NATIONAL STEEL CO
Form 6-K
August 10, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

For the month of August, 2011
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 ___X___ 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 ___X____

CSN POSTS RECORD NET REVENUE OF R$8.1 BILLION IN 1H11

São Paulo, August 2, 2011

Companhia Siderúrgica Nacional (CSN) (BM&FBOVESPA: CSNA3) (NYSE: SID) announces today its consolidated results for the second quarter of 2011 (2Q11), which are presented in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and with Brazilian accounting practices, which are fully convergent with international accounting norms, 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. Comments on this release relate to the consolidated results of the Company and comparisons refer to the first quarter of 2011 (1Q11) and the second quarter of 2010 (2Q10), unless otherwise stated. The Real/U.S. Dollar exchange rate on June 30, 2011 was R$1.561.

- Net revenue totaled R$8.1 billion in 1H11, 15% more than in 1H10 and a new Company record, and R$4.3 billion in 2Q11, 14% up quarter-on-quarter and also a new record;
- Gross profit reached R$1.8 billion in 2Q11, 18% higher than in 1Q11;
- Adjusted EBITDA amounted to R$1.8 billion in 2Q11, a 16% improvement over the R$1.5 billion recorded in 1Q11, and R$3.3 billion in 1H11, 7% up on the R$3.1 billion posted in the first six months of 2010;
- The adjusted EBITDA margin stood at 41% in the second quarter, higher than in 1Q11;
- Consolidated net income amounted to R$1.1 billion in 2Q11, 85% more than in the previous three months, and R$1.8 billion in 1H11, 32% higher than in the same period last year;
- Net revenue from mining reached the record figure of R$2.7 billion in 1H11, 110% up on 1H10, due to an iron ore sales volume of 13.3 million tonnes, also a record;
- Consolidated steel product sales volume in the domestic market, where margins are historically higher, accounted for 86% of total sales volume in 2Q11;
- CSN is a highly liquid company, with a cash position of R$11.7 billion.

At the close of 2Q11

- BM&Fbovespa: CSNA3 R$19.19/share
- NYSE: SID US$12.46/ADR (1 ADR = 1 share)

- Total no. of shares = 1,483,033,685
- Market Cap: R$28 billion/US$18 billion (excludes treasury shares)

invrel@csn.com.br

Investor Relations Team

- IR Executive Officer: Alberto Monteiro
- Head of IR: David Moise Salama - (+55 11) 3049-7588

- Specialist: Claudio Pontes - (+55 11) 3049-7592
- Specialist: Fábio Romanin – (+55 11) 3049-7598
- Senior Analyst: Fernando Campos – (+55 11) 3049-7591
- **Analyst:** Stephan Szolimowski – (+55 11) 3049-7593

Executive Summary

Consolidated Highlights	2Q10	1Q11	2Q11	2Q11 x 1Q11 (Var%)	2Q11 x 2Q10 (Var%)
Net Revenue (R$ MM)	3,873	3,789	4,323	14%	12%
Gross Profit (R$ MM)	1,895	1,556	1,836	18%	-3%
Adjusted EBITDA (R$ MM)	1,788	1,529	1,773	16%	-1%
Adjusted EBITDA Margin	46%	40%	41%	1 p.p.	- 5 p.p.
Net Income (R$ MM)	880	616	1,137	85%	29%
Net Margin (R$ MM)	23%	16%	26%	10 p.p.	3 p.p.
Total Sales (thousand t)					
- Steel	**1,300**	**1,220**	**1,300**	**7%**	**0%**
- Domestic Market	89%	85%	86%	1 p.p.	- 3 p.p.
- Export	11%	15%	14%	-1 p.p.	3 p.p.
- Iron Ore[1]	**6,227**	**6,601**	**6,743**	**2%**	**8%**
- Domestic Market	5%	6%	7%	1 p.p.	2 p.p.
- Export	95%	94%	93%	- 1 p.p.	- 2 p.p.
Net Debt (R$ MM)	**8,269**	**10,665**	**11,308**	**6%**	**37%**
Net Debt/Adjusted EBITDA[2]	1.56x	1.62x	1.72x	0.11x	0.17x
Cash Position	9,672	11,115	11,685	5%	21%

(1) Sales volumes include 100% of NAMISA sales

(2) Adjusted EBITDA for the last 12 months

Economic and Sector Scenario

Global economic activity, which had picked up steam at the beginning of the year, slowed in the second quarter, chiefly due to the worsening of the fiscal crisis in certain European countries and the difficulties in approving an increase in public spending in the U.S., all of which led to increased risk aversion.

There is a clear global disparity in regard to economic growth. While growth in the developed countries has fallen to exceptionally modest levels, developing nations are continuing to expand rapidly. In order to contain the inflationary upturn in the emerging economies, several central banks have imposed more restrictive monetary policies

In its most recent report on the global economic outlook, the OECD encouraged the central banks to raise base rates in order to combat the increased price pressure. According to the IMF, average inflation worldwide climbed from 3.5% p.a., in 4Q10, to 4% p.a. in April 2011.

USA:

U.S. GDP growth estimates are reflecting Americans' cautious approach to consumption and modest corporate hiring levels, causing the IMF to lower its 2011 forecast from 3.5% to 2.5%.

Unemployment is still high and household and government debt, together with weak credit growth, is hampering a recovery in consumption.

U.S. government figures show that the country created 18,000 jobs in June, well below the previously expected 125,000. This means that 9.2% of the economically active population is unemployed.

Given this scenario, the government wants to increase public spending so the economy can start to grow again. Nevertheless, the opposition is against any increase in the public debt, which has already reached US$14 trillion. Ratings agencies have indicated that they may downgrade the country's credit rating if the authorities fail to negotiate an increase in the debt ceiling.

Europe:

Even though the 2011 eurozone growth prospects have improved, chiefly sustained by Germany and France, the problems of Greece and other member nations may well inhibit an economic recovery in the region.

Eurozone GDP edged up by 0.8% in 1Q11, with Germany's 1.5% making a substantial contribution to this upturn.

Germany's performance is once again being sustained by exports and the country's central bank expects annual growth of 2.6%.

As in other regions of the world, Europe is suffering from inflationary pressure, with the harmonized consumer price index recording 2.7% in June. In an attempt to reduce this pressure, the ECB raised interest rates by 0.25 pp. to 1.50% p.a., the second hike this year. According to the Bank, interest rates are still exceptionally low and monetary policy remains flexible, which could indicate further increases along the year.

Eurozone unemployment improved slightly in April, totaling 9.9%, the lowest figure since September 2009, but still well above historical levels.

Asia:

China has adopted a series of restrictive measures to rein in its inflationary upturn, focused on controlling consumption by increasing interest rates and reserve requirements, which, together with the energy restrictions, have reduced the country's 2011 growth prospects. This monetary squeeze has reduced market liquidity, in turn inhibiting the acquisition and build-up of raw materials.

The consumer price index continued to move up, reaching its highest level for three years, recording 6.4% in the first six months of 2011, mainly driven by the 14% increase in food prices and high wage hikes. In order to ease the pressure, the country's Central Bank pushed up interest rates by 0.25% p.a., in turn raising the lending rate to 6.56% p.a. This was the third increase this year. Nevertheless, China still posted hefty year-on-year GDP growth of 9.5% in the second quarter, fueled by industrial output and retail sales, which recorded respective growth of 15% and 18% in June over the same month last year.

The reconstruction of Japan's infrastructure following the damage caused by the earthquake and the tsunami, is moving ahead much faster than expected, according to the Japanese Central Bank. Demand has not been unduly affected, given the routing of part of production to the export market. The earthquake's biggest short-term impact has been on the supply of industrial inputs.

One positive note has come from the job market. According to the Ministry of Communications and Internal Affairs, Japanese unemployment fell from 4.7% in April, to 4.5% in May.

Brazil:

The 2011 economic outlook remains positive, although certain indicators are pointing to a reduction in the pace of activity in the second half, due to the macroprudential measures adopted by the government since the end of 2010.

The consumer confidence index (ICC), measured by the FGV, and the business confidence index (ICEI), measured by the National Confederation of Industry (CNI) have both posted a decline. In June, the ICC recorded 153.81 points, 4.4 points less than in January, while the ICEI recorded 57.90 points, 6.6 points down year-on-year.

First-quarter GDP climbed by 1.3% over the previous three months, driven by agriculture and industry, which increased by 3.3% and 2.2%, respectively. However, exports and imports moved in the opposite direction, with respective declines of 3.2% and 1.6%. According to the Central Bank, annual GDP growth should reach 3.94%.

In May, consumer default on bills overdue by more than 90 days grew by 0.2% p.p. to 5.1%. The total stock of credit in the financial system stood at R$1.8 trillion, 5.8% up in the year and 1.6% up in the month. The credit/GDP ratio increased to 47%, still low compared to some of the developed countries such as Germany and the Netherlands, which recorded respective ratios of 90% and 135%.

Inflation continues to exert pressure. According to the Central Bank's FOCUS report the IPCA consumer price index should end the year at close to the fluctuation band ceiling of 6.5%. However, the indicators are pointing to a slowdown in the second half, given the government's macroprudential measures and the decline in food prices.

Recently, the National Monetary Council decided to maintain the annual inflationary target at 4.5% until 2013, aiming to keep inflation under control while maintaining sufficient flexibility for monetary policy maneuvers. This year alone, there have been five consecutive increases in the SELIC base rate, which now stands at 12.50% p.a., and the FOCUS report points to further hikes before the end of the year.

According to the IBGE, retail sales increased by 7.4% between January and May and by 9.2% in the last 12 months. Nevertheless, domestic demand is expected to slow in the coming quarters, reflecting the impact of the restrictive policy implemented since the end of last year.

Direct foreign investments (IED) totaled US$32 billion in the first half, a massive 167% up on the same period last year and the FOCUS report believes they will climb to US$55 billion by year-end. This trend is pressuring the Real, which remains appreciated against the U.S. dollar.

The government has been taking a series of measures to rein in the appreciation of Brazil's currency and reduce the current account deficit, which continues to move up, primarily driven by foreign purchases, import growth and remittances of profits abroad. According to the Central Bank, the year-to-date deficit is US$22 billion and it should close the year at US$60 billion.

	2011	**2012**
IPCA (%)	6.31	5.28
US Dollar (closing) – R$	1.60	1.65
SELIC (final - %)	12.75	12.75
GDP (%)	3.94	4.00
Industrial Production (%)	3.24	4.34
Source: FOCUS BACEN	Base: July 22, 2011	

Net Revenue

Consolidated net revenue totaled R$4,323 million in 2Q11, 14% up on the R$3,789 million recorded in 1Q11, chiefly due to higher iron ore prices and sales volume in 2Q11, as well as higher steel sales volume.

Consolidated net revenue grew by 12% in relation to the R$3,872 million posted in 2Q10, basically due to higher iron ore prices and sales volume.

Cost of Goods Sold (COGS)

In 2Q11, consolidated COGS totaled R$2,487 million, 11% more than the R$2,233 million recorded in 1Q11, primarily reflecting the increase in iron ore and steel product sales volume.

In year-on-year terms, consolidated COGS grew by 26% over the R$1,977 million recorded in 2Q10, basically due to higher iron ore sales volume.

Selling, General, Administrative and Other Operating Expenses

In the second quarter, SG&A expenses totaled R$304 million, 26% up on 1Q11, chiefly due to the collective bargaining agreement in June, in addition to higher expenses with service providers. In relation to 2Q10, SG&A expenses remained flat.

CSN recorded a positive R$605 million in the "Other Revenue and Expenses" line in 2Q11, a big improvement over the net expense of R$125 million recorded in 1Q11, essentially due to the R$698 million from the sale of CSN's entire interest in Riversdale Mining Limited.

EBITDA

Adjusted EBITDA as presented in this report comprises net income before the financial result, income and social contribution taxes, depreciation and amortization and other operating revenue (expenses), the latter item being excluded due to its non-recurring nature.

Adjusted EBITDA totaled R$1,773 million in 2Q11, 16% up on the R$1,529 million recorded in 1Q11, chiefly due to higher iron ore prices, accompanied by an adjusted EBITDA margin of 41%, up by 1 p.p

Adjusted EBITDA came to R$3,302 million in the first half of 2011, 7% up year-on-year, mainly due to higher iron ore prices and sales volume.

Financial Result and Net Debt

The 2Q11 net financial result was negative by R$650 million, chiefly due to the following factors:

- Provisions for interest on loans and financing totaling R$546 million;
- Negative monetary and foreign exchange variations of R$80 million, including the result of derivative operations;
- Expenses of R$77 million from the consolidation of REFIS tax repayment program processes;
- The monetary restatement of tax provisions totaling R$87 million;

These negative effects were partially offset by returns on financial investments totaling R$152 million.

On June 30, 2011, the consolidated net debt stood at R$11.3 billion, R$0.6 billion more than the R$10.7 billion recorded on March 31, 2011, essentially due to the following factors:

- Investments of R$0.9 billion in fixed assets;
- Payment of R$1.9 billion in dividends and interest on equity;
- A R$0.6 billion effect related to the cost of debt;
- Increase of R$0.3 billion in the working capital allocated to the business.

These effects were partially offset by 2Q11 adjusted EBITDA of R$1.8 billion and the R$1.3 billion revenue from the sale of the Company's entire interest in Riversdale Mining Limited.

The net debt/adjusted EBITDA ratio closed 2Q11 at 1.72x, based on LTM adjusted EBITDA of R$6.6 billion, 0.10x up on the 1.62x ratio recorded at the end of the previous quarter.

In April 2011, the Company contracted a R$1.5 billion loan from Banco do Brasil through the issue of Export Credit Notes in order to finance its exports.

Consolidated Net Income

CSN posted 2Q11 net income of R$1,137 million, 85% up on 1Q11, chiefly due to the higher gross profit and the proceeds from the sale of CSN's minority interest in Riversdale Mining Limited, partially offset by the financial result.

Capex

CSN invested R$880 million in 2Q11, R$481 million of which in subsidiaries or joint subsidiaries, allocated as follows:

- Transnordestina Logística: R$379 million;
- MRS Logística: R$38 million;
- CSN Cimentos: R$30 million.

The remaining R$399 million went to the parent company, mostly in the following projects:

- Maintenance and repairs: R$124 million;
- Expansion of the Casa de Pedra mine: R$56 million;
- CSN Aços Longos: R$46 million;
- Expansion of the Itaguai Port: R$30 million;
- Technological improvements: R$12 million.

Working Capital

Working capital closed June 2011 at R$3,194 million, an increase of R$346 million on the figure at the end of March 2011, basically due to increased sales in 2Q11, which pushed up "Accounts Receivable" and "Inventories", especially of raw materials. The average receivables and supplier payment periods remained flat at 29 days and 22 days, respectively, at the close of June 2011, while the average inventory turnover fell by 14 days to 88 days.

WORKING CAPITAL (R$ MM)	2Q10	1Q11	2Q11	Change 2Q11 x 1Q11	Change 2Q11 x 2Q10
Assets	**3,762**	**3,817**	**4,221**	**404**	**459**
Accounts Receivable	**1,298**	**1,397**	**1,506**	**109**	**208**
Inventory (*)	**2,423**	**2,378**	**2,564**	**186**	**141**
Advances to Taxes	**41**	**42**	**151**	**109**	**110**
Liabilities	**1,050**	**969**	**1,027**	**58**	**(23)**
Suppliers	**692**	**494**	**582**	**88**	**(110)**
Salaries and Social Contribution	**167**	**165**	**197**	**32**	**30**
Taxes Payable	**149**	**277**	**209**	**(68)**	**60**

Advances from Clients	**42**	**33**	**39**	**6**	**(3)**
Working Capital	**2,712**	**2,848**	**3,194**	**346**	**482**

TURNOVER RATIO Average Periods	2Q10	1Q11	2Q11	Change 2Q11 x 1Q11	Change 2Q11 x 2Q10
Receivables	**27**	**29**	**29**	**0**	**2**
Supplier Payment	**30**	**22**	**22**	**0**	**(8)**
Inventory Turnover	**92**	**102**	**88**	**(14)**	**(4)**

(*) Inventory - includes "Advances to Suppliers" and does not include "Supplies".

For further information, please visit our corporate website: www.csn.com.br

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Results by Segment

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:

Steel	Mining	Logistics	Cement	Energy
Pres. Vargas Steel Mill	Casa de Pedra	Railways:	Volta Redonda	CSN Energia
Porto Real	Namisa (60%)	- MRS	Arcos	Itasa
Paraná	Tecar	- Transnordestina		
LLC	ERSA	Port:		
Lusosider		- Sepetiba Tecon		
Prada (Distribution and Packaging)				
Metalic				

The information on CSN's five business segments is derived from the accounting data, together with allocations and the apportionment of costs among the segments. CSN's management uses adjusted EBITDA as an indicator to measure recurring net operating cash flow.

The charts below show the various segments' contribution to CSN's overall net revenue and adjusted EBITDA:

Net Revenue by Segment in 2Q11 (R$ million)

Adjusted consolidated EBITDA by Segment in 2Q11 (R$ million)

The Company’s consolidated results by business segment are presented below:

2Q11								R$ million
Consolidated Results	Steel	Mining	Logistics		Energy	Cement	Eliminations/ Corporate	Consolidated
			Port	Railways				
Net Revenue	**2,513**	**1,524**	**32**	**256**	**37**	**83**	**(121)**	**4,323**
Domestic Market	2,152	250	32	256	37	83	(119)	2,690
Foreign Market	361	1,274	-	-	-	-	(1)	1,633
Cost of Goods Sold	(1,827)	(506)	(21)	(161)	(19)	(60)	106	(2,487)
Gross Profit	**686**	**1,018**	**11**	**95**	**17**	**23**	**(14)**	**1,836**
Selling, General and Administrative Expenses	(113)	(20)	(4)	(20)	(6)	(19)	(122)	(304)
Depreciation	161	42	1	26	6	6	0	242
Adjusted EBITDA	**733**	**1,040**	**8**	**101**	**17**	**9**	**(136)**	**1,773**
Adjusted EBITDA Margin	**29%**	**68%**	**26%**	**40%**	**46%**	**11%**		**41%**

1Q11								R$ million
Consolidated Results	Steel	Mining	Logistics		Energy	Cement	Eliminations/ Corporate	Consolidated
			Port	Railways				
Net Revenue	**2,305**	**1,210**	**37**	**232**	**29**	**63**	**(85)**	**3,789**
Domestic Market	1,965	195	37	232	29	63	(79)	2,441
Foreign Market	339	1,015	-	-	-	-	(6)	1,348
Cost of Goods Sold	(1,635)	(436)	(21)	(145)	(10)	(49)	63	(2,233)
Gross Profit	**670**	**774**	**16**	**87**	**19**	**13**	**(22)**	**1,556**
Selling, General and Administrative Expenses	(118)	(18)	(4)	(20)	(6)	(12)	(64)	(241)
Depreciation	141	36	1	26	6	4	1	215
Adjusted EBITDA	**693**	**792**	**13**	**92**	**19**	**6**	**(85)**	**1,529**
Adjusted EBITDA Margin	**30%**	**65%**	**36%**	**40%**	**64%**	**9%**		**40%**

Steel

Scenario

According to the Brazilian Steel Institute (IABr), apparent consumption of steel products in Brazil totaled 12.6 million tonnes in the first half of 2011, 5.6% less than in the same period last year. Of this total, 1.7 million tonnes came from imports, 36.7% down year-on-year.

Also according to the IABr, Brazil produced 17.7 million tonnes of crude steel in the first six months of the year, 8% up on 1H10, while rolled flat steel output fell by 7% to 7.3 million tonnes.

Domestic flat steel sales totaled 5.9 million tonnes, 3.3% down on the first half of 2010, while exports climbed by 13% to 1.3 million tonnes.

The IABr’s projections for the sector remain favorable. Apparent consumption of steel products in the Brazilian market is expected to reach 27.8 million tonnes in 2011, 6.4% up on 2010, based on expectations of moderate growth for industry as a whole, with more significant growth in those segments producing equipment for the oil and gas industry and those associated with the World Cup and 2016 Olympic Games.

Segments

Automotive: The automotive sector continues to thrive. First-half results show that the market is growing and annual sales are expected to increase by between 5% and 8%. The outlook is excellent, with the Brazilian auto market set to absorb major investments. So far, the sector has received guarantees of R$32 billion in investments to increase production capacity, adding 1.3 million units by 2015, and this does not include projects for new plants.

First-half output totaled 1.71 million units, 4% up on 1H10 and a new record, with exports of 249,000 units, up by 3%. Second-quarter production climbed by 6% over 1Q11, to 882,000 units.

According to ANFAVEA (the auto manufacturers’ association),sales totaled 1.73 million units in the first half, 10% up on 1H10, and 912,000 units in the second quarter, 11% up on the previous three months. ANFAVEA expects annual sales of 3.7 million vehicles, 5% more than in 2010.

Agricultural Machinery: First-half production amounted to 41,000 units, 7.2% less than in the same period last year, and period sales kept pace, falling by 7%.

Sales volume should close 2011 in line with 2010, with 68,500 units sold, accompanied by a 4.8% decline in exports.

Construction: According to the leading institutes, the expansion of Brazil’s construction sector should outpace GDP growth. DIEESE (the Inter-union Statistics Department) estimates an annual construction GDP upturn of 8.5% while ABRAMAT (the Brazilian building material manufacturers’ association) estimates growth of 5%.

Retail sales of building materials account for 77% of sector product consumption. ANAMACO (the Brazilian Association of Residential Building Material Retailers) estimates that this segment grew by 3.5% year-on-year in the first half and is projecting annual growth of around 6%, 2 p.p. above Brazil’s GDP growth.

In 1H11, the Brazilian government launched the second phase of the *Minha Casa Minha Vida* (My House, My Life) project, which envisages the construction of 2 million homes by 2014. Caixa Econômica Federal will allocate over R$120 billion to the second phase of the housing project, versus R$53 billion in the first phase.

According to a study by FGV-ABRAMAT, real construction revenue should reach R$188 billion in 2016, almost twice as much as in 2009. These prospects of sustainable growth should encourage investments in the sector.

Distribution: According to INDA (the Brazilian steel distributors’ association),first-half sales totaled 2.1 million tonnes, 7.8% up on 1H10, while purchases by distributors totaled 2.1 million tonnes, down by 9.3%.

First-half imports dropped by a substantial 53%, from 1.7 million tonnes, in 1H10, to 810,000 tonnes, while second-quarter imports dipped by 3% over the previous three months to 398,000 tonnes.

Nevertheless, inventory turnover stood at 3.7 months of sales in June, well above the historical average of 2.7 months.

Home Appliances: The North, Northeast and Midwest regions continue to drive sales, as demand is fueled by new technologies and increased consumption by Brazil's emerging middle class (C income group).

Higher retail interest rates are accompanied by more extended payment terms, benefiting lower-income consumers.

According to Eletros (the home appliance manufacturers’ association), in the first half of 2011, washing machine sales increased by 20% over the same period last year to 3.6 million units, while refrigerator sales grew by 7% to 2.8 million units.

In the first half, investments of more than R$500 million were announced in the expansion and construction of home appliance factories. Eletros estimates a 10% increase in sales in 2011.

Net Revenue

Net revenue from steel operations in 2Q11 totaled R$2,513 million, 9% up on 1Q11, basically due to the increase in domestic sales volume.

Total Sales Volume

CSN recorded total sales volume of 1.3 million tonnes in 2Q11, 7% more than in 1Q11. Of this total, 86% was sold in the domestic market and 10% by overseas subsidiaries, while 4% went to direct exports.

Domestic Sales Volume

Domestic sales totaled 1.1 million tonnes in 2Q11, an 8% improvement over the quarter before, fueled by stronger demand for flat steel in Brazil.

Exports

CSN exported 180,000 tonnes in 2Q11, a reduction of 3% over the 1Q11 figure. Sales by CSN LLC and Lusosider totaled 124,000 tonnes, while direct exports amounted to 56,000 tonnes.

Prices

Net revenue per tonne averaged R$1,898 in 2Q11, 2% above the 1Q11 figure, due to the domestic market price hike in mid-2Q11.

Production

In 2Q11, crude steel production totaled 1.2 million tonnes, an increase of 10% in relation to 1Q11, while rolled steel production totaled 1.2 million tonnes, 17% up on 1Q11.

Production (in thousand t)	2Q10	1Q11	2Q11	Change	
				2Q11 x 2Q10	2Q11 x 1Q11
Crude Steel (UPV)	1,199	1,132	1,243	4%	10%
Rolled Products	1,267	1,034	1,212	-4%	17%

Cost of Goods Sold (COGS)

Steel segment COGS stood at R$1.83 billion in 2Q11, 12% up on the R$1.63 billion recorded in 1Q11, chiefly due to the upturn in sales volume. In relation to 2Q10, steel segment COGS increased by 16%, primarily due to an increase in raw material costs.

Production Costs (Parent Company)

In 2Q11, total steel production costs came to R$1.5 billion, 15% or R$0.2 billion more than the R$1.3 billion recorded in 1Q11.