

NATIONAL STEEL CO  
Form 6-K  
June 01, 2007

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 6-K**

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

**For the month of May, 2007**

**Commission File Number 1-14732**

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**COMPANHIA SIDERÚRGICA NACIONAL**

(Exact name of registrant as specified in its charter)

**National Steel Company**

(Translation of Registrant's name into English)

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

(Address of principal executive office)

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

Form 20-F  Form 40-F

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

Yes  No

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

**FEDERAL PUBLIC SERVICE****CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION**

Accounting Practices

**QUARTERLY INFORMATION**

March 31, 2007

Adopted in Brazil

**COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

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

**01.01 IDENTIFICATION**

1 - CVM CODE <b>00403-0</b>	2 - COMPANY NAME <b>COMPANHIA SIDERÚRGICA NACIONAL</b>	3 - CNPJ (Corporate Taxpayer's ID) <b>33.042.730/0001-04</b>
4 - NIRE (Corporate Registry ID) <b>33-3.00011595</b>		

**01.02 HEAD OFFICE**

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

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

1 NAME BENJAMIN STEINBRUCH				
2 ADDRESS AV. BRIGADEIRO FARIA LIMA, 3400 20º ANDAR			3 DISTRICT ITAIM BIBI	
4 ZIP CODE 04538-132	5 CITY SÃO PAULO		6 STATE SP	
7 AREA CODE 11	8 TELEPHONE 3049-7100	9 TELEPHONE -	10 TELEPHONE -	11 TELEX
12 AREA CODE 11	13 FAX 3049-7558	14 FAX 3049-7519	15 FAX -	

16 E-MAIL  
miriamlo@csn.com.br

**01.04 REFERENCE AND AUDITOR INFORMATION**

CURRENT YEAR		CURRENT QUARTER			PREVIOUS QUARTER		
1 - BEGINNING	2. END	3 - QUARTER	4 - BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
1/1/2007	12/31/2007	1	1/1/2007	3/31/2007	4	10/1/2006	12/31/2006
09 - INDEPENDENT ACCOUNTANT KPMG AUDITORES INDEPENDENTES					10 - CVM CODE 00418-9		
11. TECHNICIAN IN CHARGE MANUEL FERNANDES RODRIGUES DE SOUZA					12 TECHNICIAN S CPF (INDIVIDUAL TAXPAYER S REGISTER) 783.840.017-15		

**01.05 CAPITAL STOCK**

NUMBER OF SHARES (in thousands)	1 CURRENT QUARTER 3/31/2007	2 PREVIOUS QUARTER 12/31/2006	3 SAME QUARTER, PREVIOUS YEAR 3/31/2006
<b>Paid-up Capital</b>			
1 Common	272,068	272,068	272,068
2 Preferred	0	0	0
3 Total	272,068	272,068	272,068
<b>Treasury Stock</b>			
4 Common	15,578	14,655	14,655
5 Preferred	0	0	0
6 Total	15,578	14,655	14,655

**01.06 COMPANY PROFILE**

1 TYPE OF COMPANY Commercial, Industry and Other Types of Company
2 STATUS Operational
3 NATURE OF OWNERSHIP Private National
4 ACTIVITY CODE 1060 - Metallurgy and Steel Industry
5 MAIN ACTIVITY MANUFACTURING, TRANSF. AND TRADING OF STEEL PRODUCTS
6 CONSOLIDATION TYPE Total
7 TYPE OF REPORT OF INDEPENDENT AUDITORS Unqualified

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

1 - ITEM	2 - CNPJ (Corporate Taxpayer's ID)	3 - COMPANY NAME
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**01.08 - CASH DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER**

1 - ITEM	2 - EVENT	3 APPROVAL	4 - TYPE	5 DATE OF PAYMENT	6 TYPE OF SHARE	7 - AMOUNT PER SHARE

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

1 - ITEM	2 - DATE OF CHANGE	3 - CAPITAL STOCK (In thousands of reais)	4 - AMOUNT OF CHANGE (In thousands of reais)	5 - NATURE OF CHANGE	7 - NUMBER OF SHARES ISSUED (thousand)	8 - SHARE PRICE WHEN ISSUED (in reais)
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**01.10 - INVESTOR RELATIONS OFFICER**

1 DATE 4/24/2007	2 SIGNATURE
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**02.01 BALANCE SHEETS - ASSETS (in thousands of Reais)**

<b>1-CODE</b>	<b>2- DESCRIPTION</b>	<b>3 3/31/2007</b>	<b>4 12/31/2006</b>
1	Total Assets	25,402,966	24,305,340
1.01	Current Assets	5,595,840	5,008,626
1.01.01	Cash and Cash Equivalents	11,679	71,389
1.01.02	Credits	2,462,697	2,280,776
1.01.02.01	Customers	1,531,762	1,428,866
1.01.02.01.01	Domestic Market	565,803	490,529
1.01.02.01.02	Foreign Market	1,036,829	1,007,972
1.01.02.01.03	Allowance for Doubtful Accounts	(70,870)	(69,635)
1.01.02.02	Sundry Credits	930,935	851,910
1.01.02.02.01	Employees	13,450	13,016
1.01.02.02.02	Suppliers	188,780	131,173
1.01.02.02.03	Recoverable Corporate Income Tax and Social Contribution	32,284	31,340
1.01.02.02.04	Deferred Income Tax	244,028	235,030
1.01.02.02.05	Deferred Social Contribution	86,201	82,962
1.01.02.02.06	Other Taxes	153,849	147,570
1.01.02.02.07	Proposed Dividends Receivable	198,304	198,304
1.01.02.02.08	Other Credits	14,039	12,515
1.01.03	Inventories	1,684,581	1,649,930
1.01.04	Others	1,436,883	1,006,531
1.01.04.01	Marketable Securities	984,256	517,474
1.01.04.02	Prepaid Expenses	44,206	41,950
1.01.04.03	Insurance Claimed	408,421	447,107
1.02	Non Current Assets	19,807,126	19,296,714
1.02.01	Long-Term Assets	1,832,610	1,778,635
1.02.01.01	Sundry Credits	837,322	826,803
1.02.01.01.01	Loans Eletrobrás	26,084	31,551
1.02.01.01.02	Marketable Securities Receivable	143,628	144,204
1.02.01.01.03	Deferred Income Tax	427,768	417,046
1.02.01.01.04	Deferred Social Contribution	114,762	111,884
1.02.01.01.05	Other Taxes	125,080	122,118
1.02.01.02	Credits with Related Parties	298,347	282,653
1.02.01.02.01	In Associated and Related Companies	0	0
1.02.01.02.02	In Subsidiaries	298,347	282,653
1.02.01.02.03	Other Related Parties	0	0
1.02.01.03	Others	696,941	669,179
1.02.01.03.01	Judicial Deposits	530,824	509,851
1.02.01.03.02	Marketable Securities	125,673	125,673
1.02.01.03.03	Prepaid Expenses	39,104	32,300
1.02.01.03.04	Others	1,340	1,355
1.02.02	Permanent Assets	17,974,516	17,518,079
1.02.02.01	Investments	5,833,386	5,309,209
1.02.02.01.01	In Associated /Related Companies	0	0
1.02.02.01.02	In Associated/Related Companies-Goodwill	0	0

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1.02.02.01.03	In Subsidiaries	5,758,442	5,221,911
1.02.02.01.04	In Subsidiaries -Goodwill	74,944	87,298
1.02.02.01.05	Other Investments	0	0
1.02.02.02	Property, Plant and Equipment	11,976,389	12,031,793
1.02.02.02.01	In Operation, Net	11,081,186	11,250,457

**02.01 BALANCE SHEETS - ASSETS (in thousands of Reais)**

<b>1-CODE</b>	<b>2- DESCRIPTION</b>	<b>3 3/31/2007</b>	<b>4 12/31/2006</b>
1.02.02.02.02	In Construction	750,246	636,411
1.02.02.02.03	Land	144,957	144,925
1.02.02.03	Intangible Assets	0	0
1.02.02.04	Deferred	164,741	177,077



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

<b>1- CODE</b>	<b>2- DESCRIPTION</b>	<b>3 3/31/2007</b>	<b>4 12/31/2006</b>
2	Total Liabilities	25,402,966	24,305,340
2.01	Current Liabilities	5,369,771	5,521,473
2.01.01	Loans and Financing	1,898,730	2,126,852
2.01.02	Debentures	21,149	36,240
2.01.03	Suppliers	1,280,978	1,404,537
2.01.04	Taxes and Contributions	586,777	385,694
2.01.04.01	Salaries and Social Contributions	110,900	54,634
2.01.04.02	Taxes Payable	266,215	204,580
2.01.04.03	Deferred Income Tax	154,163	93,000
2.01.04.04	Deferred Social Contribution	55,499	33,480
2.01.05	Dividends Payable	718,175	686,984
2.01.06	Provisions	5,100	20,645
2.01.06.01	Contingencies	44,056	53,584
2.01.06.02	Judicial Deposits	(38,956)	(32,939)
2.01.07	Debt with Related Parties	0	0
2.01.08	Others	858,862	860,521
2.01.08.01	Accounts Payable - Subsidiaries	671,939	683,099
2.01.08.02	Others	186,923	177,422
2.02	Non Current Liabilities	13,151,800	12,557,291
2.02.01	Long-Term Liabilities	13,151,800	12,557,291
2.02.01.01	Loans and Financing	5,964,278	5,419,156
2.02.01.02	Debentures	900,451	897,141
2.02.01.03	Provisions	5,774,315	5,667,992
2.02.01.03.01	Contingencies	3,909,236	3,773,113
2.02.01.03.02	Judicial Deposits	(106,721)	(108,627)
2.02.01.03.03	Deferred Income Tax	1,449,853	1,473,166
2.02.01.03.04	Deferred Social Contribution	521,947	530,340
2.02.01.04	Debts with Related Parties	0	0
2.02.01.05	Advance for Future Capital Increase	0	0
2.02.01.06	Others	512,756	573,002
2.02.01.06.01	Allowance for Loss on Investments	121,153	106,673
2.02.01.06.02	Accounts Payable Subsidiaries	50,840	52,434
2.02.01.06.03	Provisions for Pension Funds	224,094	286,940
2.02.01.06.04	Others	116,669	126,955
2.02.02	Deferred Income	0	0
2.04	Shareholders Equity	6,881,395	6,226,576
2.04.01	Paid-In Capital Stock	1,680,947	1,680,947
2.04.02	Capital Reserves	30	0
2.04.03	Revaluation Reserve	4,147,003	4,208,550
2.04.03.01	Own Assets	4,146,650	4,208,197
2.04.03.02	Subsidiaries/Associated and Related Companies	353	353
2.04.04	Profit Reserves	270,370	337,079
2.04.04.01	Legal	336,189	336,189

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2.04.04.02	Statutory	0	0
2.04.04.03	For Contingencies	0	0
2.04.04.04	Unrealized Income	0	0
2.04.04.05	Profit Retentions	0	0

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

<b>1- CODE</b>	<b>2- DESCRIPTION</b>	<b>3 3/31/2007</b>	<b>4 12/31/2006</b>
2.04.04.06	Special For Non-Distributed Dividends	0	0
2.04.04.07	Other Profit Reserves	(65,819)	890
2.04.04.07.01	From Investments	677,611	677,611
2.04.04.07.02	Treasury Stock	(743,430)	(676,721)
2.04.05	Accrued Profits/Losses	783,045	0
2.04.06	Advance for Future Capital Increase	0	0

**03.01 STATEMENTS OF INCOME (in thousands of Reais)**

<b>1- CODE</b>	<b>2- DESCRIPTION</b>	<b>3- 1/1/2007 to 3/31/2007</b>	<b>4- 1/1/2007 to 3/31/2007</b>	<b>5- 1/1/2006 to 3/31/2006</b>	<b>6- 1/1/2006 to 3/31/2006</b>
3.01	Gross Revenue from Sales and/or Services	2,431,278	2,431,278	1,872,179	1,872,179
3.02	Gross Revenue Deductions	(482,279)	(482,279)	(367,492)	(367,492)
3.03	Net Revenue from Sales and/or Services	1,948,999	1,948,999	1,504,687	1,504,687
3.04	Cost of Goods and/or Services Sold	(1,180,380)	(1,180,380)	(1,003,240)	(1,003,240)
3.04.01	Depreciation, Depletion and Amortization	(192,541)	(192,541)	(205,110)	(205,110)
3.04.02	Other	(987,839)	(987,839)	(798,130)	(798,130)
3.05	Gross Income	768,619	768,619	501,447	501,447
3.06	Operating Income/Expenses	227,514	227,514	(55,201)	(55,201)
3.06.01	Selling	(68,532)	(68,532)	(65,830)	(65,830)
3.06.01.01	Depreciation and Amortization	(1,606)	(1,606)	(2,168)	(2,168)
3.06.01.02	Others	(66,926)	(66,926)	(63,662)	(63,662)
3.06.02	General and Administrative	(58,283)	(58,283)	(51,951)	(51,951)
3.06.02.01	Depreciation and Amortization	(4,268)	(4,268)	(3,601)	(3,601)
3.06.02.02	Others	(54,015)	(54,015)	(48,350)	(48,350)
3.06.03	Financial	(94,744)	(94,744)	(150,433)	(150,433)
3.06.03.01	Financial Income	(105,257)	(105,257)	(340,591)	(340,591)
3.06.03.02	Financial Expenses	10,513	10,513	190,158	190,158
3.06.03.02.01	Foreign Exchange and Monetary Variation, net	285,275	285,275	461,577	461,577
3.06.03.02.02	Financial Expenses	(274,762)	(274,762)	(271,419)	(271,419)
3.06.04	Other Operating Income	2,298	2,298	187,630	187,630
3.06.05	Other Operating Expenses	(40,920)	(40,920)	(57,565)	(57,565)
3.06.06	Equity pick-up	487,695	487,695	82,948	82,948
3.07	Operating Income	996,133	996,133	446,246	446,246
3.08	Non-Operating Income	(1,023)	(1,023)	104	104
3.08.01	Income	1	1	1	1

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

<b>1- CODE</b>	<b>2- DESCRIPTION</b>	<b>3- 1/1/2007 to 3/31/2007</b>	<b>4- 1/1/2007 to 3/31/2007</b>	<b>5- 1/1/2006 to 3/31/2006</b>	<b>6- 1/1/2006 to 3/31/2006</b>
3.08.02	Expenses	(1,024)	(1,024)	103	103
3.09	Income before Taxes/Participations	995,110	995,110	446,350	446,350
3.10	Provision for Income Tax and Social Contribution	(215,983)	(215,983)	(163,932)	(163,932)
3.11	Deferred Income Tax	(25,639)	(25,639)	15,610	15,610
3.11.01	Deferred Income Tax	(18,130)	(18,130)	13,760	13,760
3.11.02	Deferred Social Contribution	(7,509)	(7,509)	1,850	1,850
3.12	Statutory Participations/Contributions	0	0	0	0
3.12.01	Participations	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Own Capital	0	0	0	0
3.15	Income/ Loss for the Period	753,488	753,488	298,028	298,028
	OUTSTANDING SHARES, EX-TREASURY (in thousands)	256,490	256,490	257,413	257,413
	EARNINGS PER SHARE (in reais)	2.93769	2.93769	1.15778	1.15778
	LOSS PER SHARE (in reais)				

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

## 04.01 NOTES TO THE FINANCIAL STATEMENTS

(In thousands of reais, unless otherwise stated)

### 1. OPERATING CONTEXT

Companhia Siderúrgica Nacional ( CSN ) is engaged in the production of flat steel products, its main industrial complex being the Presidente Vargas Steelworks ( UPV ) located in the City of Volta Redonda, State of Rio de Janeiro.

CSN is engaged in the mining of iron ore, limestone and dolomite, in the State of Minas Gerais and tin in the State of Rondônia to meet the needs of UPV, maintains strategic investments in railroad, electricity and ports, to optimize its activities and it is implementing a cement plant in Volta Redonda.

To be closer to customers and win additional markets on a global level, CSN has, in Brazil, a steel distributor, two metal package plants, one for the manufacture of two-piece steel cans, besides a galvanized steel plant in the South of Brazil to supply home appliances and another in the Southeast supplying the automotive industry. Abroad, the Company has a rolling mill in Portugal and another mill in the United States.

### 2. PRESENTATION OF THE FINANCIAL STATEMENTS

In compliance with the configuration of the form of the Quarterly Financial Information form, the Statements of Changes in Financial Position and of Cash Flows of the parent company and consolidated are presented in the item Other information considered material by the Company .

### 3. SIGNIFICANT ACCOUNTING PRACTICES

The financial statements were prepared in conformity with the accounting practices followed in Brazil, as well as with the accounting standards and pronouncements issued by the Brazilian Securities Commission CVM.

#### (a) Statement of Income

The results of operations are determined on an accrual basis.

#### (b) Marketable securities

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

Fixed income securities and financial investments abroad are recorded at cost plus yields accrued through the balance sheet date, and do not exceed market value.

#### (c) Allowance for doubtful accounts

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

**(d) Inventories**

Inventories are stated at their average cost of acquisition or production and on-going imports are recorded at their cost of acquisition, not exceeding their market or realization values. Provisions for losses or obsolescence are recorded whenever the management deems necessary.

**(e) Other current and non-current assets**

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

**(f) Investments**

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

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

The property, plant and equipment of the parent company is presented at market or replacement values, based on appraisal reports conducted by independent expert appraisal firms, as permitted by Deliberation 288 issued by the Brazilian Securities Commission on December 3, 1998. Depreciation is computed by the straight-line method, based on the remaining economic useful lives of the assets after revaluation. Depletion of the iron mine Casa de Pedra is calculated on the basis of the quantity of iron ore extracted, and interest charges related to capital funding for construction in progress are capitalized for as long as the projects remain in construction.

**(h) Deferred charges**

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

**(i) Current and non-current liabilities**

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

**(j) Employees benefit**

In accordance with Deliberation 371, issued by the Brazilian Securities Commission, on December 13, 2000, the Company decided to record the respective actuarial liabilities as from January 1, 2002, in accordance with the above-mentioned reported deliberation and based on studies by independent actuaries.



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

Income tax and social contribution on net income are calculated based on their effective tax rates and consider the tax loss carryforward and negative basis of social contribution limited to 30% of taxable income, to compute the tax liability. Tax credits are set up for deferred taxes on tax losses, negative basis of social contribution on net income and on temporary differences, pursuant to CVM Instruction 371/02.

**(l) Derivatives**

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

Exchange options are adjusted monthly to market value whenever the position shows a loss. These losses are recognized as Company's liability with the corresponding entry in the financial results. Options traded through exclusive funds are adjusted to market value and futures contracts have their positions adjusted to market daily by the Futures and Commodities Exchange ( BM&F ) with recognition of gains and losses directly in results.

**(m) Treasury Shares**

As established by CVM Instruction 10/80, treasury shares are recorded at acquisition cost.

**(n) Estimates**

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

**4. CONSOLIDATED QUARTERLY INFORMATION**

The consolidated Quarterly Information for the quarter ended March 31, 2007 and the year ended December 31, 2006 included the following direct and indirect subsidiaries and jointly-owned subsidiaries:

Companies	Currency of origin	Ownership interest (%)		Main activities
		3/31/2007	12/31/2006	
<b>Direct investment: full consolidation</b>				
CSN Energy	US\$	100.00	100.00	Equity interest
CSN Export	US\$	100.00	100.00	Financial operations and trading
CSN Islands VII	US\$	100.00	100.00	Financial operations
CSN Islands VIII	US\$	100.00	100.00	Financial operations
CSN Islands IX	US\$	100.00	100.00	Financial operations
CSN Islands X	US\$	100.00	100.00	Financial operations
CSN Overseas	US\$	100.00	100.00	Financial operations and equity interest
CSN Panama	US\$	100.00	100.00	Financial operations and equity interest
CSN Steel	US\$	100.00	100.00	Financial operations and equity interest
CSN I	R\$	100.00	100.00	Equity interest
Sepetiba Tecon	R\$	100.00	100.00	Maritime port services
Nacional Ferrosos	R\$	100.00		Mining and equity interest
Estanho de Rondônia - ERSA	R\$	99.99	99.99	Mining
Cia. Metalic Nordeste	R\$	99.99	99.99	Package production
Indústria Nacional de Aços Laminados - INAL	R\$	99.99	99.99	Steel products service center
CSN Cimentos	R\$	99.99	99.99	Cement production
Inal Nordeste	R\$	99.99	99.99	Steel products service center
CSN Energia	R\$	99.90	99.90	Trading of electricity
Nacional Minérios	R\$	99.99	99.99	Mining and equity interest
GalvaSud	R\$	15.29	15.29	Steel industry
<b>Direct investment: proportionate consolidation</b>				
Itá Energética	R\$	48.75	48.75	Electricity Generation
Companhia Ferroviária do Nordeste (CFN)	R\$	45.78	45.78	Railroad transportation
MRS Logística	R\$	32.93	32.93	Railroad transportation
<b>Indirect investment: full consolidation</b>				
CSN Aceros	US\$	100.00	100.00	Equity interest
CSN Cayman	US\$	100.00	100.00	Financial operations and trading
CSN Iron	US\$	100.00	100.00	Financial operations
Companhia Siderúrgica Nacional LLC	US\$	100.00	100.00	Steel industry
CSN LLC Holding Corp	US\$	100.00	100.00	Equity interest
	US\$	100.00	100.00	Equity interest

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Companhia Siderúrgica Nacional Partner				
LLC				
Energy I	US\$	100.00	100.00	Equity interest
Tangua	US\$	100.00	100.00	Equity interest
				Financial operations and equity
CSN Madeira <sup>(a)</sup>	EUR	100.00	100.00	interest
				Financial operations and equity
Cinnabar	EUR	100.00	100.00	interest
Hickory	EUR	100.00	100.00	Financial operations and trading
Lusosider Projetos Siderúrgicos	EUR	100.00	100.00	Equity Interest
				Financial operations and equity
CSN Finance	GBP	100.00	100.00	interest
				Financial operations and equity
CSN Holdings (UK)	GBP	100.00	100.00	interest
Cia Metalúrgica Prada	R\$	100.00	100.00	Package production
Itamambuca Participações	R\$	100.00	100.00	Mining and equity interest
Lusosider Aços Planos	EUR	99.93	99.93	Steel Industry
GalvaSud	R\$	84.71	84.71	Steel Industry

(a) As of December 31, 2006, the company CSN Madeira was called Jaycee.

The Financial Statements prepared in US dollars, in Euros and in Great Britain Pounds were translated to Brazilian currency at the exchange rate as of March 31, 2007 R\$/US\$2.0504 (R\$/US\$2.1380 on December 31, 2006), R\$/EUR2.73892 (R\$/EUR2.82024 on December 31, 2006) and R\$/GBP4.03437 (R\$/GBP4.18535 on December 31,2006).

The gains and losses from this translation were recorded in the income statements of the related periods, as equity accounting in the parent company and exchange variation in the consolidated entity and said quarterly information was prepared applying the same accounting principles as those applied by the parent company.

In the preparation of the consolidated quarterly information, the consolidated intercompany balances were eliminated, such as intercompany investments, equity accounting, asset and liability balances, revenues and expenses and unrealized profits resulting from operations among these companies.

Pursuant to the CVM Instruction 408/04 the Company consolidates the financial statements of the exclusive investment funds.

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

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

	Shareholders	Equity	Net income in the period	
	3/31/2007	12/31/2006	3/31/2007	3/31/2006
<b>Parent Company</b>	6,881,395	6,226,576	753,488	298,028
Elimination of profits on inventories	(93,017)	(102,432)	9,415	42,390
<b>Consolidated</b>	6,788,378	6,124,144	762,903	340,418

**5. RELATED PARTY TRANSACTIONS**

Purchase trade transactions, sale of products and inputs and contracting of services with subsidiaries are performed under usual conditions applicable to non-related parties, such as prices, terms, charges, quality etc. The main loans, financing operations and mutual contracts are as follows:

## a) Assets

Companies	Accounts receivable	Financial Investments	Mutual <sup>(1)</sup>	Debentures	Dividends receivable	Advance for future capital increase	Advance to suppliers	Total
CSN Export Exclusive Funds	1,133,690							1,133,690
INAL	91,553	828,781			82,302			828,781
CFN			119,989			53,267		173,855
MRS Logística	16				84,617		23,505	173,256
Sepetiba Tecon	425			36,000		62,785	823	108,138
CSN Cimentos			14,251			32,404		100,033
CSN Energia Companhia Metalúrgica Prada					26,973		4	46,655
CSN Madeira	12,791		12,023					26,977
Ersa	10,062							24,814
GalvaSud	5				110		8,163	10,062
Cia. Metalic Nordeste	5,526				156			8,278
Nacional	4,764							5,682
Minérios						3,629		4,764
Itá Energética					3,286			3,629
INAL Nordeste	2,936							3,286
CSN I					860			2,936
CSN LLC	659							860
Others <sup>(2)</sup>	1						6	659
<b>Total at 3/31/2007</b>	<b><u>1,262,428</u></b>	<b>828,781</b>	<b>146,263</b>	<b>36,000</b>	<b>198,304</b>	<b>152,085</b>	<b>32,501</b>	<b>2,656,362</b>
<b>Total at 12/31/2006</b>	<b>1,054,991</b>	<b>383,290</b>	<b>135,497</b>	<b>36,000</b>	<b>198,304</b>	<b>147,156</b>	<b>26,580</b>	<b>1,981,818</b>

(1) Receivable mutual agreements with related parties are restated by 101% of CDI.

(2) Other: Fundação CSN and CBS Previdência

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b) Liabilities

Companies	Loans and financing				Derivatives	Accounts payable	Suppliers		Total
	Prepayment (1)	Fixed Rate Notes(2)	Loans from Investees	Intercompany Bonds(2)	Swap	Mutual(3)/ checking accounts	Investees Inventories	Other	
CSN Steel	1,110,234	628,075				269,225			2,007,534
CSN Iron				1,267,347					1,267,347
CSN Islands VIII		1,044,993			115,408	1,884			1,162,285
CSN Export CSN Islands VII	1,044,023					11,212			1,055,235
CSN Madeira		554,142			13,234				567,376
Cinnabar	65,457		21,841			311,701			333,542
CBS			73,979			41,847			181,283
Previdência MRS								273,642	273,642
Logística CSN								61,918	61,918
Energia						23,084			23,084
Aceros						20,612			20,612
GalvaSud INAL								14,866	14,866
Nordeste INAL							386	9	395
Cia Metalic Nordeste								232	232
								47	47
<b>Total on 3/31/2007</b>	<b>2,219,714</b>	<b>2,227,210</b>	<b>95,820</b>	<b>1,267,347</b>	<b>128,642</b>	<b>679,565</b>	<b>386</b>	<b>350,714</b>	<b>6,969,398</b>
<b>Total on 12/31/2006</b>	<b>2,588,409</b>	<b>2,303,574</b>	<b>94,556</b>	<b>1,292,230</b>	<b>142,377</b>	<b>706,351</b>	<b>3,930</b>	<b>353,218</b>	<b>7,484,645</b>

(1) Contracts in US\$ - CSN Export: interest of 6.15% to 7.46% p.a. with maturity on 5/6/2015  
 Contracts in US\$ - CSN Cinnabar: interest of 5.07% to 8.71% p.a. with maturity on 6/28/2008  
 Contracts in US\$ - CSN Steel: interest of 5.75% to 10.0% p.a. with maturity on 1/13/2017

(2) Contracts in US\$ - CSN Iron: interest of 9.125% p.a. with maturity on 6/1/2007.  
 Contracts in YEN - CSN Islands VII: interest of 7.3% and 7.75% p.a. with maturity on 9/12/2008.  
 Contracts in YEN - CSN Islands VIII: interest of 5.65% p.a. with maturity on 12/15/2013.  
 Contracts in YEN - CSN Steel: interest of 1.5% p.a. with maturity on 7/13/2010.

- (3) Information referring to mutual agreements with related parties.  
CSN Madeira (part): semiannual Libor + 3% p.a. with indeterminate maturity.  
CSN Madeira (part): semiannual Libor + 2.5% p.a. with maturity on 9/15/2011.  
Cinnabar (part): semiannual Libor + 3% p.a. with indeterminate maturity and IGPM + 6% p.a. with indeterminate maturity.  
CSN Export: semiannual Euribor + 0.5% p.a. with indeterminate maturity.

## c) Results

Companies	Income			Expenses			
	Products and services	Interest and monetary and exchange variations	Total	Products and services	Interest and monetary and exchange variations	Other	Total
CSN Export	487,928	(41,624)	446,304	391,034	(27,643)		363,391
INAL	243,952		243,952	121,275			121,275
GalvaSud	43,768		43,768	74,183			74,183
Companhia Metalúrgica							
Prada	57,635	23	57,658	19,668			19,668
Cia Metalic Nordeste	16,151	173	16,324	10,136			10,136
INAL Nordeste	7,968		7,968	5,611			5,611
MRS Logística	16		16	51,431			51,431
CFN		3,811	3,811				
CBS Previdência						966	966
Itá Energética				25,063			25,063
Fundação CSN				2,064			2,064
Cinnabar					(2,354)		(2,354)
CSN Iron					7,518		7,518
CSN Steel					(85,811)		(85,811)
CSN Madeira		(430)	(430)		(13,446)		(13,446)
CSN Islands VII		(1,856)	(1,856)		(7,072)		(7,072)
CSN Islands VIII		(2,244)	(2,244)		(18,737)		(18,737)
Exclusive Funds		(124,938)	(124,938)				
CSN Aceros					(892)		(892)
Sepetiba Tecon				41			41
Total at 3/31/2007	857,418	(167,085)	690,333	700,506	(148,437)	966	553,035
Total at 3/31/2006	587,138	(424,497)	162,641	591,254	(432,943)	32,873	191,184



**6. CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES**

	<b>Consolidated</b>		<b>Parent Company</b>	
	3/31/2007	12/31/2006	3/31/2007	12/31/2006
<b>Short-term</b>				
<b>Cash and Cash Equivalents</b>				
<b>Cash and Banks</b>	<b>77,557</b>	<b>167,288</b>	<b>11,679</b>	<b>71,389</b>
<b>Financial Investments</b>				
In the country:				
Exclusive investment funds			828,781	383,290
Brazilian government securities	1,320,090	833,919		
Fixed income and debentures (net of provision for probable losses and withholding income tax)	303,626	250,178	1,167	1,152
	1,623,716	1,084,097	829,948	384,442
Abroad:				
Time Deposit	757,230	881,713	154,308	133,032
Derivatives	728,386	490,003		
	1,485,616	1,371,716	154,308	133,032
<b>Total Financial Investments</b>	<b>3,109,332</b>	<b>2,455,813</b>	<b>984,256</b>	<b>517,474</b>
<b>Total cash and cash equivalents and financial investments</b>	<b>3,186,889</b>	<b>2,623,101</b>	<b>995,935</b>	<b>588,863</b>
<b>Long-term</b>				
Investment abroad	51,260	53,450		
Fixed income and debentures (net of provision for probable losses and withholding income tax)	89,673	89,673	125,673	125,673
	<b>140,933</b>	<b>143,123</b>	<b>125,673</b>	<b>125,673</b>
<b>Total cash and cash equivalents and financial investments</b>	<b>3,327,822</b>	<b>2,766,224</b>	<b>1,121,608</b>	<b>714,536</b>

The Company's Management invests available financial resources of the parent company and subsidiaries headquartered in the country basically in exclusive investment funds, whose cash is mostly invested in purchase and sale commitments pegged to Brazilian government securities, with immediate liquidity. Additionally, a significant portion of the Company's and its subsidiaries' financial resources abroad is invested in Time Deposits, with first-tier banks.

**7. ACCOUNTS RECEIVABLE**

	<b>Consolidated</b>		<b>Parent Company</b>	
	3/31/2007	12/31/2006	3/31/2007	12/31/2006
<b>Domestic market</b>				
Subsidiaries			118,017	63,346
Other customers	755,472	765,612	447,786	427,183
	755,472	765,612	565,803	490,529
<b>Foreign market</b>				
Subsidiaries			1,144,412	991,645
Other customers	582,246	635,920	6,308	16,327
Advance on Export Contracts (ACE)	(113,891)		(113,891)	
	468,355	635,920	1,036,829	1,007,972
<b>Allowance for doubtful accounts</b>	(110,053)	(109,241)	(70,870)	(69,635)
	1,113,774	1,292,291	1,531,762	1,428,866

**8. INVENTORIES**

	<b>Consolidated</b>		<b>Parent Company</b>	
	3/31/2007	12/31/2006	3/31/2007	12/31/2006
Finished products	621,922	554,624	330,774	308,273
Work in process	516,142	510,732	369,523	370,800
Raw materials	768,905	767,357	587,995	496,428
Supplies	489,754	465,241	409,835	385,227
Imports in transit	2,437	22,449		20,279
Materials in transit	74,256	125,614	1,384	78,096
Provision for losses	(15,956)	(10,736)	(14,930)	(9,173)
	2,457,460	2,435,281	1,684,581	1,649,930

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

## (a) Deferred Income Tax and Social Contribution

	<b>Consolidated</b>		<b>Parent Company</b>	
	3/31/2007	12/31/2006	3/31/2007	12/31/2006
<b>Current assets</b>				
Income tax	326,777	317,042	244,028	235,030
Social contribution	116,111	112,588	86,201	82,962
	442,888	429,630	330,229	317,992
<b>Long-term assets</b>				
Income tax	482,826	437,005	427,768	417,046
Social contribution	134,896	119,155	114,762	111,884
	617,722	556,160	542,530	528,930
<b>Current liabilities</b>				
Income tax	154,163	93,000	154,163	93,000
Social contribution	55,499	33,480	55,499	33,480
	209,662	126,480	209,662	126,480
<b>Long-term liabilities</b>				
Income tax	1,464,592	1,487,932	1,449,853	1,473,166
Social contribution	527,189	535,640	521,947	530,340
	1,991,781	2,023,572	1,971,800	2,003,506
	3/31/2007	3/31/2006	3/31/2007	3/31/2006
<b>Income</b>				
Income tax	18,297	(5,525)	(18,130)	13,760
Social contribution	5,910	(5,065)	(7,509)	1,850
	24,207	(10,590)	(25,639)	15,610

(b) The deferred income tax and social contribution of the parent company are shown as follows:

	3/31/2007		12/31/2006	
	Income tax	Social contribution	Income tax	Social contribution

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	Current	Long-term	Current	Long-term	Current	Long-term	Current	Long-term
<b>Assets</b>								
Provisions for contingencies	11,014	178,922	3,965	64,412	13,396	159,935	4,823	57,577
Provision for interest on own capital	51,618		18,582		43,620		15,703	
Provision for payment of private pension plans		56,024		20,168		71,735		25,824
Taxes under litigation		108,984				106,256		
Tax losses	4,580				4,580			
Other	176,816	83,838	63,654	30,182	173,434	79,120	62,436	28,483
	244,028	427,768	86,201	114,762	235,030	417,046	82,962	111,884
<b>Liabilities</b>								
Income tax and social contribution on revaluation reserve	93,000	1,449,853	33,480	521,947	93,000	1,473,166	33,480	530,340
Other	61,163		22,019					
	154,163	1,449,853	55,499	521,947	93,000	<u>1,473,166</u>	33,480	530,340

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(c) Following is the reconciliation between the income tax and social contribution of the parent company and consolidated, and the application of the effective rate on net income before Corporate Income tax (IRPJ) and Social Contribution (CSL):

	3/31/2007		Consolidated 3/31/2006	
	Corporate Income tax	Social contribution	Corporate Income tax	Social contribution
<b>Income before income tax and social contribution</b>	1,053,467	1,053,467	560,619	560,619
( - ) Interest on own capital total expense	(31,990)	(31,990)	(43,796)	(43,796)
Income before income tax and social contribution - adjusted	1,021,477	1,021,477	516,823	516,823
- Tax rate	25%	9%	25%	9%
<b>Total</b>	<b>(255,369)</b>	<b>(91,933)</b>	<b>(129,206)</b>	<b>(46,514)</b>
<b>Adjustments to reflect the effective tax rate:</b>				
Non taxable income abroad on Social Contribution on Net Income		29,017		
Exchange variation on foreign investments	(26,568)	(9,565)	(21,266)	(7,656)
Deferred on tax losses	38,604	14,141		
Other permanent (additions) deductions	14,072	(2,963)	(14,557)	(1,002)
<b>Consolidated current and deferred income tax and social contribution</b>	<b>(229,261)</b>	<b>(61,303)</b>	<b>(165,029)</b>	<b>(55,172)</b>

	3/31/2007		Parent Company 3/31/2006	
	Corporate Income tax	Social contribution	Corporate Income tax	Social contribution
<b>Income before income tax and social contribution</b>	995,110	995,110	446,350	446,350
( - ) Interest on own capital total expense	(31,990)	(31,990)	(43,796)	(43,796)
Income before income tax and social contribution - adjusted	963,120	963,120	402,554	402,554
- Tax rate	25%	9%	25%	9%
<b>Total</b>	<b>(240,780)</b>	<b>(86,681)</b>	<b>(100,639)</b>	<b>(36,230)</b>
<b>Adjustments to reflect the effective tax rate:</b>				
Equity pick-up	128,633	46,308	24,167	8,700
Income from foreign subsidiaries	(61,163)	(22,019)	(33,645)	(12,112)
Other permanent (additions) deductions	(4,265)	(1,655)	992	445

**Parent company current and deferred income tax and  
social  
contribution**

(177,575) (64,047) (109,125) (39,197)

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

Companies	Number of shares		3/31/2007			12/31/2006		
			Direct investment %	Net income (loss) for the period	Shareholders equity (unsecured liabilities)	Direct investment %	Net income (loss) for the year	Shareholders equity (unsecured liabilities)
<b>Steel</b>								
GalvaSud	11,801,406,867		15.29	22,211	623,688	15.29	81,064	601,478
CSN I	9,996,751,600	1,200	100.00	13,436	592,448	100.00	40,838	579,012
CSN Steel	480,726,588		100.00	244,651	1,398,540	100.00	185,355	1,203,187
INAL Cia. Metalic	421,408,393		99.99	60,828	621,123	99.99	58,634	560,295
Nordeste INAL	87,868,185	4,424,971	99.99	1,290	115,929	99.99	12,206	114,638
Nordeste CSN	37,800,000		99.99	835	36,243	99.99	2,830	34,611
Overseas CSN	7,173,411		100.00	14,238	1,010,946	100.00	66,348	1,039,292
Panama CSN	4,240,032		100.00	242,717	614,919	100.00	12,438	388,104
Energy CSN	3,675,319		100.00	(5,235)	354,667	100.00	(35,971)	375,278
Export CSN	31,954		100.00	6,679	99,158	100.00	10,503	96,430
Islands VII CSN	1,000		100.00	55	684	100.00	878	656
Islands VIII CSN	1,000		100.00	(68)	4,269	100.00	2,274	4,522
Islands IX CSN	1,000		100.00	(969)	9,326	100.00	(15,129)	10,735
Islands X CSN	1,000		100.00	(1,169)	(26,101)	100.00	(4,027)	(25,997)
<b>Logistics</b>								
MRS Logistica	188,332,667	151,667,333	32.93	121,533	1,034,745	32.22	540,940	913,210
CFN Sepetiba	118,939,957		45.78	(15,806)	(106,062)	49.99	(60,704)	(90,257)
Tecon	62,220,270		100.00	5,181	32,047	20.00	38,938	26,866
<b>Energy</b>								



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Itá								
Energética	520,219,172	48.75	11,933	579,514	48.75	28,380	567,580	
CSN								
Energia	1,000	99.90	1,225	92,121	99.90	3,566	90,895	
<b>Mining</b>								
ERSA	34,236,307	99.99	(182)	19,912	100.00	2,072	20,093	
Nacional								
Minérios	30,000,000	99.99	7,580	37,580			8,000	
<b>Cement</b>								
CSN								
Cimentos	376,337	99.99	(7,140)	(46,494)	99.99	(14,117)	(39,353)	

**b) Investments breakdown**

	12/31/2006				3/31/2007		
Companies	Initial investment balance	Provision for losses balance	Addition (write-off)	Equity pick-up and provision for losses	Goodwill amortization <sup>(1)</sup>	Final investment balance	Provision for losses balance
<b>Steel</b>							
GalvaSud	91,966			3,396		95,362	
CSN I	579,012			13,436		592,448	
CSN Steel	1,203,187			195,353		1,398,540	
INAL	560,295			60,828		621,123	
Cia. Metalic Nordeste	147,814			1,290	(8,297)	140,807	
INAL Nordeste	34,611			1,632		36,243	
CSN Overseas	1,039,292			(28,346)		1,010,946	
CSN Panama	388,104			226,815		614,919	
CSN Energy	375,278			(20,611)		354,667	
CSN Export	96,430			2,728		99,158	
CSN Islands VII	656			28		684	
CSN Islands VIII	4,522			(253)		4,269	
CSN Islands IX	10,735			(1,409)		9,326	
CSN Islands X		(25,997)		(104)			(26,101)
	4,531,902	(25,997)		454,783	(8,297)	4,978,492	(26,101)
<b>Logistics</b>							
MRS Logistica	300,736			40,023		340,759	
CFN		(41,322)		(7,236)			(48,558)
SePETIBA	26,866			5,181		32,047	
	327,602	(41,322)		37,968		372,806	(48,558)
<b>Energy</b>							
Itá							
Energética	276,695			5,818		282,513	
CSN Energia	90,805			1,224		92,029	
	367,500			7,042		374,542	
<b>Mining</b>							

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ERSA	74,206			(182)	(4,058)	69,966	
Nacional Minérios <sup>(2)</sup>	7,999	22,002		7,580	(1)	37,580	
<b>Cement</b>	82,205	22,002		7,398	(4,059)	107,546	
CSN Cimentos		(39,354)		(7,140)			(46,494)
		(39,354)		(7,140)			(46,494)
	5,309,209	(106,673)	22,002	500,051	(12,356)	5,833,386	(121,153)
<b>Total</b>	5,309,209	(106,673)			487,695	5,833,386	(121,153)

(1) This comprises the balance of the parent company's equity in the earnings of subsidiary and associated companies. The balances of consolidated goodwill are shown in item (e) of this note.

(2) The addition refers to the capital increase with the issuance of 22,000,000 common shares, by means of capitalization of Advance for future capital increase - AFAC.

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

**GALVASUD**

Incorporated in 1998, GalvaSud started operating in December, 2000. GalvaSud, located in Porto Real, in the state of Rio de Janeiro, operates a galvanization line by hot immersion, a blank cut line and a weld laser line directed mainly to the automotive industry, and it also operates service centers for steel product processing.

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

**INDÚSTRIA NACIONAL DE AÇOS LAMINADOS INAL**

Company based in Araucária, State of Paraná, with establishments in the States of São Paulo, Rio de Janeiro, Paraná, Rio Grande do Sul, Pernambuco and Minas Gerais, aims to reprocess and act as distributor of CSN's steel products, acting as a service and distribution center. INAL serves several industrial segments, such as: automotive, home appliances, home building, machinery and equipment etc.

**INAL NORDESTE**

In March 2005, the Company previously named CSC - Companhia Siderúrgica do Ceará changed its name to INAL Nordeste. Based in Camaçari, State of Bahia, the Company has as its main purpose to reprocess and distribute CSN's steel products, operating as a service and distribution center in the Northeast region.

**CIA METALÚRGICA PRADA**

Companhia Metalúrgica Prada was acquired in June 2006 through the subsidiary INAL. Headquartered in the city of São Paulo, Prada has branches in the States of São Paulo and Minas Gerais. The Company is the largest manufacturer of metallic packages for the chemical and food industries in the country.

**CIA METALIC NORDESTE**

Cia. Metalic Nordeste, acquired in 2002, is a company based in Maracanaú, State of Ceará, which has as main objective the manufacturing of two-piece steel cans for carbonated beverages, the production of aluminum lids and interest in other companies.

**SEPETIBA TECON**

Acquired in 1998, through a privatization auction, its objective is to exploit the No.1 Containers Terminal of the Itaguaí Port, located in Itaguaí, State of Rio de Janeiro. This terminal is connected to Presidente Vargas Steelworks by the Southeast railroad network, which is granted to MRS Logística, company in which CSN holds 32.93% interest.

#### CSN ENERGIA

Incorporated in 1999, with the main objective of distributing and trading the excess of electric energy generated by CSN and by companies, consortiums or other entities in which CSN holds an interest. The Company maintains a balance receivable related to the electric energy sale under the scope of the Electric Power Trade Chamber ( Câmara de Comercialização de Energia Elétrica ) CCEE, in the amount of R\$71,424 on March 31, 2007 (R\$74,150 on December, 31 2006), out of which R\$10,952 are provisioned with the existence of judicial collection related to defaulting customers.

From the balance receivable on March 31, 2007, the amount of R\$59,129 (R\$59,129 on December 31, 2006) is due by concessionaires with injunctions suspending the corresponding payments. The Management understands that an allowance for doubtful accounts is not necessary in view of the judicial measures taken by the industry official entities.

#### CSN CIMENTOS

In March 2005, the company previously named FEM Projetos, Construções e Montagens changed its name to CSN Cimentos. Based in Volta Redonda, State of Rio de Janeiro, CSN Cimentos is a business under implementation which will have as main purpose the production and trading of cement. CSN Cimentos will use the blast furnace slag from the pig iron production of Presidente Vargas Steelworks for the manufacturing of clinker, raw material of cement.

#### ERSA ESTANHO DE RONDÔNIA

Acquired in 2005, ERSA is headquartered in the State of Rondônia, where it operates two units in the cities of Santa Bárbara and Ariquemes.

The mining operation of the cassiterite (tin ore) is located in Santa Bárbara and the casting operations from which metallic tin is obtained, which is one of the main raw materials used in CSN for the production of tin plates, is located in Ariquemes

#### NACIONAL MINÉRIOS

The company incorporated on November 3, 2006, is headquartered in the city of Congonhas, State of Minas Gerais, acting in the trading of iron ore obtained from small mining companies or other companies trading iron ore, mainly focused on the exports of this raw material.

#### **d) Additional information on the main jointly-owned subsidiaries**

The amounts of balance sheets and statements of income of the companies which control is shared are shown as follows. The amounts were consolidated at the Company's quarterly information and financial statements according to the stake percentage described in item (a) of this Note.

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	3/31/2007			12/31/2006		
	CFN	MRS	ITASA	CFN	MRS	ITASA
Current Assets	45,724	650,008	92,182	63,193	725,516	74,786
Non-Current Assets	277,951	1,836,439	1,016,622	273,012	1,732,891	1,026,705
Long-Term Assets	35,686	274,811	3,792	37,841	269,363	3,743
Investments, Property, Plant and Equipment and Deferred	242,265	1,561,628	1,012,830	235,171	1,463,528	1,022,962
<b>Total Assets</b>	<b>323,675</b>	<b>2,486,447</b>	<b>1,108,804</b>	<b>336,205</b>	<b>2,458,407</b>	<b>1,101,491</b>
Current Liabilities	24,492	748,272	118,453	25,129	980,013	109,534
Non-Current Liabilities	405,245	703,430	410,837	401,333	565,184	424,377
Shareholders' Equity	(106,062)	1,034,745	579,514	(90,257)	913,210	567,580
<b>Total Liabilities and Shareholders Equity</b>	<b>323,675</b>	<b>2,486,447</b>	<b>1,108,804</b>	<b>336,205</b>	<b>2,458,407</b>	<b>1,101,491</b>
	3/31/2007			3/31/2006		
	CFN	MRS	ITASA	CFN	MRS	ITASA
Net revenue	14,009	480,386	48,995	11,140	411,340	48,229
Cost of Goods and Services Sold	(16,864)	(262,540)	(12,435)	(15,886)	(236,677)	(12,020)
Gross Income (Loss)	(2,855)	217,846	36,560	(4,746)	174,663	36,209
Operating Revenues	(4,230)	(21,817)	(6,594)	(3,735)	(19,246)	(12,178)
(Expenses)	(8,721)	(11,893)	(11,865)	(7,659)	(7,296)	(15,450)
Net Financial Income	(15,806)	184,136	18,101	(16,140)	148,121	8,581
Operating Income (Loss)	-	(10)	-	-	(20)	(7)
Non Operating Income						
Profit (Loss) before Income Tax and Social Contribution	(15,806)	184,136	18,101	(16,140)	148,121	8,581
Current and deferred Income Tax and Social Contribution	-	(62,593)	(6,168)	-	(49,690)	(2,929)
<b>Net Income (Loss) for the period</b>	<b>(15,806)</b>	<b>121,533</b>	<b>11,933</b>	<b>(16,140)</b>	<b>98,411</b>	<b>5,645</b>

CFN

Acquired in 1997 through a privatization auction, it has as its main objective the exploration and development of the public service to railroad transportation of load for the Northeast network. In 2006, the merger of Transnordestina into CFN was authorized, which allowed CFN to focus its activities and those of its subsidiary, into one single company. In addition, BNDESPar has become holder of a direct investment in CFN, thus allowing money from FINOR (Northeast Investment Fund) to be used in the construction of the Transnordestina project.

MRS LOGÍSTICA

The Company's main objective is to explore and develop public service to railroad transportation of load for the Southeast network. MRS transports to Presidente Vargas (UPV) Steelworks in Volta Redonda the iron ore from Casa de Pedra and raw material imported

through Itaguaí Port. It also links the UPV steelworks to the Rio de Janeiro and Santos ports and also to other load terminals in the State of São Paulo, main market for finished products.

#### ITASA

Itasa (Itá Energética S.A.) holds a 60.5% stake in the Consortium Itá created for the exploration of Itá Hydroelectric Plant pursuant to the concession agreement as of December 28, 1995, and its addendum #1 dated as of July 31, 2000 and entered into between the consortium holders (Itasa and Centrais Geradoras do Sul do Brasil - Gerasul, previously named Tractebel Energia S.A.) and the Brazilian Agency of Electric Energy - ANEEL.

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

#### e) Goodwill on acquisition of investments

On March 31, 2007, the Company maintained on its consolidated balance sheet the amount of R\$248,091 (R\$277,465 on December 31, 2006), mainly related to goodwill based on the expectation of future profits, with amortization estimated at five years, net of amortization.

<b>Goodwill on Investments:</b>	Balance as of 12/31/2006	Additions	Amortizations/ write-off	Balance as of 3/31/2007	Investor
<b>Parent company</b>					
Ersa	54,112		(4,058)	50,054	CSN
Metalic	33,186		(8,296)	24,890	CSN
<b>Sub-total parent company</b>	<b>87,298</b>		<b>(12,354)</b>	<b>74,944</b>	
GalvaSud	69,603		(6,961)	62,642	CSN I CSN
Tangua / LLC	23,600		(4,054)	19,546	Panama
Prada	76,631		(3,831)	72,800	INAL
Lusosider	18,316		(1,708)	16,608	CSN Steel
Others	2,017		(466)	1,551	INAL
<b>Total consolidated</b>	<b>277,465</b>		<b>(29,374)</b>	<b>248,091</b>	

#### f) Additional information on indirect participations abroad:

##### CSN LLC

The company was incorporated in 2001 with the assets and liabilities of the extinguished Heartland Steel Inc., headquartered in Wilmington, State of Delaware USA, it has an industrial plant located in Terre Haute, State of Indiana USA, where is located the complex comprising cold rolling, hot coil pickled line and galvanization line. The Company is a wholly-owned and indirect subsidiary of CSN Panama.

##### Lusosider





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Lusosider Aços Planos was incorporated in 1996, providing continuity to Siderurgia Nacional - Company privatized in that year by the Portuguese Government. Located in Seixal, Portugal it is engaged in galvanization lines, tin plates, pickled line and cold rolling.

In 2003, the Company acquired 912,500 shares issued by Lusosider Projectos Siderúrgicos, holder of Lusosider Aços Planos, which represented 50% of the total capital of Lusosider and on August 31, 2006, the Company acquired the remaining shares and began to have full control of Lusosider Projectos Siderúrgicos S.A.. Lusosider Projectos Siderúrgicos is a wholly-owned and indirect subsidiary of CSN Steel.

**11. PROPERTY, PLANT AND EQUIPMENT**

	Effective rate for depreciation, depletion and amortization (% per year)	Reevaluated Cost	Accumulated depreciation, depletion and amortization	Parent Company	
				3/31/2007	12/31/2006
				Net	Net
Machinery and equipment	6.40	11,415,265	(2,512,643)	8,902,622	9,068,164
Mines and mineral deposits	0.43	1,239,084	(20,113)	1,218,971	1,220,305
Buildings	3.00	938,219	(105,833)	832,386	838,810
Land		144,957		144,957	144,925
Other assets	20.00	216,101	(101,089)	115,012	111,213
Furniture and fixtures	10.00	101,173	(88,978)	12,195	11,965
		14,054,799	(2,828,656)	11,226,143	11,395,382
Property, plant and equipment in progress		750,246		750,246	636,411
		14,805,045	(2,828,656)	11,976,389	12,031,793

	Effective rate for depreciation, depletion and amortization (% per year)	Reevaluated Cost	Accumulated depreciation, depletion and amortization	Consolidated	
				3/31/2007	12/31/2006
				Net	Net
Machinery and equipment		12,721,667	(3,052,913)	9,668,754	9,850,047
Mines and mineral deposits		1,239,084	(20,113)	1,218,971	1,220,305
Buildings		1,492,631	(217,523)	1,275,108	1,285,610
Land		183,429		183,429	183,877
Other assets		990,599	(333,006)	657,593	596,335
Furniture and fixtures		123,897	(104,906)	18,991	19,180
		16,751,307	(3,728,461)	13,022,846	13,155,354

Property, plant and

equipment in progress	914,604		914,604	792,907
	17,665,911	(3,728,461)	13,937,450	13,948,261

Based on the appraisal report prepared by expert consultants issued on December 11, 2006, approved by the Management, the Company recorded a reduction of R\$43,934 in the revalued assets of the electric energy generation and stem thermal plant- CTE-II , located in the CSN s Presidente Vargas Steelworks in Volta Redonda, Rio de Janeiro. The assets net value prior to the revaluation was R\$830,211 and the new report set the value of R\$786,277.

At the Extraordinary General Meeting held on April 29, 2003, pursuant to paragraphs 15 and 17 of CVM Deliberation 183/95, shareholders approved the appraisal report of the land, machinery and equipment, facilities, real properties and buildings, existing in the CSN's Presidente Vargas, Itaguaí, Casa de Pedra and Arcos plants, in addition to the iron ore mine in Casa de Pedra. The report set out an addition of R\$4,068,559, composing the new amount of the assets.

As per note 27 Subsequent Event and in compliance with CVM Deliberation 183/95, the Company will submit for shareholders approval a new revaluation of fixed assets related to the operational units of Volta Redonda.

Up to March 31, 2007, the assets provided as collateral for financial operations amounted to R\$47,985.

Depreciation, depletion and amortization expenses up to March 31, 2007 (parent company) amounted to R\$189,519 (R\$175,141 in the first quarter of 2006), of which R\$186,737 (R\$172,247 in the first quarter of 2006) was charged to production costs and R\$2,782 (R\$2,894 in the first quarter of 2006) was charged to selling, general and administrative expenses (amortization of deferred charges not included).

On March 31, 2007, the Company had R\$6,243,951 (R\$6,337,202 on December 31, 2006) of revaluation of own assets net of depreciation.

## 12. DEFERRED CHARGES

	Consolidated		Parent Company	
	3/31/2007	12/31/2006	3/31/2007	12/31/2006
Information technology projects	104,449	104,451	104,449	104,451
(-) Accumulated amortization	(89,292)	(86,621)	(89,292)	(86,621)
Expansion projects	193,748	193,748	193,748	193,748
(-) Accumulated amortization	(100,553)	(92,752)	(100,553)	(92,752)
Pre-operating expenses	123,851	130,480		
(-) Accumulated amortization	(79,877)	(83,487)		
Other projects	193,078	192,231	86,282	84,908
(-) Accumulated amortization	(96,778)	(90,762)	(29,893)	(26,657)
	248,626	267,288	164,741	177,077

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

The expansion projects are primarily related to the expansion of the production capacity of Casa de Pedra mine and enlargement of Itaguaí port for the outflow of part of such production.

Amortization of the deferred charges was R\$13,485 (R\$14,962 in the first quarter of 2006), of which R\$10,393 (R\$12,087 in the first quarter of 2006) is charged to production costs and R\$3,092 (R\$2,875 in the first quarter of 2006) is charged to selling, general and administrative expenses.

Cash used in deferred assets is amortized on a straight-line basis by the time expected for future benefit, within terms no longer than 10 years.



**13. LOANS AND FINANCING**

(a)

	Consolidated				Parent Company			
	Current Liabilities		Long-term liabilities		Current Liabilities		Long-term liabilities	
	3/31/2007	12/31/2006	3/31/2007	12/31/2006	3/31/2007	12/31/2006	3/31/2007	12/31/2006
<b>FOREIGN CURRENCY Long-Term Loans</b>								
Advance on Export Contracts	40,114	131,137	430,584	299,320	40,114	131,137	430,584	299,320
Prepayment Perpetual Bonds	164,278	173,469	1,261,766	1,363,037	212,215	316,598	2,389,486	2,688,597
Fixed Rate Notes	30,841	32,159	1,537,800	1,603,500				
Import Financing	223,745	239,656	2,511,740	2,619,050	1,292,433	1,323,433	2,205,256	2,276,271
BNDES/Finame Other	90,415	90,800	163,968	166,204	82,803	86,125	125,381	135,439
	1,381		90,153		1,381		90,153	
	8,348	9,938	305,743	926,201	10,523	9,346	12,210	13,929
	<b>559,122</b>	<b>677,159</b>	<b>6,301,754</b>	<b>6,977,312</b>	<b>1,639,469</b>	<b>1,866,639</b>	<b>5,253,070</b>	<b>5,413,556</b>
<b>DOMESTIC CURRENCY Long-Term Loans</b>								
BNDES/Finame Debentures (Note 14)	86,188	77,918	1,008,495	301,660	39,810	32,511	705,608	
Other	72,414	85,583	998,989	995,679	21,149	36,240	900,451	897,141
	24,368	21,065	108,944	70,166	87,638	85,325	5,600	5,600
	<b>182,970</b>	<b>184,566</b>	<b>2,116,428</b>	<b>1,367,505</b>	<b>148,597</b>	<b>154,076</b>	<b>1,611,659</b>	<b>902,741</b>
<b>Total Loans and Financing</b>	<b>742,092</b>	<b>861,725</b>	<b>8,418,182</b>	<b>8,344,817</b>	<b>1,788,066</b>	<b>2,020,715</b>	<b>6,864,729</b>	<b>6,316,297</b>
Derivatives	217,971	218,762			131,813	142,377		
<b>Total Loans and Financing + Derivatives</b>	<b>960,063</b>	<b>1,080,487</b>	<b>8,418,182</b>	<b>8,344,817</b>	<b>1,919,879</b>	<b>2,163,092</b>	<b>6,864,729</b>	<b>6,316,297</b>

(b) On March 31, 2007, the main long-term amortization, by year of maturity, is as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
2008	1,416,956	16.8%	1,380,659	20.1%
2009	554,995	6.6%	444,741	6.5%
2010	2,041,473	24.3%	1,056,412	15.4%
2011	718,217	8.5%	382,319	5.6%
2012	1,054,470	12.5%	1,030,732	15.0%
After 2012	1,094,271	13.0%	2,569,866	37.4%
Perpetual Bonds	1,537,800	18.3%		
	<b>8,418,182</b>	<b>100.0%</b>	<b>6,864,729</b>	<b>100.0%</b>

(c) Interest is applied to loans, financing and debentures, at the following annual rates:

	<b>Consolidated</b>		<b>Parent Company</b>	
	Local Currency	Foreign Currency	Local Currency	Foreign Currency
Up to 7%	103,546	1,870,833	12,154	3,319,881
From 7.1 to 9%	379,210	603,861	371,391	1,837,518
From 9.1 to 11%	697,694	4,386,183	455,111	1,735,140
Over 11%	1,116,672		921,600	
Variable		220,246		131,813
	<b>2,297,122</b>	<b>7,081,123</b>	<b>1,760,256</b>	<b>7,024,352</b>
		<b>9,378,245</b>		<b>8,784,608</b>

(d) Breakdown of total loans, financing and debentures, by contracted currency/index (unaudited):

	<b>Consolidated</b>		<b>Parent Company</b>	
	3/31/2007	12/31/2006	3/31/2007	12/31/2006
<b>Domestic Currency</b>				
CDI	7.73	7.49	6.96	7.48
IGPM	4.45	4.27	4.45	4.46
TJLP	12.20	4.11	8.49	0.38
IGP-DI	0.13	0.13	0.14	0.14
	<b>24.51</b>	<b>16.00</b>	<b>20.04</b>	<b>12.46</b>
<b>Foreign Currency</b>				
US dollar	73.06	81.11	52.98	58.55
Yen		0.47	25.39	27.21
Euro	0.10	0.10	0.11	0.11
Other currencies	2.33	2.32	1.48	1.67
	<b>75.49</b>	<b>84.00</b>	<b>79.96</b>	<b>87.54</b>
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

In July 2005, the Company issued through its subsidiary CSN Islands X Corp. perpetual bonds amounting to US\$750 million. These bonds with indeterminate maturity pay 9.5% p.a. and the Company has the right to settle the transaction at its face value after five (5) years, on the interest maturity dates.

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



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

(e) The loans, financing and debentures recorded at balance sheet accounts as of March 31, 2007, of which estimated market value differs from the book value, are as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	Book Value	Market Value (unaudited)	Book Value	Market Value (unaudited)
Loans, financing and debentures (short and long-term)	9,378,245	9,686,800	8,784,608	8,784,608

(f) The guarantees provided for loans comprise fixed assets items, bank guarantees, sureties and securitization operations (exports), as shown in the following table. This amount does not consider the guarantees provided to subsidiaries mentioned in Note 16.

	3/31/2007	12/31/2006
Property, Plant and Equipment	47,985	47,985
Personal Guarantee	75,131	77,087
Imports	133,053	144,477
Securitized (Exports)	3,072,400	3,005,196
	<b>3,328,569</b>	<b>3,274,745</b>

(g) The most significant amortizations and loans in the current year are as follows:

				<b>Amortizations</b>		
Company	Description	Principal (in million)	Settlement	Interest rate (p.a.)		
CSN	BNDES	R\$1,100	Mar / 2007	104.5% of CDI		
CSN Export	<i>Securitization</i>	US\$14	Feb / 2007	7.28%		
				<b>Loans</b>		
Company	Description	Principal (in million)	Issuance	Term	Maturity	Interest rate (p.a.)
CSN	BNDES	R\$1,100	1/26/2007	6 months	7/26/2007	104.5% of CDI
CSN	BNDES Sub A and C Casa de Pedra	R\$450	1/26/2007	7 years	2/15/2014	Long-term Interest Rate + 2.7% to 3.2%
CSN	BNDES Sub B Tecar	R\$255	1/26/2007	7 years	2/15/2014	Long-term Interest Rate + 2.2%
CSN Cimentos	BNDES	R\$41	1/26/2007	7 years	2/15/2014	Long-term Interest Rate + 2.7% to 3.2%
<b>Total loans in R\$</b>		<b>R\$1,846</b>				

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CSN	BNDES Sub A Tecar	US\$20	1/26/2007	7 years	4/15/2014	UM006 + 1.7%
CSN	BNDES Sub B and D - Casa de Pedra	US\$23	1/26/2007	7 years	4/15/2014	UM006 + 2.7%
CSN Cimentos	BNDES	US\$2	1/26/2007	7 years	4/15/2014	UM006 + 2.7%
CSN	ACC	US\$60	1/23/2007	2 years	1/11/2009	6.00%
CSN	ACC	US\$20	1/26/2007	1.8 year	11/17/2008	6.10%

**Total loans in  
US\$**

**US\$125**

## 14. DEBENTURES

### (a) First issuance

The totality of the debentures of this first issuance was redeemed on October 4, 2004, representing a total of fifty-four thousand (54,000) debentures.

### (b) Second issuance

The totality of the debentures of this issuance in the amount of R\$400,000.00 was redeemed December 1, 2006 and compensation interests applied to the face value balance of these debentures represent 107% of the CDI Cetip, as provided for in the deed.

### (c) Third issuance

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

The 1<sup>st</sup> tranche debentures of this issue were redeemed on December 1, 2006, as provided for by deed and compensation interest corresponding to 106.5% of Cetip's CDI incurred on such debentures until the redemption date.

The face value of the 2<sup>nd</sup> tranche of this issue is adjusted by the IGP-M plus compensation interest of 10% p.a. and its maturity is scheduled for December 1, 2008.

### (d) Fourth issuance

As approved at the Board of Directors Meeting held on December 20, 2005 and ratified on April 24, 2006, the Company issued, on February 1, 2006, 60,000 non-convertible and unsecured debentures, in one single tranche, in the unit face value of R\$10. Such debentures were issued in the total issuance value of R\$600,000. The credits from the negotiations with the financial institutions were received on May 3, 2006 in the amount of R\$623,248. The difference R\$23,248, resulting from the variation of the unit price between the issuance date and effective negotiation was recorded in Shareholders' Equity as Capital Reserve subsequently used in the stock buyback program.

Compensation interest is applied to the face value balance of these debentures, representing 103.6% of the Cetip's CDI, and the maturity of the face value is scheduled for February 2012, without early redemption option.

The deeds for these issues contain certain restrictive covenants, which have been duly complied with.

**15. DERIVATIVES AND FINANCIAL INSTRUMENTS****General considerations**

The Company's business includes mainly the production of flat steel to supply the domestic and foreign markets and mining of iron ore, limestone, dolomite and tin to supply the Presidente Vargas Steelworks' needs. To finance its activities, the Company often resorts to the capital market, local as well as international, and, due to the debt profile it seeks, most of the Company's debt is pegged to the U.S. dollar. On March 31, 2007, the consolidated position of the outstanding derivative agreements is as follows:

	Agreement		Market Value	
	Maturity	Reference Value	Book Value	
<i>Variable income swap (*)</i>	Jul 27/2007	US\$49,223 thousand	R\$728,386	R\$727,574
Interest derivatives listed on BM&F (DI) - contracted by exclusive funds	Jan/2008	R\$ 1,230,000 thousand	R\$274	Gains and losses are daily settled, according to variations in the market contract value
Exchange swaps registered with CETIP (contracted by exclusive funds)	Jan 2/2008	US\$ 800,000 thousand	(R\$102,157)	