

NATIONAL STEEL CO
Form 6-K
November 29, 2018

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 November, 2018
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

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

Version:
1

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Company Information / Capital Breakdown

Number of Shares	Current Quarter
(Units)	09/30/2018
Paid-in Capital	
Common	1,387,524,047
Preferred	0
Total	1,387,524,047
Treasury Shares	
Common	7,409,500
Preferred	0
Total	7,409,500

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Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1****Parent Company Financial Statements / Balance Sheet - Assets
(R\$ thousand)**

Code	Description	Current Quarter	Previous Year
		09/30/2018	12/31/2017
1	Total Assets	41,358,610	42,365,935
1.01	Current assets	9,293,037	7,642,103
1.01.01	Cash and cash equivalents	1,402,224	393,504
1.01.02	Financial investments	891,735	716,461
1.01.02.03	Financial investments at amortized cost	891,735	716,461
1.01.03	Trade receivables	1,998,033	2,966,706
1.01.04	Inventory	3,340,188	2,951,352
1.01.08	Other current assets	1,660,857	614,080
1.01.08.03	Others	1,660,857	614,080
1.02	Non-current assets	32,065,573	34,723,832
1.02.01	Long-term assets	2,487,843	2,267,226
1.02.01.10	Other non-current assets	2,487,843	2,267,226
1.02.02	Investments	20,095,824	22,894,885
1.02.03	Property, plant and equipment	9,430,330	9,502,411
1.02.04	Intangible assets	51,576	59,310

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

Code	Description	Current Quarter 09/30/2018	Previous Year 12/31/2017
2	Total liabilities	41,358,610	42,365,935
2.01	Current liabilities	10,588,043	9,175,980
2.01.01	Payroll and related taxes	176,762	133,774
2.01.02	Trade payables	2,289,181	1,787,392
2.01.03	Tax payables	106,586	86,496
2.01.04	Borrowings and financing	7,342,833	6,578,171
2.01.05	Other payables	621,533	515,561
2.01.06	Provisions	51,148	74,586
2.01.06.01	Provision for tax, social security, labor and civil risks	51,148	74,586
2.02	Non-current liabilities	23,313,697	26,162,582
2.02.01	Long term Borrowings and financing	18,034,000	22,454,846
2.02.02	Other payables	37,726	57,599
2.02.03	Deferred Taxes	299,997	570,559
2.02.04	Provisions	4,941,974	3,079,578
2.02.04.01	Provision for tax, social security, labor and civil risks	552,574	555,459
2.02.04.02	Other provisions	4,389,400	2,524,119
2.02.04.02.03	Provision for environmental liabilities and decommissioning of assets	180,212	248,918
2.02.04.02.04	Pension and healthcare plan	908,721	908,721
2.02.04.02.05	Provision for losses on investments	3,300,467	1,366,480
2.03	Shareholders' equity	7,456,870	7,027,373
2.03.01	Share Capital	4,540,000	4,540,000
2.03.02	Capital reserves	32,720	30
2.03.04	Profit reserves	180,712	0
2.03.04.02	Earnings reserves	238,976	238,976
2.03.04.09	Treasury shares	(58,264)	(238,976)
2.03.05	Accumulated profit/(losses)	2,062,159	(1,291,689)
2.03.08	Other comprehensive income	641,279	3,779,032

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Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1****Parent Company Financial Statements / Statements of Income
(R\$ thousand)**

Code	Description	Current	Same quarter	YTD previous	
		Quarter	Year to date	previous year	year
		07/01/2018 to	01/01/2018 to	07/01/2017 to	01/01/2017 to
		09/30/2018	09/30/2018	09/30/2017	09/30/2017
3.01	Revenues from sale of goods and rendering of services	3,371,553	9,422,956	2,878,254	7,672,028
3.02	Costs from sale of goods and rendering of services	(2,773,360)	(7,518,935)	(2,432,348)	(6,439,752)
3.03	Gross profit	598,193	1,904,021	445,906	1,232,276
3.04	Operating (expenses)/income	273,796	2,693,442	(268,582)	(330,911)
3.04.01	Selling expenses	(148,558)	(453,968)	(186,675)	(549,437)
3.04.02	General and administrative expenses	(63,039)	(194,952)	(28,212)	(148,272)
3.04.04	Other operating income	1,893,195	3,336,930	6,170	11,834
3.04.05	Other operating expenses	(250,104)	(462,284)	(74,616)	(196,087)
3.04.06	Equity in results of affiliated companies	(1,157,698)	467,716	14,751	551,051
3.05	Profit before financial income (expenses) and taxes	871,989	4,597,463	177,324	901,365
3.06	Financial income (expenses)	(61,720)	(1,470,510)	43,410	(1,255,316)
3.06.01	Financial income	410,576	475,247	102,978	235,858
3.06.02	Financial expenses	(472,296)	(1,945,757)	(59,568)	(1,491,174)
3.06.02.01	Net exchange differences over financial instruments	(27,799)	(709,132)	478,274	332,639
3.06.02.02	Financial expenses	(444,497)	(1,236,625)	(537,842)	(1,823,813)
3.07	Profit (loss) before taxes	810,269	3,126,953	220,734	(353,951)
3.08	Income tax and social contribution	(88,734)	226,895	5,732	6,653
3.09	Profit (loss) from continued operations	721,535	3,353,848	226,466	(347,298)
3.11	Profit (loss) for the year	721,535	3,353,848	226,466	(347,298)
3.99	Earnings (loss) per common share – (Reais/share)				
3.99.01	Basic				
3.99.01.01	Common shares	0.52810	2.45474	0.16687	(0.25591)

3.99.02	Diluted				
3.99.02.01	Common shares	0.52810	2.45474	0.16687	(0.25591)

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Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1****Parent Company Financial Statements / Statements of Comprehensive Income
(R\$ thousand)**

Code	Description	Current	Same quarter YTD previous		
		Quarter	Year to date	previous year	year
		07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
4.01	(Loss) profit for the year	721,535	3,353,848	226,466	(347,298)
4.02	Other comprehensive income	(226,236)	(3,137,753)	667,498	848,282
4.02.01	Actuarial gains over pension plan of affiliates, net of taxes	30	89	30	88
4.02.04	Cumulative translation adjustments for the year	(29,171)	(17,175)	(47,328)	82,130
4.02.05	Fair value through other comprehensive income	-	(1,559,680)	496,044	614,542
4.02.10	(Loss) /Gain on the percentage change in investments	-	(105)	-	2,814
4.02.11	(Loss) /Gain on cash flow hedge accounting	(372,883)	(1,724,818)	200,236	134,374
4.02.13	Realization of cash flow hedge accounting reclassified to income statement	183,051	196,783	16,212	37,933
4.02.14	(Loss)/Gain on net investment hedge from investments in affiliates	(7,263)	(32,196)	2,304	(23,599)
4.02.15	(Loss)/Gain on business combination	-	(651)	-	-
4.03	Comprehensive income for the year	495,299	216,095	893,964	500,984

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Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1****Parent Company Financial Statements / Statements of Cash Flows – Indirect Method
(R\$ thousand)**

Code	Description	Year to date 01/01/2018 to 09/30/2018	YTD previous year 01/01/2017 to 09/30/2017
6.01	Net cash from operating activities	6,345,358	498,973
6.01.01	Cash from operations	2,171,919	841,009
6.01.01.01	Profit (loss) for the period	3,353,848	(347,298)
6.01.01.03	Financial charges in borrowing and financing raised	1,154,172	1,670,505
6.01.01.04	Financial charges in borrowing and financing granted	(31,977)	(89,576)
6.01.01.05	Depreciation, depletion and amortization	443,017	497,288
6.01.01.06	Equity in results of affiliated companies	(467,716)	(551,051)
6.01.01.07	Deferred tax	(226,895)	(6,653)
6.01.01.08	Provision for tax, social security, labor, civil and environmental risks	(26,323)	(6,610)
6.01.01.09	Monetary and exchange variations, net	879,442	(278,230)
6.01.01.12	Write-off of property, plant and equipment and Intangible assets	13,201	(521)
6.01.01.13	Provision for environmental liabilities and decommissioning of assets	(68,706)	(49,914)
6.01.01.14	Updated shares - VJR	(1,547,265)	-
6.01.01.15	Intercompany debt relief	(1,310,886)	-
6.01.01.16	Others	8,007	3,069
6.01.02	Changes in assets and liabilities	4,173,439	(342,036)
6.01.02.01	Trade receivables - third parties	173,009	(229,704)
6.01.02.02	Trade receivables - related parties	(177,645)	(11,766)
6.01.02.03	Inventories	(388,836)	(243,844)
6.01.02.04	Receivables - related parties/dividends	6,189,677	1,576,325
6.01.02.05	Tax assets	(989,073)	(86,897)
6.01.02.06	Judicial deposits	(21,904)	(19,141)
6.01.02.09	Trade payables	501,789	345,228
6.01.02.10	Payroll and related taxes	42,988	26,229
6.01.02.11	Taxes in installments – REFIS	21,669	13,102
6.01.02.13	Payables to related parties	41,243	5,533

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6.01.02.15	Interest paid	(1,261,483)	(1,748,225)
6.01.02.16	Interest received – related parties	1,522	187
6.01.02.18	Others	40,483	30,937
6.02	Net cash used in investing activities	(702,609)	(264,740)
	Investments / Advance for future capital		
6.02.01	increase	(117,130)	(30,501)
	Purchase of property, plant and		
6.02.02	equipment	(354,064)	(355,941)
6.02.07	Intercompany loans granted	(103,947)	(16,540)
6.02.09	Intercompany loans received	8,429	7,297
6.02.10	Exclusive funds	-	(200)
6.02.11	Financial Investments, net of redemption	(175,274)	31,693
	Cash received from disposal of		
6.02.12	investment – CGPAR	-	99,452
	Cash received upon disposal of		
6.02.13	Usiminas' shares	39,377	-
6.03	Net cash used in financing activities	(4,634,029)	(1,033,516)
6.03.01	Borrowings and financing raised	530,468	171,000
	Transactions cost - Borrowings and		
6.03.02	financing	(57,625)	-
6.03.05	Amortization of borrowings and financing	(1,915,296)	(960,174)
	Amortization of borrowings and financing		
6.03.06	- related parties	(3,404,978)	(244,342)
6.03.08	Sale of treasury shares	213,402	-
	Exchange rate on translating cash and		
6.04	cash equivalents	-	975
	Increase (decrease) in cash and cash		
6.05	equivalents	1,008,720	(798,308)
	Cash and equivalents at the beginning of		
6.05.01	the year	393,504	1,466,746
	Cash and equivalents at the end of the		
6.05.02	year	1,402,224	668,438

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1**

**Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2018 to 09/30/2018
(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings reserve	Retained earnings (accumulated losses)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4,540,000	30	-	(1,291,689)	3,779,032	7,027,373
5.03	Adjusted opening balances	4,540,000	30	-	(1,291,689)	3,779,032	7,027,373
5.04	Capital transaction with shareholders	-	32,690	180,712	-	-	213,402
5.04.05	Treasury shares sold	-	-	180,712	-	-	180,712
5.04.08	Gain on disposal of shares	-	32,690	-	-	-	32,690
5.05	Total comprehensive income	-	-	-	3,353,848	(3,137,753)	216,095
5.05.01	Profit for the period	-	-	-	3,353,848	-	3,353,848
5.05.02	Other comprehensive income	-	-	-	-	(3,137,753)	(3,137,753)
5.05.02.04	Translation adjustments for the year	-	-	-	-	(17,175)	(17,175)
5.05.02.08	Actuarial gains/(losses) on pension plan, net of taxes	-	-	-	-	89	89
5.05.02.09		-	-	-	-	(1,559,680)	(1,559,680)

	Available-for-sale assets, net of taxes						
5.05.02.10	(Loss) / gain on the percentage change in investments	-	-	-	-	(105)	(105)
5.05.02.11	(Loss) / gain on cash flow hedge accounting, net of taxes	-	-	-	-	(1,528,035)	(1,528,035)
5.05.02.13	(Loss) / gain on foreign investments	-	-	-	-	(32,196)	(32,196)
5.05.02.14	(Loss) / gain on business combination	-	-	-	-	(651)	(651)
5.07	Closing balance	4,540,000	32,720	180,712	2,062,159	641,279	7,456,870

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1****Parent Company Financial Statements / Statement of Changes in Equity - 01/01/2017 to 09/30/2017 (R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings reserve	Retained earnings (accumulated losses)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4,540,000	30	-	(1,301,961)	2,956,459	6,194,528
5.03	Adjusted opening balances	4,540,000	30	-	(1,301,961)	2,956,459	6,194,528
5.05	Total comprehensive income	-	-	-	(347,298)	848,282	500,984
5.05.01	Profit (loss) for the period	-	-	-	(347,298)	-	(347,298)
5.05.02	Other comprehensive income	-	-	-	-	848,282	848,282
5.05.02.04	Translation adjustments for the year	-	-	-	-	82,130	82,130
5.05.02.08	Actuarial gains/(Losses) on pension plan, net of taxes	-	-	-	-	88	88
5.05.02.09	Available-for-sale assets, net of taxes	-	-	-	-	614,542	614,542
5.05.02.10	(Loss) / gain on the percentage change in investments	-	-	-	-	2,814	2,814
5.05.02.11	(Loss) / gain on cash flow hedge	-	-	-	-	172,307	172,307

	accounting, net of taxes (Loss) / gain on						
5.05.02.13	foreign investments	-	-	-	-	(23,599)	(23,599)
5.07	Closing balance	4,540,000	30	-	(1,649,259)	3,804,741	6,695,512

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1****Parent Company Financial Statements / Statement of Value Added
(R\$ thousand)**

Code	Description	Year to date 01/01/2018 to 09/30/2018	Previous year 01/01/2017 to 09/30/2017
7.01	Revenues	14.591.261	9,476,920
7.01.01	Sales of products and rendering of services	11.739.960	9,425,899
7.01.02	Other revenues	2.858.386	66,237
7.01.04	Allowance for (reversal of) doubtful debts	(7.085)	(15,216)
7.02	Raw materials acquired from third parties	(8,518,250)	(7,343,265)
7.02.01	Cost of sales and services	(7,974,515)	(6,627,795)
7.02.02	Materials, electric power, outsourcing and other	(543,723)	(714,074)
7.02.03	Impairment/recovery of assets	(12)	(1,396)
7.03	Gross value added	6,073,011	2.133.655
7.04	Retentions	(443,017)	(497,288)
7.04.01	Depreciation, amortization and depletion	(443,017)	(497,288)
7.05	Wealth created	5,629,994	1.636.367
7.06	Value added received	1,080,108	787.809
7.06.01	Equity in results of affiliates companies	467,716	551.051
7.06.02	Financial income	475,247	235.858
7.06.03	Others	137,145	900
7.06.03.01	Others and exchange gains	137,145	900
7.07	Wealth for distribution	6,710,102	2.424.176
7.08	Wealth distributed	6,710,102	2.424.176
7.08.01	Personnel	934,365	889.242
7.08.01.01	Salaries and wages	693,615	652.517
7.08.01.02	Benefits	192,532	182.239
7.08.01.03	Severance payment (FGTS)	48,218	54.486
7.08.02	Taxes, fees and contributions	348,815	384.352
7.08.02.01	Federal	121,522	288.265
7.08.02.02	State	227,290	96.071
7.08.02.03	Municipal	3	16

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7.08.03	Remuneration on third-party capital	2,073,074	1.497.880
7.08.03.01	Interest	1,236,625	1.827.044
7.08.03.02	Leases	5,108	8.566
7.08.03.03	Others	831,341	(337,730)
7.08.03.03.01	Others and exchange losses	831,341	(337,730)
7.08.04	Remuneration on Shareholders' capital	3,353,848	(347,298)
7.08.04.03	Retained earnings (accumulated losses)	3,353,848	(347,298)

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

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

Code	Description	Current Quarter 09/30/2018	Previous Year 12/31/2017
1	Total Assets	46,226,202	45,209,970
1.01	Current assets	12,708,158	11,881,496
1.01.01	Cash and cash equivalents	2,995,240	3,411,572
1.01.02	Financial investments	902,403	735,712
1.01.02.03	Financial investments measured at amortized cost	902,403	735,712
1.01.03	Trade receivables	2,142,670	2,276,215
1.01.04	Inventory	4,788,365	4,464,419
1.01.08	Other current assets	1,879,480	993,578
1.01.08.03	Others	1,879,480	993,578
1.02	Non-current assets	33,518,044	33,328,474
1.02.01	Long-term assets	2,832,006	2,591,594
1.02.01.03	Financial investments measured at amortized cost	8,018	0
1.02.01.07	Deferred tax assets	73,207	63,119
1.02.01.10	Other non-current assets	2,750,781	2,528,475
1.02.02	Investments	5,521,085	5,499,995
1.02.03	Property, plant and equipment	17,868,945	17,964,839
1.02.04	Intangible assets	7,296,008	7,272,046

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1****Consolidated Financial Statements / Balance Sheet – Liabilities
(R\$ thousand)**

Code	Description	Current Quarter 09/30/2018	Previous Year 12/31/2017
2	Total liabilities	46,226,202	45,209,970
2.01	Current liabilities	10,814,432	10,670,050
2.01.01	Payroll and related taxes	315,445	252,418
2.01.02	Trade payables	2,933,989	2,460,774
2.01.03	Tax payables	302,277	264,097
2.01.04	Borrowings and financing	6,409,689	6,526,902
2.01.05	Other payables	755,917	1,059,901
2.01.06	Provisions	97,115	105,958
2.01.06.01	Provision for tax, social security, labor and civil risks	97,115	105,958
2.02	Non-current liabilities	26,664,512	26,251,691
2.02.01	Borrowings and financing	23,666,381	22,983,942
2.02.02	Other payables	229,163	129,323
2.02.03	Deferred tax liabilities	894,098	1,173,559
2.02.04	Provisions	1,874,870	1,964,867
2.02.04.01	Provision for tax, social security, labor and civil risks	690,635	719,133
2.02.04.02	Other provisions	1,184,235	1,245,734
2.02.04.02.03	Provision for environmental liabilities and decommissioning of assets	275,514	337,013
2.02.04.02.04	Pension and healthcare plan	908,721	908,721
2.03	Consolidated Shareholders' equity	8,747,258	8,288,229
2.03.01	Share Capital	4,540,000	4,540,000
2.03.02	Capital reserves	32,720	30
2.03.04	Profit reserves	180,712	0
2.03.04.02	Earnings reserves	238,976	238,976
2.03.04.09	Treasury shares	(58,264)	(238,976)
2.03.05	Accumulated profit/(losses)	2,062,159	(1,291,689)
2.03.08	Other comprehensive income	641,279	3,779,032
2.03.09	Profit attributable to the non-controlling interests	1,290,388	1,260,856

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

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

Code	Description	Current	Same quarter	YTD previous	
		Quarter 07/01/2018 to 09/30/2018	Year to date 01/01/2018 to 09/30/2018	previous year 07/01/2017 to 09/30/2017	year 01/01/2017 to 09/30/2017
3.01	Revenues from sale of goods and rendering of services	6,164,989	16,917,953	4,809,671	13,531,876
3.02	Costs from sale of goods and rendering of services	(4,298,540)	(12,107,201)	(3,596,936)	(10,016,303)
3.03	Gross profit	1,866,449	4,810,752	1,212,735	3,515,573
3.04	Operating (expenses)/income	(453,100)	784,836	(550,540)	(1,768,200)
3.04.01	Selling expenses	(569,294)	(1,497,306)	(414,544)	(1,263,611)
3.04.02	General and administrative expenses	(105,785)	(331,033)	(76,174)	(307,051)
3.04.04	Other operating income	598,458	3,227,902	8,956	21,102
3.04.05	Other operating expenses	(420,325)	(710,737)	(106,780)	(317,140)
3.04.06	Equity in results of affiliated companies	43,846	96,010	38,002	98,500
3.05	Profit before financial income (expenses) and taxes	1,413,349	5,595,588	662,195	1,747,373
3.06	Financial income (expenses)	(423,225)	(2,005,993)	(277,797)	(1,603,640)
3.06.01	Financial income	335,885	426,659	80,841	286,070
3.06.02	Financial expenses	(759,110)	(2,432,652)	(358,638)	(1,889,710)
3.06.02.01	Net exchange differences over financial instruments	(87,663)	(749,442)	269,925	208,730
3.06.02.02	Financial expenses	(671,447)	(1,683,210)	(628,563)	(2,098,440)
3.07	Profit (loss) before taxes	990,124	3,589,595	384,398	143,733
3.08	Income tax and social contribution	(237,960)	(161,249)	(128,214)	(409,890)
3.09	Profit (loss) from continued operations	752,164	3,428,346	256,184	(266,157)
3.11	Consolidated Profit (loss) for the year	752,164	3,428,346	256,184	(266,157)
3.11.01	Profit attributable to the controlling interests	721,535	3,353,848	226,466	(347,298)
3.11.02		30,629	74,498	29,718	81,141

	Profit attributable to the non-controlling interests				
3.99	Earnings (loss) per common share – (Reais/share)				
3.99.01	Basic				
3.99.01.01	Common shares	0.52810	2.45474	0.16687	(0.25591)
3.99.02	Diluted				
3.99.02.01	Common shares	0.52810	2.45474	0.16687	(0.25591)

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

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

Code	Description	Current	Year to date	Same quarter	YTD previous
		Quarter	Year to date	previous year	year
		07/01/2018 to	01/01/2018 to	07/01/2017 to	01/01/2017 to
		09/30/2018	09/30/2018	09/30/2017	09/30/2017
4.01	Consolidated profit (loss) for the year	752,164	3,428,346	256,184	(266,157)
4.02	Other comprehensive income	(226,236)	(3,137,753)	667,498	848,282
4.02.01	Actuarial gains over pension plan of affiliates, net of taxes	30	89	30	88
4.02.04	Cumulative translation adjustments for the year	(29,171)	(17,175)	(47,328)	82,130
4.02.05	Fair value through other comprehensive income	-	(1,559,680)	496,044	614,542
4.02.09	(Loss)/gain on the percentage change in investments	-	(105)	-	2,814
4.02.10	(Loss)/gain on cash flow hedge accounting	(372,883)	(1,724,818)	200,236	134,374
4.02.12	(Loss)/gain on hedge of net investment in foreign operations	(7,263)	(32,196)	2,304	(23,599)
4.02.13	Realization of cash flow hedge accounting reclassified to income statement	183,051	196,783	16,212	37,933
4.02.14	(Loss)/gain on business combination	-	(651)	-	-
4.03	Consolidated comprehensive income for the year	525,928	290,593	923,682	582,125
4.03.01	Attributed to controlling Shareholders	495,299	216,095	893,964	500,984
4.03.02	Attributed to non-controlling Shareholders	30,629	74,498	29,718	81,141

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

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

Code	Description	Year to date	YTD previous year
		01/01/2018 to 09/30/2018	01/01/2017 to 09/30/2017
6.01	Net cash from operating activities	1,598,553	94,171
6.01.01	Cash from operations	3,752,663	2,420,104
6.01.01.01	Profit (loss) attributable to the controlling interests	3,353,848	(347,298)
6.01.01.03	Profit (loss) attributable to the non-controlling interests	74,498	81,141
6.01.01.04	Financial charges in borrowing and financing raised	1,451,934	1,899,125
6.01.01.05	Financial charges in borrowing and financing granted	(36,699)	(50,815)
6.01.01.06	Depreciation, depletion and amortization	962,051	1,123,076
6.01.01.07	Equity in in results of affiliated companies	(96,010)	(98,500)
6.01.01.08	Deferred tax	(279,896)	132,171
6.01.01.09	Provision for tax, social security, labor, civil and environmental risks	(39,918)	4,492
6.01.01.10	Monetary exchange variations, net	1,121,423	(239,384)
6.01.01.11	Gain (loss) from derivative financial instruments	-	(28,503)
6.01.01.12	Updated shares - VJR	(1,547,265)	-
6.01.01.13	Write-down of property, plant and equipment and Intangible assets	29,383	21.600
6.01.01.15	Net gain on sale of foreign subsidiary	(1,164,294)	-
6.01.01.16	Provision for environmental liabilities and decommissioning of assets	(61,499)	(44,694)
6.01.01.17	Others	(14,893)	(32,307)
6.01.02	Changes in assets and liabilities	(2,154,110)	(2,325,933)
6.01.02.01	Trade receivables - third parties	203,762	(219,153)
6.01.02.02	Trade receivables - related parties	2,114	11,141
6.01.02.03	Inventories	(524,708)	(263,261)

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6.01.02.04	Receivables - related parties/dividends	1,654	(9,557)
6.01.02.05	Tax assets	(860,082)	(110,188)
6.01.02.06	Judicial deposits	(32,506)	(32,807)
6.01.02.08	Trade payables	481,117	480,512
6.01.02.09	Payroll and related taxes	65,421	41,601
6.01.02.10	Taxes in installments – REFIS	30,103	31,194
6.01.02.11	Payables to related parties	86,989	(10,356)
6.01.02.13	Interest paid	(1,707,468)	(2,126,761)
6.01.02.15	Interest received - Related Parties	-	8,678
6.01.02.17	Others	99,494	(126,976)
6.02	Net cash used in investing activities	525,126	(685,842)
6.02.02	Investments/AFAC	(96,902)	-
6.02.03	Purchase of property, plant and equipment	(810,088)	(715,869)
6.02.05	Receivable/payable from derivative financial instruments	(372)	30,374
6.02.06	Acquisition of intangible assets	(631)	(329)
6.02.08	Intercompany loans granted	(101,908)	(15,188)
6.02.09	Intercompany loans received	-	12,116
6.02.10	Financial Investments, net of redemption	(174,709)	3,054
6.02.11	Cash received from the sale of foreign subsidiary	1,670,359	-
6.02.12	Cash received from disposal of Usiminas' shares	39,377	-
6.03	Net cash used in financing activities	(2,514,012)	(899,476)
6.03.01	Borrowings and financing	2,002,773	171,000
6.03.02	Transaction cost - Borrowings and financing	(85,679)	-
6.03.04	Amortization of borrowings and financing	(4,142,506)	(1,070,476)
6.03.07	Dividends and interest on equity	(502,002)	-
6.03.08	Treasury shares sold	213,402	-
6.04	Exchange rate on translating cash and cash equivalents	(25,999)	1,417
6.05	Increase (decrease) in cash and cash equivalents	(416,332)	(1,489,730)
6.05.01	Cash and equivalents at the beginning of the year	3,411,572	4,871,162
6.05.02	Cash and equivalents at the end of the year	2,995,240	3,381,432

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1****Consolidated Financial Statements / Statements of Changes in Equity - 01/01/2018 to 09/30/2018
(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings (accumulated reserve)	Retained earnings (accumulated losses)	Other comprehensive income	Shareholders' equity	Non-con	inter
5.01	Opening balances	4,540,000	30	-	(1,291,689)	3,779,032	7,027,373	1,2	
5.03	Adjusted opening balances	4,540,000	30	-	(1,291,689)	3,779,032	7,027,373	1,2	
5.04	Capital transaction with shareholders	-	32,690	180,712	-	-	213,402		
5.04.05	Treasury shares sold	-	-	180,712	-	-	180,712		
5.04.08	Gain on disposal of shares	-	32,690	-	-	-	32,690		
5.05	Total comprehensive income	-	-	-	3,353,848	(3,137,753)	216,095		
5.05.01	Profit (loss) for the year	-	-	-	3,353,848	-	3,353,848		
5.05.02	Other comprehensive income	-	-	-	-	(3,137,753)	(3,137,753)		
5.05.02.04	Translation adjustments for the year	-	-	-	-	(17,175)	(17,175)		
5.05.02.08	Actuarial gains on pension plan, net of taxes	-	-	-	-	89	89		

5.05.02.09	Available-for-sale assets, net of taxes	-	-	-	-	(1,559,680)	(1,559,680)	
5.05.02.10	(Loss) / gain on the percentage change in investments	-	-	-	-	(105)	(105)	
5.05.02.11	(Loss) / gain on hedge accounting, net of taxes	-	-	-	-	(1,528,035)	(1,528,035)	
5.05.02.13	(Loss) / gain on hedge of net investment in foreign operations	-	-	-	-	(32,196)	(32,196)	
5.05.02.14	(Loss)/gain on business combination	-	-	-	-	(651)	(651)	
5.06	Internal changes in shareholders' equity	-	-	-	-	-	-	(
5.06.04	Non-controlling interests in affiliates	-	-	-	-	-	-	(
5.07	Closing balance	4,540,000	32,720	180,712	2,062,159	641,279	7,456,870	1,

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information – September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1**

**Consolidated Financial Statements / Statements of Changes in Equity - 01/01/2017 to 09/30/2017
(R\$ thousand)**

Code	Description	Paid-in capital	Capital reserve, granted options and treasury shares	Earnings (accumulated reserve)	Retained earnings (accumulated losses)	Other comprehensive income	Shareholders' equity	Non-con
5.01	Opening balances	4,540,000	30	-	(1,301,961)	2,956,459	6,194,528	1,
5.03	Adjusted opening balances	4,540,000	30	-	(1,301,961)	2,956,459	6,194,528	1,
5.05	Total comprehensive income	-	-	-	(347,298)	848,282	500,984	
5.05.01	Profit (loss) for the year	-	-	-	(347,298)	-	(347,298)	
5.05.02	Other comprehensive income	-	-	-	-	848,282	848,282	
5.05.02.04	Translation adjustments for the year	-	-	-	-	82,130	82,130	
5.05.02.08	Actuarial gains on pension plan, net of taxes	-	-	-	-	88	88	
5.05.02.09	Available-for-sale assets, net of taxes	-	-	-	-	614,542	614,542	
5.05.02.10	(Loss) / gain on the percentage change in investments	-	-	-	-	2,814	2,814	
5.05.02.11		-	-	-	-	172,307	172,307	

	(Loss) / gain on hedge accounting, net of taxes							
	(Loss) / gain on hedge of net							
5.05.02.13	investment in foreign operations	-	-	-	-	(23,599)	(23,599)	
5.06	Internal changes in shareholders' equity	-	-	-	-	-	-	
5.06.04	Non-controlling interests in affiliates	-	-	-	-	-	-	
5.07	Closing balance	4,540,000	30	-	(1,649,259)	3,804,741	6,695,512	1,426,000

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

Quarterly Financial Information - September 30, 2018 – CIA SIDERURGICA NACIONAL

**Version:
1****Consolidated Financial Statements / Statements of Value Added
(R\$ thousand)**

Code	Description	Year to date	Previous year
		01/01/2018 to 09/30/2018	01/01/2017 to 09/30/2017
7.01	Revenues	22,171,878	15,483,245
7.01.01	Sales of products and rendering of services	19,436,579	15,497,404
7.01.02	Other revenues	2,741,131	4,600
7.01.04	Allowance for (reversal of) doubtful debts	(5,832)	(18,759)
7.02	Raw materials acquired from third parties	(13,096,711)	(10,324,959)
7.02.01	Cost of sales and services	(10,973,482)	(8,503,127)
7.02.02	Materials, electric power, outsourcing and other	(2,138,978)	(1,794,938)
7.02.03	Impairment/recovery of assets	15,749	(26,894)
7.03	Gross value added	9,075,167	5,158,286
7.04	Retentions	(962,051)	(1,123,076)
7.04.01	Depreciation, amortization and depletion	(962,051)	(1,123,076)
7.05	Wealth created	8,113,116	4,035,210
7.06	Value added received	767,695	308,508
7.06.01	Equity in results of affiliates companies	96,010	98,500
7.06.02	Financial income	426,659	286,070
7.06.03	Others	245,026	(76,062)
7.06.03.01	Others and exchange gains	245,026	(76,062)
7.07	Wealth for distribution	8,880,811	4,343,718
7.08	Wealth distributed	8,880,811	4,343,718
7.08.01	Personnel	1,704,716	1,583,499
7.08.01.01	Salaries and wages	1,336,162	1,232,164
7.08.01.02	Benefits	306,773	275,415
7.08.01.03	Severance payment (FGTS)	61,781	75,920
7.08.02	Taxes, fees and contributions	1,066,341	1,194,709
7.08.02.01	Federal	782,642	956,805
7.08.02.02	State	265,348	221,413

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7.08.02.03	Municipal	18,351	16,491
7.08.03	Remuneration on third-party capital	2,681,408	1,831,667
7.08.03.01	Interest	1,683,210	2,101,671
7.08.03.02	Leases	19,307	21,668
7.08.03.03	Others	978,891	(291,672)
7.08.03.03.01	Others and exchange losses	978,891	(291,672)
7.08.04	Remuneration on Shareholders' capital	3,428,346	(266,157)
7.08.04.03	Retained earnings (accumulated losses)	3,353,848	(347,298)
7.08.04.04	Non-controlling interests in retained earnings	74,498	81,141

CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE

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Comments on the Company's Consolidated Performance

São Paulo, November 7, 2018

3Q18 Earnings Release

Companhia Siderúrgica Nacional (CSN) (BM & FBOVESPA: CSNA3) (NYSE: SID) **announces today its results for the third quarter of 2018 (3Q18)** in Brazilian reais, and its consolidated financial statements, which are presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and with the accounting practices adopted in Brazil, which are fully convergent with international accounting standards, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), pursuant to CVM Instruction 485 of September 1, 2010. The comments presented herein refer to the Company's consolidated results for the third quarter of 2018 (3Q18) and comparisons are for the second quarter of 2018 (2Q18) and for the third quarter of 2017 (3Q17). The Brazilian real/US dollar exchange rate was R\$ 4.0039 on September 30, 2018, R\$ 3.8558 on June 30, 2018 and R\$ 3.1680 on September 30, 2017.

3Q18 financial and operating Highlights

- **Generation of adjusted EBITDA of R\$1,627 MM**, a 34% increase over 3Q17 and 15% over 2Q18, with EBITDA margin of 25.2%.
- **Higher domestic sales volume of steel since 4Q14**, reaching 912 thousand tons and an increase of 14% in relation to the previous quarter.
- **Adjusted EBITDA from mining increasing 52%, reaching R\$811 MM (EBITDA margin of 49%) against 2Q18**, with a higher volume of ore traded (+14%) and quality premiums.
- **Free cash flow, before financing activities, reached R\$838 MM in 3Q18, against R\$73 MM in 2Q18.**
- **0.41x reduction in the leverage ratio**, from 5.34x in the previous quarter to 4.93x in 3Q18, due to higher operating cash generation and EBITDA growth.
- **Net Income of R\$752 MM in 3Q18**, due to the strong operational evolution besides non operational revenues in the period, totaling R\$3.4 billion in 2018.

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Steel sales (thousand tons)	1,301	1,321	1,290	(1%)	(2%)
- Domestic market	802	798	912	14%	14%
- Subsidiaries abroad	425	449	329	(23%)	(27%)
- Export trade	74	74	48	(34%)	(34%)
Iron ore sales (thousand tons)	7,954	8,130	9,288	17%	14%
- Domestic market	1,321	1,376	1,138	(14%)	(17%)
- Foreign market	6,633	6,754	8,150	23%	21%
Consolidated result (R\$ million)					
Net revenue	4,810	5,687	6,165	28%	8%
Gross profit	1,213	1,563	1,866	54%	19%
Adjusted EBITDA ¹	1,213	1,420	1,627	34%	15%
Adjusted net debt ²	25,717	27,125	27,057	5%	(0%)
Adjusted cash/cash equivalents ²	4,358	4,357	4,083	(6%)	(6%)
Net debt/Adjusted EBITDA	5.48x	5.34x	4.93x	-0.55 x	-0.41 x

¹Adjusted EBITDA is calculated based on net profit/loss, plus depreciation and amortization, income tax, net finance income (costs), share of profit (loss) of investees and other operating income (expenses), and includes the proportionate share of EBITDA of the jointly-owned subsidiaries MRS Logística and CBSI. Adjusted EBITDA includes 100% interest in CSN Mineração, 37.27% in MRS and 50% in CBSI.

² Adjusted net debt and adjusted cash account for 100% stake in CSN Mineração, 37.27% in MRS and 50% in CBSI.

CSN's Consolidated Result

- In 3Q18, **net revenue** totaled R\$6,165 million, **8%** and **28%** higher than in 2Q18 and 3Q17, respectively. Compared to 2Q18, the improvement in performance was due to the increase in steel products prices and volumes in the domestic market, and in the mining segment.
- In 3Q18, the **cost of goods sold** amounted to R\$4,299 million, **4.2%** higher than in 2Q18, due to the increase in raw material prices resulting from the appreciation of the US dollar against the Brazilian real, as well as higher manufacturing costs.
- In the third quarter of 2018, **gross profit** totaled R\$1,866 million, a strong increase of **54%** over 3Q17, with a gross margin of 5.1 p.p. higher than the same basis of comparison, due to the strong gain in the mining's margin.
- In 3Q18, **general and administrative expenses** totaled R\$106 million, with **dilution of 2.1% (2Q18) to 1.7% (3Q18)** of net revenue. **Sales expenses** totaled R\$569 million, or 9.2% of net revenue, **0.9 p.p. above** the figure recorded in 2Q18 (8.3% of net revenue) due to the increase in transoceanic iron ore freight expenses in cost and freight (CIF) sales.
- In 3Q18, **other net income (expenses)** reached a positive value of R\$178 million, mainly due to the recognition in the results of judicial assets and the valuation of Usiminas shares in the period.
- In 3Q18, **net financial result** was negative by R\$423 million. **Finance costs (ex-variation)** continued to decline, due to the lower Selic rate, since **interest rates on local currency loans** decreased from R\$ 377MM in **3Q17** to R\$ 254 MM in **3Q18**. Inflation adjustments and exchange variations were impacted by the appreciation of the dollar in the period, generating a negative amount of R\$465 million, partially off-set by hedge accounting positions.

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Finance income (costs) - IFRS	(278)	(989)	(423)
Finance income	71	48	336
Finance costs	(348)	(1,037)	(759)
Finance costs (ex-variation)	(629)	(489)	(671)
Exchange rate changes	280	(548)	(88)
Inflation adjustments and exchange rate changes	473	(1,905)	(465)
Hedge accounting	(202)	1,353	380
Derivative gains	10	3	(3)

- **Share of profit of investees** was positive by R\$44 million in **3Q18**, compared to R\$27 million in 2Q18. This result was mainly due to better results in MRS.

MRS Logistics	54	46	61	13%	33%
CBSI	1	1	1	-	-
TLSA	(11)	(8)	(6)	(45%)	(25%)
Arvedi Metalfer BR	-	(2)	(2)	-	-
Eliminations	(6)	(10)	(11)	83%	10%
Share of profit of investees	38	27	44	16%	63%

- In **3Q18**, the Company recorded **net profit of R\$752 million**, totaling R\$3,428 million in 9M18.

Net profit (loss) for the period	256	1,190	752	194%	(37%)
(-) Depreciation	344	312	274	(20%)	(12%)
(+) Income tax and social contribution	128	(635)	240	87%	-
(+) Finance income (costs), net	278	989	423	52%	(57%)
EBITDA (ICVM 527)	1,006	1,855	1,689	68%	(9%)
(+) Other operating income (expenses)	98	(542)	(180)	-	(67%)
(+) Share of loss of investees	(38)	(27)	(44)	16%	63%
(-) Proportional EBITDA in jointly-owned subsidiaries	147	134	162	10%	21%
Adjusted EBITDA	1,213	1,420	1,627	34%	15%

¹The Company's adjusted EBITDA excludes equity interest and other operating income (expenses) as these items should not be considered when calculating the cash flow generated from operating activities.

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- Adjusted **EBITDA** totaled **R\$1,627 million**, against R\$1,420 million in 2Q18, a 15% increase resulted from the operational improvement especially in the mining and logistics segments. **Adjusted EBITDA margin reached 25.2%**, or 1.3 p.p. above the previous quarter.

Adjusted EBITDA Margin is calculated based on Adjusted EBITDA divided by adjusted net revenue, which includes 100% stake in CSN Mining, 37.27% in MRS and 50% in CBSI, as of December/15.

Free Cash Flow

In **3Q18**, operating cash flow, as measured by Free Cash Flow, was R\$838 million, positively influenced by higher EBITDA and a more efficient financial cycle. In the last 12 months, Free Cash Flow reached R\$1,687 million.

¹Our working capital include changes in current assets and current liabilities, disregarding the impacts on the exchange rate variation, as well as non-recurring tax credit in the amount of R\$725MM, related to the exclusion of PIS/COFINS from the ICMS base.

Debt

As of September 30, 2018, net adjusted debt reached R\$ 27,057 million, while net debt/EBITDA ratio, calculated based on adjusted EBITDA of the last twelve months, reached 4.93x. In the quarter, the deleveraging effects from the increased LTM EBITDA led to a reduction of net debt/EBITDA by 0.41x, even considering the impacts of the exchange rate variation on dollarized debt.

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1****Foreign exchange exposure**

The net foreign exchange exposure of our consolidated balance sheet was US\$1,433 million on September 30, 2018, as shown in the table below. It should be noted that within the net FX exposure, a liability of US\$1.0 billion is included in the "Borrowings and financing" line related to the Perpetual Bond, which, due to its nature, will not require disbursement for settlement of the principal amount in the foreseeable future.

The hedge accounting adopted by CSN correlates the projected exports inflow in dollars with part of the scheduled debt payments in the same currency. As a result, the exchange rate changes in the US dollar-denominated debt is temporarily recorded in equity and subsequently recorded in profit or loss when revenues in US dollars from exports occur.

Cash	593	316
Trade receivables	329	359
Other	9	6
Total assets	931	681
Borrowings and financing	(4,237)	(4,250)
Suppliers	(202)	(160)
Other payables	(4)	(4)
Total liabilities	(4,443)	(4,415)
Natural foreign exchange exposure (assets - liabilities)	(3,512)	(3,734)
Derivatives, net	-	-
Cash flow hedge accounting	2,477	2,302
Foreign exchange exposure, net	(1,035)	(1,433)
Perpetual bond	1,000	1,000
Foreign exchange exposure, net (ex-bond)	(35)	(433)

Investments

R\$ 325 million were invested in 3Q18, an increase of 24% over 2Q18, mainly due to project seasonality. The increase in steel and mining expenses are related to investments for better coking/sintering and filtration performance, respectively.

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Steel	92	102	119	168	481	65	134	168
Mining	60	106	115	97	378	116	99	116
Cement	24	20	34	40	118	23	13	13
Logistics	13	11	19	33	76	18	15	25
Other	0	0	6	6	12	2	2	3
Total investments - IFRS	190	239	293	344	1,065	223	263	325

Working capital

To calculate Working capital, CSN adjusts its assets and liabilities as demonstrated below:

- Trade receivables: excludes dividends receivable, advances to employees and other receivables;
- Inventories: includes estimated losses and excludes the spare parts, which are not part of the cash conversion cycle and will be subsequently recorded in Fixed assets when consumed;
- Advanced taxes: solely composed of income tax and social contribution included in line item "Recoverable taxes";
- Taxes payable: composed of line item "Taxes payable", in current liabilities, plus taxes in installments;
- Advances from customers: recognized in line item "Other payables", in current liabilities;

Accordingly, working capital invested in the Company's business **totaled R\$2,727 million in 3Q18, reducing the financial cycle in 9 days** when compared to **2Q18**, due to the

reduction in accounts receivable from the sale of CSN LLC and the decrease in the inventory position, normalized after the truck drivers' strike in 2Q18.

Assets	5,868	6,924	6,432	564	(492)
Trade receivables	2,127	2,269	2,003	(124)	(266)
Inventories	3,545	4,458	4,054	509	(404)
Prepaid taxes	196	197	376	179	179
Liabilities	2,933	3,965	3,705	772	(260)
Trade payables	2,250	3,226	2,934	684	(292)
Payroll and related taxes	296	265	315	19	50
Taxes payable	279	337	323	44	(14)
Advances from customers	108	137	133	24	(4)
Working capital	2,935	2,959	2,727	(208)	(232)
Receipt	37	31	25	(12)	(6)
Payment	61	70	61	-	(9)
Inventories	97	97	85	(12)	(12)
Financial cycle	73	58	49	(24)	(9)

Business segment reporting

The Company maintains integrated operations in five business segments: Steel, Mining, Logistics, Cement and Energy. The main assets and/or companies comprising each segment are presented below:

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As of 2013, the Company no longer reports the proportional consolidation of its jointly-owned subsidiaries Namisa, MRS and CBSI. For the purposes of preparing and presenting the information by business segment, Management decided to maintain the proportional consolidation of the jointly-owned subsidiaries, as historically presented. For purposes of reconciliation of the consolidated result, the amounts recorded by these companies are not included in the "Corporate expenses/elimination" column.

After the closing of 2015, after the combination of CSN's mining assets (Casa de Pedra, Namisa and Tecar), the consolidated result includes this new company's information as a whole.

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Net revenue	4,099	1,659	64	406	104	160	(329)	6,165
Domestic market	2,899	229	64	406	104	160	(678)	3,185
Foreign market	1,200	1,431	-	-	-	-	349	2,980
Cost of goods sold	(3,380)	(882)	(47)	(268)	(70)	(148)	495	(4,299)
Gross profit	719	778	17	138	35	12	167	1,866
SG&A	(221)	(37)	(8)	(24)	(7)	(23)	(355)	(675)
Depreciation	154	70	6	65	4	28	(53)	274
Proportional EBITDA - jointly-owned subsidiaries	-	-	-	-	-	-	162	162
Adjusted EBITDA	652	811	15	179	32	17	(79)	1,627

Net Revenue	4,093	1,331	64	370	113	152	(437)	5,687
Domestic market	2,421	225	64	370	113	152	(661)	2,684
Foreign market	1,672	1,106	-	-	-	-	225	3,003
Cost of goods sold	(3,276)	(855)	(49)	(262)	(74)	(122)	513	(4,124)
Gross profit	817	477	15	108	39	30	77	1,563
SG&A	(264)	(45)	(9)	(25)	(7)	(21)	(218)	(589)
Depreciation	155	102	5	64	4	34	(52)	312

Proportional EBITDA - jointly-owned subsidiaries	-	-	-	-	-	-	134	134
Adjusted EBITDA	708	533	12	147	36	42	(59)	1,420
Net Revenue	3,399	1,204	60	364	103	142	(462)	4,810
Domestic market	2,133	218	60	364	103	142	(638)	2,382
Foreign market	1,265	986	-	-	-	-	176	2,427
Cost of goods sold	(2,845)	(719)	(37)	(242)	(74)	(151)	471	(3,597)
Gross profit	553	486	23	122	29	(9)	8	1,213
SG&A	(253)	(40)	(6)	(21)	(7)	(20)	(143)	(491)
Depreciation	165	122	4	63	5	30	(45)	344
Proportional EBITDA - jointly-owned subsidiaries	-	-	-	-	-	-	147	147
Adjusted EBITDA	465	568	21	164	27	1	(33)	1,213

CSN's steel results

According to the World Steel Association (WSA), **global crude steel production** totaled **457.1** million tonnes (Mton) in 3Q18, or **6.7%** higher than in 3Q17. **Asia** produced **324.9** Mton in 3Q18, **7.8% higher** than the same period in 2017, while the **European Union** and **North America** increased by **0.7%** and **4.4%**, respectively, on the same basis of comparison.

- In **3Q18**, CSN's **plate production** totaled 937 thousand tons, a reduction of 6% compared to 2Q18 due to maintenance stoppage. In turn, the **production of flat rolled products in 3Q18 remained stable** when compared to 3Q17 and 8% lower than 2Q18, totaling 899 thousand tons. **According to data from the Brazilian Steel Institute (IABr)**, in the first nine months of the year, **domestic sales** reached **13.8 million** tons of steel, **up 9.6%** over the same period of the previous year. **Apparent consumption** reached **15.6 million** tons in the same period, **an increase of 8.7%** over the same period of last year. **Brazilian steel production** totaled **26.1 million** tons, **up 2.5%**.

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Total plates (UPV + third parties)	1,069	997	938	(12%)	(6%)
Plate production	1,065	996	937	(12%)	(6%)
Third-party plates	4	0	1	(75%)	-
Total flat rolled products	903	981	899	(0%)	(8%)
Total long rolled products	50	53	51	2%	(3%)

- CSN's **total sales** amounted to 1,290 thousand tons of steel products in **3Q18**, or **2%** and **1%** lower than in 2Q18 and 3Q17, respectively. Adjusting for the effects of the sale of the plant in Terra Haute, USA, total sales would have grown by 4% against 2Q18.

- In **3Q18**, the volume of steel sold by CSN in the **domestic market** totaled 912 thousand tons, **14%** higher than in 2Q18. Of this total, 859 thousand tons refer to flat steel and 53 thousand tons to long steel products. The greater domestic market orientation with **higher performance in the automotive, white goods, packaging and OEM segments** resulted in a **strong increase in sales of cold-rolled flat steel products (+21% - 3Q18x2Q18), galvanized items (+17% - 3Q18x2Q18) and tin plates (+20% - 3Q18x2Q18)**.

- In the **foreign market**, CSN's sales in **3Q18** totaled 378 thousand tons, 28% lower than in the previous quarter mainly due to the sale of CSN LLC at the end of 2Q18 (-12% adjusting to this effect), in addition to the strategy of redirecting galvanized to the domestic market. In

this period, 48 thousand tons were exported directly and 329 thousand tons were sold by the subsidiaries abroad, of which 65 thousand tons by LLC, 185 thousand tons by SWT and 79 thousand tons by Lusosider.

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- In 3Q18, CSN maintained a high **market share of coated products** as a percentage of domestic sales volume (45% in 3Q18 against 44% in 2Q18), following the strategy of adding more value to its product mix. Sales of coated products such as galvanized items and tin plates accounted for 48% of flat steel sales, considering all markets in which the Company operates.

According to **ANFAVEA** (National Association of Automobile Manufacturers), **in the third quarter of 2018, the production of automobiles, light commercial vehicles, trucks and buses** reached 760,226 thousand units, **an increase of 5.05%**, compared to the same period of prior year. **Exports**, in turn, showed a lower performance, totaling 145,258 thousand vehicles sold, a **decrease of 25%** against the same period of the previous year. Anfavea estimates an increase of 11.9% in vehicle production in 2018, to 3.02 million units.

According to **ABRAMAT** (Brazilian Association of the Building Material Industry), **building materials industry revenues increased** by 2.7% in September 2018, compared to the same month a year ago, ergo the association maintains its estimate of growth of 1.5% in the industry revenues in 2018.

According to **IBGE** (Brazilian Institute of Geography and Statistics), **home appliance production** referring to data accumulated from 12 months to August, **registered a growth of 3.1%**, compared to the same period accumulated in 2017.

According to data from **INDA (National Institute of Steel Distributors)** in **3Q18**, distribution purchases **increased by 7%** compared to 3Q17. **Imports closed 3Q18 with a decrease of 12.5%** in relation to the same period of 2017, with a total volume of 324 thousand tons.

- **Net steel revenue** reached R\$4,099 million in 3Q18, stable compared to 2Q18. Excluding distortions resulted from the sale of the plant in the US, net revenue grew 10% in the quarter. In addition to volume growth, the increase was also due to higher average price of steel, both in the domestic market (+5% vs. 2Q18) and in the external market (+8% vs. 2Q18).
- **Cost of goods sold** in **3Q18** increased by 3.2% when compared to 2Q18, totaling R\$3,380 million, chiefly influenced by the 9.6% devaluation of the Brazilian real against the US dollar in the period.

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- **Slab production cost** in **3Q18** reached R\$1,704/t, 4% higher than in 2Q18. The increase in prices of the main raw materials was additionally impacted by the exchange rate variation in the period.
- **Adjusted EBITDA** reached R\$ 652 million in **3Q18**, 7.9% lower than the R\$708 million recorded in 2Q18 due to seasonal fluctuations in the performance of subsidiaries abroad. Adjusted EBITDA margin reached 15.9% in 3Q18, or 1.4 p.p. lower than in the previous quarter.

CSN's mining results

In **3Q18**, steel production in China was **242,4 Mt**, reaching a quarterly production record and representing a 10% increase compared to 3Q17. Resilient demand, capacity constraints and operating margins of steel companies produced a positive effect on prices, especially higher quality products. In this context, the **iron ore price ratio closed 3Q18 averaging US\$ 66.68/dmt (Platts, Fe62%, N. China), 2% up on 2Q18**. The average dollar variation between the periods was +9.6%, benefiting iron ore revenues in local currency.

The decline in the global supply of **high silica** since 2Q18 resulted in a **strong reduction in the market discount of this impurity in 3Q18**. On the other hand, the low impurity of Alumina in the Casa de Pedra product, added to lower silica discounts and with better ore content in the quarter, provided a premium of **US\$2.1 /dmt** for CSN.

In terms of **maritime freight**, the BCI-C3 (Tubarão-Qingdao) route reached an average of US\$ 22.33/wmt in **3Q18**, **an increase of 28%** over the previous quarter, driven by higher transoceanic volumes and higher oil prices.

- In **3Q18**, CSN's **iron ore production** totaled 7.6 million tons, 13% higher than in 2Q18 due to the successful implementation of the mining plan and start-up of the first filtering plant. **Iron ore purchases** reached 1,501 thousand tons in **3Q18**, down 20% from 2Q18.

- Iron ore **sales** totaled 9.3 million tons in **3Q18**, 14% above those recorded in 2Q18, with 1.1 million tons sold to the Presidente Vargas Plant and the rest distributed in the Asian and European markets.

Iron ore production	7,738	6,744	7,620	(2%)	13%
Ore purchased from third parties	1,419	1,878	1,501	6%	(20%)
Total production + purchases	9,157	8,621	9,122	(0%)	6%
Sales to UPV	1,321	1,376	1,138	(14%)	(17%)
Volume sold to third parties	6,632	6,754	8,150	23%	21%
Total sales	7,953	8,130	9,288	17%	14%

Production and sales volumes include 100% stake in CSN Mineração.

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- In **3Q18, net revenue** from mining reached R\$1,659 million, 25% higher than in the previous quarter, due to the higher sales volume (+14%) and appreciation of the US dollar against the real. The **CFR unit revenue for exports** in **3Q18** reached **US\$69.4/dmt**, a quarterly increase of 4% driven by alumina premiums. On the other hand, the CIF+FOB reference was US\$56.8/wmt, stable compared to the previous period, impacted by higher maritime freight and FOB sales.

- Mining **sales cost** totaled R\$882 million in **3Q18**, 3% up on 2Q18, due to the higher volume traded in the period (+14%).

- **Adjusted EBITDA margin reached 49% in 3Q18, or 8.8pp. higher than 2Q18**, while **adjusted EBITDA reached R\$ 811 million in 3Q18**, 52% higher than 2Q18 due to higher volume, lower unit cost of ore placed on the ship, maintenance of realized price and appreciation of the dollar in the period.

CSN's logistics results

Railway Logistics: In **3Q18, net revenue** reached R\$406 million, generating **adjusted EBITDA** of R\$179 million and **adjusted EBITDA margin** of 44% (+4.3 p.p. against 2Q18).

Port Logistics: in **3Q18**, Sepetiba Tecon shipped 88 thousand tons of steel products, in addition to 63 thousand tons of general cargo and approximately 63 thousand containers. In 3Q18, **net revenue** reached R\$64 million, generating Adjusted **EBITDA** of R\$ 15 million, with **adjusted EBITDA margin** of 23% (+4.6 p.p. against 2Q18).

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Container volume (thousand units)	51	56	63	24%	12%
Steel volume (thousand tons)	250	114	88	(65%)	(23%)
General cargo volume (thousand tons)	0	98	63	-	(36%)

CSN's energy results

According to the **Energy Research Company (EPE)**, the **domestic electric energy consumption in Brazil** increased by **1.3%** in **3T18** compared to the same period of the previous year. The industrial sector posted an increase in energy consumption of **1.6%** in the 9M18 versus the same period last year. The residential and commercial sectors increased energy consumption by **1.2%** and **0.4%**, respectively, compared to the same period.

In **3Q18**, **net revenue** from energy totaled R\$104 million (+2% vs. 3Q17) due to greater availability and sale of energy in the free market. **Adjusted EBITDA** was R\$32 million and adjusted **EBITDA margin** of 31%.

CSN's cement results

In the **first nine months of 2018**, **domestic cement sales** totaled 39.5 million tons, according to preliminary industry data released by the National Cement Industry Union (**SNIC**). This amount represents a fall of **2.2%** from the same period last year. According to SNIC, **sales volume in the third quarter reflects the poor performance of the economic activity**.

In **3Q18**, CSN's **cement sales** was higher than in 2Q18. **Net revenue** reached R\$ 160 million, 6% higher due to price and volumes increases, despite the adverse scenario in the sector. Adjusted **EBITDA** reached R\$17 million, with adjusted **EBITDA margin** of 11%, impacted by higher raw materials prices, especially pet coke.

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1****Capital market**

In the **third quarter of 2018**, CSN's shares appreciated by 18.83%, while the Ibovespa index appreciated by 9.04%. The daily traded volume (CSNA3) on B3, in turn, totaled R\$74.3 million. On the New York Stock Exchange (NYSE), the Company's American Depositary Receipts (ADRs) appreciated by 12.87%, while Dow Jones rose 9.01%. On NYSE, the daily traded volume of CSN's ADRs was US\$4.8 million.

Number of shares in thousands	1,387,524	1,387,524
Market value		
Closing price (R\$/share)	7.86	9.34
Closing price (US\$/ADR)	2.02	2.19
Market value (R\$ million)	10,906	12,959
Market value (US\$ million)	2,832	3,163
Total return		
CSNA3	(1.8%)	18.83%
SID	(24%)	12.87%
Ibovespa	(14%)	9.04%
Dow Jones	2.65%	9.01%
Volume		
Daily average (thousand shares)	9,422	8,479
Daily average (R\$ thousand)	81,222	74,343
Daily average (thousand ADRs)	2,641	2,188
Daily average (US\$ thousand)	6,310	4,807
<i>Source: Bloomberg</i>		

Some of the statements contained herein are forward-looking statements that express or imply expected results, performance or events. These perspectives include future results that may be influenced by historical results and the statements under 'Outlook'. Actual results, performance or events may differ materially from those expressed or implied by the

forward-looking statements as a result of several factors, such as the general and economic conditions in Brazil and other countries, interest rate and exchange rate levels, protectionist measures in the U.S., Brazil and other countries, changes in laws and regulations and general competitive factors (on a global, regional or national basis).

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CONSOLIDATED SALES VOLUME (thousand tons)

<u>Flat Steel</u>	<u>730</u>	<u>748</u>	<u>859</u>	<u>111</u>	<u>129</u>
Slab	1	-	-	-	(1)
Hot-rolled	267	278	300	22	33
Cold-rolled	155	142	172	30	17
Galvanized	234	263	307	44	73
Tin plates	73	66	79	13	6
UPV Long steel	72	50	53	3	(19)
DOMESTIC MARKET	802	798	912	114	110
<u>Flat Steel</u>	<u>321</u>	<u>310</u>	<u>193</u>	<u>(117)</u>	<u>(128)</u>
Hot-rolled	16	24	70	46	54
Cold-rolled	22	26	7	(19)	(15)
Galvanized	233	200	69	(131)	(164)
Tin plates	51	61	47	(14)	(4)
Long steel (profiles)	177	212	185	(27)	8
FOREIGN MARKET	499	523	378	(145)	(121)
<u>Flat Steel</u>	<u>1,051</u>	<u>1,059</u>	<u>1,052</u>	<u>(7)</u>	<u>1</u>
Slab	1	-	-	-	(1)
Hot-rolled	283	301	370	69	87
Cold-rolled	177	168	179	11	2
Galvanized	466	463	376	(87)	(90)
Tin plates	124	126	126	-	2
UPV Long steel	72	50	53	3	(19)
Long steel (profiles)	177	212	185	(27)	8
TOTAL MARKET	1,300	1,321	1,290	(31)	(10)

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1. DESCRIPTION OF BUSINESS

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

CSN is listed on the São Paulo Stock Exchange (B3 S.A.- Brasil, Bolsa, Balcão) and on the New York Stock Exchange (NYSE). Accordingly, the Company reports its information to the Brazilian Securities and Exchange 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 steelworks (“UPV”), located in the city of Volta Redonda, State of Rio de Janeiro. This segment consolidates all 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 commercial activities in the United States and operations in Portugal and Germany aimed at gaining markets and providing excellent services to end consumers. Its steel is used in home appliances, civil construction and automobile industries.

- **Mining:**

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

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

The Company's mining activities also comprise exploitation of tin in the State of Rondônia, to supply the needs of the UPV. The surplus of these raw materials is sold to subsidiaries and third parties.

- **Cement:**

CSN entered the cement market boosted by the synergy between this activity and its existing businesses. Next to the Presidente Vargas Steelworks (UPV) in Volta Redonda (RJ), the Company installed a new business unit that produces CP-III type cement using slag produced by the UPV's blast furnaces. It also exploits limestone and dolomite at the Arcos unit in the State of Minas Gerais, to meet the needs of the UPV and of the cement plant.

In the fourth quarter of 2016, the Company started the operation of its second clinker production line in Arcos/MG. As a result, the Company is self-sufficient in the production of cement, with an installed capacity of 4.7 million tons per year.

- **Logistics**

Railroads:

CSN has interests in three railroad companies: MRS Logística S.A., which manages the Southeast Railway System of the former Rede Ferroviária Federal S.A. (“RFFSA”), Transnordestina Logística S.A. (“TLSA”) and FTL - Ferrovia Transnordestina Logística S.A. (“FTL”), which has the concession to operate the former Northeast Railway System of RFFSA, in the States of Maranhão, Piauí, Ceará, Rio Grande do Norte,

Paraíba, Pernambuco and Alagoas, with TLSA being responsible for the rail links of Missão Velha-Salgueiro, Salgueiro-Trindade, Trindade-Eliseu Martins, Salgueiro-Porto de Suape and Missão Velha-Porto de Pecém (Railway System II), still under construction and FTL being responsible for the rail links of São Luiz-Mucuripe, Arrojado-Recife, Itabaiana-Cabedelo, Paula Cavalcante-Macau and Propriá-Jorge Lins (Railway System I).

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Ports:

The Company operates in the State of Rio de Janeiro, through its subsidiary Sepetiba Tecon S.A., the Container Terminal ("TECON") and through its subsidiary CSN Mineração S.A – ("CSN Mineração")., TECAR, both at the Itaguaí Port. Located in the Bay of Sepetiba, they have privileged highway, railroad and maritime access.

At TECON, shipment of CSN's steel products, movement of containers, storage, consolidation and deconsolidation of cargo are carried out and, at TECAR, the shipment of iron ore to overseas market and the unloading of coal and other products, such as petroleum coke, sulfur and zinc concentrate for our own use and for several customers.

- **Energy:**

As energy is fundamental to its production process, the Company has electric energy generation assets to guarantee its self-sufficiency.

Note 26 - "Segment Information" details the financial information per CSN's business segment.

- **Going Concern**

The interim financial information was prepared based on the normal continuity of its business.

Negotiations in progress for reprofiling part of the debts do not jeopardize the Company's operating continuity and Management does not have any other relevant operational restructuring plan that implies a change to the conclusion of the operational continuity. Further disclosures on the bases for evaluating the operational continuity were made in the disclosures of this subject included in the financial statements of December 31, 2017, approved by Management on March 26, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.a) Basis of preparation

The Group's parent company and consolidated condensed interim financial information ("condensed quarterly information") have been prepared and are being presented in accordance with accounting practices adopted in Brazil based on the provisions of the Brazilian Corporate Law, pronouncements, guidelines and interpretations issued (CPC), standards issued by the Brazilian Securities and Exchange Commission ("CVM") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board (IASB) and highlight all the relevant information of the interim financial statements, and only this information, is being disclosed and corresponds to the information used by the Company's management in its activities

The condensed interim financial information has been prepared and is being presented in accordance with CPC 21 (R1) - "Interim Financial Reporting" and IAS 34 - "Interim Financial Reporting", consistently with the standards issued by the CVM.

The significant accounting policies applied in this condensed interim financial information are consistent with the policies described in Note 02 to the Company's financial statements for the year ended December 31, 2017, filed with CVM.

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This condensed interim financial information does not include all requirements of annual or full financial statements and, accordingly, should be read in conjunction with the Company's financial statements for the year ended December 31, 2017.

Therefore, in this condensed interim financial information the following notes are not repeated, either due to redundancy or to the materiality in relation to those already presented in the annual financial statements:

Note 02 – Summary of significant accounting policies

Note 08 - Investments

Note 15 - Taxes in installments

Note 16 - Provision for tax, social security, labor, civil and environmental risks and judicial deposits

Note 26 – Employee benefits

Note 27 – Commitments

The parent company and consolidated condensed interim financial information was approved by Management on November 07, 2018.

2.b) Basis of presentation

The consolidated condensed interim financial information is presented in Brazilian reais R\$, which is the Company's principal functional currency and the Group's presentation currency.

Transactions in foreign currencies are translated into the functional currency using the exchange rates in effect at the dates of the transactions or valuations when items are remeasured. The asset and liability balances are translated at the exchange rates prevailing at the end of the reporting period. As of September 30, 2018, US\$1 is equivalent to R\$4.0039 (R\$3.3080 as of December 31, 2017) and €1 is equivalent to R\$4.6545 (R\$3.9693 as of December 31, 2017), according to the rates obtained from the Central Bank of Brazil website.

2.c) Basis of consolidation

The accounting policies have been consistently applied to all consolidated companies. The consolidated condensed interim financial statements for the period ended September 30, 2018 and year ended December 31, 2017 include the following direct and indirect subsidiaries and joint ventures, as well as the exclusive funds, as described below:

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1**• **Companies**

Companies	Equity interests (%)		Core business
	9/30/2018	12/31/2017	
Direct interest in subsidiaries: full consolidation			
CSN Islands VII Corp.	100.00	100.00	Financial transactions
CSN Islands XI Corp.	100.00	100.00	Financial transactions
CSN Islands XII Corp.	100.00	100.00	Financial transactions
CSN Minerals S.L.U. (1)	-	100.00	Equity interests
CSN Export Europe, S.L.U. (1)	-	100.00	Financial transactions and Equity interests
CSN Metals S.L.U. (1)	-	100.00	Equity interests and Financial transactions
CSN Americas S.L.U. (1)	-	100.00	Equity interests and Financial transactions
CSN Steel S.L.U.	100.00	100.00	Equity interests and Financial transactions
TdBB S.A (*)	100.00	100.00	Equity interests
Sepetiba Tecon S.A.	99.99	99.99	Port services
Minérios Nacional S.A.	99.99	99.99	Mining and Equity interests
Companhia Florestal do Brasil	99.99	99.99	Reforestation
Estanho de Rondônia S.A.	99.99	99.99	Tin Mining
Companhia Metalúrgica Prada	99.99	99.99	Manufacture of containers and distribution of steel products
CSN Gestão de Recursos Financeiros Ltda. (*)	99.99	99.99	Management of funds and securities portfolio
CSN Mineração S.A.	87.52	87.52	Mining and Equity interests
CSN Energia S.A.	99.99	99.99	Sale of electric power
FTL - Ferrovia Transnordestina Logística S.A.	91.69	90.78	Railroad logistics
Nordeste Logística S.A.	99.99	99.99	Port services
Aceros México CSN (2)	0.08	-	Commercial representation, sale of steel and related activities

Indirect interest in**subsidiaries: full consolidation**

Companhia Siderúrgica Nacional LLC(3)	-	100.00	Steel
Lusosider Projectos Siderúrgicos S.A.	99.94	99.94	Equity interests and product sales
Lusosider Aços Planos, S. A.	99.99	99.99	Steel and Equity interests
CSN Resources S.A.	100.00	100.00	Financial transactions and Equity interests
Companhia Brasileira de Latas	99.99	99.99	Sale of cans and containers in general and Equity interests
Companhia de Embalagens Metálicas MMSA	99.67	99.67	Production and sale of cans and related activities
Companhia de Embalagens Metálicas - MTM	99.67	99.67	Production and sale of cans and related activities
CSN Steel Holdings 1, S.L.U.	100.00	100.00	Financial transactions, product sales and Equity interests
CSN Productos Siderúrgicos S.L.	100.00	100.00	Financial transactions, product sales and Equity interests
Stalwerk Thüringen GmbH	100.00	100.00	Production and sale of long steel and related activities
CSN Steel Sections UK Limited (*)	100.00	100.00	Sale of long steel
CSN Steel Sections Polska Sp.Z.o.o	100.00	100.00	Financial transactions, product sales and Equity interests
CSN Asia Limited	100.00	100.00	Commercial representation
CSN Mining Holding, S.L	87.52	87.52	Financial transactions, product sales and Equity interests
CSN Mining GmbH	87.52	87.52	Financial transactions, product sales and Equity interests
CSN Mining Asia Limited (8)	87.52	87.52	Commercial representation
Aceros México CSN (2)	99.92	100.00	Commercial representation, sale of steel and related activities
Lusosider Ibérica S.A.	99.94	99.94	Steel, commercial and industrial activities, and equity interests.
CSN Mining Portugal, Unipessoal Lda.	87.52	87.52	Commercial and representation of products.
Companhia Siderúrgica Nacional LLC(3)	100.00	-	Import and distribution / resale of products
CSN Inova Ltd.(4)	100.00	-	Advisory and implementation of new development projects

Direct interest in joint operations: proportionate consolidation

Itá Energética S.A.	48.75	48.75	Electric power generation
Consórcio da Usina Hidrelétrica de Igarapava	17.92	17.92	Electric power consortium

Direct interest in joint ventures: equity method

MRS Logística S.A.	18.64	18.64	Railroad transportation
Aceros Del Orinoco S.A.	31.82	31.82	Dormant company
CBSI - Companhia Brasileira de Serviços de Infraestrutura	50.00	50.00	Equity interests and product sales and iron ore
Transnordestina Logística S.A.	46.30	46.30	Railroad logistics

Indirect interest in joint ventures: equity method

MRS Logística S.A.	16.30	16.30	Railroad transportation
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Direct interest in associates: equity method

Arvedi Metalfer do Brasil S.A.	20.00	20.00	Metallurgy and Equity interests
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(*) Dormant companies, therefore, they are presented in note 10.a., where information on companies accounted for under the equity method and fair value through profit or loss and comprehensive income are disclosed;

• **Events in 2018**

(1) On February 6, 2018, the Spanish commercial registry recognized the merger by absorption of the companies by CSN Steel, S.L.U., date from which the companies were considered legally extinct, before third parties and for the purposes of commercial law, the merger is retroactive to the date of December 28, 2017.

(2) Transfer of 1% stake in Aceros Mexico CSN from CSN Steel to Companhia Siderúrgica Nacional on February 1, 2018. On September 18, 2018, CSN Steel increased the capital of Aceros Mexico CSN, diluting the direct interest of Companhia Siderúrgica Nacional to 0.08%, with CSN Steel holding 99.92%.

(3) On June 5, 2018 CSN LLC had its corporate name changed to "Heartland Steel Processing, LLC". On the same date, a new company was incorporated under the name "Companhia Siderúrgica Nacional, LLC", a wholly owned subsidiary of Heartland Steel Processing, LLC. On June 28, 2018, Companhia Siderúrgica Nacional, LLC., became a wholly-owned subsidiary of CSN Steel and, on June 29, 2018, Heartland Steel Processing, LLC was sold to Steel Dynamics, Inc. The remaining assets are registered at Companhia Siderúrgica Nacional, LLC, a subsidiary of CSN Steel (see note 4).

(4) Company incorporated in 2018.

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- **Exclusive funds**

Exclusive funds	Equity interests (%)		Core business
	09/30/2018	12/31/2017	
Direct interest: full consolidation			
Diplic II - Private credit balanced mutual fund	100.00	100.00	Investment fund
Caixa Vértice - Private credit balanced mutual fund	100.00	100.00	Investment fund
VR1 - Private credit balanced mutual fund	100.00	100.00	Investment fund

3. ADOPTION OF NEW ACCOUNTING PRACTICES

The Company applied as of January 1, 2018, the IFRS 09 Financial Instruments (corresponding to CPC 48) and IFRS 15 Revenues from Contracts with Customers (corresponding to CPC 47), both of which were approved by CVM in November 2016 as well as interpretation IFRIC 22, corresponding to ICPC 21, approved in July 2017. IFRS 09 and 15 replaced IAS 39 Financial Instruments: Recognition and Measurement and IAS 18 Revenue and related interpretations, respectively.

The Company decided to adopt the modified transition method for the implementation of the new standards, where any transitory adjustment is recognized in retained earnings on January 1, 2018, without comparative adjustment and whose impacts are being detailed below:

• **IFRS 9 / CPC 48 Financial instruments**

The new pronouncement includes new rules on the classification and measurement of financial assets, as well as impairment of assets and new practices for hedge accounting, which are simplified below:

Classification and measurement - IFRS 9 establishes that financial assets should be classified and measured in one of three categories: amortized cost, fair value through other comprehensive income (VJORA) and fair value through profit or loss (VJR). The categories of held-to-maturity, loans and receivables and available for sale that were part of the scope of IAS 39, were removed.

Impairment of assets- the "incurred losses" model is replaced by an "estimated credit loss" model, where it is no longer necessary for a loss event to occur before recognition of the impairment loss. The model uses a two-pronged approach, in which the provision will be measured for expected credit losses for 12 months or for the entire life of the asset. These changes did not bring impacts to the Company.

Hedge Accounting - a new general hedge accounting model was included, which does not change, but fundamentally the types of hedge relationship or requirements for measurement and recognition of ineffectiveness. These changes did not bring impacts to the Company.

The main effect of the adoption of IFRS 09 is presented in note 14.II, referring to the classification from January 1, 2018 and measurement of the investment in Usinas Siderúrgicas de Minas Gerais S.A. - Usiminas and Panatlântica S.A. at fair value through profit or loss (VJR) and obtained a gain of R\$ 1.5 billion (gross) as of September 30, 2018 recorded in other operating income and expenses (Note 24).

• **IFRS 15 / CPC 47 Revenue from contract with customer**

Revenue from contracts with customers - IFRS 15 establishes a new concept for revenue recognition, replacing IAS 18 Revenue, IAS 11 - Construction Contracts and related interpretations. The Company adopted IFRS 15 using the modified retrospective method, which does not require the restatement of comparative information

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The new pronouncement establishes a five-step model for determining the recognition of revenue from customer contracts, as follows:

- **Identification of the contract:** identify when there is an agreement and the parties involved.

- **Identify the performance obligations:** from the definitive agreement, analyze the contractual promises, in order to identify which promised items can be considered as performance obligations.

- **Determine the price of the obligation:** The transaction price is the value of the consideration that the entity expects to receive by transferring the control of the promised goods and services, the value of the transaction can include fixed values, variable values or both.

- **Transaction Price Allocation:** At the time of signing the contract, the transaction price must be allocated to each performance obligation.

- **Recognize Revenue:** Revenue recognition occurs at the time (or to the extent that) meets a performance obligation by transferring control of a good or service to a customer.

Analyzing the topic "identification of performance obligations", the Company identified in its operations the following performance obligations.

- **Sale of finished products:** the transfer of risks and benefits coincides with the transfer of control of the products, thus, the moment of recognition of revenue from product sales was not impacted by the adoption of this new standard.

- **Provision of service:** in the main services provided by the Company, the revenue recognition coincides with the conclusion of the service, therefore without impacts by the adoption of this standard.

- **Freight / insurance liability in CFR / CIF incoterms:** the freight service in the CFR and CIF modalities will be considered a separate service and therefore a separate performance obligation, with allocation of part of the price of the transaction recognized in profit or loss, according to the effective provision of the service over time.

The effect of the difference in the recognition of the portion of revenue allocated to freight does not significantly affect the Company's income. Therefore, such revenue will not be presented separately in the Company's financial statements.

In the other topics of the new standard, the Company did not identify material measurement impacts in the application of this standard

• **IFRIC 22 / ICPC 21 Foreign currency transaction and down payment**

Required to apply in January 2018, IFRIC 22, which corresponds to ICPC 21, is to regulate the concepts established in CPC 02 - Effects of Changes in Foreign Exchange Rates and Conversion of Financial Statements, on how to determine the transaction date with the purpose of determining the exchange rate to be used in the initial recognition of an asset, expense or revenue (or part thereof) in the derecognition of non-monetary assets or non-monetary liabilities arising from the payment or early receipt in foreign currency.

Generally speaking, the interpretation deals with transactions in foreign currency in which the Company recognizes a non-monetary asset or non-monetary liability resulting from early payment or receipt, even before the company recognizes the related asset, expense or revenue.

The consensus of this interpretation clarifies that the transaction date for determining the exchange rate to be used in the case of advances is defined as the date that the entity initially recognizes the non-monetary asset or non-monetary liability arising from the early payment or receipt. In the case of multiple payments or receipts in advance, the company shall determine the transaction date, each payment or advanced receipt.

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As the Company already adopts the practices established by CPC 02, establishing the historical rate at the time of recognition of non-monetary assets and liabilities related to the anticipation, there is no impact resulting from the application of this technical interpretation.

4. SALE OF FOREIGN SUBSIDIARY

During the second quarter of 2018, CSN announced to its shareholders and to the market, through a Material Fact, the sale by its wholly-owned subsidiary CSN Steel S.L.U., total interest in Companhia Siderúrgica Nacional LLC ("LLC") to Steel Dynamics, Inc. ("SDI"), approved on the same date by the Board of Directors. The LLC is located in the United States with operations in stripping, cold rolling and galvanizing of flat steel.

Still in the second quarter of 2018, after fulfilling all the precedent conditions foreseen in the purchase and sale agreement entered into with SDI, the Company concluded the transaction with the transfer of the equity interest and receipt of the base value of the transaction, adjusted in US\$ 400 million, as shown below:

	U\$\$	6/30/2018 R\$	Changes in working capital U\$\$	R\$	9/30/2018 R\$
Receipt from the sale of the investment	395,661	1,525,590			1,525,590
Deposits in guarantee	2,000	7,712			7,712
Contractual expenses and fees (d)	2,339	9,021			9,021
Base value of the transaction (a)	400,000	1,542,323			1,542,323
	34,008	131,127	3,581	14,402	145,529

Working capital to be
received (b) (*)

Shareholders' equity LLC (c)	133,445	514,537			514,537
Net gain on sale = (a+b-c-d)	298,224	1,149,892	3,581	14,402	1,164,294

(*) The final value of the transaction was subject to post-closing adjustment of working capital, which was completed in September 2018, the LLC's working capital ascertained and received was US\$ 37,589 equivalent to R\$ 145,529. The sale of LLC generates a cumulative gain in the year of R\$1,164,294 (see note 24).

The net investment, results and cash flows from the sale of the investment are summarized below:

4.a) Balance sheet

	LLC 06/30/2018
ASSETS	
Current Assets	418,014
Cash and cash equivalents	760
Trade Receivable	114,266
Inventory	299,373
Other current assets	3,615
Non-current assets	191,431
Other non-current assets	205
Property, plant and equipment	191,226
TOTAL ASSETS	609,445

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Current Liabilities	89,810
Borrowings and Financing	5,446
Social and Labor obligations	5,526
Trade payables	76,400
Tax payables	1,398
Other payables	1,040
Non-current liabilities	5,098
Borrowings and Financing	5,098
Shareholders' equity (disposal)	514,537
TOTAL LIABILITIES	609,445

4.b) Statement of Income

	06/30/2018	06/30/2017
Net Revenues	997,061	472,409
Cost from sale of goods and rendering of services	(888,850)	(388,322)
Gross profit	108,211	84,087
Selling expenses	(24,650)	(10,521)
General and administrative expenses	(15,649)	(9,531)
Other operating expenses, net	(844)	(358)
Profit before financial income (expenses)	67,068	63,677
Financial income (expenses), net	(2,641)	(428)
Profit (loss) before taxes	64,427	63,249
Income tax and Social Contribution	(1,730)	-
Profit (loss) for the period	62,697	63,249

4.c) Statement of Cash Flows

	06/30/2018	06/30/2017
Net cash provided by (used) by operating activities	149,691	(69,216)
Net cash provided by (used) by investing activities	(6,269)	(2,492)
Net cash provided by (used) by financing activities	(176,592)	(1,860)
Increase (decrease) in cash and cash equivalents for the period	(33,170)	(73,568)
Cash and equivalents at the beginning of the year	33,930	112,428
Cash and equivalents at the end of the year	760	38,860

Net cash receipts from the sale of subsidiary LLC

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	06/30/2018
Net cash received from the sale of the asset	1,525,590
Cash and cash equivalents transferred on the sale of the assets	(760)
Working capital received	145,529
Net cash provided by the sale of assets	1,670,359

5. CASH AND CASH EQUIVALENTS

	09/30/2018	Consolidated 12/31/2017	09/30/2018	Parent Company 12/31/2017
Current				
Cash and cash equivalents				
Cash and banks	1,228,767	193,702	193,256	38,311
Short-term investments				
In Brazil:				
Government securities	12,227	12,100	570	150
Private securities	1,238,175	644,525	1,114,447	79,116
	1,250,402	656,625	1,115,017	79,266
Abroad:				
<i>Time deposits</i>	516,071	2,561,245	93,951	275,927
Total short-term investments	1,766,473	3,217,870	1,208,968	355,193
Cash and cash equivalents	2,995,240	3,411,572	1,402,224	393,504

The funds available established in Brazil, are basically invested in repurchase agreements and Bank Certificate of Deposit (“CDBs”) and yield interest based on the floating of Certificates of Interbank Deposits

("CDI") and government securities are basically repurchase agreements backed by National Treasury Notes. The funds are managed by BNY Mellon Serviços Financeiros DTVM S.A. and Caixa Econômica Federal (CEF). The Company invests part of the resources through the investments considered exclusive, and their financial statements were consolidated into the Company's statements. The funds are managed by BNY Mellon Serviços Financeiros DTVM S.A. and Caixa Econômica Federal (CEF).

A significant part of the funds is invested abroad in time deposits in banks considered by management as top rated banks and the returns are based on fixed interest rates.

6. FINANCIAL INVESTMENTS

	Short term		Consolidated	Parent Company	
	09/30/2018	12/31/2017	Long term 09/30/2018	Short term 09/30/2018	12/31/2017
CDB - Bank certificate of deposit (1)	891,214	716,218		891,214	716,218
Government securities (2)	11,189	19,494		521	243
Time Deposit (3)			8,018		
	902,403	735,712	8,018	891,735	716,461

1. Financial investment linked to Bank Certificate of Deposit to secure a letter of guarantee of certain loans.

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2. Investments in National Treasury Bills (LFT) managed by its exclusive funds.
3. Investments in Time Deposit in custody to cover additional expenses of the sale of LLC.

7. TRADE RECEIVABLES

	Consolidated		Parent Company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Trade receivables				
Third parties				
Domestic market	1,205,823	1,290,823	917,508	1,056,929
Foreign market	882,458	982,846	146,260	150,264
	2,088,281	2,273,669	1,063,768	1,207,193
Allowance for doubtful debts	(198,953)	(191,979)	(147,477)	(140,392)
	1,889,328	2,081,690	916,291	1,066,801
Related parties (note 19 a)	113,274	115,388	1,009,638	831,993
	2,002,602	2,197,078	1,925,929	1,898,794
Other receivables				
Dividends receivable (note 19 a) (*)	82,225	41,528	42,017	1,044,242
Advances to employees	41,891	33,942	27,174	22,123
Other receivables	15,952	3,667	2,913	1,547

140,068	79,137	72,104	1,067,912
2,142,670	2,276,215	1,998,033	2,966,706

(*) In 2018, the parent company received the amount of R\$ 1,334,244 from the subsidiary CSN Mineração S.A., as dividends from prior years.

In accordance with the internal sales policy the Group carries out transactions of assignment of receivables without co-obligation in which, after assigning the customer's trade notes/bills and receiving the amounts from each transaction closed, CSN settles the receivables and becomes entirely free from the credit risk of the transaction. This transaction totals R\$17,783 as of September 30, 2018 (R\$181,972 as of December 31, 2017).

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

	Consolidated		Parent Company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Current	1,424,193	1,391,839	576,671	530,774
Past-due up to 30 days	138,483	167,760	62,380	50,141
Past-due up to 180 days	74,986	142,346	35,082	114,230
Past-due over 180 days	450,619	571,724	389,635	512,048
	2,088,281	2,273,669	1,063,768	1,207,193

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

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	09/30/2018	Consolidated 12/31/2017	09/30/2018	Parent Company 12/31/2017
Opening balance	(191,979)	(172,782)	(140,392)	(124,351)
Estimated losses	(13,555)	(36,697)	(9,430)	(29,270)
Recovery of receivables	6,581	17,500	2,345	13,229
Closing balance	(198,953)	(191,979)	(147,477)	(140,392)

8. INVENTORIES

	09/30/2018	Consolidated 12/31/2017	09/30/2018	Parent Company 12/31/2017
Finished goods	1,314,209	1,308,802	990,459	856,707
Work in progress	1,117,581	1,135,589	904,576	981,204
Raw materials	1,176,166	1,050,588	944,540	699,671
Spare Parts	864,915	814,725	496,678	435,827
Iron ore	309,744	278,041	31,510	20,914
Advances to suppliers	138,111	12,514	20,691	8,997
(-) Provision for losses	(132,361)	(135,840)	(48,266)	(51,968)
	4,788,365	4,464,419	3,340,188	2,951,352

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

		Consolidated		Parent Company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017	
Opening balance	(135,840)	(101,176)	(51,968)	(37,312)	
Reversal / (losses) for slow-moving and obsolescence	3,479	(34,664)	3,702	(14,656)	
Closing balance	(132,361)	(135,840)	(48,266)	(51,968)	

9. OTHER CURRENT AND NONCURRENT ASSETS

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

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	Current		Consolidated Non-current		Current	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Judicial deposits (note 17)			373,508	339,351		
Credits with the PGFN (1)			46,774	46,774		
Recoverable taxes (2)	1,700,377	866,986	424,147	401,071	1,482,709	
Prepaid expenses	68,771	50,078	36,598	30,741	39,937	
Actuarial asset - related party (note 19 a)			90,690	111,281		
Derivative financial instruments (note 14 I)	1,039					
Securities held for trading (note 14 I)	6,572	2,952				6,384
Iron ore inventory (3)			144,499	144,499		
Northeast Investment Fund – FINOR			26,598	26,598		
Other receivables (note 14 I)			6,905	20,024		
Loans with related parties (note 19 a and 14 I)	2,616	2,441	693,126	554,694	17,930	
Other receivables from related parties (note 19 a)	3,649	3,577	126,297	30,770	113,897	
Monetary adjustment related to the Eletrobrás's compulsory loan (4)			755,151	755,151		
Others	96,456	67,544	26,488	67,521		
	1,879,480	993,578	2,750,781	2,528,475	1,660,857	

1. Refers to the excess of judicial deposit originated by the 2009 REFIS program (Tax Debt Refinancing Program). After the settlement of the program amount, the balance of one of the lawsuits was withdrawn by the Company with a court authorization.

2. Refers mainly to taxes on revenue (PIS/COFINS) and state VAT (ICMS) recoverable and income tax and social contribution for offset. Additionally, in September, principal and monetary adjustment was recognized in the amount of R\$ 725,038 (see further details in notes 24 and 25)

3. Long-term iron ore inventories that will be used after the implementation of the processing plant, generating as final product the pellet feed, expected to start operating in the first half of 2020.

4. This is a net amount, certain and due, arising from a favorable final decision to the Company, which is irreversible and irrevocable, in order to apply the STJ's consolidated position on the subject, which culminated in the conviction of the Eletrobrás to the payment of the correct interest and monetary correction of the Compulsory Loan. The said final decision, as well as the certainty about the amounts involved in the settlement of the judgment (judicial procedure to request the satisfaction of the right), allowed the conclusion that the entry of this value is certain.

10. INVESTMENTS

The information on the activities of subsidiaries, joint ventures, joint operations, associates and other investments did not have any changes in relation to that disclosed in the Company's financial statements as of December 31, 2017 and, accordingly, the Company decided not to repeat it in the condensed interim financial information as of September 30, 2018.

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

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Companies	Number of shares held by CSN in units		% Direct equity interest	Assets	Participation in	
	Common	Preferred			Liabilities	Sharehold equity
Investments under the equity method						
Subsidiaries						
CSN Islands VII Corp.	20,001,000		100.00	1,125,069	2,818,890	(1,693,8
CSN Islands XI Corp.	50,000		100.00	2,973,079	3,088,467.0	(115,3
CSN Islands XII Corp.	1,540		100	2,518,095.0	4,009,353.0	(1,491,25
CSN Minerals S.L.U.	(1)					
CSN Export Europe, S.L.U.	(1)					
CSN Metals S.L.U.	(1)					
CSN Americas S.L.U.	(1)					
CSN Steel S.L.U.	22,042,688		100.00	3,845,060	246,737	3,598,
SePETIBA Tecon S.A.	254,015,052		99.99	485,384	172,610	312,
Minérios Nacional S.A.	66,393,587		99.99	129,547	88,804	40,
Fair Value - Minérios Nacional	-		-	-	-	2,123,
Estanho de Rondônia S.A.	121,861,697		99.99	48,794	45,221	3,
Companhia Metalúrgica Prada	445,921,292		99.99	671,410	538,319	133,
CSN Mineração S.A.	158,419,480		87.52	12,951,407	4,068,320	8,883,
CSN Energia S.A.	43,149		99.99	132,631	35,988	96,
FTL - Ferrovia Transnordestina Logística S.A.	442,672,357		91.69	409,080	116,462	292,
Companhia Florestal do Brasil	41,923,303		100	34,945.0	1,289.0	33,65
Nordeste Logística	99,999		99.99	83	55	
CGPAR - Construção Pesada S.A. (2)						
Fair Value - CGPAR						
				25,324,584	15,230,515	12,217,
Joint-venture and Joint-operation						
Itá Energética S.A.	253,606,846		48.75	256,653	15,913	240,

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MRS Logística S.A.	26,611,282	2,673,312	18.64	1,537,098	824,505	712,
CBSI - Companhia Brasileira de Serviços de Infraestrutura	1,876,146		50.00	23,082	18,454	4,
Transnordestina Logística S.A.	24,168,304		46.30	3,977,410	2,791,698	1,185,
Fair Value allocated to TLSA due to control loss						271,
				5,794,243	3,650,570	2,414,
Associates						
Arvedi Metalfer do Brasil	46,994,971		20.00	42,249	26,512	15,
				42,249	26,512	15,
Classified as fair value through profit or loss (note 14 I)						
Usiminas						2,143,
Panatlântica						27,
						2,170,
Other investments						
Profits on subsidiaries' inventories						(86,9
Others						63,
						(23,3
Total investments						16,795,
Classification of investments in the balance sheet						
Investments in assets						20,095,
Investments with negative equity						(3,300,4
						16,795,

(1) On February 6, 2018, the Spanish commercial registry recognized the merger by absorption of the companies by CSN Steel, S.L.U., date from which the companies were considered legally extinct, before third parties and for the purposes of commercial law, the merger is retroactive to the date of December 28, 2017.

(2) Company sold in July 2017, to the subsidiary CSN Mineração.

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

10.b) Movement in investments in subsidiaries, joint ventures, joint operations, associates and other investments

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		Consolidated		Parent Company
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Opening balance of investments	5,499,995	4,568,451	22,894,885	22,703,508
Opening balance of loss provisions			(1,366,480)	(1,019,299)
Capital increase		20,579	36,214	80,686
Dividends (1)	(41,675)	(79,189)	(5,265,606)	(2,059,972)
Comprehensive income (2)	(1,559,590)	850,640	(1,483,828)	1,021,099
Equity in results of affiliated companies (3)	123,245	147,800	467,716	901,836
Receipt arising from the sale of Usiminas' shares	(39,377)		(39,377)	
Update shares of fair value through profit or loss (Note 14 II)	1,547,265		1,547,265	
Write-off of the investment – disposal of CGPAR				(14,055)
Surplus value of the assets – CGPAR				(50,009)
Capital Transactions - Business combination CGPAR				(35,389)
Amortization of fair value - investment MRS	(8,810)	(11,746)		
Others	32	3,460	4,568	
Closing balance of investments	5,521,085	5,499,995	20,095,824	22,894,885
Balance of provision for investments with negative equity			(3,300,467)	(1,366,480)
Total	5,521,085	5,499,995	16,795,357	21,528,405

1. In 2018, refers to the allocation of dividends of subsidiaries CSN Energia, Itá Energética, CSN Mineração, MRS Logística. In 2018, CSN Steel assigned and paid the amount of R\$ 4,871,608.

2. Refers to the mark-to-market of investments classified fair value through profit or loss, translation to reporting currency of the foreign investment whose functional currency is not the Real, actuarial gain/loss and gain/loss on investment hedge from investments accounted for under the equity method.

3. The reconciliation of the equity in results of joint ventures and associates and the amount recorded in the statement of income are presented below and derive from the elimination of results of CSN's transactions with these companies:

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	09/30/2018	Consolidated 09/30/2017
Equity in results of affiliated companies		
MRS Logística S.A.	140,528	146,583
CBSI - Companhia Brasileira de Serviços de Infraestrutura	3,127	1,805
Transnordestina	(16,470)	(19,347)
Arvedi Metalfer do Brasil	(3,754)	447
Others	(186)	(92)
	123,245	129,396
Eliminations		
To cost of sales	(31,797)	(33,463)
To taxes	10,811	11,377
Others		
Amortization of fair value - Investment in MRS	(8,810)	(8,810)
Others	2,561	
Equity in results of affiliated companies adjusted	96,010	98,500

10.c) Investments in joint ventures and joint operations

The balances of the balance sheet and statement of income of joint ventures are presented below and refer to 100% of the companies' results:

9/30/2018

Equity interest (%)	<i>Joint-Venture</i>			<i>Joint-Operation</i>		<i>Joint-Venture</i>		
	MRS Logística 34.94%	CBSI 50.00%	Transnordestina Logística 46.30%	Itá Energética 48.75%	MRS Logística 34.94%	CBSI 50.00%	Transnordestina Logística 46.30%	
Balance sheet								
Current assets								
Cash and cash equivalents	495,708	1,472	18,160	21,692	484,978	101	5,760	
Advances to suppliers	18,569	53	2,925	63	14,911	37		
Other current assets	600,707	39,579	62,604	15,568	685,311	28,475	49,490	
Total current assets	1,114,984	41,104	83,689	37,323	1,185,200	28,613	55,250	
Non-current assets								
Other non-current assets	732,889	1,282	226,401	26,288	693,434	974	238,000	
Investments, PP&E and intangible assets	6,398,628	3,776	8,280,447	462,855	6,277,550	2,423	7,927,880	
Total non-current assets	7,131,517	5,058	8,506,848	489,143	6,970,984	3,397	8,165,880	
Total Assets	8,246,501	46,162	8,590,537	526,466	8,156,184	32,010	8,221,130	
Current liabilities								
Borrowings and financing	447,775	168	146,645		668,947	1,411	52,690	
Other current liabilities	1,328,939	36,094	117,405	17,731	1,272,365	25,898	113,730	
Total current liabilities	1,776,714	36,262	264,050	17,731	1,941,312	27,309	166,420	
Non-current liabilities								
Borrowings and financing	2,088,588	644	5,668,647		2,084,422		5,457,760	
Other non-current liabilities	558,154		96,902	14,910	575,170		43,000	
Total non-current liabilities	2,646,742	644	5,765,549	14,910	2,659,592		5,458,200	
Shareholders' equity	3,823,045	9,256	2,560,938	493,825	3,555,280	4,701	2,596,500	

Total liabilities and shareholders' equity	8,246,501	46,162	8,590,537	526,466	8,156,184	32,010	8,221,14
	01/01/2018 a 09/30/2018						
	<i>Joint-Venture</i>			<i>Joint-Operation</i>		<i>Joint-Venture</i>	
Equity interest (%)	MRS Logística 34.94%	CBSI 50.00%	Transnordestina Logística 46.30%	Itá Energética 48.75%	MRS Logística 34.94%	CBSI 50.00%	Transnordestina Logística 46.30%
Statements of Income							
Net revenue	2,733,791	118,260		123,731	2,588,815	102,977	2
Cost of sales and services	(1,828,773)	(102,120)		(55,450)	(1,695,291)	(90,550)	2
Gross profit	905,018	16,140		68,281	893,524	12,427	2
Operating (expenses) income	(206,610)	(7,496)	(14,873)	(44,998)	(145,206)	(6,161)	(31,70
Finance income (costs), net	(126,021)	(56)	(20,699)	(369)	(147,755)	(817)	(10,10
Income before income tax and social contribution	572,387	8,588	(35,572)	22,914	600,563	5,449	(41,78
Current and deferred income tax and social contribution	(195,328)	(2,334)		(7,773)	(207,257)	(1,838)	
(Loss) profit for the year, net	377,059	6,254	(35,572)	15,141	393,306	3,611	(41,78

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It is in pre-operational phase and will continue as such until the completion of Railway System II. The approved schedule, which estimated the completion of the work by January 2017, is currently under review and discussion with the responsible agencies; however, Management believes that new deadlines for project completion will not have material adverse effects on the expected return on the investment. After analyzing this matter, Management considered as appropriate the use of the accounting basis of operational continuity (going concern) of the project in the preparation of its financial statements.

The assumptions used to evaluate the impairment test in December 2017 remain valid and there is no trigger to justify records of *impairment* in the first quarter.

11. PROPERTY, PLANT AND EQUIPMENT

The information on property, plant and equipment has not changed significantly in relation to that disclosed in the Company's financial statements as of December 31, 2017.

Land Buildings and Infrastructure	Machinery, equipment	Furniture and	Construction in progress	Other (*)	Consolidated Total
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			and facilities	fixtures			
Balance at December 31, 2017	279,740	2,796,947	11,985,920	33,103	2,475,935	393,194	17,964,839
Cost	279,740	3,819,929	21,674,362	164,152	2,475,935	669,096	29,083,214
Accumulated depreciation		(1,022,982)	(9,688,442)	(131,049)		(275,902)	(11,118,375)
Balance at December 31, 2017	279,740	2,796,947	11,985,920	33,103	2,475,935	393,194	17,964,839
Effect of foreign exchange differences	11,261	19,114	112,060	782	6,229	4,303	153,749
Acquisitions	55	421	94,272	923	717,983	7,104	820,758
Capitalized interest (notes 25 and 28)					52,808		52,808
Write-off and estimated losses, net of reversal (note 24)		(9,606)	(16,697)	(1)	(3,079)		(29,383)
Depreciation (note 23)		(103,097)	(787,343)	(4,088)		(17,751)	(912,279)
Transfers to other categories of assets		48,617	138,807	293	(180,266)	(7,451)	
Sale of LLC	(238)	(16,950)	(145,958)	(181)	(6,070)	(21,829)	(191,226)
Transfer to intangible assets					(758)	(12)	(770)
Others					10,441	8	10,449
Balance at September 30, 2018	290,818	2,735,446	11,381,061	30,831	3,073,223	357,566	17,868,945
Cost	290,818	3,854,372	21,863,825	168,032	3,073,223	617,321	29,867,591
Accumulated depreciation		(1,118,926)	(10,482,764)	(137,201)		(259,755)	(11,998,646)
Balance at September 30, 2018	290,818	2,735,446	11,381,061	30,831	3,073,223	357,566	17,868,945

Parent Company

	Land	Buildings and Infrastructure	Machinery, equipment and facilities	Furniture and fixtures	Construction in progress	Other (*)	Total
Balance at December 31, 2017	94,485	1,091,303	7,375,505	13,830	906,851	20,437	9,502,411
Cost	94,485	1,334,093	13,159,644	96,609	906,851	118,888	15,710,570
Accumulated depreciation		(242,790)	(5,784,139)	(82,779)		(98,451)	(6,208,159)
Balance at December 31, 2017	94,485	1,091,303	7,375,505	13,830	906,851	20,437	9,502,411
Acquisitions	55	5	33,016	186	319,300	3,248	355,810
Capitalized interest (notes 25 and 28)					11,923		11,923
Write-off and estimated losses, net of reversal (note 24)		(9,527)	(3,674)				(13,201)
Depreciation (note 23)		(25,876)	(403,572)	(1,890)		(3,945)	(435,283)
Transfers to other categories of assets			22,176		(22,198)	22	
Others					8,670		8,670
Balance at September 30, 2018	94,540	1,055,905	7,023,451	12,126	1,224,546	19,762	9,430,330
Cost	94,540	1,323,764	13,210,514	96,801	1,224,546	122,115	16,072,280
Accumulated depreciation		(267,859)	(6,187,063)	(84,675)		(102,353)	(6,641,950)
Balance at September 30, 2018	94,540	1,055,905	7,023,451	12,126	1,224,546	19,762	9,430,330

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

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The assumptions used for the impairment test in December 2017 are still effective and there is not factor that justifies the recognition of impairment in the quarter.

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

	Project description	Start date	Completion date	09/30/2018	Consolidated 12/31/2017
Logistics	Current investments for maintenance of current operations.			104,138	106,956
				104,138	106,956
Mining	Expansion of Casa de Pedra Mine capacity production.	2007	2020	(1) 778,756	750,999
	Expansion of TECAR export capacity.	2009	2022	(2) 283,831	275,811
	Current investments for maintenance of current operations.			629,956	408,522
				1,692,543	1,435,332
Steel	Supply of 16 torpedo's cars for operation in the steel industry	2008	2019	102,745	99,483
	Current investments for maintenance of current operations.			(3) 524,926	228,029

Cement					627,671	327,512
	Construction of cement plants.	2011	2020	(4)	574,589	554,865
	Current investments for maintenance of current operations.				74,282	51,270
					648,871	606,135
Construction in progress					3,073,223	2,475,935

- (1) Estimated completion date of the Central Plant Step 1;
- (2) Estimated completion date of phase 60 Mtpa;
- (3) Refers substantially to renovation of coke ovens batteries and reuse of carbo-chemical cooling water;
- (4) Refers substantially to the acquisition of new Integrated Cement Plants.

The average estimated useful lives are as follows (in years):

		Consolidated			Parent Company
	09/30/2018	12/31/2017		09/30/2018	12/31/2017
Buildings	38	39		41	41
Machinery, equipment and facilities	22	21		24	24
Furniture and fixtures	11	12		12	12
Others	15	17		13	12

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12. INTANGIBLE ASSETS

	Goodwill	Customer relationships	Software	Trademarks and patents	Rights and licenses (*)	Oth
Balance at December 31, 2017	3,590,931	300,875	73,185	134,137	3,172,469	
Cost	3,834,234	513,068	167,162	134,137	3,185,701	
Accumulated amortization	(133,973)	(212,193)	(93,977)		(13,232)	
Adjustment for accumulated recoverable value	(109,330)					
Balance at December 31, 2017	3,590,931	300,875	73,185	134,137	3,172,469	
Effect of translation adjustment		48,908	194	23,155		