supplied by the parent company and Lids, using as raw material aluminum.

- COMPANHIA METALÚRGICA PRADA

*Steel containers*

Companhia Metalúrgica Prada (Prada) is engaged in the manufacture and sale of steel containers, producing the best and safest cans, pails and spray cans. It supplies containers and lithography services to the main companies in the chemical and food industries.

On July 12, 2011, Companhia Metalúrgica Prada conducted a capital increase in Companhia Brasileira de Latas (CBL) through the capitalization of debentures and other receivables. As a result, Companhia Metalúrgica Prada became the holder of CBL's control, with an equity interest equivalent to 59.17% of its voting capital.

As Prada, CBL is engaged in the manufacturing of steel containers supplied to the main companies in the chemical and food industries supplying its products to the main companies in the market.

*Distribution*



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

Prada's Distribution unit is engaged in the processing and distribution of steel sheet and plates and has a diversified product line. It supplies spools, rolls, plates, stripes, blanks, metal sheets, shapes, pipes, tiles, and other products to different manufacturing industries, from automotive to construction. It is also specialized in providing steel processing services, meeting the demand from nationwide companies.

- CSN CIMENTOS

Headquartered in Volta Redonda, State of Rio de Janeiro, it is engaged in the production and sale of cement and uses as one of its raw materials the blast furnace slag from the pig iron production of UPV. CSN Cimentos started to operate on May 14, 2009.

At the beginning of 2011, CSN Cimentos started manufacturing clinker in its Arcos plant, in Minas Gerais. This unit was sold to CSN in January 2012 and became a Company branch.

- CSN ENERGIA

It is primarily engaged in the distribution and sale of electric power surpluses generated by CSN and companies, consortiums or other ventures in which the Company holds equity interests.

- TRANSNORDESTINA LOGÍSTICA

It is primarily engaged in the operation and development of the railroad freight transportation public service in the Northeast of Brazil network.

As of December 31, 2012 CSN held 76.13% of Transnordestina Logística's share capital.

**d) Investments in jointly controlled entities**

The balances of the balance sheets and income statements of the companies under shared control are stated below and have been consolidated into the Company's financial statements according to the percentage equity interests described below:

	12/31/2012				
	Nacional Minérios (*) 60.00%	Itá Energética 48.75%	MRS Logística 27.27%	CBSI 50.00%	Naci Miné (*) 60.0
<b>Equity interest (%)</b>					
<b>Balance sheet</b>					
Current assets	5,654,420	89,370	931,922	25,383	4,15
Non-current assets	9,513,580	680,621	5,347,154	3,887	9,52
Long-term receivables	8,296,673	39,771	440,545		8,42
Investments, PP&E and intangible assets	1,216,907	640,850	4,906,609	3,887	1,10
<b>Total assets</b>	<b>15,168,000</b>	<b>769,991</b>	<b>6,279,076</b>	<b>29,270</b>	<b>13,68</b>
Current liabilities	1,889,429	87,658	1,209,841	16,131	1,26
Non-current liabilities	355,401	5,812	2,555,114	9,364	30
Shareholders' equity	12,923,170	676,521	2,514,121	3,775	12,11
<b>Total liabilities and shareholders' equity</b>	<b>15,168,000</b>	<b>769,991</b>	<b>6,279,076</b>	<b>29,270</b>	<b>13,68</b>
<b>Statements of Income</b>					
Net revenue	3,836,415	217,493	3,013,158	61,915	3,76
Cost of sales and services	(2,730,077)	(66,162)	(1,993,927)	(58,245)	(2,168
Gross profit	1,106,338	151,331	1,019,231	3,670	1,59
Operating (expenses) income	(412,091)	(48,688)	(262,777)	(3,807)	(135
Finance income (costs), net	1,329,707	(1,745)	(82,417)	174	1,04
Profit before income tax and social contribution	2,023,954	100,898	674,037	37	2,50
Current and deferred income tax and social contribution	(407,469)	(33,962)	(227,497)	(10)	(429
<b>Profit for the year</b>	<b>1,616,485</b>	<b>66,936</b>	<b>446,540</b>	<b>27</b>	<b>2,07</b>

(\*) Refer to the consolidated balances and profit or loss of Nacional Minérios S. A.

The balance sheet and income statement amounts refer to 100% of the companies' results.



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

- NACIONAL MINÉRIOS – NAMISA

Headquartered in Congonhas, State of Minas Gerais, this company is primarily engaged in the production, purchase and sale of iron ore and is mainly focused on foreign markets for sale of its products. Its major operations are carried out in the cities of Congonhas, Ouro Preto, Itabirito and Rio Acima, in the State of Minas Gerais, and in Itaguaí, in the State of Rio de Janeiro.

CSN holds and proportionately consolidates 60% of Namisa's capital.

- ITÁ ENERGÉTICA S.A. - ITASA

ITASA is a corporation originally created to carry out the construction of the Itá hydroelectric power plant: contracting for the supply of goods and services necessary to carry out the project and raising funds, including posting the corresponding guarantees.

CSN holds 48.75% of ITASA's share capital.

- MRS LOGÍSTICA

This subsidiary is engaged in providing public railroad freight transportation services, on the basis of an onerous concession agreement, on the tracks of the Southeast Network, located between the cities of Rio de Janeiro, São Paulo and Belo Horizonte, previously belonging to Rede Ferroviária Federal S.A.- RFFSA, which was privatized on September 20, 1996.



As of December 31, 2012 the Company directly held 27.27% and indirectly, through its jointly controlled entity Nacional Minérios S.A. (Namisa), 6% of MRS's capital.

MRS can also engage in modal transportation services related to railroad transportation and also participate in projects aimed at expanding the railroad services granted on a concession basis.

For provision of the services covered by the concession agreement obtained for a period of 30 years starting on December 1, 1996, extendable for an equal period by exclusive decision of the concession grantor, MRS leased from RFFSA for the same concession period the assets required for operation and maintenance of the railroad freight transportation activities. Upon extinction of the concession, all leased assets will be transferred to the ownership of the railroad transportation operator designated in that same act.

- **CONSÓRCIO DA USINA HIDRELÉTRICA DE IGARAPAVA**

Igarapava Hydroelectric Power Plant is located in Rio Grande, in the city of Conquista, MG, with installed capacity of 210 MW. It consists of 5 bulb type generating units and is considered a major mark for power generation in Brazil.

CSN holds 17.92% of investment in the consortium, whose specific purpose is the distribution of electric power, which is made according to the percentage equity interest of each company.

The balance of property, plant and equipment less depreciation as of December 31, 2012 is R\$30,584 (R\$31,751 as of December 31, 2011) and the amount of the expense in 2012 is R\$6,620 (R\$6,366 in 2011).

- **CBSI - COMPANHIA BRASILEIRA DE SERVIÇOS DE INFRAESTRUTURA**

In December 2011, CSN subscribed to 1,876,146 common shares, corresponding to 50% of the capital of CBSI - Companhia Brasileira de Serviços de Infraestrutura ("CBSI") The investment is the result of a joint venture between CSN and CKLS Serviços Ltda. Based in the city of Araucária, PR, CBSI is primarily engaged in providing services to subsidiaries, associates, controlling companies and third-party entities, and can operate activities related to the refurbishment and maintenance of industrial machinery and equipment, construction maintenance, industrial cleaning, logistic preparation of products, among other activities.



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

- CGPAR CONSTRUÇÃO PESADA S.A.

On July 18, 2012 CSN subscribed 50,000 common shares, corresponding to 50% of the capital of CGPAR CONSTRUÇÃO PESADA S.A. (“CGPAR”), totaling R\$50,000.00. This subscription is the result of a joint venture formed by CSN and GPA Construção Pesada e Mineração Ltda. Based in the city of Belo Horizonte, MG, CGPAR is mainly engaged in the provision of services related to the support to the extraction of iron ore, earth leveling, earthmoving, and dam construction.

**e) Additional information on indirect interests held abroad**

- STAHLWERK THÜRINGEN GMBH (SWT)

On January 31, 2012, through its wholly-owned subsidiary CSN Steel S.L.U., CSN acquired the company Stahlwerk Thüringen GmbH, as mentioned in note 3.

Stahlwerk Thüringen GmbH was incorporated in 1992, from the discontinued Maxhütte steel industrial complex, in Unterwellenborn, Germany, and produces steel shapes for construction, in accordance with international quality standards. Its main raw material is steel scrap and its installed capacity is 1.1 million metric tons of steel/year.

- COMPANHIA SIDERURGICA NACIONAL – LLC (“CSN LLC”)

Incorporated in 2001 with the assets and liabilities of the liquidated Heartland Steel Inc., headquartered in Wilmington, State of Delaware, USA, it has an industrial plant in Terre Haute, State of Indiana, USA, where there is a complex comprising a cold rolling line, a hot pickling line for spools and a galvanization line. CSN LLC is a wholly-owned indirect subsidiary of CSN Americas, a subsidiary of CSN.

- **LUSOSIDER**

Incorporated in 1996 in succession to Siderurgia Nacional - a company privatized by the Portuguese government that year, Lusosider is the only Portuguese steel company to produce cold-re-rolled flat steel, with a corrosion-resistant coating. The company provides in Paio Pires an installed capacity of around 550,000 metric tons per year to produce four large groups of steel products: galvanized plate, cold-rolled plate, pickled and oiled plate. Products manufactured by Lusosider may be used in the containers industry, civil construction (pipes and metallic structures), and in home appliance components.

**f) Other investments**

- **RIVERSDALE MINING LIMITED - Riversdale**

On April 20, 2011, the Company, through its subsidiary CSN Europe Lda., adhered to the tender offer of Riversdale Mining Limited ("Riversdale") shares conducted by Rio Tinto. Therefore, the Company sold 100% of its equity interest held in Riversdale's share capital, corresponding to 47,291,891 shares of the price of A\$16.50 per share, totaling A\$780,316.

- **PANATLÂNTICA**

Publicly-held company, headquartered in the city of Gravataí, State of Rio Grande do Sul, engaged in the manufacturing, trade, import, export and processing of steel and ferrous or non-ferrous metals, coated or not. This investment is carried at fair value.



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

CSN currently holds 9.40% of Panatlântica's total share capital.

- **USIMINAS**

Usinas Siderúrgicas de Minas Gerais S.A. – USIMINAS, headquartered in Belo Horizonte, State of Minas Gerais, is engaged in steel and related operations. USIMINAS produces flat rolled steel in the Intendente Câmara and José Bonifácio de Andrada e Silva plants, located in Ipatinga, Minas Gerais, and Cubatão, São Paulo, respectively, to be sold in the domestic market and also for exports. It also exploits iron ore mines located in Itaúna, Minas Gerais, to meet its verticalization and production cost optimization strategies. USIMINAS also has service and distribution centers located in several regions of Brazil, and the Cubatão, São Paulo, and Praia Mole, Espírito Santo, ports, as well as in locations strategic for the shipment of its production.

As of December 31, 2012, the Company reached holdings of 14.13% in common shares and 20.69% in preferred shares of Usiminas' share capital.

USIMINAS is listed on the São Paulo Stock Exchange ("BM&F BOVESPA": USIM3 and USIM5).

- **ARVEDI METALFER DO BRASIL**

On July 31, 2012, the Company acquired a non-controlling interest corresponding to 20% of the capital of Arvedi Metalfer do Brasil S.A., company in preoperating stage focused on the production of pipes, headquartered in Salto, State of São Paulo.

The breakdown of consolidated investments is as follows:

	<b>12/31/2012</b>	<b>Consolidated 12/31/2011</b>
Panatlântica	12,965	12,030
Usiminas	2,323,172	2,077,277
Arvedi Metalfer do Brasil	12,977	
Other	2,660	(1,082)
	<b>2,351,774</b>	<b>2,088,225</b>

PAGE 67 of 119

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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

**10. PROPERTY, PLANT AND EQUIPMENT**

	<b>Consolidated</b>						
	<b>Land</b>	<b>Buildings</b>	<b>Machinery, equipment and facilities</b>	<b>Furniture and fixtures</b>	<b>Construction in progress</b>	<b>Other (*)</b>	<b>Total</b>
<b>Balance at December 31, 2010</b>	<b>175,792</b>	<b>1,213,608</b>	<b>6,974,024</b>	<b>28,427</b>	<b>4,515,806</b>	<b>868,910</b>	<b>13,776,567</b>
Effect of foreign exchange differences	1,234	3,640	16,377	135	(157)	2,162	23,391
Acquisition through business combination	3,325	10,805	14,050	562	4,204	90,572	123,518
Acquisitions					4,400,825		4,400,825
Disposal		(6,719)	(30,059)	(17)		19,097	(17,698)
Depreciation		(39,364)	(821,672)	(4,931)		(65,441)	(931,408)
Reversal of estimated losses on disposal of assets						4,774	4,774
Transfers to other asset categories	14,233	273,320	1,477,118	9,172	(1,848,785)	74,942	
Transfers to intangible assets					(11,104)	(383)	(11,487)
Other		(170)	(4,883)	54	(4,470)	18,063	8,594
<b>Balance at December 31, 2011</b>	<b>194,584</b>	<b>1,455,120</b>	<b>7,624,955</b>	<b>33,402</b>	<b>7,056,319</b>	<b>1,012,696</b>	<b>17,377,076</b>
Cost	194,584	1,700,245	11,138,198	139,679	7,056,319	1,459,659	21,688,684
Accumulated depreciation		(245,125)	(3,513,243)	(106,277)		(446,963)	(4,311,608)
<b>Balance at December 31, 2011</b>	<b>194,584</b>	<b>1,455,120</b>	<b>7,624,955</b>	<b>33,402</b>	<b>7,056,319</b>	<b>1,012,696</b>	<b>17,377,076</b>



## Edgar Filing: NATIONAL STEEL CO - Form 6-K

Effect of foreign exchange differences	5,656	22,322	246,204	379	471	(148,244)	126,788
Acquisition through business combination	22,852	103,739	419,787	1,202	1,079	33,819	582,478
Acquisitions Capitalized interests (Notes 25 and 32)						3,142,634 409,498	3,142,634 409,498
Disposal	(1,375)	(255)	(10,135)	(159)	(769)	7,447	(5,246)
Depreciation		(70,509)	(1,058,081)	(13,474)		(75,464)	(1,217,528)
Estimated losses on disposal of assets						(6,676)	(6,676)
Transfers to other asset categories	(32,855)	101,572	1,001,977	17,076	(1,123,481)	35,711	
Transfers to intangible assets					(8,808)	(787)	(9,595)
Other			(74,552)		62,787	21,083	9,318
<b>Balance at December 31, 2012</b>	<b>188,862</b>	<b>1,611,989</b>	<b>8,150,155</b>	<b>38,426</b>	<b>9,539,730</b>	<b>879,585</b>	<b>20,408,747</b>
Cost	188,862	1,917,814	12,758,762	151,008	9,539,730	1,397,841	25,954,017
Accumulated depreciation		(305,825)	(4,608,607)	(112,582)		(518,256)	(5,545,270)
<b>Balance at December 31, 2012</b>	<b>188,862</b>	<b>1,611,989</b>	<b>8,150,155</b>	<b>38,426</b>	<b>9,539,730</b>	<b>879,585</b>	<b>20,408,747</b>

	Parent Company						
	Land	Buildings	Machinery, equipment and facilities	Furniture and fixtures	Construction in progress	Other (*)	Total
<b>Balance at December 31, 2010</b>	<b>94,133</b>	<b>766,826</b>	<b>5,651,657</b>	<b>21,953</b>	<b>1,649,182</b>	<b>248,665</b>	<b>8,432,416</b>
Merger of subsidiaries	258	6,663	5,343	577	506,676	547	520,064
Acquisitions					2,015,015		2,015,015
Disposal			(16,247)	(18)	(411)		(16,676)
Depreciation		(23,421)	(718,246)	(3,925)		(11,507)	(757,099)
						8,701	8,701

Reversal of estimated losses on disposal of assets							
Transfers to other asset categories	8,282	54,241	923,169	6,703	(1,027,494)	35,099	
Transfers to intangible assets					(2,522)		(2,522)
Other			(492)	23	(114)	48,529	47,946
<b>Balance at December 31, 2011</b>	<b>102,673</b>	<b>804,309</b>	<b>5,845,184</b>	<b>25,313</b>	<b>3,140,332</b>	<b>330,034</b>	<b>10,247,845</b>
Cost	102,673	903,647	8,211,591	119,671	3,140,332	415,876	12,893,790
Accumulated depreciation		(99,338)	(2,366,407)	(94,358)		(85,842)	(2,645,945)
<b>Balance at December 31, 2011</b>	<b>102,673</b>	<b>804,309</b>	<b>5,845,184</b>	<b>25,313</b>	<b>3,140,332</b>	<b>330,034</b>	<b>10,247,845</b>
Acquisitions					2,000,744		2,000,744
Capitalized interests (Notes 25 and 32)					276,596		276,596
Disposal			(3,605)	(12)			(3,617)
Depreciation		(29,660)	(869,362)	(4,567)		(12,650)	(916,239)
Transfers to other asset categories	2,669	160,484	920,661	6,363	(891,530)	(198,647)	
Transfers to intangible assets					(2,547)		(2,547)
Other			(73,351)		62,806	43,945	33,400
<b>Balance at December 31, 2012</b>	<b>105,342</b>	<b>935,133</b>	<b>5,819,527</b>	<b>27,097</b>	<b>4,586,401</b>	<b>162,682</b>	<b>11,636,182</b>
Cost	105,342	1,065,326	9,052,087	125,936	4,586,401	259,592	15,194,684
Accumulated depreciation		(130,193)	(3,232,560)	(98,839)		(96,910)	(3,558,502)
<b>Balance at December 31, 2012</b>	<b>105,342</b>	<b>935,133</b>	<b>5,819,527</b>	<b>27,097</b>	<b>4,586,401</b>	<b>162,682</b>	<b>11,636,182</b>

(\*) In consolidated, refer basically to railway assets, such as yards, tracks and railway sleepers. In Parent Company, it also includes leasehold improvements, vehicles, hardware, mines and fields and replacement storeroom supplies.

The breakdown of the projects comprising construction in progress is as follows:



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

DFP – Annual Financial Statements - December 31, 2012 – CIA SIDERURGICA NACIONAL Version: 1

	Project objective	Start date	Completion date	Consolidated	
				12/31/2012	12/31/2011
<b>Logistics</b>					
	Expansion of Transnordestina railroad by 1,728 km to boost the transportation of varied products as iron ore, limestone, soybeans, cotton, sugarcane, fertilizers, oil and fuels.	2009	2016	4,642,102	3,489,871
	Expansion of MRS's capacity and current investments for maintenance of current operations.			232,818	290,410