

NATIONAL STEEL CO
Form 6-K
August 17, 2006

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 August, 2006

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)

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

Accounting Practices

QUARTERLY INFORMATION

Date: 06/30/2006

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 00403-0	2 - COMPANY NAME COMPANHIA SIDERÚRGICA NACIONAL	3 - CNPJ (Corporate Taxpayer s ID) 33.042.730/0001-04
4 - NIRE (Corporate Registry ID) 33-3.00011595		

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 011	8 TELEPHONE 3049-7100	9 TELEPHONE -	10 TELEPHONE -	11 TELEX
12 AREA CODE 011	13 FAX 3049-7558	14 FAX 3049-7519	15 FAX -	
16 E-MAIL invrel@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
01/01/2006	12/31/2006	2	04/01/2006	06/30/2006	1	01/01/2006	03/31/2006

Edgar Filing: NATIONAL STEEL CO - Form 6-K

09 - INDEPENDENT ACCOUNTANT DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES	10 - CVM CODE 00385-9
11. TECHNICIAN IN CHARGE JOSÉ CARLOS MONTEIRO	12 TECHNICIAN S CPF (INDIVIDUAL TAXPAYER S REGISTER) 443.201.918-20

01.05 - CAPITAL STOCK

NUMBER OF SHARES (in thousands)	1 CURRENT QUARTER 06/30/2006	2 PREVIOUS QUARTER 03/31/2006	3 SAME QUARTER, PREVIOUS YEAR 06/30/2005
Paid-up Capital			
1 Common	272,068	272,068	286,917
2 Preferred	0	0	0
3 Total	272,068	272,068	286,917
Treasury Stock			
4 Common	14,655	14,655	16,759
5 Preferred	0	0	0
6 Total	14,655	14,655	16,759

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

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

1 - ITEM	2 - EVENT	3 APPROVAL	4 - TYPE	5 DATE OF PAYMENT	6 TYPE OF SHARE	7 - AMOUNT PER SHARE
01	AGO/E	06/23/2006	Dividend	06/30/2006	Common	1.6121900000
02	AGO/E	04/28/2006	Interest on Own Capital	05/08/2006	Common	1.0077300000
03	AGO/E	04/28/2006	Dividend	05/08/2006	Common	0.4967400000
04	RCA	08/03/2006	Dividend	08/10/2006	Common	1.2936380000

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 -
----------	--------------------	--	---	----------------------	-----

01.10 - INVESTOR RELATIONS OFFICER

1 DATE	2 SIGNATURE
05/10/2006	

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

1-Code	2- Description	3- 06/30/2006	4- 03/31/2006
1	Total Assets	24,667,334	22,993,636
1.01	Current Assets	5,603,694	4,174,905
1.01.01	Cash and Cash Equivalents	43,378	34,251
1.01.02	Credits	935,404	1,595,851
1.01.02.01	Domestic Market	597,337	699,458
1.01.02.02	Foreign Market	418,556	969,875
1.01.02.03	Allowance for Doubtful Accounts	(80,489)	(73,482)
1.01.03	Inventories	1,625,502	1,351,568
1.01.04	Other	2,999,410	1,193,235
1.01.04.01	Marketable Securities	1,528,252	125,387
1.01.04.02	Income Tax and Social Contribution Recoverable	26,726	26,797
1.01.04.03	Deferred Income Tax	247,175	351,989
1.01.04.04	Deferred Social Contribution	54,796	78,337
1.01.04.05	Proposed Dividends Receivable	49,277	143,899
1.01.04.06	Prepaid Expenses	63,080	22,572
1.01.04.07	Required Insurance	636,226	176,616
1.01.04.08	Other	393,878	267,638
1.02	Long-Term Assets	1,350,912	1,409,082
1.02.01	Sundry Credits	29,575	31,584
1.02.01.01	Loans ELETROBRÁS	29,575	31,584
1.02.02	Credits with Related Parties	220,918	238,227
1.02.02.01	Affiliates	0	0
1.02.02.02	Subsidiaries	220,918	238,227
1.02.02.03	Other Related Parties	0	0
1.02.03	Other	1,100,419	1,139,271
1.02.03.01	Deferred Income Tax	362,738	442,928
1.02.03.02	Deferred Social Contribution	94,323	90,561
1.02.03.03	Judicial Deposits	341,036	301,355
1.02.03.04	Marketable Securities Receivable	41,574	69,297
1.02.03.05	Marketable Securities	125,660	125,673
1.02.03.06	PIS/PASEP Recoverable	28,308	27,838
1.02.03.07	Prepaid Expenses	34,885	34,390
1.02.03.08	Other	71,895	47,229
1.03	Permanent Assets	17,712,728	17,409,649
1.03.01	Investments	5,400,580	5,195,432
1.03.01.01	In Affiliates	0	0
1.03.01.02	In Subsidiaries	5,400,580	5,195,432
1.03.01.03	Other Investments	0	0
1.03.02	Property, Plant and Equipment	12,139,383	12,033,378
1.03.02.01	In Operation, Net	11,304,057	11,415,085
1.03.02.02	In Construction	691,331	474,319
1.03.02.03	Land	143,995	143,974
1.03.03	Deferred Charges	172,765	180,839

02.02 - BALANCE SHEET - LIABILITIES (in thousands of reais)

1-Code	2- Description	3- 06/30/2006	4- 03/31/2006
2	Total Liabilities	24,667,334	22,993,636
2.01	Current Liabilities	6,016,224	4,215,987
2.01.01	Loans and Financing	2,778,807	885,178
2.01.02	Debentures	715,456	697,573
2.01.03	Suppliers	1,086,213	909,724
2.01.04	Taxes, Charges and Contributions	531,565	468,140
2.01.04.01	Salaries and Social Contributions	67,468	55,494
2.01.04.02	Taxes Payable	280,055	240,409
2.01.04.03	Deferred Income Tax	135,325	126,645
2.01.04.04	Deferred Social Contribution	48,717	45,592
2.01.05	Dividends Payable	92,342	431,179
2.01.06	Provisions	38,990	39,431
2.01.06.01	Contingencies	38,990	39,431
2.01.07	Debt with Related Parties	0	0
2.01.08	Other	772,851	784,762
2.01.08.01	Accounts Payable - Subsidiaries	661,003	663,075
2.01.08.02	Other	111,848	121,687
2.02	Long-Term Liabilities	11,968,959	12,027,337
2.02.01	Loans and Financing	5,312,903	5,995,154
2.02.02	Debentures	890,196	288,169
2.02.03	Provisions	5,244,600	5,249,838
2.02.03.01	Contingencies	3,452,621	3,459,989
2.02.03.02	Judicial Deposits	(309,453)	(343,409)
2.02.03.03	Deferred Income Tax	1,545,171	1,568,572
2.02.03.04	Deferred Social Contribution	556,261	564,686
2.02.04	Debt with Related Parties	0	0
2.02.05	Other	521,260	494,176
2.02.05.01	Allowance for Losses in Investments	94,273	83,309
2.02.05.02	Accounts Payable - Subsidiaries	94,278	93,173
2.02.05.03	Provision for Pension Fund	255,715	239,612
2.02.05.04	Other	76,994	78,082
2.03	Deferred Income	0	0
2.05	Shareholders Equity	6,682,151	6,750,312
2.05.01	Paid-In Capital Stock	1,680,947	1,680,947
2.05.02	Capital Reserve	23,248	0
2.05.03	Revaluation Reserve	4,398,642	4,460,422
2.05.03.01	Own Assets	4,398,289	4,460,069
2.05.03.02	Subsidiaries/Affiliates	353	353
2.05.04	Profit Reserve	297,079	297,079
2.05.04.01	Legal	336,189	336,189
2.05.04.02	Statutory	0	0
2.05.04.03	For Contingencies	0	0
2.05.04.04	Unrealized Income	0	0

Edgar Filing: NATIONAL STEEL CO - Form 6-K

2.05.04.05	Income Retention	0	0
2.05.04.06	Special For Non-Distributed Dividends	0	0
2.05.04.07	Other Profit Reserve	(39,110)	(39,110)
2.05.04.07.01	From Investments	637,611	637,611
2.05.04.07.02	Treasury Shares	(676,721)	(676,721)

02.02 - BALANCE SHEET - LIABILITIES (in thousands of reais)

2.05.05	Retained Earnings/Accumulated Loss	282,235	311,864
---------	------------------------------------	---------	---------

03.01 STATEMENT OF INCOME (in thousands of reais)

1- Code	2- Description	3- 04/01/2006 to 06/30/2006	4- 01/01/2006 to 06/30/2006	5- 04/01/2005 to 06/30/2005	6- 01/01/2005 to 06/30/2005
3.01	Gross Revenue from Sales and/or Services	1,801,541	3,673,720	2,670,162	5,810,860
3.02	Gross Revenue Deductions	(405,611)	(773,103)	(545,153)	(1,203,753)
3.03	Net Revenue from Sales and/or Services	1,395,930	2,900,617	2,125,009	4,607,107
3.04	Cost of Goods and/or Services Sold	(1,157,006)	(2,160,246)	(1,153,460)	(2,363,015)
3.04.01	Depreciation, Depletion and Amortization	(186,173)	(391,283)	(184,636)	(382,358)
3.04.02	Other	(970,833)	(1,768,963)	(968,824)	(1,980,657)
3.05	Gross Profit	238,924	740,371	971,549	2,244,092
3.06	Operating Income/Expenses	201,354	146,153	(412,628)	(655,648)
3.06.01	Selling	(62,182)	(128,012)	(51,671)	(130,642)
3.06.01.01	Depreciation and Amortization	(2,500)	(4,668)	(2,185)	(4,268)
3.06.01.02	Other	(59,682)	(123,344)	(49,486)	(126,374)
3.06.02	General and Administrative	(65,322)	(117,273)	(58,083)	(107,917)
3.06.02.01	Depreciation and Amortization	(3,591)	(7,192)	(3,740)	(8,264)
3.06.02.02	Other	(61,731)	(110,081)	(54,343)	(99,653)
3.06.03	Financial	(130,820)	(281,253)	477,217	150,703
3.06.03.01	Financial Income	(11,477)	(352,068)	(256,180)	(254,791)
3.06.03.02	Financial Expenses	(119,343)	70,815	733,397	405,494
3.06.03.02.01	Net Foreign Exchange and Monetary Variation	21,173	482,750	987,565	923,393
3.06.03.02.02	Financial Expenses	(140,516)	(411,935)	(254,168)	(517,899)
3.06.04	Other Operating Income	498,182	685,812	3,434	5,030
3.06.05	Other Operating Expenses	(63,877)	(121,442)	(22,919)	(57,307)
3.06.06	Equity pick-up	25,373	108,321	(760,606)	(515,515)
3.07	Operating Income	440,278	886,524	558,921	1,588,444
3.08	Non-Operating Income	(130)	(26)	(5,563)	(6,483)

03.01 - STATEMENT OF INCOME (in thousands of reais)

1- Code	2- Description	3- 04/01/2006 to 06/30/2006	4- 01/01/2006 to 06/30/2006	5- 04/01/2005 to 06/30/2005	6- 01/01/2005 to 06/30/2005
3.08.01	Income	7,278	7,279	0	2
3.08.02	Expenses	(7,408)	(7,305)	(5,563)	(6,485)
3.09	Income before Taxes/Participations	440,148	886,498	553,358	1,581,961
3.10	Provision for Income Tax and Social Contribution	114,903	(49,029)	(433,781)	(682,560)
3.11	Deferred Income Tax	(184,762)	(169,152)	185,906	154,805
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	370,289	668,317	305,483	1,054,206
	OUTSTANDING SHARES, EX-TREASURY (in thousands)	257,413	257,413	270,158	270,158
	EARNINGS PER SHARE	1.43850	2.59628	1.13076	3.90218
	LOSS PER SHARE				

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

FEDERAL PUBLIC SERVICE

CVM BRAZILIAN SECURITIES AND EXCHANGE COMMISSION

Accounting Practices

QUARTERLY INFORMATION

Date: 06/30/2006

Adopted in Brazil

COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

00403-0

COMPANHIA SIDERÚRGICA NACIONAL

33.042.730/0001-04

04.01 NOTES TO THE FINANCIAL STATEMENTS

(In thousands of reais, except when otherwise indicated)

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 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 cater for the needs of the Presidente Vargas Steelworks, and it maintains strategic investments in railroad, electricity and ports, to optimize its activities.

For the purpose of establishing a closer approach to its customers and winning additional markets on a global level, CSN has a steel distributor with service and distribution centers extending from the Northeast to the South of Brazil, a two-piece steel can plant geared to the Northeastern beverage industry, a metal package plant with branches in the South and Southeast areas of Brazil, a galvanized steel plant supplying an automaker in Porto Real, in the State of Rio de Janeiro, and another in Araucária, in Paraná, to supply home appliances, in addition to a rolling mill in the United States and a 50% stake in another rolling mill in Portugal.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

In compliance with the configuration of the form of the Quarterly Information, 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 . Some information of the first quarter were reclassified for comparison purposes with the data of the current quarter, to comply with the CVM Resolution 489/05.

3. SIGNIFICANT ACCOUNTING PRACTICES

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

(a) Statement of Income

The results of operations are determined on an accrual basis.

(b) Marketable securities

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

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

(c) Allowance for doubtful accounts

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

(d) Inventories

Inventories are stated at their average cost of acquisition or production and on-going imports are recorded at their cost of acquisition, provided that they do not exceed their market or realization values.

(e) Other current and long-term assets

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

(f) Investments

Investments in subsidiaries and jointly owned subsidiary companies are recorded by the equity accounting method, adjusted for any amortizable goodwill, 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 unconcluded.

(h) Deferred charges

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

(i) Current and long-term liabilities

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

(j) Employees benefit

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%, to compute the tax liability. Tax credits are set up for deferred taxes on tax losses, negative basis of social contribution on net income and on temporary differences.

(l) Derivatives

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

Exchange options are adjusted monthly to market value whenever the position shows a loss. These losses are recognized as Company's liability with the corresponding entry in the financial results. Options traded through exclusive funds are adjusted to market 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 were 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 end results may differ from these estimates.

4. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated Financial Statements for the quarters ended on June 30, 2006 and March 31, 2006 include the following direct and indirect subsidiaries and jointly-owned subsidiaries:

Companies	Currency of Origin	Participation in the capital stock (%)		Main activities
		6/30/2006	3/31/2006	
Direct participation: fully consolidated				
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
CSN Panama	US\$	100.00	100.00	Equity interest
CSN Steel	US\$	100.00	100.00	Equity interest
CSN I	R\$	100.00	100.00	Equity interest
Estanho de Rondônia - ERSA	R\$	100.00	100.00	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
Sepetiba Tecon	R\$	20.00	20.00	Maritime port services
GalvaSud	R\$	15.29	15.29	Steel industry
Direct participation: proportionally consolidated				
Companhia Ferroviária do Nordeste (CFN)	R\$	49.99	49.99	Railroad transportation
Itá Energética	R\$	48.75	48.75	Electricity Generation
MRS Logística	R\$	32.93	32.93	Railroad transportation
Indirect participation: fully consolidated				
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
CSN LLC	US\$	100.00	100.00	Steel industry
CSN LLC Holding	US\$	100.00	100.00	Equity interest
CSN LLC Partner	US\$	100.00	100.00	Equity interest
Energy I	US\$	100.00	100.00	Equity interest
Tangua	US\$	100.00	100.00	Equity interest
Jaycee	EUR	100.00	100.00	Financial operations and equity interest
Cinnabar	EUR	100.00	100.00	Financial operations and equity interest

Edgar Filing: NATIONAL STEEL CO - Form 6-K

Cia Metalúrgica Prada	R\$	100.00		Package production
GalvaSud	R\$	84.71	84.71	Steel industry
Sepetiba Tecon	R\$	80.00	80.00	Maritime port services

Indirect participation: proportionally consolidated

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

The Financial Statements prepared in US dollars and in Euros were translated at the exchange rate in effect on June 30, 2006 R\$/US\$2.1643 (R\$/US\$2.1724 on March 31, 2006) and EUR/US\$1.2790 (EUR/US\$1.2119 on March 31, 2006).

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

Edgar Filing: NATIONAL STEEL CO - Form 6-K

In the preparation of the consolidated financial statements, 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 period of the parent company and consolidated is as follows:

	Shareholders' equity		Net income for the half	
	6/30/2006	3/31/2006	6/30/2006	6/30/2005
Parent company	6,682,151	6,750,312	668,317	1,054,206
Income elimination in inventories	(18,098)	(28,775)	81,566	81,828
Consolidated	6,664,052	6,721,537	749,882	1,136,034

5. RELATED PARTIES TRANSACTIONS

a) Assets

Companies	Accounts receivable	Marketable securities	Mutual	Debentures	Dividends receivable	Advance for future capital increase	Advance to suppliers	Total
CSN Cayman	11,265							11,265
CSN Export	321,656							321,656
CSN LLC	16,513							16,513
Jaycee	115,963							115,963
SePETIBA Tecon Cia. Metalic Nordeste	423			36,000		62,785	3	99,211
INAL Nordeste	1,373							1,373
INAL Nordeste	7,714							7,714
CFN	26		80,768			24,746		105,540
GalvaSud	3,769							3,769
INAL	50,623				13,547			64,170
MRS Logística Exclusive Funds	110				32,755			32,865
Cia. Metalúrgica Prada		607,160						607,160
Prada	57,452							57,452

Edgar Filing: NATIONAL STEEL CO - Form 6-K

CSN Cimentos			13,815			8,076		21,891
Other (*)	59				2,975		973	4,007
6/30/2006	586,946	607,160	94,583	36,000	49,277	95,607	976	1,470,549
3/31/2006	1,140,567	70,657	84,915	36,000	143,899	122,797	4,415	1,603,250

(*) OTHER: CBS Previdência, CSN I, ERSa and CSN Energia.

b) Liabilities

Companies	Prepayment	Loans and financing			Derivatives	Accounts payable	Suppliers		Total
		Fixed Rate Notes ⁽²⁾	Loans investees	Intercompany Bonds ⁽²⁾	Swap	Mutual(1) / current accounts	Investees Inventory	Other	
CSN Export	1,199,281					11,498			1,210,779
CSN Iron				1,308,125					1,308,125
Cinnabar	403,109		68,367			42,842			514,318
Jaycee			22,032			369,060			391,092
CSN Islands VII		613,937			926				614,863
CSN Islands VIII		1,120,644			74,880	1,988			1,197,512
CSN Steel	1,328,114	687,534				284,180			2,299,828
GalvaSud								6,630	6,630
INAL							2,573	37	2,610
INAL Nordeste							11,902		11,902
CSN Energia						22,352			22,352
CBS Previdência								255,715	255,715
Sepetiba									
Tecon								4,549	4,549
Other (*)								201	201
6/30/2006	2,930,504	2,422,115	90,399	1,308,125	75,806	731,920	14,475	267,132	7,840,476
3/31/2006	2,473,578	2,363,538	88,499	1,342,756	23,016	732,887	16,962	252,597	7,293,833

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

(1) Information referring to loan agreements with related parties.

Jaycee (part): annual Libor + 3% p.a. with indeterminate maturity.

Jaycee (part): 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: Euribor + 0.5% p.a. with indeterminate maturity.

(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.

CSN Islands VIII: interest of 5.65% p.a. with maturity on 12/15/2013.

CSN Steel: interest of 1.5% p.a. with maturity on 7/13/2010.

(* OTHER: CFN, MRS Logística and Metalic.

c) Results

Companies	Income			Expenses			
	Products and services	Interest and monetary and exchange variation	Total	Products and services	Interest and monetary and exchange variation	Other	Total
CSN Cayman		(1,516)	(1,516)				
CSN Export	507,772	(46,538)	461,234	499,243	(65,489)		433,754
CSN Iron					(43,800)		(43,800)
Cinnabar		905	905		(12,800)		(12,800)
Jaycee					(34,723)		(34,723)
CSN LLC				4,748			4,748
Cia. Metalúrgica Prada	19,951		19,951				
CSN Islands VII		9,972	9,972		(6,981)		(6,981)
CSN Islands VIII		16,329	16,329		(20,174)		(20,174)
CSN Panama		293	293				
CSN Steel					(112,094)		(112,094)
Itá Energética				42,683			42,683
GalvaSud	86,625		86,625	106,680			106,680
INAL	309,241						