VeriFone Holdings, Inc.
Form 4
November 30, 2006

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
CASTLE JAMES C
(Last) (First) (Middle)
C/O VERIFONE HOLDINGS, INC., 2099 GATEWAY PLACE, SUITE 600
(Street)
SAN JOSE, CA 95110
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
VeriFone Holdings, Inc. [PAY]

3. Date of Earliest Transaction (Month/Day/Year)
11/29/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/29/2006		M		13,150	A	$ 10	18,150	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8 D S (I
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option (right to buy)	$ 10	11/29/2006		M			13,150	(1)	01/01/2012	Common Stock, par value $0.01 per share	13,150	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CASTLE JAMES C C/O VERIFONE HOLDINGS, INC. 2099 GATEWAY PLACE, SUITE 600 SAN JOSE, CA 95110	X			

Signatures

Dawn LaPlante by Power of Attorney	11/30/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Of the stock options exercised, options over 7,500 shares became exercisable on 01/01/06 and options over 1,875 shares became exercisable on each of 04/01/06, 07/01/06, and 10/01/06.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Other investments

Usiminas

Equity Instrument at fair value classified as avalable for sale

450,073

1,409,440

Panatlântica

Equity Instrument at fair value classified as avalable for sale

21,601

31,589

Others

1,512

2,959,870

13,665,453

(*) In the new structure, Congonhas Minérios S.A. stared to control Namisa trough out a business combination transaction, the details are described in note 3.

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Explanation of Responses:

9.b) Merger of subsidiaries and division of assets

In 2015 there were controlled incorporation of operations, drop down of business establishment, and division of assets that impacted the financial statements as follows:

	CSN Cimentos (1)	Casa de Pedra e Tecar (2)	Namisa (3)	Mineração Nacional (4)
	05/01/2015	**12/31/2015**	**12/31/2015**	**12/31/2015**
Cash and equivalents	129,745		213,355	
Trade receivables	433,542	650,716	193,612	
Inventories	21,814	497,357	61,513	19,026
Dividends receivable			1,344,829	
Deferred tax	29,042	73,436		
Advance to suppliers		14,470	9,414,947	
Other current and non-current assets	21,452	229,841	173,273	7,838
Investments	93,564	6,173,113	344,698	
Property, plant, equipment and intangible	397,570	5,932,597	1,091,498	41,848
Borrowings and financing		(3,257,338)	(1,257,299)	
Advance to customers		(9,414,946)		
Trade payables	(30,180)	(323,995)	(41,076)	(541)
Proposed dividends			(1,156,800)	
Deferred tax			(143,146)	
Tax payable	(10,625)	(25,550)	(141,959)	
Other current and non-current liabilities	(24,919)	(392,978)	(209,826)	(9,133)
Net assets	**1,061,005**	**156,723**	**9,887,619**	**59,038**

(1) Merger of subsidiary CSN Cimentos as mentioned in Note 9.d;

(2) Drop down of the assets Casa De Pedra, TECAR, 60% of the shares of Namisa and 8.63% of MRS shares from CSN's mining business to the subsidiary Congonhas Minérios, as mentioned in Note 3;

(3) Merger of the subsidiary Namisa by Congonhas Minérios as mentioned in Note 3;

(4) Spin-off of Namisa assets to National Minérios in addition of restructuring the Company´s mining activities mentioned in note 3. Furthermore, besides the book values of the spin-off mentioned above, fair value adjustments were assigned to mining rights amounting to R$427 million, R$282 net of income taxes (IR/CSLL).

9.c) Rollforward of investments balances in joint ventures, associates and other investments

		Consolidated
	12/31/2015	**12/31/2014**
Opening balance of investments	**13,665,453**	**13,487,023**
Opening balance of loss provisions		
Investment balance of Namisa 11.30.15 [(1)]	(10,160,981)	
Capital increase/acquisition of shares [(2)]	3,575	10,279
Capital reduction [(3)]	(466,758)	
Dividends [(4)]	(54,464)	395,307
Comprehensive income [(5)]	(967,447)	(970,266)
Equity pickup [(6)]	1,192,034	743,119
Drop down of MRS assets to Congonhas [(7)]	786,800	
Others	15	(9)
Closing balance of investments	**3,998,227**	**13,665,453**
Balance of provision for investments with negative equity		
Total	**3,998,227**	**13,665,453**

(1) Refers to Namisa´s equity on November 2015, after the business combination events (dividends distribution, CSN Handel acquisition and transferring of mining assets to Congonhas Minérios S.A.), during which the company was not consolidated. Therefore, the carrying amounts presented herein differ from the amounts presented in note 3.

(2) The variation is due mainly by capital increase in Prada with capitalization of credits receivable from indirect subsidiaries Rimet and CBL amounting to R$331,869 as well as capital increase in the Mineração Nacional, due to the drop down of assets from Nacional Minérios in the amount of R$ 59,038 (see note 9.b).

(3) In 2015 it refers to capital reduction in the companies Nacional Minérios S.A. and Cia Metalic Nordeste. In 2014, refers to capital reduction in the subsidiaries CSN Steel, CSN Americas, CSN Metals, CSN Minerals and CSN Export.

(4) Dividend payments by Namisa in the amount of R$ 3,239,040 and declaration of dividends amounting to R$694,080, scheduled to be paid on November 30, 2016 (see Note 3);

(5) Refers to the mark-to-market of investments classified as available for sale and translation to the reporting currency of the foreign investments (the functional currency of which is not the Brazilian reais) and actuarial gain/loss reflecting the investments measured by equity method.

(6) The table below shows the reconciliation of the equity in results of affiliated companies included on investment balance with the amount disclosed in the income statement and it is due to the elimination of the results of the CSN´s transactions with these companies:

		Consolidated
	12/31/2015	**12/31/2014**
Equity in results of affiliated companies		
Nacional Minérios S.A.	1,156,714	673,060
MRS Logística S.A.	78,684	102,476
CBSI - Companhia Brasileira de Serviços de Infraestrutura	(2,979)	572
Transnordestina	(31,137)	(27,465)
Arvedi Metalfer do Brasil	(15,690)	(5,524)
Others	6,442	
	1,192,034	**743,119**
Eliminations		
To cost of sales	(50,815)	(45,812)
To net revenues	2,805	50,261
To finance costs		(628,629)
To taxes	16,324	212,221
Equity in results	**1,160,348**	**331,160**

9.d) In Joint ventures and joint operations financial information

• SEPETIBA TECON S.A. (“TECON”)

The Container Terminal was created to exploit the terminal nº 1 in Itaguaí Port, located in the State of Rio de Janeiro. The terminal is connected to the UPV by the Southeast railroad network. The Southeast railroad network is the contract object of the concession that has been granted to MRS Logística S. A. The range of services includes the move operation of cargo, storage of containers and steel products, general cargo, cleaning and maintenance.

The Tecon concession was granted on September 3, 1998, this concession allows the exploitation of said terminal for 25 years renewable for the same period.

When the concession expires, it will return to the Union as well as all the rights and privileges transferred to Tecon, along with the ownership of assets and those resulting from investments, declared reversible by the Federal Government for being necessary to the continuity of terminal´s operation. The reversible assets will be indemnified by the Federal Government at the residual value of cost, based on the accounting records of Tecon after deducting depreciation.

• ESTANHO DE RONDÔNIA S.A. (“ERSA”)

Headquartered in the state of Rondônia, the subsidiary operates two units, which are based in the cities of Itapuã do Oeste and Ariquemes. In Itapuã do Oeste is extracted the cassiterite (tin ore) and in Ariquemes is located the casting operation, where the metallic tin is made, which is the raw material used in UPV for the production of tin plates.

• CIA. METALIC NORDESTE (“Metalic”)

Headquartered in Maracanaú, State of Ceará, its corporate purpose is to manufacture metallic packaging destined basically to the beverage industry. Its production is mainly focused on the north and northeast Brazil market and the production excess is directed to foreign markets.

The Company´s operational unit has two separate production lines: i) cans, its main raw material is steel coated with tin, provided by the parent company and; ii) metal covers, its main raw material is aluminum.

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• COMPANHIA METALÚRGICA PRADA (“Prada”)

Metal packaging

Prada operates in the field of steel packaging, producing what is best and safest in steel cans, buckets and aerosols. Its supply chain includes the chemical and food segments, providing packaging and printing services to leading companies in the market.

On August 1, 2014 Prada subscribed 10.820.723.155 shares in its subsidiary Companhia Brasileira de Latas ("CBL") that were paid through the capitalization of credits arising from advances for future Capital Increase (AFAC), held by Prada and related CBL amounting to R$108,207. Due to the increase mentioned, Prada´s participation raised from 59.17% to 95.55% of total share capital of CBL.

As of August 28, 2014 Prada acquired altogether the shares held by minority shareholders of CBL representing 4.45% of the share capital by the amount of $5. Nowadays Prada holds a 100% interest in the share capital CBL.

CBL is also engaged in the manufacture of metal steel packaging for the food and chemical industry, supplying its products to leading companies in the market, thus acting in the same Prada´s business segment.

Additionally, as of 2014 the Companhia de Embalagens (MMSA) has incorporated three metal packaging companies as follows: Empresa de Embalagens Metálicas (LBM Ltda.), Empresa de Embalagens Metálicas (MUD Ltda.) and Empresa de Embalagens Metálicas (MTM do Nordeste).

On November 30, 2015, Prada has incorporated its subsidiary Rimet Empreendimentos Industriais e Comerciais.

Distribution

Prada is a player in the market of processing and distribution regarding flat steel products, with a diversified product line. It provides coils, rolls, strips, blanks, metal sheets, profiles, tubes and tiles, among other products, to the most different industry segments - from automotive to construction. It is also specialized in providing service steel processing, meeting the demand of the all national companies.

• CSN CIMENTOS S.A. (“CSN Cimentos”)

Established in Volta Redonda, state of Rio de Janeiro, the Company is engaged in the manufacture and sale of cement, using as its raw materials the blast furnace slag from the UPV steelwork. CSN Cimentos started its operations on May 14, 2009.

As of March 31, in order to optimize processes and maximize results, focusing on a single organizational structure of all commercial and administrative activities, the Directors of CSN proposed the merger of the subsidiary CSN Cimentos SA. The CSN Cimentos SA. net assets amounted R$1,109,662 in the mentioned date. At the extraordinary general meeting with the shareholders held on April 30, 2015, the merger of CSN Cimentos was approved, with effect from 1 May 2015, and as a result of the transaction, CSN Cimentos was extinguished and CSN assumed all its assets, rights and obligations.

• CSN ENERGIA S.A.

Its main objective is the distribution of the excess electric power generated by CSN and Companies, consortiums or other entities in which CSN holds an interest.

• FTL - FERROVIA TRANSNORDESTINA LOGÍSTICA S.A. (“FTL”)

FTL was created on the purpose of incorporating the spun-off portion of TLSA, the Company holds the concession to operate the railway cargo transportation, the public service is provided in northeastern of Brazil, which includes the railway between the towns of Sao Luis to Fortaleza, Recife Daredevil, Itabaiana Cabedelo, Paula Cavalcante Macau and Propriá Jorge Lins ("Network I").

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As of April 2015, the CSN subscribed shares by capitalization of advances for future capital increase amounting R$ 45,071, therefore its participation in the share capital of the company increased from 88.41% to 89.79%.

• CONGONHAS MINÉRIOS S.A. (“CONGONHAS”)

Headquartered in Congonhas, Minas Gerais, it is primarily engaged in the production, purchase and sale of iron ore. Congonhas commercializes its products mainly in the overseas market. As mentioned in note 3, from 30 November 2015, the Congonhas has centralized mining operations of CSN, including the establishments of the mine Casa de Pedra, the port TECAR and the participation of 18.63% in MRS. The participation of the CSN in this subsidiary is 87,52%.

• MINERAÇÃO NACIONAL S.A.

Headquartered in Congonhas, Minas Gerais State, the Mineração Nacional is primarily engaged in the production and sale of iron ore. This subsidiary concentrates the assets of mining rights relating to mines Fernandinho, Cayman and Casa de Pedra transferred to this subsidiary in the business combination process described in note 3.

9.e) Joint ventures and joint operations financial information

The balances of the balance sheets and income statements of joint venture and joint operation are presented as follows and refer to 100% of the companies´ profit/loss:

11/30/2015			12/31/2015
Joint-Venture			***Joint-Operation***
	CBSI	**Transnordestina**	**CGPAR**

Equity interest (%)	**Nacional Minérios**	**MRS Logística**		**Logística**	**Itá Energética**		**Naciona Minérios (*)**
		34.94%	**50.00%**	**56.92%**	**48.75%**	**50.00%**	**60.00%**
Balance sheet							
Current assets							
Cash and cash equivalents	456,364	671,475	3,343	75,977	36,647	10,621	5,499,13
Advances to suppliers	115,693	6,854	289		215	81	250,46
Other current assets	364,468	657,000	22,726	67,540	17,137	43,358	309,05
Total current assets	**936,525**	**1,335,329**	**26,358**	**143,517**	**53,999**	**54,060**	**6,058,66**
Non-current assets							
Advances to suppliers	9,310,901						9,236,17
Other non-current assets	136,144	533,897	139	280,718	32,880	13,087	129,50
Investments, PP&E and intangible assets	1,399,713	6,191,459	4,689	7,006,464	534,569	34,000	1,431,64
Total non-current assets	**10,846,758**	**6,725,356**	**4,828**	**7,287,182**	**567,449**	**47,087**	**10,797,31**
Total Assets	**11,783,283**	**8,060,685**	**31,186**	**7,430,699**	**621,448**	**101,147**	**16,855,97**
Current liabilitiesPassivo circulante							
Borrowings and financing	4,680	844,296		167,112		10,849	368,81
Other current liabilities	1,635,993	893,883	28,794	250,440	33,667	55,281	429,34
Total current liabilities	**1,640,673**	**1,738,179**	**28,794**	**417,552**	**33,667**	**66,130**	**798,16**
Non-current liabilities							
Borrowings and financing	25,307	2,772,462		4,560,078		12,620	29,54
Other non-current liabilities	230,859	564,407	1,389	220,001	2,170	1,193	243,23
otal non-current liabilities	**256,166**	**3,336,869**	**1,389**	**4,780,079**	**2,170**	**13,813**	**272,77**
Shareholders' equity	**9,886,444**	**2,985,637**	**1,003**	**2,233,068**	**585,611**	**21,204**	**15,785,04**
Total liabilities and shareholders' equity	**11,783,283**	**8,060,685**	**31,186**	**7,430,699**	**621,448**	**101,147**	**16,855,97**
	11/30/2015					**01/01/2015 a**	

						12/31/2015	
	Joint-Venture				***Joint-Operation***		
Balance sheet	**Nacional Minérios (*)**	**MRS Logística**	**CBSI**	**Transnordestina Logística**	**Itá Energética**	**CGPAR**	**Naciona Minérios (*)**
	59.76%	**18.64%**	**50.00%**	**56.92%**	**48.75%**	**50.00%**	**60.00%**
Statements of Income							
Net revenue	751,595	3,172,744	151,097		157,379	172,388	1,474,63
Cost of sales and services	(557,504)	(2,094,961)	(147,186)		(88,683)	(132,034)	(1,214,19
Gross profit	194,091	1,077,783	3,911		68,696	40,354	260,43
Operating (expenses) income	(113,533)	(371,798)	(8,615)	(32,863)	(50,455)	(14,480)	(277,64
Finance income (costs), net	1,996,261	(255,003)	(1,254)	(18,309)	2,777	(1,713)	1,651,89
Income before income tax and social contribution	2,076,819	450,982	(5,958)	(51,172)	21,018	24,161	1,634,68
Current and deferred income tax and social contribution	(148,964)	(152,994)			(7,041)	(7,992)	(512,91
Profit / (loss) for the period	**1,927,855**	**297,988**	**(5,958)**	**(51,172)**	**13,977**	**16,169**	**1,121,76**

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

- NACIONAL MINÉRIOS S.A. - (“Namisa”)

Namisa, headquartered in Congonhas, State of Minas Gerais, is primarily engaged in the production, purchase and sale of iron ore and is mainly focused on foreign markets for the sale of its products.

In 12/31/2015 Namisa was merged into Congonhas Minérios S.A. concluding the transaction with the Asian Consortium, as detailed in note 3 – Business combination.

- ITÁ ENERGÉTICA S.A. - (“ITASA”)

ITASA is a corporation established in July 1996 that was engaged to operate under a shared concession, the Itá Hydropower Plant (UHE Itá), with 1,450 MW of installed power, located on the Uruguay River, on the Santa Catarina and Rio Grande do Sul state border.

- MRS LOGÍSTICA S.A. (“MRS”)

With registered offices in the City of Rio de Janeiro-RJ, this subsidiary is engaged in public railroad transportation, on the basis of an onerous concession, on the domain routes of the Southeast Grid of the federal railroad network (Rede Ferroviária Federal S.A. – RFFSA), located in the Southeast (Rio de Janeiro, São Paulo and Belo Horizonte. The concession has a 30-year term as from December 1, 1996, extendable for an equal term by exclusive decision of the concession grantor.

MRS may further engage in services involving transportation modes related to railroad transportation and participate in projects aimed at expanding the railroad service concessions granted.

For performance of the services covered by the concession for a, MRS leased from RFFSA for the same concession period, the assets required for operation and maintenance of the freight railroad transportation activities. At the end of the concession, all the leased assets are to be transferred to the ownership of the railroad transportation operator designated at that time.

In 2014, the Company had a direct equity interest of 27.27% in the capital stock of MRS, as well as an indirect equity interest of 6% therein, together with its joint venture Namisa.

The Company has transferred 8.63% of its direct participation in MRS to Congonhas under the business combination described in note 3.

Owing to the transaction in question, as of December 31, 2015, the Company has a direct equity interest of 18.64% in the capital stock of MRS and an indirect equity interest of 18.63% through its subsidiary

Congonhas Minérios, consequently the total participation is 37.27%.

CONSÓRCIO DA USINA HIDRELÉTRICA DE IGARAPAVA

The Igarapava Hydroelectric Power Plant is located on the Grande River, in the city of Conquista, MG, and has installed capacity of 210 MW. It consists of 5 bulb-type generating units.

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

The balance of property, plant and equipment less depreciation as of December 31, 2015 is R$27,084 (R$28,250 as of December 31, 2014) and the expense in 2015 amounted to R$5,040 (R$5,302 in 2014).

- CBSI - COMPANHIA BRASILEIRA DE SERVIÇOS DE INFRAESTRUTURA (“CBSI”)

CBSI is the result of a joint operation between CSN and CKTR Brasil Ltda. Based in the city of Araucária, PR, CBSI is primarily engaged in providing services CSN and other third-party entities, and can operate activities related to the refurbishment and maintenance of industrial machinery and equipment, construction maintenance, industrial cleaning, logistic preparation of products, among other activities.

- CGPAR CONSTRUÇÃO PESADA S.A. (“CGPAR”)

CGPAR is the result of a joint venture between CSN and GPA Construção Pesada e Mineração Ltda. Based in the city of Belo Horizonte, MG, CGPAR is mainly engaged in providing services related to the support to the extraction of iron ore, earth leveling, earthmoving, and dam construction.

- TRANSNORDESTINA LOGÍSTICA S.A. (“TLSA”)

TLSA is primarily engaged in the public service operation and development of a railroad network in the Northeast of Brazil network, comprising the rail segments Missão Velha-Salgueiro, Salgueiro-Trindade, Trindade-Eliseu Martins, Salgueiro- Porto de Suape, and Missão Velha-Porto de Pecém sections (“Railway System II”).

During the year 2015, CSN and others shareholders subscribed 3,973,152 shares in TLSA amounting to R$213,834, which R$3,229 from CSN and R$210,605 from others shareholders, consequently at December 31, 2015 CSN held 56.92% of TLSA share capital. Therefore, due to the transactions described above that caused a participation change of the shareholders in the share capital of TLSA on 2015, the Company recognized a gain of R$2,014, recorded in equity.

9.f) Additional information on indirect participation in abroad operations

- STAHLWERK THÜRINGEN GMBH (“SWT”)

SWT was formed from the former industrial steel complex of Maxhütte, located in the Germany city of Unterwellenborn, which produces steel shapes used for construction in accordance with international quality standards.

Its main raw material is steel scrap, the Company has an installed production capacity of 1.1 million metric tons steel/year. The SWT is a wholly owned indirect subsidiary of CSN Steel S.L.U, a subsidiary of CSN.

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

The CSN LLC has an industrial plant in Terre Haute, Indiana State - USA, where is located the cold rolled and galvanized steel production lines. The LLC assets and liabilities came from the extinct Heartland Steel Inc., Incorporated in 2001. CSN LLC is a wholly owned indirect subsidiary of CSN Americas S.L.U, a subsidiary of CSN.

- LUSOSIDER AÇOS PLANOS S.A. (‘Lusosider’’)

Incorporated in 1996 in succession to Siderurgia Nacional (a company privatized by the Portuguese government that year), Lusosider is the only Portuguese company of the steel industry to produce cold rolled and galvanized anti-corrosion steel. Based in Paio Pires, The Lusosider has an installed capacity of about 550,000 tons / year to produce four large groups of steel products: galvanized sheet, cold rolled sheet, pickled and oiled plate. The products are manufactured by Lusosider and may be used in the packaging industry, construction (pipes and metallic structures) and in home appliance components.

9.g) Other investments

- PANATLÂNTICA S. A. (“Panatlântica”)

Panatlântica is a publicly-held company, headquartered in the city of Gravataí, State of Rio Grande do Sul, engaged in the manufacturing, trade, import, export and processing of steel and ferrous or non-ferrous metals, coated or not. This investment is classified as available-for-sale and measured at fair value.

The Company currently holds 11.38% (11.40% as of December 31, 2014) of Panatlântica’s total share capital.

- USINAS SIDERURGICAS DE MINAS GERAIS S.A. – USIMINAS (“USIMINAS”)

Usiminas, headquartered in Belo Horizonte, State of Minas Gerais, is engaged in steel and related operations. Usiminas produces flat rolled steel in the Intendente Câmara and José Bonifácio de Andrada e Silva plants, located in Ipatinga,

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Minas Gerais, and Cubatão, São Paulo, respectively, the final product is sold in the domestic and foreign market. Usiminas also exploits iron ore mines located in Itaúna, Minas Gerais, to meet its verticalization and production cost optimization strategies. Usiminas also has service and distribution centers located in several regions of Brazil, and the Cubatão, São Paulo, and Praia Mole, Espírito Santo, all centers are located in strategic locations for the shipment of its production.

On April 9, 2014, the Administrative Council for Economic Defense (CADE - Conselho Administrativo de Defesa Econômica) issued its decision on the matter about the Usiminas shares held by CSN signing a Performance Commitment Agreement), also called TCD, between CADE and CSN. Under the terms of the decision of CADE and TCD, CSN must reduce its interest in USIMINAS and evaluate strategic alternatives with respect to its investment in Usiminas.

As of December 31, 2015 and 2014, the Company reached holdings of 14.13% in common shares and 20.69% in preferred shares of USIMINAS share capital.

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

- ARVEDI METALFER DO BRASIL S.A. (“Arvedi”)

Arvedi, headquartered in Salto, State of São Paulo, is engaged in pipe production. As of December 31, 2015 and 2014 CSN held 20.00% of Arvedi’s share capital.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	**Buildings**	**Machinery. equipment and**	**Furniture and fixtures**	**Constru in prog**

			facilities		
Balance at December 31, 2014	**216,458**	**2,432,450**	**10,499,676**	**36,633**	**2,24**
Cost	216,458	3,021,437	16,791,750	167,410	2,24
Accumulated depreciation		(588,987)	(6,292,074)	(130,777)	
Balance at December 31, 2014	**216,458**	**2,432,450**	**10,499,676**	**36,633**	**2,24**
Exchange rate effect	16,418	51,910	230,588	1,453	
Acquisitions	1,841	9,710	242,656	3,292	1,91
Capitalized interest (notes 25 and 31)					16
Write-offs (note 24)			(2,507)	(49)	(3
Depreciation		(103,387)	(1,005,848)	(6,214)	
Transfers to other asset categories	22,623	95,524	880,652	81	(1,270
Transfers to intangible assets					(1
Business Combination, fair value of assets acquired (nota 3)	6,949	215,642	266,934	3,790	14
Update of the ARO estimation					
Others		(5,723)	(2,879)		(1
Balance at December 31, 2015	**264,289**	**2,696,126**	**11,109,272**	**38,986**	**3,19**
Cost	264,289	3,436,458	18,638,117	183,086	3,19
Accumulated depreciation		(740,332)	(7,528,845)	(144,100)	
Balance at December 30, 2015	**264,289**	**2,696,126**	**11,109,272**	**38,986**	**3,19**

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

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

				Consolidated	
Project description	**Start date**	**Completion date**		**12/31/2015**	**12/31/2014**
Logistics					
Current investments for maintenance of current operations.				35,457	45,522
				35,457	**45,522**
Mining					
Expansion of Casa de Pedra Mine capacity production.	2007	2016/2017	(1)	709,945	462,075
Expansion of TECAR export capacity.	2009	2020	(2)	390,920	332,394
Current investments for maintenance of current operations.				302,764	60,236
				1,403,629	**854,705**
Steel					
Construction of a long steel plant to produce rebar and machine wire.	2008	2016	(3)	105,697	95,991
Implementation of the AF#3's gas pressure recovery.	2006	2015			1,140
Expansion of the service center/Mogi.	2013	2015/2016	(4)	14,950	46,993
Current investments for maintenance of current operations.				375,579	159,499
				496,226	**303,623**
Cement					
Construction of cement plants.	2011	2016	(5)	1,254,897	1,030,938
Current investments for maintenance of current operations.				9,177	9,179
				1,264,074	**1,040,117**
				3,199,386	**2,243,967**

(1) Expected date for completion of the Central Plant Stage 1;

(2) Estimated date for the completion of the 60 mtpa phase;

(3) Refers to advance for construction of two new plants, which were converted in the third quarter of 2015 to a supply contract of equipment for using in steelmaking operation.

(4) Expected date for completion of Service Center/Mogi;

(5) Expected date for completion of Arcos/Minas Gerais unit.

In 2015 the management conducted a review of useful lives for all the Company's units. Therefore, the estimated useful lives for the current year are as follows:

		Consolidated
In Years	**12/31/2015**	**12/31/2014**
Buildings	43	43
Machinery, equipment and facilities	18	18
Furniture and fixtures	11	10
Other (*)	14	29

(*) In 2015, after review, the assets of locomotives, wagons and above structure, which were which were on average depreciated over 29 years and inserted into other, were reclassified to the class Buildings and Machinery, equipment and facilities.

10.a) Depreciation and amortization expense:

Additions to depreciation, amortization and depletion for the period were distributed as follows:

	Consolidated	
	12/31/2015	**12/31/2014**
Production costs	1,112,538	1,222,302
Sales expenses	9,358	9,066
General and Administrative Expenses	13,876	13,763
	1,135,772	**1,245,131**
Other operating expenses (*)	41,068	36,354
	1,176,840	**1,281,485**

(*) Refers to the depreciation of unused equipment and intangible assets amortization, see note 23.

10.b) Capitalized Interest

As of December 31, 2015, the Company capitalized borrowing costs amounting to R$166,366 (as of December 31, 2014, R$ 165,789). These costs are basically estimated for the cement, mining and long steel projects, mainly relating to: new integrated cement plant, (ii) Casa de Pedra expansion (iii); long steel mill in the city of Volta Redonda (RJ), see notes 25 and 31.

The rates used to capitalize borrowing costs are as follows:

Rates	12/31/2015	12/31/2014
Unspecified projects	11,35%	10.03%

11. INTANGIBLE ASSETS

	Goodw ill	Customer relationships	Software	Trademarks and patents	Rights and licenses	Others	Consolidated Total
Balance at December 31, 2014	**407,434**	**347,115**	**79,867**	**109,052**		**185**	**943,653**
Cost	666,768	415,964	153,080	109,052		185	1,345,049
Accumulated amortization	(150,004)	(68,849)	(73,213)				(292,066)
Adjustment for accumulated recoverable value	(109,330)						(109,330)
Balance at December 31, 2014	**407,434**	**347,115**	**79,867**	**109,052**		**185**	**943,653**
Effect of foreign exchange differences		104,136	191	34,584		60	138,971
Acquisitions and expenditures			1,234		78	150	1,462
Business combination, fair value of assets e goodw ill (nota 3b)	3,691,031	1,531	3,437		726,390		4,422,389
Transfer of property. Plant and equipment			930		922		1,852
Amortization		(39,395)	(10,423)				(49,818)
Balance at December 31, 2015	**4,098,465**	**413,387**	**75,236**	**143,636**	**727,390**	**395**	**5,458,509**
Cost	4,357,799	549,413	173,154	143,636	727,390	395	5,951,787
Accumulated amortization	(150,004)	(136,026)	(97,918)				(383,948)
Adjustment for accumulated recoverable value	(109,330)						(109,330)
Balance at December 31, 2015	**4,098,465**	**413,387**	**75,236**	**143,636**	**727,390**	**395**	**5,458,509**

As a result, the estimated useful lives for the current year are as follows:

		Consolidated
	12/31/2015	**12/31/2014**
Software	5	5
Customer relationships	13	13

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- **Impairment testing**

The goodwill arising from expectations for future profitability of the companies acquired and the intangible assets with indefinite useful lives (trademarks) have been allocated to the operational divisions (cash-generating units) of CSN, which represent the lowest level of assets or group of assets. When a CGU has an intangible asset with indefinite useful life allocated, the Company performs an impairment test. The CGU with intangible assets in this situation are as follows:

							Consolidated
		Goodwill		**Brands**		**Total**	
Cash generating unity	**Segment**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Packaging (*)	Steel	158,748	158,748			158,748	158,748
Flat steel (**)	Steel	13,091	13,091			13,091	13,091
Long steel (***)	Steel	235,595	235,595	143,636	109,052	379,231	344,647
Mining (****)	Mining	3,691,031				3,691,031	
		4,098,465	**407,434**	**143,636**	**109,052**	**4,242,101**	**516,486**

(*) The goodwill of the Packaging cash-generating unit is shown net of impairment loss in the amount of R$109,330.

(**) Goodwill of flat steel is allocated to the steel operation CSN, considering the operation of the Presidente Vargas Steelworks and other assets involved in other product processing steps until its sale to the customer.

(***) The goodwill and trademark that are recorded in line item intangible assets at long steel segment, those transactions are derived from the business combination of Stahlwerk Thuringen GmbH ("SWT") and Gallardo Sections CSN. The assets mentioned are considered to have indefinite useful lives as they are expected to contribute indefinitely to the Company's cash flows.

(****) Refers to the goodwill based on expectations for future profitability, resulting from the acquisition of Namisa by Congonhas Minério, an operation that was concluded in December 2015. As from 2016, the balance will be tested annually for impairment. See further details relating to calculation of the goodwill in note 3 – Business Combination.

The impairment testing of the goodwill and the trademark include the balance of property, plant and equipment of the cash-generating units and also the intangible. The test is based on the comparison between the actual balances and the value in use of those units, determining based on the projections of discounted cash flows and use of such assumptions and judgements as: revenue growth rate, costs and expenses, discount rate, working capital, future Capex investment and macroeconomic assumptions observable in the market.

The main assumptions used in the test were as follows:

Segment	**Real Discount Rate**	**Revenue Growth Rate**
Long steel (*)	7.90%	3.53%
Metal packaging	9.39%	6.07%

(*) The assets tested are located in Germany. The discount rate is calculated in Euro and the growth rate is the expectation for the region of Europe, the market in which this CGU generates cash flows.

Based on the analyses conducted by Management, was not necessary to record losses by impairment to those assets in the year ended on December 31, 2015.

12. BORROWINGS, FINANCING AND DEBENTURES

As December 31, 2015 the balances of borrowings, financing and debentures, which are carried at amortized cost, are as follows:

					Consolid
		Current liabilities		Non-current liabi	
	Rates p.a. (%)	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/**
FOREIGNCURRENCY					
Prepayment	1% to 3.5%	207,657	346,719	2,633,137	2,338
Prepayment	3.51% to 8%	286,487	12,411	3,429,716	1,713
Perpetual bonds	7%	5,315	3,615	3,904,800	2,656
Fixed rate notes	4.14% to 10%	175,768	1,236,634	6,910,992	4,996
Forfaiting	1.25% to 3.28%	288,772	414,442		
Other	1.2% to 8%	115,594	51,634	425,635	387
		1,079,593	**2,065,455**	**17,304,280**	**12,091**
LOCAL CURRENCY					
BNDES/FINAME	1,3% + TJLP and fixed rate 2.5% to 6% + 1,5%	55,435	85,373	1,018,189	965
Debentures	110.8% to 113.7% of CDI	60,670	847,411	1,750,000	1,550
Prepayment	109.5% to 116.5% of CDI and fixed rate of 8%	522,418	118,870	5,200,000	5,345
CCB	112.5% and 113% of CDI	92,976	101,841	7,200,000	7,200
Drawee risk		84,063	56,237		
Other		6,229	9,422	12,107	1
		821,791	**1,219,154**	**15,180,296**	**15,072**
Total borrowings and financing		**1,901,384**	**3,284,609**	**32,484,576**	**27,164**
Transaction costs and issue premiums		(26,703)	(23,406)	(76,742)	(71
Total borrowings and financing + transaction costs		**1,874,681**	**3,261,203**	**32,407,834**	**27,092**

The balances of forfaiting and drawee risk operations totaled R$ 372,835 at December 31, 2015 (R $ 470,679 at December 31, 2014), see Note 2aa.

- **Maturities of borrowings, financing and debentures presented in non-current liabilities**

As of December 31, 2015, the inflation-adjusted principal of long-term borrowings, financing and debentures by maturity year is as follows:

		Consolidated
2017	1,458,605	4%
2018	5,779,525	18%
2019	7,870,087	24%
2020	8,483,766	26%
2021	2,320,721	7%
After 2021	2,667,072	8%
Perpetual bonds	3,904,800	13%
	32,484,576	**100%**

- **Debt renegotiation**

In September 2015, the Company completed the lengthening of part of its debts with Caixa Economica Federal amounting to R$ 2,570,000, and with Banco do Brasil SA, amounting to R$ 2,208,000, changing the maturities scheduled for the years 2016 and 2017 for the period between 2018 and 2022, in installments equally distributed.

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- **Amortization and new borrowings, financing and debentures**

The table below shows the new funding transactions and redemption during the year:

		Consolidated
	12/31/2015	**12/31/2014**
Opening balance	**30,354,058**	**27,788,695**
Funding transactions	978,206	1,907,479
Forfaiting funding / Drawee Risk	924,706	641,430
Repayment	(2,850,077)	(1,460,478)
Charges – payments	(1,146,306)	(276,754)
Forfaiting payments	(2,957,762)	(2,401,241)
Forfaiting charges	(7,064)	(2,078)
Provision of charges	3,052,164	2,524,849
Provision charges Forfaiting / Drawee Risk	2,032	
Other (1)	5,932,558	1,632,156
Closing balance	**34,282,515**	**30,354,058**

(1) Includes interests, unrealized foreign exchange and monetary gains and losses.

In 2015 the Group captures and amortizing loans as shown below:

- **Funding**

Transaction	Financial institution	Date	Amount	Maturity
Promissory note	Banco do Brasil	March 2015	100,000	July 2015
Export Credit Note	Banco do Brasil	January 2015	200,000	December 2017
8th Issue of Debentures	Banco do Brasil	January 2015	100,000	January 2022
9th Issue of Debentures	Banco do Brasil	July 2015	100,000	March 2022
Pre - Export Payment	Caterpillar	April 2015	208,563	March 2020
Pre - Export Payment	Caterpillar	July 2015	260,375	March 2020
Other			9,268	
Total			**978,206**	

- **Amortization**

	Payment of principal	**Debt charges**
Fixed Rate Notes	**1,048,880**	**729,992**
Debentures	782,500	274,431
Bank Credit Bill		1,031,735
Export Credit Note		695,291
Advance Cambial Agreement	52,839	1,434
Pre - Export Payment	387,651	191,481
Promissory note	100,000	3,620
BNDES/FINAME	48,656	28,540
Pre - Debt Payment	416,269	
Others	13,282	1,238
Total	**2,850,077**	**2,957,762**

13. FINANCIAL INSTRUMENTS

I - Identification and measurement of financial instruments

The Company enters into transactions involving various financial instruments, mainly cash and cash equivalents, including short-term investments, marketable securities, trade receivables, trade payables, and borrowings and financing. The Company also enters into derivative transactions, especially exchange and interest rate swaps.

Considering the nature of these instruments, their fair value is basically determined by using Brazil’s money market and mercantile and futures exchange quotations. The amounts recognized in current assets and current liabilities have immediate liquidity or short-term maturity, mostly less than three months. Considering the maturities and characteristics of such instruments, their carrying amounts approximate their fair values.

- **Classification of financial instruments**

				12/31/2015					
Consolidated	Notes	Available for sale	Fair value through profit or loss	Loans and receivables - effective interest rate	Other liabilities - amortized cost method	Balances	Available for sale	Fair value through profit or loss	Loans and receivables - effective interest rate
Assets									
Current									
	4			7,861,052		7,861,052			8,686,021

Cash and cash equivalents									
Short-term investments - margin deposit	5			763,599		763,599			
Trade receivables	6			1,500,812		1,500,812			1,650,967
Derivative financial instruments	8		118,592			118,592		174,611	
Trading securities	8		10,778			10,778		13,798	
Loans - related parties	8								517,493
Total			**129,370**	**10,125,463**		**10,254,833**		**188,409**	**10,854,481**
Non-current									
Other trade receivables	8			6,877		6,877			1,347
Investments	9	471,674				471,674	1,441,032		
Short-term investments									34,874
Loans - related parties	8			373,214		373,214			117,357
Total		**471,674**		**380,091**		**851,765**	**1,441,032**		**153,578**
Total assets		**471,674**	**129,370**	**10,505,554**		**11,106,598**	**1,441,032**	**188,409**	**11,008,059**
Liabilities									
Current									
Borrow ings and financing	12				1,901,384	1,901,384			
Derivative financial instruments	14		26,257			26,257		65	
Trade payables					1,293,008	1,293,008			
Dividends and interest on capital					464,982	464,982			
Total			**26,257**		**3,659,374**	**3,685,631**		**65**	
Non-current									
Borrow ings and financing	12				32,484,576	32,484,576			

Derivative financial instruments	14	-			21,301
Total		**-**	**32,484,576**	**32,484,576**	**21,301**
Total liabilities		**26,257**	**36,143,950**	**36,170,207**	**21,366**

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- **Fair value measurement**

The following table shows the financial instruments recognized at fair value through profit or loss using a valuation method:

			12/31/2015			**12/31/2014**
Consolidated	**Level 1**	**Level 2**	**Balances**	**Level 1**	**Level 2**	**Balances**
Assets						
Current assets						
Financial assets at fair value through profit or loss						
Derivative financial instruments		118,592	118,592		174,611	174,611
Trading securities	10,778		10,778	13,798		13,798
Non-current assets						
Available-for-sale financial assets						
Investments	471,674		471,674	1,441,032		1,441,032
Total assets	**482,452**	**118,592**	**601,044**	**1,454,830**	**174,611**	**1,629,441**
Liabilities						
Current liabilities						
Financial liabilities at fair value through profit or loss						
Derivative financial instruments		26,257	26,257		65	65
Non-current liabilities						
Financial liabilities at fair value through profit or loss						
Derivative financial instruments					21,301	21,301
Total liabilities		**26,257**	**26,257**		**21,366**	**21,366**

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Includes observable inputs in market such as interest rates, exchange etc., but not prices traded in active markets.

There are no assets and liabilities classified as level 3.

II – Investments in financial instruments classified as available-for-sale and measured at fair value through OCI

Consist mainly of investments in shares acquired in Brazil involving companies considered as top ranked by the Company, which are recognized in noncurrent assets, and any gains or losses are recognized in shareholders' equity, where they will remain until actual realization of the securities or when any loss is considered unrecoverable.

Potential impairment of available-for-sale financial assets

Potential impairment of available-for-sale financial assets

The Company has investments in common (USIM3) and preferred (USIM5) shares of Usiminas (“Usiminas Shares”), designated as available-for-sale financial assets. The Company adopts this designation because the nature of the investment is not comprised in any other categories of financial instruments (loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss). The asset is classified as a non-current asset in line item “investments” and is carried at fair value based on the quoted price on the stock exchange (BM&FBOVESPA). According to the Company's policy, the gains and losses arising from changes in the price of shares are recorded directly in equity, as other comprehensive income.

The Company's accounting policy requires a quarterly analysis based on quantitative and qualitative information available in the market from the moment the instrument demonstrates a drop of more than 20% of their market value or

from a significant drop in market value compared to their acquisition cost for more than 12 months. If the Company concludes that there was a significant drop in the price of the instrument, an impairment loss must be recognized. In 2012, considering the price of Usiminas shares on the BM&FBovespa, was recorded the first impairment loss on that shares. According to this policy, whenever the share price reached a level lower than the last record impairment, the Company should record further losses, redefining the new minimum threshold value of the shares.

Explanation of Responses:

In the year 2015 there was a reduction in the price of the shares to the level of the last recorded loss, therefore, the Company recorded the new losses to the income statement in the amount of R$ 555,298, in line item other operating expenses and constituted the total of R$ 33,269 as deferred taxes.

The market value of the shares was lower than the base price of the last impairment, as follows:

Class of shares	Quantity	Share Market Price of last impairment recorded in 2014	Stock Exchange Market price(BM&FBovespa) 03/31/2015	06/30/2015	09/30/2015	12/31/2015
Common	71,390,300	6.64				4.02
Preferred	105,215,700	5.05	4.97	4.12	3.35	1.55
	176,606,000					

The change in the carrying amount of Usiminas is presented below:

		12/31/2014		12/31/2015		Market Variation as of 2015	
Class of shares	Quantity	Share price	Closing Balance	Share price	Closing Balance	Share price	Closing Balance
Common	71,390,300	12.30	878,101	4.02	286,989	(8.28)	(591,112)
Preferred	105,215,700	5.05	531,339	1.55	163,084	(3.50)	(368,255)
	176,606,000		**1,409,440**		**450,073**		**(959,367)**

The negative variation in the price of shares on 2015 amounting to R$959,367 were recognized in other comprehensive income, offsetting the gain that was recorded as of December 31, 2014 amounting to R$ 404,069. Subsequently, the loss of R$555,298 was recoded in profit/loss, in line item other operating expenses. In addition, refer to reconciliation below:

Quantity	Impairment Loss

Class of shares		Share price basis for impairment		Accounting balance basis for impairment		
		2014	**2015**	**2014**	**2015**	**2015**
Common	71,390,300	6.64	4.02	474,032	286,989	(187,043)
Preferred	105,215,700	5.05	1.55	531,339	163,084	(368,255)
	176,606,000			**1,005,371**	**450,073**	**(555,298)**

- **Share market price risks**

The Company is exposed to the risk of changes in share prices due to the investments made and classified as available-for-sale.

According to the Company’s accounting policies, any negative changes in the investment in Usiminas considered significant (impairment) are recognized in profit or loss, and positive changes are recognized in comprehensive income until the investment is realized.

As of December 2015, the amount recognized in comprehensive income for investments available for sale, net of taxes is R$(73).

III - Financial risk management

The Company has and follows a policy of managing its risks, with guidelines regarding the risks incurred by the company. Pursuant to this policy, the nature and general position of financial risks are regularly monitored and managed in order to assess the results and the financial impact on cash flow. The credit limits and the quality of counterparties' hedging instruments are also periodically reviewed.

Under this policy, market risks are hedged when it is considered necessary to support the corporate strategy or when it is necessary to maintain a level of financial flexibility.

Under the terms of the risk management policy, the Company manages some risks by using derivative instruments. The Company's risk policy prohibits any speculative deals or short sales.

13.a) Foreign exchange and interest rate risks

- **Exchange rate risk**

The exposure arises from the existence of assets and liabilities generated in US dollars or Euro and is denominated natural currency exposure. Net exposure is the result of offsetting the natural currency exposure by hedging instruments adopted by CSN.

The consolidated net exposure as of December 31, 2015 is as follows:

		12/31/2015
Foreign Exchange Exposure	**(Amounts in US$'000)**	**(Amounts in €'000)**
Cash and cash equivalents overseas	1,625,202	5,197

Trade receivables	169,511	7,258
Other assets	57	20,743
Total assets	**1,794,770**	**33,198**
Borrowings and financing	(4,569,415)	(121,989)
Trade payables	(20,195)	(4,944)
Other liabilities	(25,005)	(92,363)
Total liabilities	**(4,614,615)**	**(219,296)**
Foreign exchange exposure	**(2,819,845)**	**(186,098)**
Notional amount of derivatives contracted, net	1,435,000	
Cash flow hedge accounting	1,557,667	
Net Investment hedge accounting		120,000
Net foreign exchange exposure	**172,822**	**(66,098)**

- **Interest rate risk**

Risk arises from short and long term liabilities with fixed or post fixed interest rates and inflation rates.

Item 13 b) shows the derivatives and hedging strategies to protect exchange and interest rates risks.

13.b) Hedging instruments: derivatives and hedge accounting

CSN uses several instruments for protection of foreign currency risk and interest rate risk, as shown in the following topics:

- **Portfolio of derivative financial instruments**

Forward exchange rate contracts

As part of the hedging strategy of natural exposure to dollar, CSN contracts foreign exchange derivative instruments. As of December 31, 2015 the Company held in its portfolio forward dollar contracts traded at BM&F Bovespa which totaled the notional amount of US$ 1.435 billion.

These contracts consist in negotiating the exchange rate of Reais to US dollar, for prompt delivery, contracted under Resolution 1.690/90 of the National Monetary Council (CMN) in standard contracts established by BM&F Bovespa. CSN determines the required volume of currency to be purchased in accordance with its foreign exchange management strategy and negotiates a sufficient volume of contracts to achieve this financial volume.

The maturity of the portfolio always occurs on the first business day of the contract´s maturity month, being renewable every 30 days, in average. The contract settlement is exclusively financial, on the due date and occurs daily until the maturity. The position held by the Company is set at the end of each session based on the difference of the day's settlement price (D0) compared to the previous day price (D-1), and is settled on the following day (D+1), according to the rules of BM&F.

For as much as the Company maintains contracts traded on the BM&F Bovespa, it is required by the clearing house a guarantee margin to cover those commitments in these contracts, which is only a percentage of the contract´s total amount. CSN maintains securities linked to this guarantee margin, consisting mainly of government bonds, which will be redeemed after the end position. The amounts of these investments are described in Note 5.

The contracts on the BM&F Bovespa have been carried out to replace the foreign exchange swap contracts (NDF - Non Deliverable Forward) traded in over the counter markets.

Dollar x Euro swap

The subsidiary Lusosider has derivative transactions to protect its dollar exposure versus euro.

Fixed rate-to-CDI swap

The purpose of this transaction is to peg obligations subject to a fixed rate to interest rates based on the average rate of interbank deposits of one day (CDI), calculated and disclosed by CETIP. Basically, the Company contracted swaps for its obligations indexed to fixed rates, in which it receives interest on the notional amount (long position) and pays a 100% of the certificate of deposit interbank - CDI (pre-fixed rate) on the notional amount of the contract date (short position). The gains and losses on this contract are directly related to CDI fluctuations. In general, these are transactions conducted in the Brazilian over-the-counter market that have as counterparty a prime financial institution.

CDI-to-Fixed rate swap

The purpose of this transaction is to peg obligations subject to a post-fixed rate (CDI) to a fixed rate. Basically, the Company contracted swaps for its obligations indexed to CDI, in which it receives interest on the notional amount (long position) and pays a pre-fixed rate on the notional amount of the contract date (short position). The gains and losses on this contract are directly related to CDI fluctuations. In general, these are transactions conducted in the Brazilian over-the-counter market that have as counterparty a prime financial institution.

Classification of the derivatives in the balance sheet and statement of income

							12/31/2015
Designation		**Assets**			**Liabilities**		**Impact on**
Date	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**shareholders'**
Dollar - to-CDI swap							(18)
Dollar- to- real swap (NDF)							785,702
Forward dollar	110,075		110,075				25,381
Dollar- to- euro swap (NDF)							39,668
Dollar - to- euro swap	7,647		7,647				(4,405)
Fixed rate- to- CDI swap				26,257		26,257	(4,956)
CDI -to- fixed rate swap	870		870				870
	118,592		**118,592**	**26,257**		**26,257**	**842,242**

							12/31/2014
Designation		**Assets**			**Liabilities**		**Impact on**
Date	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**shareholders'**
Dollar - to-CDI swap	5,346		5,346				(12,735)
Dollar- to- real swap (NDF)	153,316		153,316	65		65	213,602
Dollar- to- euro swap (NDF)	6,722		6,722				33,397
Dollar - to- euro swap	9,227		9,227				8,605
Fixed rate- to- CDI swap							(943)
CDI -to- fixed rate swap					21,301	21,301	(3,926)
	174,611	**-**	**174,611**	**65**	**21,301**	**21,366**	**238,000**

- **Hedge accounting – cash flow**

Beginning November 1, 2014, the Company formally designated cash flow hedging relationships to protect highly probable future cash flows against US dollar fluctuations.

In order to better reflect the accounting impacts of this foreign exchange hedging strategy on its profit, CSN designated part of its US dollar-denominated liabilities as a hedging instrument of its future exports. As a result, foreign exchange differences arising on translating the designated liabilities will be temporarily recognized in shareholders' equity and allocated to profit or loss when such exports are carried out, which

will allow recognizing the US dollar impact on liabilities and exports concurrently. Note that adopting hedge accounting does not entail contracting any financial instrument. As of December 31, 2015 the Company designated for hedge accounting US$1,558 million in exports to be carried out between October, 2016 and October, 2022.

To support these designated amounts, the Company prepared formal documentation indicating how hedging is aligned with the goal and strategy of CSN’s Risk Management Policy by identifying the hedging instruments used, the hedging purpose, the nature of the hedged risk, and showing the expected high effectiveness of the designated relationships. The designated debt instruments total an amount equivalent to the portion of future exports. Thus, the exchange differences on translating the instrument and the hedged item are similar. According to the Company’s accounting policy, continuous assessments of the prospective and retrospective effectiveness must be carried out by comparing the designated amounts with the expected amounts, approved in Management’s budgets, and the actual export amounts.

Through hedge accounting, the exchange gains and losses of the debt instruments do not immediately affect the Company’s profit or loss except to the extent that exports are carried out.

The table below shows a summary of the hedging relationships as of December 31, 2015:

(1) During the third quarter 2015, we reviewed the future export projections and identified that the amount of US$ 9 million designated previously were not highly probable. According to internal policy, the hedge relationship was discontinued prospectively, since the resume of exports in future periods is possible.

(2) On October, 2015 was settled the portion of debt designated as a hedge instrument. Therefore, we revert to the profit/loss the accumulated exchange rate variation related this installment.

In the hedging relationships described above, the amounts of the debt instruments were fully designated for equivalent iron ore export portions.

Explanation of Responses:

The movements in the hedge accounting amounts recognized in shareholders' equity as of December 31, 2015 are as follows:

	12/31/2014	Addition	Reversal
Cash flow hedge accounting	120,633	1,410,896	(11,439)
Income tax and social contribution on cash flow hedge accounting	(41,015)	(479,705)	3,889
Not recorded Income tax and social contribution on cash flow hedge accounting		357,951	
Fair value of cash flow hedge, net of taxes	**79,618**	**1,289,142**	**(7,550)**

As of December 31, 2015 the hedging relationships established by the Company were effective, according to the prospective tests conducted. Thus, no reversal for hedge accounting ineffectiveness was recognized.

- **Hedge of net investment in foreign subsidiaries**

CSN has natural foreign exchange exposure in euros arising significantly from loan made by a subsidiary abroad with functional currency in Reais, for the acquisition of investments abroad whose functional currency is Euro. Such exposure arises from converting the balance sheets of these subsidiaries for consolidation in CSN, and the exchange rate of the loans affected the income statement in the financial result item and exchange variation of the net assets of the foreign operation directly affected the equity in other comprehensive income.

As from 1 September 2015 CSN began to adopt hedge of net investment to eliminate exposure in order to cover future fluctuations of the euro on such loans. Non-derivative financial liabilities have been designated represented by loan agreements with financial institutions in the amount of € 120 million. The carrying amounts as of December 31, 2015 are:

						12/31/2015
Designation Date	Hedging Instrument	Hedged Item	Type of Hedged Risk	Exchange Rate on designation	Designated amounts (EUR'000)	Impact on shareholders' equity
09/01/2015	Non-derivative financial liabilities in EUR – Debt contract	Investments in subsidiaries which EUR is the	Foreign exchange - R$ vs. EUR spot rate	4.0825	120,000	(20,148)

	functional currency		
Total		**120,000**	**(20,148)**

Changes in amounts related to hedge of net investment recorded in equity as of December 31 2015 is presented below:

	12/31/2014	Addition	Reversal	12/31/2015
Net investment hedge in foreign operations		20,148		20,148
Fair value of net investment hedge in foreign operations		20,148		20,148

On December 31, 2015 hedge relationships established by the Company found to be effective, according to prospective tests. Therefore, no reversal by ineffectiveness of the hedge was recorded.

13.c) Sensitivity analysis

We present below the sensitivity analysis for currency risk and interest rate.

- **Sensitivity analysis of Derivative Financial Instruments and consolidated Foreign Exchange Exposure**

The Company considered scenarios 1 and 2 as 25% and 50% of deterioration for volatility of the currency, using as reference the closing exchange rate as of December 31, 2015.

The currencies used in the sensitivity analysis and its scenarios are shown below:

				12/31/2015
Currency	**Exchange rate**	**Probable scenario**	**Scenario 1**	**Scenario 2**
USD	3.9048	3.9116	4.8810	5.8572
EUR	4.2504	4.2359	5.3130	6.3756
USD x EUR	1.0887	1.0856	1.3609	1.6331

			12/31/2015
Interest	**Interest rate**	**Scenario 1**	**Scenario 2**
CDI	14.14%	18.87%	22.64%

(*) The effects on income statement, considering both scenarios are shown below:

					12/31/2015
Instruments	**Notional amount**	**Risk**	**Probable scenario (*)**	**Scenario 1**	**Scenario 2**
Future dólar	1,435,000	Dólar	9,758	1,400,847	2,801,694
Hedge accounting of exports	1,557,667	Dólar	10,592	1,520,595	3,041,190
Currency position (not including exchange derivatives above)	(2,819,845)	Dólar	(19,175)	(2,752,733)	(5,505,466)
Consolidated exchange position (including exchange derivatives above)	**172,822**	**Dólar**	**1,175**	**168,709**	**337,418**
Hedge of net investments in foreign operations	120,000	Euro	(1,740)	127,511	255,022
Currency position	(186,098)	Euro	2,698	(197,747)	(395,494)
Consolidated exchange position (including exchange derivatives above)	**(66,098)**	**Euro**	**958**	**(70,236)**	**(140,472)**
Dollar-to-euro swap	58,150	Dólar	152,522	(10,682)	(17,804)

(*) The likely scenarios were calculated considering the following changes to the risks: Real x Dollar - Real depreciation of 0.17% / Real x Euro – Real depreciation of 0.34% / Dollar x Euro - Dollar depreciation of 0.28%. Source: prices Banco Central do Brasil and Central Bank of Europe in March 2, 2016.

- **Sensitivity analysis of interest rate swaps**

					12/31/2015
Instruments	**Notional amount**	**Risk**	**Probable scenario (*)**	**Scenario 1**	**Scenario 2**
Fixed rate-to-CDI interest rate swap	345,000	CDI	(26,257)	(5,456)	(10,806)
Dollar-to-CDI interest rate swap	150,000	CDI	870	2,208	4,375

(*) The sensitivity analysis is based on the assumption of maintaining as probable scenario the market values as of December 31, 2015 recognized in the company's assets and liabilities.

- **Sensitivity analysis of changes in interest rates**

The Company considered the scenarios 1, and 2 as 25% and 50% of evolution for volatility of the interest as of December 31, 2015.

			Impact on profit or loss	
Changes in interest rates	**% Yearly**	**Probable scenario(*)**	**Scenario 1**	**Scenario 2**
TJLP	7.00	(43,325)	(18,466)	(36,932)
Libor	0.85	(449,052)	(13,775)	(27,550)
CDI	14.14	(1,359,986)	(446,791)	(893,582)

(*) The sensitivity analysis is based on the assumption of maintaining as probable scenario the market values at December 31, 2015 recorded in the Company´s assets and liabilities.

13.d) Liquidity risk

It is the risk that the Company may not have sufficient net funds to honor its financial commitments as a result of mismatching of terms or volumes between scheduled receipts and payments.

To manage cash liquidity in domestic and foreign currency, assumptions of future disbursements and receipts are established and daily monitored by the treasury area. The payment schedules for the long-term portions of borrowings, financing and debentures are shown in note 12.

The following table shows the contractual maturities of financial liabilities, including accrued interest.

At December 31, 2015	Less than one	From one to	From two to five	Over five years	Total

	year	**two years**	**years**		
Borrowings, financing and debentures	1,901,384	7,238,130	18,674,574	6,571,872	34,385,960
Derivative financial instruments	26,257				26,257
Trade payables	1,293,008				1,293,008
Dividends and interest on capital	464,982				464,982

- **Fair values of assets and liabilities as compared to their carrying amounts**

Financial assets and liabilities at fair value through profit or loss are recognized in current and non-current assets and liabilities, and any gains and losses are recognized as finance income or finance costs, respectively.

The amounts are recognized in the financial statements at their carrying amounts, which are substantially similar to those that would be obtained if they were traded in the market. The fair values of other long-term assets and liabilities do not differ significantly from their carrying amounts, except the amounts below.

The estimated fair values for certain consolidated long-term borrowings and financing were calculated at prevailing market rates, taking into consideration the nature, terms and risks similar to those of the recorded contracts, as compared below:

		12/31/2015		**12/31/2014**
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Perpetual bonds	3,910,115	1,330,685	2,659,815	1,974,031
Fixed rate notes	7,086,760	3,915,310	6,232,986	6,267,272

14. OTHER PAYABLES

The group of other payables classified in current and non-current liabilities is comprised as follows:

				Conso
	Current		**Non-curren**	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31**
Payables to related parties (Note 19 b)	6,798	249,758		9,2
Derivative financial instruments (Note 13 I)	26,257	65		
Exclusive funds (1)				
Dividends and interest on capital payable to Company owners		152,966		
Dividends and interest on capital payable to non-controlling owners[2]	464,982	124,131		
Advances from customers	49,505	22,905		
Taxes in installments (Note 16)	24,237	33,358	87,890	
Profit sharing - employees	171,695	120,278		
Freight provision	105,104	64,349		
Provision for industrial restructuring	122,854			
Other provision	30,784	21,873		
Other payables	70,801	55,426	43,394	
	1,073,017	**845,109**	**131,284**	**9,3**

(1) Refers to derivative transactions managed by exclusive funds.

(2) In connection with the business combination described in note 3, Namisa approved the dividend distribution in the amount of U$300 million, equivalent to R$1,157 million prior to its merger, in proportion to equity participation of CSN and JKTC immediately prior to the business combination, which were 60% and 40% respectively. This obligation was succeeded by the subsidiary Congonhas Minérios S.A. after incorporation of Namisa and has its liquidation scheduled for the last quarter of 2016.

15. INCOME TAX AND SOCIAL CONTRIBUTION

15.a) Income tax and social contribution recognized in profit or loss:

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

	Consolidated		
	12/31/2015	**12/31/2014**	**12/31/2013**
Income tax and social contribution income (expense)			
Current	(380,831)	(528,170)	(1,290,755)
Deferred	192,207	679,323	1,216,594
	(188,624)	**151,153**	**(74,161)**

The reconciliation of consolidated income tax and social contribution expenses and income and the result from applying the effective rate to profit before income tax and social contribution are as follows:

			Consolidated
	12/31/2015	**12/31/2014**	**12/31/2013**
(Loss) profit before income tax and social contribution	**1,804,575**	**(263,420)**	**608,155**
Tax rate	34%	34%	**34%**
Income tax and social contribution at combined statutory rate	**(613,556)**	**89,563**	**(206,773)**
Adjustment to reflect the effective rate:			
Interest on capital benefit			255,000
Equity pickup	394,518	112,594	53,767
Profit with differentiated rates or untaxed	829,265	1,772	173,330
Transfer pricing adjustment	(66,447)	(2,350)	(31,404)
Tax loss carryforwards without recognizing deferred taxes	(176,795)	(29,259)	(166,734)
Indebtdness limit	(54,091)	(13,170)	
Deferred taxes on temporary differences - non computed (1)	(1,143,365)		
Refis Effect and early discharge	(2,586)	(14,649)	(689,299)
Deferred taxes on foreign profit	72,376		
Fair value on Namisa stake of 60%	632,030		
Subsidiaries’ tax credit			550,270
Other permanent deductions (add-backs)	(59,973)	6,652	(12,318)
Income tax and social contribution in profit for the period	**(188,624)**	**151,153**	**(74,161)**
Effective tax rate	**10%**	**57%**	**12%**

(1) As from third quarter of 2015 the Company no longer computes income tax and social contribution credits on tax losses and temporary differences. See details in note 15 (b).

15.b) Deferred income tax and social contribution:

The deferred income tax and social contribution are calculated on income tax and social contribution tax losses and the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

	Opening balance	Movement				Closing balance
	12/31/2014	Comprehensive income	Profit or loss	Tax Créditis (**)	Others	12/31/2015
Deferred tax assets						
Income tax losses	383,185	11,629	(175,479)	6,910		226,245
Social contribution tax losses	75,662		14,565	2,804		93,031
Temporary differences	**2,157,211**	**250,519**	**650,824**		**(70,803)**	**2,987,751**
- Provision for tax. social security, labor, civil and environmental risks	226,741		5,206		(12,088)	219,859
- Provision for environmental liabilities	71,925		18,243		(1,667)	88,501
- Asset impairment losses	68,981		(1,088)		(408)	67,485
- Inventory impairment losses	32,366		(6,953)		(9,475)	15,938
- (Gains)/losses on financial instruments	(6,419)		965			(5,454)
- (Gains)/losses on available-for-sale financial assets	618,291	124,924	188,801			932,016
- Income tax and social contribution non computed o/ available-for-sale		15,973				15,973

financial assets						
- Actuarial liability (pension and healthcare plan)	163,627	(68)				163,559
- Accrued supplies and services	68,483		10,098		(29,541)	49,040
- Allow ance for doubtful debts	29,852		2,673		(1,111)	31,414
- Goodw ill on merger	(102,659)	(8,435)	111,094			
- Unrealized exchange differences (*)	1,011,007		1,416,919			2,427,926
- (Gain) on loss of control over Transnordestina	(224,096)					(224,096)
- Cash flow hedge accounting	41,015	475,816				516,831
- Income tax and social contribution non computed o/ cash flow hedge accounting		(357,951)				(357,951)
- Deferred taxes non computed			(1,133,091)			(1,133,091)
- Other	158,097	260	37,957		(16,513)	179,801
Non-current assets	**2,616,058**	**262,148**	**489,910**	**9,714**	**(70,803)**	**3,307,027**
Deferred tax liabilities						
Temporary differences	**238,892**	**67,652**	**297,703**		**(109,396)**	**494,851**
- Provision for tax. social security, labor, civil and environmental risks			(567)		(14,302)	(14,869)
- Provision for environmental liabilities			878		(1,667)	(789)
- Asset impairment losses			(7,743)		(10,698)	(18,441)
- Inventory impairment losses			(435)		(10,725)	(11,160)
- Actuarial liability (pension and healthcare plan)		(504)	(104)			(608)
- Accrued supplies and services			21,129		(64,079)	(42,950)
			(17)		(1,111)	(1,128)

- Allow ance for doubtful debts					
- Fair value adjustment - SWT Aquisition	222,454	63,406	(33,311)		252,549
- Fair Value adjustment - Mining Business combination			317,041	19,402	336,443
- Others	16,438	4,750	832	(26,216)	(4,196)
Non-current liabilities	**238,892**	**67,652**	**297,703**	**(109,396)**	**494,851**

(*) The Company taxes foreign exchange differences on a cash basis to calculate income tax and social contribution.

(**) Reversal of Company´s tax credits and tax loss carryforwards to settle tax debts, as provided for in Law Nº. 12,865/13, 12,996/14 and 13,043/14, due to exclusion of contingences, related to tax installment program, on the consolidation of debts.

The Company has its corporate structure overseas subsidiaries, for which profits are taxed at income tax in the countries where they are domiciled by lower rates than those prevailing in Brazil.

From 2011 to 2015 some abroad subsidiaries generated profits amounting to R$4,025,071, in case tax authorities understand that these profits have already been distributed and, therefore, additional taxation in Brazil, if due, would amount approximately to R$1,356,111 in income tax and social contribution. The Company, based on its legal counsel’s opinion, assessed the likelihood of loss in a potential challenge by tax authorities as possible and, therefore, no provision was recognized in the financial statements.

- **Law 12.973/14**

Law 12.973, enacted in May 2014, brought significant changes to tax legislation, which among others, revoked the Transition Tax Regime (RTT).Theses changes directly impact the determination of the income tax and social contribution basis. As from 2015, the application of the Law is mandatory and CSN applied the Law´s requirements.

- **Impairment test - Deferred taxes**

CSN approved by the Board of Directors´ Meeting of November 6 th2015, a study to demonstrate the generation of future taxable income with which it is expected that the credits currently registered in the balance sheet are offset.

The test was performed considering only the parent company, since the other group companies have no relevant credits for purposes of this test. The parent company consists of the following businesses:

- Flat Steel Brazil;
- Long Steel Brazil;
- Mining
- Cement;
- Investments in other entities.

The study was prepared based on the CSN´s financial model of long-term and considered several scenarios which vary according to different macroeconomic and operating assumptions. Furthermore, the model considers a combination of assets sales scenario and liquidity events in order to achieve a specific amount of resources to CSN allowing a leverage reduction of and consequently, the reduction of financial expenses.

In addition, a sensitivity analysis of tax credits utilization considering a change in macroeconomic assumptions, operational performance and liquidity events took place. This sensitivity analysis showed that the consumption of credits is sensitive to exogenous issues and outside the Company's control.

Thus, considering the study´s results, which indicates the probable future taxable income to compensate the deferred income tax and social contribution balances recognized until June 30, 2015, the Board of Directors agreed to not record the deferred income tax and social contribution as from the 3rd quarter of 2015. If the tax credit for the second quarter was constituted, the amount would be R$1.09 billion. Additionally, the study projects the compensation of the residual balance amounting R$3,229 million for the next periods according to the schedule below:

In millions of reais	Parent Company
2016	686
2017	622
2018	152
2019	192
2020	286
2021	464
2022	576
2023	251
	3,229

15.c) Income tax and social contribution recognized in shareholders' equity:

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

	12/31/2015	12/31/2014	12/31/2013
Income tax and social contribution			
Actuarial gains on defined benefit pension plan	64,489	65,372	33,012
Changes in the fair value on available-for-sale financial assets	38	(140,859)	(401,574)
Exchange differences on translating foreign operations	(425,510)	(425,510)	(425,510)
Cash flow hedge accounting	158,880	41,015	
	(202,103)	**(459,982)**	**(794,072)**

16. Taxes in installments

The position of the Refis debts and other tax installment payment plans, recorded in taxes in installments in current and non-current liabilities, as mentioned in note 14, is as follows:

				Consolidated
	Current		Non-current	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Federal REFIS Law 11.941/0(a)	11,891	9,942	19,247	
Federal REFIS Law 12.865/1(a)	4,830		56,661	
Other taxes in installments (b)	7,516	23,416	11,982	20,728
	24,237	**33,358**	**87,890**	**20,728**

16.a) Tax Recovery Program (Federal Refis)

- **Federal Law 11.941/09 Tax Installment Payment Program**

In November 2009 the Company joined the Tax Installment Payment Program introduced by Law 11.941/09, aiming at regularizing tax liabilities through a special payment system and installment of tax obligations and social security.

The group decided to pay all tax debts with judicial deposits in cash. The Group awaits the approval by the Federal Revenue Service (RFB) and the National Treasury Attorney General’s Office (PGFN) of these amounts, which total R$9,942.

National Minerals SA (NAMISA), incorporated by Congonhas Ores on December 31, 2015, and now consolidated in these financial statements at December 27, 2013 and November 25, 2014 has chosen to include some debts in the program installment introduced by Law 11,941 / 2009, due to the reopening of the deadlines for accession brought by Law No. 12,865 / 13 and 12,996 / 14, respectively

- **Installment Payment Program, Federal law 12.865/13**

NAMISA also chose to include in the tax installment plan established by Article 40 of Law No. 12,865 / 13, the income tax debts and based on the profits of subsidiaries located abroad from 2009 to 2012, resulting from the application of Article 74 MP 2158-35 / 2001.

16.b) Other tax installments (regular and other)

Some Group companies have installment payment plans with the Federal Revenue Service and state tax authorities.

17. PROVISION FOR TAX, SOCIAL SECURITY, LABOR, CIVIL AND ENVIRONMENTAL RISKS AND JUDICIAL DEPOSITS

Claims of different nature are being challenged at the appropriate courts. Details of the accrued amounts and related judicial deposits are as follows:

				Consolidated
	Accrued liabilities		**Judicial deposits**	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
Tax	143,852	129,524	82,472	77,836
Social security	70,174	62,277	46,193	46,193
Labor	478,611	444,243	165,027	136,396
Civil	128,451	106,143	24,634	17,897
Environmental	17,646	3,981	1,697	1,697
Judicial deposits			8,519	8,785
	838,734	**746,168**	**328,542**	**288,804**

The changes in the provision for tax, social security, labor, civil and environmental risks in the year ended December 31, 2015 were as follows:

					Consolidated Current + Non- current
Nature	**12/31/2014**	**Additions**	**Accrued charges**	**Net utilization of reversal**	**12/31/2015**
Tax	129,524	120,673	7,841	(114,186)	143,852
Social security	62,277		7,897		70,174
Labor	444,243	213,543	61,445	(240,620)	478,611
Civil	106,143	34,951	35,372	(48,015)	128,451
Environmental	3,981	20,401	284	(7,020)	17,646
	746,168	**389,568**	**112,839**	**(409,841)**	**838,734**

The provision for tax, social security, labor, civil and environmental liabilities was estimated by management and is mainly based on the legal counsel's assessment. Only proceedings for which the risk is classified as probable loss are accrued. This provision includes tax liabilities resulting from lawsuits filed by the Company, subject to SELIC (Central Bank's policy rate).

Tax lawsuits

The main tax lawsuits assessed by the outside legal counsel as probable losses to which CSN or its subsidiaries are parties are as follows: (i) Municipal tax assessments (ISS) incident in lease contracts; (ii) ICMS Assessment Notice for the alleged nonpayment of this tax on product imports; (iii) Tax Forfeiture to collect ICMS reported but not paid; (iv) collection of income tax and social contribution for the offset of nonexistent tax credits.

Labor lawsuits

As of December 31, 2015, the Group is a defendant in 7,541 labor lawsuits, for which a provision has been recorded in the amount of R$478,611 (R$444,243 as of December 31, 2014). Most of the claims relate to subsidiary and/or joint liability, salary equalization, health hazard premiums and hazardous duty premiums, overtime pay, difference in the 40% fine for the severance pay fund (FGTS) related to period prior to retirement and as a result of federal government economic plans, health care plan, indemnity claims resulting from alleged occupational diseases or on-the-job accidents, breaks between working hours, and differences in profit sharing from 1997 to 1999 and from 2001 to 2003.

During the year ended December 31, 2015 there were addition or write-off movements in labor lawsuits, due to court orders issued to terminate lawsuits and the constant revision of the Company’s accounting estimates related to the provision for contingencies that take into consideration the different nature of the claims made, as required by the Company’s accounting policies.

Civil lawsuits

Among the civil lawsuits in which the Company is a defendant are claims for compensation. Generally these lawsuits result from on-the-job accidents, occupational diseases and contractual litigation related to the industrial activities of the Group, real estate actions, healthcare plan, and reimbursement of costs incurred in labor courts. For lawsuits involving civil matters, a provision has been recognized in the amount of R$128,451 as of December 31, 2015 (R$106,143 as of December 31, 2014)

Environmental lawsuits

The environmental administrative/judicial proceedings filed against the Company include mainly administrative proceedings for alleged environmental irregularities and the regularization of environmental permits; at the judicial level, the Company is a party to actions collecting the fines imposed for such alleged environmental irregularities and public civil actions claiming regularization coupled with compensation, in most cases claiming environmental recovery. In general these proceedings arise from alleged damages to the environment related to the Company’s industrial activities. Forlawsuits involving environmental matters, a provision has been recognized in the amount of R$17,646 as of December 31, 2015 (R$3,981 as of December 31, 2014)

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In July 2012 the Company received a legal notice in the lawsuit filed by the State Attorney's Office of the State of Rio de Janeiro, related to Volta Grande IV district in the city of Volta Redonda-RJ, claiming, among others, the removal of two industrial waste cells and 750 (seven hundred and fifty) homes. This lawsuit is classified as probable loss risk, but there is not, until the moment, a complete diagnostic of the risks and so the Company has not estimated the costs for those claims.

As a result of the lawsuit mentioned in the paragraph above, after August 2012 the Company received legal notices related to some lawsuits filed by one of the dwellers of the Volta Grande IV district, who claims the payment of compensation for property damages and pain and suffering, whose amounts are illiquid at the moment, and this lawsuit is classified as possible loss risk.

On the same matter (Bairro Volta Grande IV), in August 2013 the Company received a subpoena about the lawsuits filed by the Federal Public Prosecution Office (Federal Courts), which has the same claim of the lawsuit filed by the State Public Prosecution Office, described above. This new lawsuit is classified as possible risk of loss since the trend is that the State courts' decision prevails also in the Federal courts. The risk amount in this new lawsuit is the same of the lawsuit filed by the State Public Prosecution Office.

§ Other administrative and judicial proceedings

The table below shows a summary of the balance of the main legal matters compared with the balance at December 31, 2014 and 2015.

	12/31/2
Tax assessment notice issued against the Company for an alleged sale of 40% of the shares of its joint venture NAMISA to a Japanese-Korean consortium,	7,743

Explanation of Responses:

Income tax / Social contribution - Assessment Notice and Imposition of Fine (AIIM) - - Disallowance of deductions of goodwill generated in the reverse incorporation of Big Jump by Namisa (*)	2,250
Assessment Notice and Imposition of Fine (AIIM) - Income tax / Social contribution - gloss of interest on prepayment arising from supply contracts of iron ore and port services	1,105
Tax foreclosures - ICMS - Electricity credits	785
Installments MP 470 - alleged insufficiency of tax losses	587
Offset of taxes that were not approved by the Federal Revenue Service - IRPJ/CSLL, PIS/COFINS e IPI	1,015
Assessment notice for an alleged nonpayment of taxes- IRPJ/CSLL - foreign subsidiaries (2010)	526
Assessment Notice and Imposition of Fine (AIIM) - Income tax / Social contribution - Profits earned abroad 2008 (*)	306
Disallowance of the ICMS credits - Transfer of iron ore	516
Disallowance of the ICMS credits - ICMS - acquisition of subsidiary	277
ICMS - Refers to the transfer of imported raw material at an amount lower than the price disclosed in the import documentation	252
Disallowance of the tax losses arising on adjustments to the SAPLI	409
Assessment Notice - ICMS - shipping and return merchandise for Industrialization (*)	541
Assessment Notice- Income tax- Capital Gain of CFM vendors located outside (*)	170
Other tax (federal, state, and municipal) lawsuits.	2,537
Social security lawsuits	289
Annulment action filed by CSN against CADE	70
Other civil lawsuits	763
Labor and social security lawsuits	1,032
Environmental lawsuits	359
	21,540

(*) Namisa lawsuits that after the drop down started to reflect in the CSN financial statements.

The assessments made by the legal counsel define these administrative and judicial proceedings as entailing risk of possible loss and, therefore, no provision was recorded in conformity with Management’s judgment and accounting practices adopted in Brazil.

Environmental lawsuits

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The environmental processes present high complexity for estimating the amount at risk, should be taken into consideration, among various aspects, procedural development, the extent of damage and the projection of repairing costs.

During the second quarter 2015, in line with the Company's accounting policy of prognostic losses of ongoing processes, the management has reevaluated its environmental contingencies, supported by its internal and external legal counsel.

As a result of this work, there was an increase of the possible risk of loss amounting R$ 244,022.

There are other environmental processes for which it is not yet possible to assess the risk and contingency value due to the aforementioned complexity estimation, the peculiarities of the matters involving them and also their procedural steps.

18. PROVISION FOR ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS

The balance of the provision for environmental liabilities and asset retirement obligation - ARO is as follows:

		Consolidated
	12/31/2015	**12/31/2014**
Environmental liabilities	262,290	211,544
Asset retirement obligations	66,641	26,995
	328,931	**238,539**

18.a) Environmental liabilities

As of December 31, 2015, there is a provision recognized for expenditures relating to environmental investigation and recovery services for potentially contaminated areas surrounding establishments in the States of Rio de Janeiro, Minas Gerais and Santa Catarina. Estimated expenditures will be reviewed

periodically and the amounts already recognized will be adjusted whenever necessary. These are Management's best estimates based on the environmental remediation studies and projects. This provision is recognized as other operating expenses.

The provision is measured at the present value of the expenditures required to settle the obligation, using a pretax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the obligation due to passage of time is recognized as other operating expenses.

The long-term interest rate used to discount the provision to present value through December 31, 2015 was 10.00%. The liability recognized is periodically updated based on the general market price index (IGPM) for the period.

Some contingent environmental liabilities are monitored by environmental department were not recorded in provisions due to its characteristics, they do not meet the recognition criteria present in IAS 37.

18.b) Asset retirement

Asset retirement obligations refer to estimated costs for decommissioning, retirement or restoration of areas upon the termination of activities related to mining resources. The initial measurement is recognized as a liability discounted to present value and subsequently through increase in expenses over time. The asset retirement cost equivalent to the initial liability is capitalized as part of the carrying amount of the asset, being depreciated over the useful life of the asset.

The accounting balances that refer to the provision for decommissioning were transferred to Congonhas Minérios,

The increase of liabilities in the period is due to an update on estimated cost of closing iron ore mines.

In 2015, the Company completed a new certification of iron mineral reserves in the Casa de Pedra and Engenho mines. This certification, prepared by a specialized company, has certified reserves of 3,021 million tons of iron ore, which represents an increase of 85% compared to the amounts certified in the last audit on April 2007.

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Therefore, it indicated a need to review liabilities and update assumptions for mine closure, completion of mining activities in the future and decommissioning of assets linked to the mine, the result is an increase of liabilities amounting R$ 39,646.

19. RELATED-PARTY BALANCES AND TRANSACTIONS

19.a) Transactions with Holding Companies

Vicunha Siderurgia S.A. is the Company's main shareholder, with 51.41% of the voting shares.

The Rio Iaco Participações S.A. holds 4.29% of CSN's voting capital.

- **Liabilities**

Companies	Proposed Dividends	Paid Dividends
Vicunha Siderurgia (*)		282,571
Rio Iaco		23,568
Total at 12/31/2015		**306,139**
Total at 12/31/2014	**152,966**	**220,349**

(*) As of June 30, 2015 Vicunha Steel began to directly control CSN due to the merger of Vicunha Siderurgia by Vicunha Aços on that date.

Vicunha steel's corporate structure is as follows (unaudited information):

Vicunha Steel S.A. – holds 66.96% of Vicunha Aços S.A.

National Steel S.A. – holds 33.04% of Vicunha Aços S.A.

CFL Participações S.A. – holds 40% of National Steel S.A. and 40% of Vicunha Steel S.A.

Rio Purus Participações S.A. – holds 60% of National Steel S.A. 60% of Vicunha Steel S.A. and 99.99% of Rio Iaco Participações S.A.

19.b) Transactions with subsidiaries, joint ventures, associates, exclusive funds and other related parties

- **By transaction**

	Current		**Non-Current**		**Consolidated Total**	
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**	**12/31/2015**	**12/31/2014**
Assets						
Trade receivables (note 6)	61,366	153,737			61,366	153,737
Dividends receivable (note 6)	27,817	59,470			27,817	59,470
Actuarial asset (note 8)			114,433	97,173	114,433	97,173
Loans (note 8)		517,493	373,214	117,357	373,214	634,850
Other receivables (note 8)	9,420	15,780	29,020	7,037	38,440	22,817
	98,603	**746,480**	**516,667**	**221,567**	**615,270**	**968,047**
Liabilities						
Other payables (Note 14)						
Accounts payable	6,798	2,681		546	6,798	3,227
Advances from customers		247,077		9,236,170		9,483,247
Trade payables	67,443	63,165			67,443	63,165
Actuarial liabilities			514,368	587,755	514,368	587,755
	74,241	**312,923**	**514,368**	**9,824,471**	**588,609**	**10,137,394**
Statement of income						
Revenues						

Sales	725,285	1,177,860
Interest	65,084	50,631
Expenses		
Purchases	(1,103,428)	(1,047,423)
Interest	(1,333)	(423,621)
	(314,392)	**(242,553)**

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- **By company**

	Assets			Liabilities				Statement
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**	**Sales**	**Purchases**
Subsidiaries								
Ferrovia Transnordestina Logística S.A. (1)		133,283	133,283					(4,559)
Others	14,151		14,151	2,742		2,742		
	14,151	**133,283**	**147,434**	**2,742**		**2,742**		**(4,559)**
Joint ventures								
CGPAR Construção Pesada S.A.	3,484		3,484	24		24		
Nacional Minérios S.A.							113,563	(198,378)
MRS Logística S.A.	26,415		26,415	32,284		32,284		(725,710)
CBSI - Companhia Brasileira de Serviços e Infraestrutura	7,380		7,380	11,015		11,015	48	(166,945)
Transnordestina Logística S.A (2)		222,727	222,727	26,880		26,880		
	37,279	**222,727**	**260,006**	**70,203**	**-**	**70,203**	**113,611**	**(1,091,033)**

Other related parties			-			-		
CBS Previdência		114,433	114,433		514,368	514,368		-
Fundação CSN	-	-	-	126		126		(2,152)
Banco Fibra			-			-		
Usiminas	182		182			-	12,289	(1,230)
Panatlântica	46,991		46,991	-		-	597,998	
Ibis Participações e Serviços			-			-		(4,324)
Taquari Participações S.A.			-			-		(130)
	47,173	**114,433**	**161,606**	**126**	**514,368**	**514,494**	**610,287**	**(7,836)**
Associates								
Arvedi Metalfer do Brasil S.A.		46,224	46,224	1,170		1,170	1,387	
Total em 12/31/2015	**98,603**	**516,667**	**615,270**	**74,241**	**514,368**	**588,609**	**725,285**	**(1,103,428)**
Total em 12/31/2014	**746,480**	**221,567**	**968,047**	**312,923**	**9,824,471**	**10,137,394**	**1,177,860**	**(1,047,423)**

1. Refers to loans of the subsidiary FTL - Ferrovia Transnordestina Logística S.A to the joint venture Transnordestina Logística S.A. The contract has a 102.5% of CDI interest rate and maturity expected in June 2017.

2. Transnordestina Logística S.A: Refers mainly to contracts in R$: interest equivalent to 108.0% of CDI with final maturity in June 2017. As of December 31, 2015, borrowings total R$222,727 (R$141,358 as of December 31, 2014)

19.c) Other unconsolidated related parties

- **CBS Previdência**

The Company is the main sponsor of this non-profit entity established in July 1960, primarily engaged in the payment of benefits that supplement the official government Social Security benefits to participants. In its capacity as sponsor, CSN carries out transactions involving the payment of contributions and recognition of actuarial liabilities calculated in defined benefit plans, as detailed in note 27.

- **Fundação CSN**

The Company develops socially responsible policies concentrated today in Fundação CSN, of which it is the founding. The transactions between the parties relate to the operating and financial support for Fundação CSN to carry out the social projects undertaken mainly in the locations where the Company operates.

- **Banco Fibra**

Banco Fibra is under the control structure of Vicunha Siderurgia and the financial transactions carried out with this bank are limited to movements in checking accounts and financial investments in fixed-income securities.

- **Ibis Participações e Serviços Ltda.**

Ibis Participações e Serviços is under the control of a member of the Company's Board.

- **Companhia de Gás do Ceará**

A natural gas distributor under the control structure of Vicunha Siderurgia.

19.d) Key management personnel

The key management personnel with authority and responsibility for planning, directing and controlling the Company's activities, include the members of the Board of Directors and statutory directors. The following is information on the compensation of such personnel and the related balances as of December 31, 2015.

	12/31/2015	**12/31/2014**
	Statement of Income	
Short-term benefits for employees and officers	47,578	34,861
Post-employment benefits	311	116
	47,889	**34,977**

20. SHAREHOLDERS' EQUITY

20.a) Paid-in capital

Fully subscribed and paid-in capital as of December 31, 2015 and 2014 is R$4,540,000 comprising 1,387,524,047 book-entry common shares without par value. Each common share entitles its holder to one vote in Shareholders’ Meetings.

20.b) Authorized capital

The Company’s bylaws in effect as of December 31, 2015 determine that the capital can be raised to up to 2,400,000,000 shares by decision of the Board of Directors.

20.c) Legal reserve

This reserve is recognized at the rate of 5% of the profit for each period, as provided for by Article 193 of Law 6.404/76, up to the ceiling of 20% of share capital.

20.d) Ownership structure

As of December 31, 2015, the Company’s ownership structure was as follows:

			12/31/2015		
	Number of common shares	% of total shares	% of voting capital	Number of common shares	% of total shares
Vicunha Aços S.A. (*)	697,719,990	50.29%	51.41%	697,719,990	50.29%
Rio Iaco Participações S.A. (**)	58,193,503	4.19%	4.29%	58,193,503	4.19%
Caixa Beneficente dos Empregados da CSN - CBS	20,143,031	1.45%	1.48%	12,788,231	0.92%
BNDES Participações S.A. – BNDESPAR	8,794,890	0.63%	0.65%	8,794,890	0.63%
NYSE (ADRs)	336,435,464	24.25%	24.79%	342,466,899	24.68%
BM&FBovespa	235,846,169	17.00%	17.38%	239,010,634	17.23%
	1,357,133,047	**97.81%**	**100.00%**	**1,358,974,147**	**97.94%**
Treasury shares	30,391,000	2.19%		28,549,900	2.06%
Total shares	**1,387,524,047**	**100.00%**		**1,387,524,047**	**100.00%**

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(*) As From June 30, 2015, CSN became directly controlled by Vicunha Aços, considering the incorporation of Vicunha Siderurgia by Vicunha Aços on that date.

(**) Rio Iaco Participação S. A. is a company part of the control group.

20.e) Treasury shares

The Board of Directors authorized various share buyback programs in order to hold shares in treasury for subsequent disposal and/or cancelation with a view to maximizing the generation of value to the shareholder through an efficient capital structure management, as shown in the table below:

Program	Board's Authorization	Authorized quantity	Program period	Average buyback price	Minimum and maximum buyback price	Number bought back	Share cancelation		Balance i treasury
1º	3/13/2014	70,205,661	From 3/14/2014 to 4/14/2014	R$ 9.34	R$ 9.22 and R$ 9.45	2,350,000			2,350,00
2º	4/15/2014	67,855,661	From 4/16/2014 to 5/23/2014	R$ 8.97	R$ 8.70 and R$ 9.48	9,529,500			11,879,50
3º	5/23/2014	58,326,161	From 5/26/2014 to 6/25/2014	R$ 9.21	R$ 8.61 and R$ 9.72	31,544,500			43,424,00
4º	6/26/2014	26,781,661	From 6/26/2014 to 7/17/2014	R$ 10.42	R$ 9.33 and R$ 11.54	26,781,661			70,205,66
	7/18/2014						60,000,000	(1)	10,205,66

				Not applicable	Not applicable			
5º	7/18/2014	64,205,661	From 7/18/2014 to 8/18/2014	R$ 11.40	R$ 11.40	240,400		10,446,06
	8/18/2014			Not applicable	Not applicable		10,446,061 (1)	
6º	8/18/2014	63,161,055	From 8/19/2014 to 9/25/2014	R$ 9.82	R$ 9.47 and R$ 10.07	6,791,300		6,791,30
7º	9/29/2014	56,369,755	From 9/29/2014 to 2/29/2014	R$ 7.49	R$ 4.48 and R$ 9.16	21,758,600		28,549,90
8º	12/30/2014	34,611,155	From 12/31/2014 to 3/31/2015	R$ 5.10	R$ 4.90 and R$ 5.39	1,841,100		30,391,00
9º (*)	03/31/2015	32,770,055	From 4/01/2015 to 6/30/2015					

(*) There were no share buyback in this program.

(1) On July 18, 2014 and August 19, 2014, the Board of Directors approved the cancelation of 60,000,000 and 10,446,061 treasury shares, respectively, without change in the Company’s share capital.

As of December 31, 2015, the position of the treasury shares was as follows:

Bought back number (in units)	Amount paid for the shares	Share price			Share market price as of 12/31/2015 (*)
		Minimum	Maximum	Average	
30,391,000	R$ 238,976	R$ 4.48	R$ 10.07	R$ 7.86	R$ 121,564

(*) Using the last share quotation on BM&FBovespa as of December 31, 2015 of R$4.00 per share.

20.f) Policy on investments and payment of interest on capital and dividends

At a meeting held on December 11, 2000, the Board of Directors decided to adopt a profit distribution policy which, after compliance with the provisions in Law 6.404/76, as amended by Law 9.457/97, will entail the distribution of all the profit to the Company’s shareholders, provided that the following priorities are observed, irrespective of their order: (i) carrying out the business strategy; (ii) fulfilling its obligations; (iii) making the required investments; and (iv) maintaining a healthy financial situation of the Company.

20.g) Earnings/(loss) per share:

Basic earnings per share were calculated based on the profit attributable to the owners of CSN divided by the weighted average number of common shares outstanding during the year, excluding the common shares purchased and held as treasury shares, as follows:

	12/31/2015	12/31/2014	12/31/2013
		CommonShares	
(Loss) profit for the year, net			
Attributable to owners of the Company	1,257,896	(105,218)	509,025
Weighted average number of shares	1,357,150	1,413,697	1,457,970
Basic and diluted EPS	0.92687	(0.07443)	0.34913

21. PAYMENT TO SHAREHOLDERS

The Company's Bylaws provides for a minimum dividend distribution 25% of adjusted net income as provided by law, the holders of its shares.

On March 11, 2015 the Board of Directors approved the proposal for payment, as advance of mandatory minimum dividend concerning the period 2015, from the retained earnings reserve (statutory working capital reserve), the amount of R$275,000 in dividends, corresponding to R$0,202633043. The dividends were paid as from March 19, 2015, without inflation adjustment.

Dividends are calculated pursuant to the Company’s bylaws and in compliance with the Brazilian Corporate Law. The table below shows the calculation of dividends and interest on capital approved for 2015:

	12/31/2015
Profit for the year	1,257,896
Capital reserve	(62,895)
Profit for allocation	**1,195,001**
Allocation:	
Dividends approved on March 11, 2015	(275,000)
Destined to profits reserve to be realized (*)	(23,750)
Transferred to statutory reserve for investment and working capital	(896,251)
In current liabilities	
Balance of dividends payable as December 31, 2014	**277,097**
Dividends approved on March 11, 2015	275,000
Dividends paid in 2015	(549,835)
Balance of dividends payable as December 31, 2015	**2,262**
Weighted average number of shares	1,357,150
Dividends per share approved	0.20263

(*) The Company's management, supported by art. 197 of Law 6.404 / 76, is proposing ad referendum to the Annual General Meeting, in order to retain part of the minimum mandatory dividends in line account item Profit Reserve to realize, as there is no profit realized in 2015 year.

The tables below show the history of dividends and interest on capital approved and paid:

22. NET SALES REVENUE

Net sales revenue is comprised as follows:

	12/31/2015	12/31/2014	12/31/2013
Gross revenue			
Domestic market	10,313,874	13,061,229	14,635,703
Foreign market	7,726,761	6,247,489	6,143,242
	18,040,635	**19,308,718**	**20,778,945**
Deductions			
Cancelled sales and discounts	(308,029)	(167,483)	(206,109)
Taxes on sales	(2,400,754)	(3,015,003)	(3,260,404)
	(2,708,783)	**(3,182,486)**	**(3,466,513)**
Net revenue	**15,331,852**	**16,126,232**	**17,312,432**

23. EXPENSES BY NATURE

	12/31/2015	12/31/2014	12/31/2013
Raw materials and inputs	(4,902,546)	(5,125,417)	(5,998,881)
Labor cost	(1,900,260)	(1,716,995)	(1,590,892)
Supplies	(1,097,814)	(1,097,940)	(1,145,772)
Maintenance cost (services and materials)	(1,072,437)	(1,072,664)	(1,297,377)
Outsourcing services	(3,292,763)	(2,544,553)	(2,117,701)
Depreciation, amortization and depletion (Note 10 a)	(1,135,772)	(1,245,131)	(1,093,830)

Other	(304,534)	(270,040)	(538,218)
	(13,706,126)	**(13,072,740)**	**(13,782,671)**
Classified as:			
Cost of sales	(11,799,758)	(11,592,382)	(12,422,706)
Selling expenses	(1,436,000)	(1,041,975)	(874,875)
General and administrative expenses	(470,368)	(438,383)	(485,090)
	(13,706,126)	**(13,072,740)**	**(13,782,671)**

24. OTHER OPERATING INCOME (EXPENSES)

	12/31/2015	12/31/2014	12
Other operating income			
Indemnities/gains on lawsuits	5,189	39,693	
Rentals and leases	1,150	1,080	
Reversal of provisions	5,020	20,790	
Dividends received	5,794	328	
Untimely PIS/COFINS/ICMS credits	234,287		
Contractual fines	2,200	7,963	
Gain on loss of control over Transnordestina			
Gain on business combination (note 3)	3,413,033		
Reversal of actuarial liability/provision for actuarial asset	8,702	166	
Other revenues	50,507	20,468	
	3,725,882	**90,488**	
Other operating expenses			
Taxes and fees	(18,282)	(57,711)	(
Write-off of judicial deposits	(24,145)	(77,892)	
Provision for environmental risks	(41,697)	160,980	
Provision for tax, social security, labor, civil and environmental risks, net of reversals	(279,619)	(191,127)	(
Contractual fines	(309)	(7,464)	
Depreciation of unused equipment and amortization of intangible assets (Note 10 a)	(41,068)	(36,354)	
Residual value of permanent assets written off (Note 10)	(6,466)	(15,232)	
Provision for losses /reversals of slow-moving and obsolescence (Note 7)	1,154	(10,396)	
Losses on spare parts	(55,790)	(26,432)	
Studies and project engineering expenses	(38,138)	(48,807)	
Research and development expenses	(3,363)	(3,406)	
Impairment loss adjustment			
Healthcare plan expenses	(56,838)	(54,319)	
Impairment of available-for-sale financial assets	(555,298)	(205,000)	
REFIS effect - Law 11,941/09 and Law 12,865/13, net	(4,801)	(37,308)	(
Impairment of the Transnordestina old railway network			(
Provisions for industrial restructuring	(122,854)		
Other expenses	(86,817)	(46,659)	(
	(1,334,331)	**(657,127)**	**(1,**
Other operating expenses, net	**2,391,551**	**(566,639)**	**(**

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25. FINANCE INCOME (COSTS)

	12/31/2015	12/31/2014	12/31/2013
Finance income			
Related parties (Note 19 b)	65,084	50,631	25,576
Income from short-term investments	216,971	82,103	125,685
Gain form derivative (*)	870		
Other income (**)	209,062	38,818	20,723
	491,987	**171,552**	**171,984**
Finance costs			
Borrowings and financing - foreign currency	(938,047)	(718,281)	(743,276)
Borrowings and financing - local currency	(2,116,149)	(1,806,568)	(1,559,312)
Related parties (Note 19 b)	(1,333)	(423,621)	(421,659)
Capitalized interest (Notes 10 and 31)	166,366	165,789	490,747
Losses on derivatives (*)	(4,956)	(4,869)	(21,643)
Interest, fines and late payment charges	(20,560)	(76,704)	(72,065)
REFIS effect net- Law 11,941/09		(52,036)	(277,032)
Other finance costs	(210,568)	(187,688)	(135,500)
	(3,125,247)	**(3,103,978)**	**(2,739,740)**
Inflation adjustment and exchange differences, net			
Inflation adjustments, net	44,412	(109)	(37,858)
Exchange differences, net	(1,630,530)	(391,767)	97,969
Exchange gain (losses) on derivatives (*)	846,328	242,869	(3,954)
	(739,790)	**(149,007)**	**56,157**
Finance costs, net	**(3,373,050)**	**(3,081,433)**	**(2,511,599)**
(*) Statement of gains and (losses) on derivative transactions			
Dollar-to-CDI swap	(18)	(12,735)	11,172
Dollar-to-real swap (NDF)	785,702	213,602	(597)
Future Dollar	25,381		(13,190)
Dollar-to-euro swap (NDF)	39,668	33,397	4,035
Dollar-to-euro swap	(4,405)	8,605	(5,374)
	846,328	**242,869**	**(3,954)**
Libor-to-CDI swap		(943)	(4,268)

Fixed rate-to-CDI swap	(4,956)	(3,926)	(17,375)
CDI-to-Fixed rate swap	870		
	(4,086)	**(4,869)**	**(21,643)**
	842,242	**238,000**	**(25,597)**

(*) It refers mainly to gain on repurchase of debt securities amounting to R$166,642.

26. SEGMENT INFORMATION

According to the Group's structure, its businesses are distributed into five (5) operating segments.

- **Steel**

The Steel Segment consolidates all the operations related to the production, distribution and sale of flat steel, long steel, metallic containers and galvanized steel, with operations in Brazil, United States, Portugal and Germany. The Segment supplies the following markets: construction, steel containers for the Brazilian chemical and food industries, home appliances, automobile and OEM (motors and compressors). The Company's steel units produce hot and cold rolled steel, galvanized and pre-painted steel of great durability. They also produce tinplate, a raw material used to produce metallic containers.

Overseas, Lusosider, which is based in Portugal, also produces metal sheets, as well as galvanized steel. CSN LLC in the U.S.A. meets local market needs by supplying cold rolled and galvanized steel. In January 2012, CSN acquired Stahlwerk Thüringen (SWT), a manufacturer of long steel located in Unterwellenborn, Germany. SWT is specialized in the production of shapes used for construction and has an installed production capacity of 1.1 million metric tons of steel/year.

In January 2014 the production of long steel products started with a capacity of 500,000 metric tons per year, which will consolidate the company as a source of complete construction solutions, complementing its portfolio of products with high value added in the steel chain.

- **Mining**

This segment encompasses the activities of iron ore and tin mining.

The high quality iron ore operations are located in the Iron Quadrilateral in MG, the Casa de Pedra mine in Congonhas, MG, as well as Congonhas Minérios S.A., which has its own mines and sells third party iron ore.

At the end of 2015, CSN and the Asian Consortium formalized a shareholders' agreement for the combination of assets linked to iron ore operations and the related logistics structure, forming a new company that has focused in mining activities from December 2015. In this context, the new company, called Congonhas Minérios S.A., holds the TECAR concession, the Casa de Pedra mine and all the shares of Namisa, which was incorporated on December 31, 2015.

Moreover, CSN controls a Estanho de Rondônia S.A. company mining units and tin casting.

- **Logistics**

i. Railroad

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

a) MRS

The railroad transportation services provided by MRS are fundamental to the supply of raw materials and the shipment of final products. The total amount of iron ore, coal and coke consumed by the Presidente Vargas Mill as well as part of the steel produced by CSN for the domestic market and for export are carried by MRS.

The Southeast Brazilian railroad system, encompassing 1,674 kilometers of tracks, serves the tri-state industrial area of São Paulo-Rio de Janeiro-Minas Gerais, linking the mines located in Minas Gerais to the ports located in São Paulo and Rio de Janeiro, and the steel mills of CSN, Companhia Siderúrgica Paulista, or Cosipa, and Gerdau Açominas. Besides serving other customers, the railroad system carries iron ore from the Company's mines in Casa de Pedra, Minas Gerais, and coke and coal from the Itaguaí Port, in Rio de Janeiro, to Volta Redonda, and carries CSN's export products to the ports of Itaguaí and Rio de Janeiro. Its volumes of cargo carried account for approximately 28% of the total volume carried by the Southeast railroad system.

b) TLSA and FTL

TLSA and FTL hold the concession of the former RFFSA's Northeast Network. The Northeast Network totals 4,238 km, divided into two sections: i) Network I, which comprises the São Luiz–Mucuripe, Arrojado–Recife, Itabaiana–Cabedelo, Paula Cavalcante–Macau–Recife, and Propriá–Jorge Lins (Network I) sections, whose concession goes until 2027, held by FTL; and ii) Network II, which comprises the Missão Velha–Salgueiro, Salgueiro–Trindade, Trindade– Eliseu Martins, Salgueiro–Porto de Suape, and Missão Velha–Porto de Pecém sections, whose concession goes until 2057 or until the return of the investment adjusted by 6.75% of the sections, held by TLSA.

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The Network links up with the main ports in the region, offering an important competitive advantage by means of opportunities for combined transportation solutions and logistics projects tailored to customer needs.

II. Port Logistics

The Port Logistics Segment consolidates the operation of the terminal built during the post-privatization period of the ports, Sepetiba Tecon.. The Sepetiba terminal features complete infrastructure to meet all the needs of exporters, importers and ship owners. Its installed capacity exceeds that of most other Brazilian terminals. It has excellent depths of 14.5 meters in the mooring berths and a huge storage area, as well as the most modern and appropriate equipment, systems and intermodal connections.

The Company's constant investment in projects in the terminals consolidates the Itaguaí Port Complex as one of the most modern in Brazil, at present with capacity for handling 480 thousand containers and 30 million metric tons per year of bulk cargo.

- **Energy**

CSN is one of the largest industrial consumers of electric power in Brazil. As energy is fundamental in its production process, the Company invests in assets for generation of electric power to guarantee its self-sufficiency. These assets are as follows: Itá hydroelectric power plant, in the State of Santa Catarina, with rated capacity of 1,450 MW, where CSN has a share of 29.5%; Igarapava hydroelectric power plant, Minas Gerais, with rated capacity of 210 MW, in which CSN holds 17.9% of the capital; and a thermoelectric co-generation Central unit with rated capacity of 238 MW, which has been operating at the UPV since 1999. For fuel the Central Unit uses the residual gases produced by the steel mill itself. Through these three power generation assets, CSN obtains total rated capacity of 430 MW.

- **Cement**

The cement division consolidates the cement production, distribution and sale operations, which use the slag produced by the Volta Redonda plant's blast furnaces. In 2011, the clinker used in cement production was acquired from third parties; however, at the end of 2011, with the completion of the first stage of the Arcos Clinker plant, MG, this plant already supplied the milling needs of CSN Cimentos in Volta Redonda.

The information presented to Management regarding the performance of each business segment is generally derived directly from the accounting records, combined with some intercompany allocations.

- **Sales by geographic area**

Sales by geographic area are determined based on the customers' location. On a consolidated basis, domestic sales are represented by revenues from customers located in Brazil and export sales are represented by revenues from customers located abroad.

- **Profit per segment**

Beginning 2013, the Company no longer proportionately consolidates joint ventures Namisa, MRS and CBSI. For segment information preparation and presentation purposes, Management decided to maintain the proportionate consolidation of the joint ventures, as historically presented. For consolidated profit reconciliation purposes, the amounts of these companies were eliminated in the column “Corporate expenses/elimination”.

For the 2015 closure, after the combination of mining assets (Casa de Pedra, Namisa and Tecar), the consolidated results shall consider all of this new company.

(*) The ore sales volumes presented in this note take into consideration Company sales and the interest in its subsidiaries and joint ventures, corresponding Namisa 60% from January to November and Namisa 100% on December.

Adjusted EBITDA is the measurement based on which the chief operating decision maker assesses the segment performance and the capacity to generate recurring operating cash, consisting of profit for the year less net finance income (costs), income tax and social contribution, depreciation and amortization, equity in results of affiliated companies, and other operating income (expenses), plus the proportionate EBITDA of joint ventures.

Even though it is an indicator used in segment performance measurement, EBITDA is not a measurement recognized by accounting practices adopted in IFRS; it does not have a standard definition, and may not be comparable with measurements using similar names provided by other entities.

As required by IFRS 8, the table below shows the reconciliation of the measurement used by the chief operating decision maker with the results determined using the accounting practices:

	12/31/2015	**12/31/2014**	**12/31/2013**
(Loss) profit for the year	1,615,951	(112,267)	533,994
Depreciation (Note 10 a)	1,135,772	1,245,131	1,093,830
Income tax and social contribution (Note 15)	188,624	(151,153)	74,161
Finance income (cost) (Note 25)	3,373,050	3,081,433	2,511,599
EBITDA	**6,313,397**	**4,063,144**	**4,213,584**
Other operating income (expenses) (Note 24)	(2,391,551)	566,639	568,145
Equity in results of affiliated companies	(1,160,348)	(331,160)	(158,138)
Proportionate EBITDA of joint ventures	489,922	430,547	780,606
Adjusted EBITDA (*)	**3,251,420**	**4,729,170**	**5,404,197**

(*) The Company discloses its adjusted EBITDA net of its share of investments and other operating income (expenses) because it understands that these should not be included in the calculation of recurring operating cash generation.

27. EMPLOYEE BENEFITS

The pension plans granted by the Company cover substantially all employees. The plans are administered by Caixa Beneficente dos Empregados da CSN (‘CBS”), a private non-profit pension fund established in July 1960 which has as members the employees (and former employees) of the Company and some subsidiaries who joined the fund through an agreement, and the employees of CBS itself. The Executive Officers of CBS is formed by a CEO and two other executive officers, all appointed by CSN, which is the main sponsor of CBS. The Decision-Making Board is the higher decision-making and guideline-setting body of CBS, presided over by the president of the pension fund and made up of ten members, six chosen by CSN in its capacity as main sponsor of CBS and four elected by the fund’s participants.

Until December 1995, CBS Previdência administered two defined benefit plans based on years of service, salary and Social Security benefits. On December 27, 1995 the then Private Pension Secretariat (“SPC”) approved the implementation of a new benefit plan, effective beginning that date, called Mixed Supplementary Benefit Plan (‘Mixed Plan”), structured in the form of a variable contribution plan. Employees hired after that date can only join the new Mixed Plan. In addition, all active employees who were participants of the former defined benefit plans had the opportunity to switch to the new Mixed Plan.

As of December 31, 2015 CBS had 33,065 participants (34,426 as of December 31, 204), of whom 18,430 were active contributors (19,279 as of December 31, 2014), 13,965 were retired employees (14,379 as of December 31, 2014), and 670 were related beneficiaries (788 as of December 31, 2014). Out of the total participants as of December 31, 2015, 12,091 belonged to the defined benefit plan, 14,960 to the mixed plan, 1,595 to the CBSPrev Namisa plan, and 4,419 to the CBSPrev plan.

The plan assets of CBS are primarily invested in repurchase agreements (backed by federal government securities), federal government securities indexed to inflation, shares, loans and real estate. As of December 31, 2015 CBS held 20,143,031 common shares of CSN (12,788,231 common shares as of December 31, 2014). The total plan assets of the entity amounted to R$4.5 billion as of December 31, 2015 (R$4.2 billion as of December 31, 2014). The administrators of the CBS funds seek to match plan assets with benefit obligations payable on a long-term basis. Pension funds in Brazil are subject to certain restrictions regarding their capacity for investment in foreign assets and, therefore, these funds invest mainly in Brazilian securities.

Plan Assets are all available assets and the benefit plans’ investments, not including the amounts of debts to sponsors.

For the defined benefit plans 35% of the average salary" and "average salary supplementation plan, the Company holds a financial guarantee with CBS Previdência, the entity that administers said plans, to ensure their financial and actuarial balance, in the event of any future actuarial loss or actuarial gain.

As provided for in the prevailing law that governs the pension fund market, for the years ended December 31, 2014 and 2015, CSN did not have to pay the installments because the defined benefit plans posted actuarial gains for the period.

27.a) Description of the pension plans

Plan covering 35% of the average salary

This plan began on February 1, 1966 and is a defined benefit plan aimed at paying pensions (for length of service, special situations, disability or old age) on a lifetime basis, equivalent to 35% of the adjusted average of the participant's salary for the last 12 months. The plan also guarantees sick pay to participants on Official Social Security leaves of absence and further ensures payments of savings fund, funeral allowance and pecuniary aid. This plan was discontinued on October 31, 1977 when the new supplementary plan based on average salary took effect.

Average salary supplementation plan

This plan began on November 1, 1977 and is a defined benefit plan aimed at complementing the difference between the adjusted average of the participant's salary for the last 12 months and the Official Social Security benefit for retirement, also on a lifetime basis. As in the 35% plan, there is coverage for the benefits of sick pay, death and pension. This plan was discontinued on December 26, 1995 with the creation of the mixed supplementary benefit plan.

Mixed supplementary benefit plan

This plan began on December 27, 1995 and is a variable contribution plan. Besides the scheduled retirement benefit, it also covers the payment of risk benefits (pension paid while the participant is still working, disability compensation and sick/accident pay). Under this plan, the retirement benefit is calculated based on the amount accumulated by the monthly contributions of the participants and sponsors, as well as on each participant's option for the manner in which they receive them, which can be lifetime (with or without continuity of pension for death) or through a percentage applied to the balance of the benefit-generating fund (loss for indefinite period). After retirement is granted, the plan takes on the characteristics of a defined benefit plan. This plan was discontinued on October 16, 2013 when the CBS Prev plan became effective.

CBS Prev Plan

The new CBS Prev Plan, which is a defined contribution plan, started on September 16, 2013. Under this plan, the retirement benefit is determined based on the accumulated amount by monthly contributions of participants and sponsors. To receive the benefit, each participant can opt for: (a) receiving part in cash (up to 25%) and the remaining balance through a monthly income through a percentage applied to the benefit-generating fund, not being applicable to death pension benefits, or (b) receive only a monthly income through a percentage applied to the benefit-generating fund.

With the creation of the CBS Prev Plan, the mixed supplementary benefit plan was discontinued for the entry of new participants as from September 16, 2013.

27.b) Investment policy

The investment policy establishes the principles and guidelines that will govern the investments of funds entrusted to the entity, in order to foster the security, liquidity and profitability required to ensure equilibrium between the plan's assets and liabilities based on an ALM (Asset Liability Management) study that takes into consideration the benefits of participants and beneficiaries for each plan.

The investment plan is reviewed annually and approved by the Decision-Making Board considering a five-year horizon, as established by resolution CGPC 7 of December 4, 2003. The investment limits and criteria established in the policy are based on Resolution 3,792/09 published by the National Monetary Council ("CMN").

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27.c) Employee benefits

The actuarial calculations are updated at the end of each annual reporting period by outside actuaries and presented in the financial statements pursuant to IAS 19 Employee Benefits.

				Consolidated
	12/31/2015	**12/31/2014**	**12/31/2015**	**12/31/2014**
	Actuarial asset		**Actuarial liability**	
Pension plan benefits (Note 8 and 14)	114,443	97,173	25,294	11,275
Post-employment healthcare benefits			489,074	576,480
	114,443	**97,173**	**514,368**	**587,755**

The reconciliation of employee benefits' assets and liabilities is as follows:

	12/31/2015	**12/31/2014**
Present value of defined benefit obligation	2,430,381	2,508,441
Fair value of plan assets	(2,684,736)	(2,745,834)
(Surplus)	**(254,355)**	**(237,393)**
Restriction to actuarial assets due to recovery limitation	165,216	151,495
(Assets), net	**(89,139)**	**(85,898)**
Liabilities	25,294	11,275
Assets	(114,433)	(97,173)
Net (assets) recognized in the balance sheet	**(89,139)**	**(85,898)**

The movement in the present value of the defined benefit obligation during 2015 is as follows:

	12/31/2015	**12/31/2014**
Present value of obligations at the beginning of the year	**2,508,441**	**2,263,012**
Cost of service	1,807	10,114
Interest cost	293,533	255,573
Benefits paid	(235,541)	(209,891)
Actuarial loss/(gain)	(137,859)	189,633
Present value of obligations at the end of the year	**2,430,381**	**2,508,441**

The movement in the fair value of the plan assets during 2015 is as follows:

	12/31/2015	12/31/2014
Fair value of plan assets at the beginning of the year	**(2,745,834)**	**(2,684,783)**
Expected return on plan assets	(322,460)	(305,469)
Benefits paid	235,830	209,891
Actuarial gains	147,728	34,527
Fair value of plan assets at the end of the year	**(2,684,736)**	**(2,745,834)**

The amounts recognized in the income statement for the year ended December 31, 2015 are comprised as follows:

	12/31/2015	12/31/2014
Cost of current service	1,807	10,114
Interest cost	293,533	255,573
Expected return on plan assets	(322,460)	(305,469)
Interest on the asset ceiling effect	18,422	39,733
	(8,698)	**(49)**
Total unrecognized costs (income) (*)	4	117
Total (income) recognized in the income statement	(8,702)	(166)
Total (income), net (*)	**(8,698)**	**(49)**

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(*) Effect of the limit of IAS 19 *Employee Benefits.*

The (cost)/income is recognized in the income statement in other operating expenses.

The movement in the actuarial gains and losses in 2015 is as follows:

	12/31/2015	**12/31/2014**
Actuarial losses and (gains)	**9,869**	**224,160**
Restriction due to recovery limitation	(4,208)	(224,099)
	5,661	**61**
Actuarial losses and (gains) recognized in other comprehensive income	5,665	178
Unrecognized actuarial (gains) (*)	(4)	(117)
Total cost of actuarial losses and (gains)	**5,661**	**61**

(*) Actuarial loss results from the fluctuation in the investments comprised in the CBS's asset portfolio.

Breakdown of actuarial gains or losses, required by IAS 19:

	12/31/2014
Loss due to change in demographic assumptions	(6,298)
Loss due to change in financial assumptions	(250,280)
Loss due to experience adjustments	118,718
Return on plan assets (less interest income)	147,729
Actuarial losses	**9,869**

The history of actuarial gains and losses is as follows:

	12/31/2015	**12/31/2014**	**12/31/2013**	**12/31/2012**	**12/31/2011**

Present value of defined benefit obligations	2,430,381	2,508,441	2,263,012	2,666,261	2,153,649
Fair value of plan assets	(2,684,736)	(2,745,834)	(2,684,783)	(2,923,483)	(2,384,450)
(Surplus)	**(254,355)**	**(237,393)**	**(421,771)**	**(257,222)**	**(230,801)**
Experience adjustments to plan obligations	(137,859)	189,633	(439,983)	484,524	141,674
Experience adjustments to plan assets	147,728	34,527	(293,159)	456,393	(81,038)

The main actuarial assumptions used were as follows:

	12/31/2015	**12/31/2014**
Actuarial financing method	Projected unit credit	Projected unit credit
Functional currency	Real (R$)	Real (R$)
Recognition of plan assets	Fair value	Fair value
Amount used as estimate of equity at the end of the year	Best estimate for equity at the end of the fiscal year, obtained based on a projection of the October amounts recorded	Best estimate for equity at the end of the fiscal year, obtained b amounts recorded
Nominal discount rate	13.43%	
Inflation rate	5.70%	
Nominal salary increase rate	6.76%	
Nominal benefit increase rate	5.70%	
Rate of return on investments	13.43%	
General mortality table	Milênio Plan and Healthcare Plan: AT 2000 segregated by gender 35% and Average Salary Supplementation Plans: AT 2000 segregated by gender (10% smoothed)	Milênio Plan and Healthcare Plan: AT 2000 segregated by gen 35% and Average Salary Supplementation Plans: AT 2000 seg
Disability table	Light Median	Mercer Disability with probabilities multiplied by 2
Disability mortality table	Winklevoss - 1%	Winklevoss - 1%
Turnover table	Millennium plan 5% p.a., nil for DB plans	Millennium plan 3% p.a., nil for DB plans
Retirement age	100% on the first date he/she becomes eligible for programmed retirement benefit under the plan	100% on the first date he/she becomes eligible for programmed
Household of active participants	95% will be married at the time of retirement, with the wife being 4 years	95% will be married at the time of retirement, with the wife bein

younger than the
husband

The assumptions related to the mortality table are based on published statistics and mortality tables. These tables represent an average life expectancy in years of employees who retire at the age of 65, as shown below:

	12/31/2015		**12/31/2014**	
	BD Plan (*)	**Milênio Plan (*)**	**BD Plan (*)**	**Milênio Plan (*)**
Longevity at age of 65 for current participants				
Male	20.45	19.55	20.45	19.55
Female	23.02	22.17	23.02	22.17
Longevity at age of 65 for current participants who are 40				
Male	42.69	41.59	42.69	41.59
Female	46.29	45.30	46.29	45.30

(*) The BD Plan is part of the 35% and Average Salary Supplementation Plan and the Milênio Plan is part of the Mixed Supplementary Benefit Plan.

Allocation of plan assets:

		12/31/2015		**12/31/2014**
Variable income	25,801	0.96%	38,167	1.61%
Fixed income	2,492,324	92.83%	2,538,297	93.59%
Real estate	124,306	4.63%	112,900	3.24%
Other	42,305	1.58%	56,470	1.56%
Total	**2,684,736**	**100.00%**	**2,745,834**	**100.00%**

Variable-income assets comprise mainly CSN shares.

Fixed-income assets comprise mostly debentures, Interbank Deposit Certificates (“CDI”) and National Treasury Notes (“NTN-B”).

Real estate refers to buildings appraised by a specialized asset appraisal firm. There are no assets in use by CSN and its subsidiaries.

For the mixed supplementary benefit plan, which has defined contribution components, the expense as of December 31, 2015 was R$29,887 (R$31,053 as of December 31, 2014).

For the defined contribution plan CBSPrev Namisa, the expense in 2015 was R$1,192 (R$1,637 as of December 31, 2014).

For the defined contribution plan CBSPrev, the expense in 2015 was R$4,460 (R$1,959 as of December 31, 2014).

27.d) Expected contributions

No contributions are expected to be paid to the defined benefit plans in 2016.

For the mixed supplementary benefit plan, which includes defined contribution components, contributions of R$30,498 are forecasted to be paid in 2016.

27.e) Sensitivity analysis

The quantitative sensitivity analysis regarding the significant assumptions for the pension plans as of December 31, 2015 is as follows:

12/31/2015						
	Plan covering 35% of the average salary		Average salary supplementation plan		Mixed supplementary benefit plan (Milênio Plan)	
Assumption: Discount rate						
Sensitivity level	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations	55	(69)	(188)	134	(945)	966
Effect on present value of obligations	(11,786)	12,640	(54,702)	58,756	(28,598)	31,054
Assumption: Salary growth						
Sensitivity level	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations					500	(425)
Effect on present value of obligations			2	(2)	2,960	(2,516)
Assumption: Mortality table						
Sensitivity level	0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations	399	(373)	1,521	(1,418)		
Effect on present value of obligations	3,109	(2,908)	11,903	(11,099)		
Assumption: Benefit adjustment						
Sensitivity level	1.0%	-1.0%	1.0%	-1.0%	1.0%	-1.0%
Effect on current service cost and on interest on actuarial obligations	(955)	941	(3,849)	3,752	(434)	432
Effect on present value of obligations	(7,083)	6,981	(28,686)	27,964	(3,948)	3,878

The forecast benefit payments of the defined benefit plans for future years are as follows:

Forecast benefit payments	**2015**
Year1	223,969
Year 2	240,938
Year3	251,011
Year 4	261,150
Year 5	271,337
Next 5 years	1,507,452
Total forecast payments	**2,755,857**

27.f) Post-employment health care plan

Refers to a healthcare plan created on December 1, 1996 exclusively for former retired employees, pensioners, those who received an amnesty, war veterans, widows of employees who died as a result of on-the-job accidents and former employees who retired on or before March 20, 1997 and their dependents. Since then, the healthcare plan does not allow the inclusion of new beneficiaries. The plan is sponsored by CSN and administered by Caixa Beneficente dos Empregados da Cia. Siderúrgica Nacional - CBS.

The amounts recognized in the balance sheet were determined as follows:

	12/31/2015	**12/31/2014**
Present value of obligations	489,074	576,480
Liabilities	**489,074**	**576,480**

The reconciliation of the healthcare benefit liabilities is as follows:

	12/31/2015	**12/31/2014**
Actuarial liability at the beginning of the year	576,480	473,966
Cost of current service	67,620	53,707
Sponsor's contributions transferred in prior year	(57,525)	(46,191)
Recognition of loss/(gain) for the year	(97,501)	94,998
Actuarial liability at the end of the year	**489,074**	**576,480**

For the post-employment healthcare benefit plan, the expense as of December 31, 2015 was R$56,838 (R$54,319 as of December 31, 2014).

The actuarial gains and losses recognized in shareholders' equity are as follows:

	12/31/2015	12/31/2014
Actuarial gain (loss) on obligation	(97,501)	94,998
Gain (loss) recognized in shareholders' equity	**(97,501)**	**94,998**

The history of actuarial gains and losses is as follows

	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011
Present value of defined benefit obligation	489,074	576,480	473,966	547,652	457,377
Deficit	**489,074**	**576,480**	**473,966**	**547,652**	**457,377**
Experience adjustments to plan obligations	(97,501)	94,998	(88,159)	77,182	84,575

The weighted average life expectancy based on the mortality table used to determined actuarial obligations is as follows:

	12/31/2015	12/31/2014
Longevity at age of 65 for current participants		
Male	19.55	19.55
Female	22.17	22.17
Longevity at age of 65 for current participants who are 40		
Male	41.59	41.59
Female	45.30	45.30

The actuarial assumptions used for calculating postemployment healthcare benefits were:

	12/31/2015	**12/31/2014**
Biometrics		
General mortality table	AT 2000 segregated by gender	AT 2000 segregated by gender
Turnover	N/A	n/a
Household	Actual household	Actual household
Financial		
Actuarial nominal discount rate	13.43%	12.20%
Inflation	5.70%	5.70%
Nominal increase in medical cost based on age	6,23% - 8,87%	6.23% - 8.87%
Nominal medical costs growth rate	8.87%	8.87%
Average medical cost	515.37	417.12

27.g) Sensitivity analysis

The quantitative sensitivity analysis regarding the significant assumptions for the postemployment healthcare plans as of December 31, 2015 is as follows:

	12/31/2015 Healthcare Plan	
	Assumption: Discount rate	
Sensitivity level	0.5%	-0.5%
Effect on current service cost and on interest on actuarial obligations	119	(159)
Effect on present value of obligations	(16,615)	17,905
	Assumption: Medical Inflation	
Sensitivity level	1.0%	-1.0%
Effect on current service cost and on interest on actuarial obligations	5,449	(4,750)

Effect on present value of obligations	40,673	(35,471)

	Assumption: Mortality table	
Sensitivity level	1.0%	-1.0%
Effect on current service cost and on interest on actuarial obligations	(3,084)	3,184
Effect on present value of obligations	(22,967)	23,708

The forecast benefit payments of the postemployment healthcare plans for future years are as follows:

Forecast benefit payments	**2015**
Year 1	49,755
Year 2	51,975
Year 3	54,141
Year 4	56,219
Year 5	58,180
Next 5 years	314,470
Total forecast payments	**584,740**

28. GUARANTEES

The Company is liable for guarantees of its subsidiaries and joint ventures as follows:

	Currency	Maturities	Borrowings		Tax forec
			12/31/2015	12/31/2014	12/31/2015
Transnordestina Logísitca	R$	Up to 19/09/2056 and indefinite	2,544,600	2,451,682	39,559
FTL - Ferrovia Transnordestina	R$	15/11/2020	81,700	140,550	
CSN Cimentos (*)					
Cia Metalurgica Prada	R$	Minute 10/02/2016 and indefinite			333
CSN Energia	R$	Indefinite			2,829
Congonhas Minérios	R$	9/22/2022	2,000,000	2,000,000	
Fundação CSN	R$	Indefinite	1,003	1,003	
Estanho de Rondônia					
Outros (**)	R$	1/1/2016	12,000		
Total in R$			**4,639,303**	**4,593,235**	**42,721**
CSN Islands IX				400,000	
CSN Islands XI	US$	9/21/2019	750,000	750,000	
CSN Islands XII	US$	Perpetual	1,000,000	1,000,000	
CSN Resources	US$	7/21/2020	1,200,000	1,200,000	
CSN Handel				100,000	
Total in US$			**2,950,000**	**3,450,000**	
CSN Steel S.L.	EUR	1/31/2020	120,000	120,000	
Lusosider Aços Planos	EUR	Perpetual	25,000	25,000	
Total in EUR			**145,000**	**145,000**	
Total in R$			**12,135,468**	**9,631,805**	
			16,774,771	**14,225,040**	**42,721**

(*) Company incorporated in May 2015.

(**) Guarantees for the subsidiaries Companhia Metalurgica Prada, Cia Metalic Nordeste, Sepetiba Tecon, Nacional Minérios, CSN Energia and Ersa.

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29. COMMITMENTS

29.a) Take-or-pay contracts

As of December 31, 2015 and 2014, the Company was a party to take-or-pay contracts as shown in the following table:

	Payments in the period (in millions of R$)							
Type of service	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**After 2019**	**Total**
Transportation of iron ore, coal, coke, steel products, cement and mining products.	263,266	197,646	624,459	595,951	595,951	595,951	3,916,115	6,328,427
Unloading, storage, movement, loading and railroad transportation services.	5,570							
Supply of power, natural gas, oxygen, nitrogen, argon and iron ore pellets.	1,011,416	1,023,465	342,817	32,205	32,205	32,205	64,409	503,841
Processing of slag generated during pig iron and steel production	49,739	104,013	18,743	8,507	8,507	7,074	22,988	65,819
Manufacturing, repair, recovery and production of ingot casting machine units.	40,250	127,776	2,885					2,885
	1,370,241	**1,452,900**	**988,904**	**636,663**	**636,663**	**635,230**	**4,003,512**	**6,900,972**

29.b) Concession agreements

Minimum future payments related to government concessions as of December 31, 2015 fall due according to the schedule set out in the following table:

Concession	Type of service	2016	2017	2018	2019	After 2019	Total
FTL (Ferrovia Transnordestina Logística)	30-year concession granted on December 31, 1997, renewable for another 30 years, to develop public service and operating the railway system in northeastern Brazil. The northeastern railway system covers 4238 kilometers of railway network and operates in Maranhão, Piauí, Ceará, Paraíba, Pernambuco, Alagoas and Rio Grande do Norte.	8,229	8,229	8,229	8,229	65,832	**98,748**
Tecar	Concession to operate the TECAR, a solid bulk terminal, one of the four terminals that make up the Port of Itaguai, located in Rio de Janeiro. The concession agreement expires in 2022, renewable for another 25 years.	125,326	125,326	125,326	125,326	3,509,116	**4,010,420**
Tecon	25-year concession started in July 2001, renewable for another 25 years to operate the container terminal at the Port of Itaguai.	27,927	27,927	27,927	27,927	181,523	**293,231**
		161,482	**161,482**	**161,482**	**161,482**	**3,756,471**	**4,402,399**

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29.c) Projects and other commitments

- **Transnordestina project**

The Transnordestina project includes building 1,753 km of new, next-generation, wide-gauge tracks. The project posts a 55% progress and completion is estimated for 2017 (completion period currently under review and discussion with the responsible agencies). The Company expects that the investments will permit Transnordestina Logística S.A. to transport of several products, such as iron ore, limestone, soy, cotton, sugarcane, fertilizers, oil, and fuel. The concessionaire of the Transnordestina project holds the concession through no longer than 2057, and can be terminated before this date if the minimum return agreed with the Government is reached. Transnordestina has already obtained the required environmental permits, purchased part of the equipment, contracted some of the services, and in certain regions the project is at an advanced implementation stage.

The sources of financing for the project are: (i) financing granted by Banco do Nordeste/ FNE and the BNDES, (ii) debentures issued by FDNE, (iii) Permanent Track Use contracts, and (iv) interest in the capital of CSN and public shareholders. The approved construction investment is R$7,542,000 and the balance of disbursable funds will be adjusted using the IPCA as from April 2012. Should additional funds be required, they will be provided by CSN and/or third parties under Permanent Track Use contracts.

The budget to conclude the project is under review, currently it is being analyzed by the competent agencies (shareholders), and it is expected that the reviewed budget will be as follows: Missão Velha-Salgueiro: R$0.4 billion, Salgueiro-Trindade: R$0.7 billion, Trindade-Eliseu Martins: R$2.4 billion, Missão Velha-Porto de Pecém: R$3 billion, Salgueiro-Porto de Suape: R$4.7 billion, amounting R$ 11.2 billion.

The Company guarantees 100% of TLSA's financing granted by Banco do Nordeste/FNE and the BNDES, and 50.97% of the debentures issued by FDNE (includes the corporate guarantee of 48.47%, a collateral letter of 1.25% issued to BNB and the corporate guarantee of 1.25% pledged to BNB). Under the FDNE charter, approved by Federal Decree 6,952/2009, and the Investment Agreement entered into with the public shareholders/ financiers, 50% of the debentures should be converted into TLSA shares.

30. INSURANCE

Aiming to properly mitigate risk and in view of the nature of its operations, the Company and its subsidiaries have taken out several different types of insurance policies. Such policies are contracted in line with the CSN Risk Management policy and are similar to the insurance taken out by other companies operating in the same lines of business as CSN and its subsidiaries. The risks covered under such policies include the following: Domestic Transportation, International Transportation, Life and Casualty, Health Coverage, Fleet Vehicles, D&O (Civil Liability Insurance for Directors and Officers), General Civil Liability, Engineering Risks, naming Risks, Export Credit, Performance Bond and Port Operator's Civil Liability.

In 2015, after negotiation with insurers and reinsurers in Brazil and abroad, an insurance policy was issued for the contracting of a policy of Operational Risk of Property Damages and Loss of Profits, with effect from September 30, 2015 to September 30, 2016. Under the insurance policy, the LMI (Maximum Limit of Indemnity) is US$600,000,000 and covers the following units and subsidiaries of the Company: Presidente Vargas, Congonhas Minérios, CSN Handel and Namisa Handel. CSN takes responsibility for a range of retention of US$375 million in excess of the deductibles for property damages and loss of profits.

In view of their nature, the risk assumptions adopted are not part of the scope of an audit of the financial statements and, accordingly, were not audited by our independent auditors.

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31. ADDITIONAL INFORMATION TO CASH FLOWS

In 2015, the Company incorporated the subsidiary CSN Cement and realized the drop down of Casa the Pedra, Tecar, investment in Namisa and MRS assets. Part of the net assets, shown in note 9, is not included in the statement of cash flows.

In addition, the following table provides additional information on transactions related to the statement of cash flows:

		Consolidated
	12/31/2015	**12/31/2014**
Income tax and social contribution paid	134,920	98,040
Addition to PP&E with interest capitalization	166,366	165,789
Acquisition of fixed assets without adding cash	566,413	
Subsidiary capitalization from granted loan	3,229	
	870,928	**263,829**

32. SUBSEQUENT EVENTS

• Usiminas

As of March 2016, the Usiminas' Board of Directors approved a capital increase amounting to R$64,882, through the issuance of 50,689,310 preferred shares. Consequently on April 22, 2016 CSN exercised its right of subscription, paying R$11,603 by 9,064,856 preferred shares.

The Usiminas' Board of Directors approved in April 2016 an increase in its share capital amounting to R$1,000,000, through the issuance of 200,000,000 new common shares, with a deadline for exercising the preferential right to acquire the said shares up to 23 May 2016. The company continues to evaluate alternatives related to the investment in Usiminas, including additional purchases of shares.

On April 28, 2016, CSN elected, for two years term of office, two fixed and two alternate members in the Usiminas' Board of Directors and, for one year term, one fixed and one alternate member in the Usiminas' Fiscal Committee. The election was made possible through the flexibility and exceptional decision from CADE (Administrative Council for Economic Defense) in relation to the TCD (Performance Commitment Agreement) signed by CSN and the said Council in 2014. The mentioned decision´s flexibility was approved by the majority of CADE's Board at the meeting on 27 April 2016.

• Conduct Adjustment Agreement

On April 12, 2016 CSN entered into a Conduct Adjustment Agreement with the Environment Department of the State of Rio de Janeiro, the Environment Control Commission of the State of Rio de Janeiro and the Environment Institute of the State of Rio de Janeiro (INEA) comprising the resolution of all pending environmental issues related to the Presidente Vargas Steelworks (UPV), thereby ensuring the continuation of its operations.

By September 2017, CSN will invest R$178 million in production process improvements, which are not accrued in this consolidated interim financial information, and will pay R$22 million to INEA to be used in environmental programs in Volta Redonda region. These related compensations of R$22 million were substantially recorded as provision for contingencies as of March 31, 2016.

Deloitte Touche Tohmatsu

Nacional Minérios S.A.

Financial Statements

For the Eleven Month-Period Ended
November 30, 2015 and

Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

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Nacional Minérios s.a.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE ELEVEN MONTH-PERIOD ENDED NOVEMBER 30, 2015 AND YEAR ENDED DECEMBER 31, 2014

(In thousands of Brazilian Reais - R$, unless otherwise stated)

1. GENERAL INFORMATION

Nacional Minérios S.A. ("Company" or "Namisa") is a private corporation, incorporated in November 2006 and domiciled in Brazil, with its registered head office located in Congonhas, State of Minas Gerais.

The Company and its subsidiaries included in the consolidated financial statements carries out their mining operations in the Ferriferous Quadrilateral, in the State of Minas Gerais, where they have ore mining rights and iron ore processing facilities. The Company also has an integrated logistics network, by means of long-term contracts with MRS and Congonhas, consisting on a railroad and port facilities, respectively, used to ship its production. This integrated logistics network allows transporting the iron ore produced in Congonhas, Ouro Preto, Itabirito, Rio Acima, and Nova Lima, in the State of Minas Gerais, to Itaguaí, in the State of Rio de Janeiro.

Own iron ore, added to the iron ore purchased from third parties, was substantially sold in the international market, mostly in Europe and Asia. The prices charged in these markets are historically cyclical and subject to significant fluctuations over short periods of time, as a result of several factors related to worldwide demand, strategies adopted by the main steel producers and the foreign exchange rate. All these factors are beyond the Company's control.

Change of control and liquidation of Namisa

The Company was jointly controlled until November 30, 2015 under a Shareholders' Agreement entered into Companhia Siderúrgica Nacional ("CSN"), which holds 60% of Namisa shares, and an Asian Consortium formed by the companies ITOCHU Corporation, JFE Steel Corporation, POSCO, Kobe Steel Ltd., Nisshin Steel Co. Ltd. and China Steel Corp, which jointly hold 40% of the Company's shares.

On December 11, 2014, the CSN Board of Directors approved the establishment of a strategic alliance with the Asian Consortium ("Transaction"). The Transaction consisted of a business combination whereby the Asian Consortium negotiated its equity interest of the Company (40%) to participate in Company Congonhas Minérios S.A. ("Congonhas"), a mining subsidiary of CSN.

The Transaction was concluded through the signing of an Investment Agreement, a new Congonhas Shareholders Agreement and a new Namisa Shareholders Agreement on November 30, 2015. As from this date, Namisa became fully controlled by Congonhas. Although certain corporate steps and financial settlements were concluded on December 31, 2015, all the risks and rewards related to Namisa's equity instruments were transferred to Congonhas on November 30, 2015.

Based on Investment Agreement, CSN and Asian Consortium agreed to transfer the assets related of mining rights of Fernandinho, Cayman and Pedras Pretas to Mineração Nacional S.A., a company controlled by CSN. The total

amount of net assets transferred to CSN in the

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transaction is described in the note 25. The transaction was conclude through a capital reduction made on November 30, 2015.

The parties also agreed that Namisa Handel GmbH, an indirect subsidiary of the Company, acquires CSN Handel GmbH, a foreign subsidiary company controlled by CSN. Both steps of the transaction was concluded on November 30, 2015 and was reflected in these financial statements. Detailed information is provided in the note 3.1.

As result of the conclusion of the transaction between CSN and Asian Consortium, on December 31, 2015, the Company was incorporated by Congonhas. Since January 1st, 2016, the operations of Namisa's assets was carried out by Congonhas.

As a result of the transaction, these financial statements are being prepared to be included at the 20-F filing of CSN and are presented for the period through the date that CSN had an equity interest in Namisa.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared based on the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The basis of presentation also considers that the company will be incorporate by Congonhas on December 31, 2015, and Congonhas will assume its rights and obligations.

The significant accounting policies adopted in the preparation of the financial statements are as follows:

a) Foreign currency translation

(i) *Functional and presentation currency*

The consolidated financial statements have been prepared and are presented in Brazilian Reais (R$), which is Company's functional currency.

(ii) Transactions and balances

Foreign currency-denominated transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or the dates of valuation when such items are measured. Exchange gains and losses resulting from the settlement of such transactions and the translation at the foreign exchange rates at yearend, related to foreign currency denominated monetary assets and liabilities, are recognized in the income statement line item 'Foreign exchange gains (losses), net'.

b) Use of estimates and judgments

Critical accounting estimates and assumptions are those deemed important to describe and record the Company's financial position and require analysis and decision-making power, and more complex and subjective estimates and

assumptions by Management. The application of these critical accounting policies frequently requires Management analysis and decision-making about the impacts of matters inherently uncertain with regard to the results from operations and the carrying amounts of assets and liabilities. Actual results may differ from these estimates.

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The estimates and assumptions that present a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are disclosed in the notes to the financial statements and correspond to goodwill impairment testing, revenue recognition, review of useful lives and impairment of property, plant, and equipment, contingent assets and liabilities, legal obligations and obligations related to retirement and restoration of assets.

c) Cash and cash equivalents

Include cash, bank deposit accounts and short-term investments, which consist of highly liquid temporary investments, stated at cost plus income earned through the end of the reporting period, with an insignificant risk of change in fair value or realizable value.

d) Trade receivables

Refer to amounts receivable from customers for the sale of iron ore in the normal course of the Company’s business. If the collection period is equivalent to one year or less, trade receivables are classified in current assets. Otherwise, they are recorded in noncurrent assets.

Trade receivables comprise invoices issued (quantities, humidity indexes and preliminary quality grades), valued based on the commodity price established by Platts, at the shipment date, according to the agreement with each customer.

Every month, when applicable, outstanding balances are marked to market based on the future quotation price of the commodities that would be used for the final settlement, when issuing the final invoices.

The final invoices, which finalize the export transactions and are generally issued after receiving and analyzing the commodities (approval of quantities, humidity indexes and metal grades by the customers) are valued as established in each contract.

The result of the adjustments required, both for issuing the final invoices and for marking to market, is recognized as proceeds from sale when occurred.

Based on the history of realization of receivables, Management does not consider necessary to recognize a provision for losses.

e) Inventories

Stated at the lower of cost and net realizable value. Iron ore is recognized from the time it is physically extracted at the mine. The Company uses the absorption costing method. Direct costs are allocated based on objective recording and indirect costs are allocated by apportionment, based on normal production capacity, and include costs incurred on purchase of inventories, production and processing costs, and other costs incurred to bring inventories to their current locations and conditions.

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f) Advances to suppliers

Consist of long-term advances to CSN for purchases of raw materials and port services. The advances were initially recognized at fair value and are measured at amortized cost, they included contractually agreed interest until December 12, 2014 (see note 8.c)). The advances are realized when: (i) the raw materials are delivered and port services are provided; and (ii) 34% of the interest calculated monthly is received in cash. The portion not expected to be realized within 12 months is classified as noncurrent assets.

g) Property, plant and equipment

Property, plant and equipment are carried at historical cost, consisting of the acquisition, production or construction cost, less accumulated depreciation and impairment losses, if any.

The elements of cost of a property, plant and equipment item comprise: (i) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (ii) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management; and (iii) the initial estimate of dismantling costs and removing the item and restoring the site on which it is located. These costs represent the obligation incurred by the Company when the item is acquired.

Gains and losses on the disposal of a property, plant and equipment item are calculated by comparing the disposal proceeds with the carrying amount of the property, plant and equipment item, and are recognized as other expenses, net, in the income statement.

Depreciation is recognized using the straight-line method, based on the estimated useful lives of each part of an item of property, plant and equipment, and ore deposits depletion is calculated based on the ore volume extracted as compared to the mineable reserve, as this is the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, and any adjustments are recognized as changes in accounting estimates.

Exploration expenditures are recognized as expenses until the feasibility of mining activities is established; after this period, subsequent development costs are capitalized. Exploration and valuation expenditures include:

- Research and analysis of exploration area historical data;
- Topographic, geological, geochemical and geophysical studies;
- Determine the mineral asset’s volume and quality;
- Examine and test the extraction processes and methods;
- Topographic surveys of the transportation and infrastructure needs;
- Market studies and financial studies.

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

h) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Noncurrent assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

i) Intangible assets

Refer basically to goodwill arising on the acquisition of subsidiary already merged, as detailed in note 12, recognized as the positive difference between the price paid and the net fair value of the acquirer's assets and liabilities.

Goodwill has an indefinite useful life, is not subject to amortization, and is tested for impairment at least annually. Impairment losses, if any, are not reversed in subsequent periods.

The Company has a single Cash-Generating Unit (CGU), dedicated exclusively to iron ore processing, to which goodwill was allocated for impairment test purposes.

j) Impairment of nonfinancial assets

The Company reviews annually, or in a shorter period when there is evidence of impairment, the carrying amount of nonfinancial assets subject to amortization to assess events or changes in economic, operating or technological circumstances that might indicate an impairment of assets. Whenever such evidences are identified and the carrying amount exceeds the recoverable amount, a provision for impairment is recognized to adjust the carrying amount to the recoverable amount. The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell.

k) Current and noncurrent assets and liabilities

An asset is recognized in the balance sheet when it is probable that its future economic benefits will flow to the Company and its cost or amount can be measured reliably. A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of funds will be required to settle the obligation. Liabilities include charges, inflation adjustments or exchange differences incurred, when applicable. Assets and liabilities are classified as current when their realization or settlement within the next twelve months is probable. Otherwise, assets and liabilities are stated as noncurrent.

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l) Loans and financing

Adjusted through the end of the reporting period according to exchange fluctuations or for inflation indexes, and the financial charges incurred, as contractually agreed.

m) Employee benefits –pension fund and variable compensation program

The Company sponsors a pension plan created in 2012, managed by a private pension fund (CBSPREV Namisa), which grants employees defined contribution pension benefit and defined risk benefits (sickness allowance, disability retirement pensions, and survivors' pensions), funded by the sponsor (50%) and by the employees (50%).

The regular contributions to the pension plan cover the net costs and are recognized in the income statement for the period when they become due. The Company's obligation is limited to the monthly contributions made during the time an employee is working. As the risk benefits are fully tended by employees, the Company only recognizes a liability when the fund accumulated for this purpose is insufficient to cover the benefits provided.

The Company recognizes a liability related to the variable compensation program and profit sharing and bonus payment expenses, calculated based on qualitative and quantitative goals set by Management and recognized in employee benefits line items, in the income statement.

n) Contingent assets and liabilities, and legal obligations

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent assets are recognized only when there are collaterals or favorable, unappealable court decisions. Contingent assets with a probable favorable outcome are only disclosed in an explanatory note. Contingent liabilities are accrued for to the extent that the Company expects to disburse cash, losses are assessed as probable, and involved amounts can be reliably measured. When the expected likelihood of loss is assessed as possible, a description of the lawsuits and involved amounts are disclosed in the explanatory notes. Contingent liabilities whose likelihood of loss is assessed as remote are neither accrued for nor disclosed, and legal obligations are recognized as payables.

o) Income tax and social contribution

Taxes on profit comprise current and deferred income tax (IRPJ) and social contribution (CSLL). These taxes are recognized in the income statement, except to the extent that they relate to items recognized directly in equity. In this case, they are also recognized in equity, in other comprehensive income.

Current taxes are calculated based on tax laws enacted or substantially enacted by the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable profit. In Brazil, the statutory income tax rate is 34%.

Deferred taxes are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except: (i) on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit; and

(ii) differences associated with investments in subsidiaries when it is probable that they will not reverse in the foreseeable future.

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Deferred tax assets are only recognized to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized, based on future projected earnings prepared and supported based on internal assumptions and future economic scenarios, which may, therefore, be subject to changes.

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

p) Investments

Investments are stated at cost, less a provision for impairment, where applicable.

q) Distribution of dividends

The distribution of dividends to the Company's shareholders is recognized as a liability in the Company's financial statements at the end of the year, according to its bylaws. Any amount in excess of the mandatory minimum dividend is accrued on the date it is approved by the shareholders at the General Meeting.

r) Segment information

The financial statements do not include segment information because the Company operates only in the iron ore processing and sale operating segment, which is consistent with the internal reports used as basis for the Executive Committee's assessments and strategic decision-making.

s) Net operating revenue

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

Due to the individual terms of the sales and freight agreement, the transfer of the risks and rewards usually takes place when the products are load into the ship, in the port of origin.

t) Finance income and finance costs

Finance income comprises interest earned on short-term investments and prepayments to related parties, dividends (except for dividends received by investees accounted for under equity method), and changes in the fair value of financial assets measured at fair value through profit or loss. Interest income is recognized in the income statement under the effective interest method. Dividend income is recognized in the income statement when the Company's right to receive the payment has been established. Distributions received from investees accounted for using the equity method reduce the value of the investment.

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Finance costs include interest on loans, net of discount to present value of provisions, changes in the fair value of financial assets measured at fair value through profit or loss, and impairment losses recognized in financial assets. Loans costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are measured through the income statement using the effective interest method.

Exchange gains and losses are reported on a net basis.

u) Financial instruments

Financial assets and liabilities

- Financial assets

Financial assets can be classified in the following categories: (i) at fair value through profit or loss; (ii) held to maturity; (iii) loans and receivables; and (iv) available for sale. The classification depends on the nature and purpose of the financial assets and is determined on initial recognition. The Company does not have assets classified as held to maturity and available for sale.

(i) At fair value through profit or loss

Financial assets are measured at fair value through profit or loss when they are held for trading, or are designated as measured at fair value through profit or loss on their initial recognition. Financial assets are classified as held for trading when acquired principally for the purpose of selling them in the short term. A financial asset that is not held for trading may be designated as at fair value through profit on initial recognition, when such designation eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses recognized in the income statement. Net gains or losses recognized in the income statement incorporate any dividends or interest earned on the financial asset.

(ii) Loans and receivables

These are financial assets with fixed or determinable payments that are not quoted in an active market, measured at amortized cost using the effective interest method, less any impairment, where applicable. Interest income is recognized using the effective interest method.

Effective interest method

It is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating interest income or interest expenses over the period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

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- Financial liabilities

Financial liabilities can be classified as: (i) financial liabilities at fair value through profit or loss; or (ii) other financial liabilities. The Company does not have financial liabilities measured at fair value.

Other financial liabilities are initially measured at fair value, less transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on a yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the year.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

v) New standards, amendments to and interpretations of standards that are not yet effective

The following standards, amendments to standards and IFRS interpretations issued by the IASB are not yet effective and were not early adopted by the Group for eleven months ended November 30, 2015:

Standard	Description	Effective date
IAS 16 and IAS 38	*Property, Plant and Equipment* and *Intangible Assets* – in May 2014 these accounting standards were revised to clarify that the revenue method will no longer be permitted for depreciation or amortization purposes.	2016
IFRS 10 and IAS 28	*Consolidated Financial Statements* and *Investments in Associates and Joint Ventures* – in September 2014 a revision was issued proposing that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 to an investor’s subsidiary or joint venture should only be recognized to the extent of the unrelated investors' interests in the subsidiary or joint venture.	2016
IFRS 7	*Financial Instruments: Disclosures* – in September 2014 the IASB revised IFRS 7 to provide guidance to clarify whether a servicing contract is continuing involvement and that the additional disclosure requirements are not specific for interim reporting periods. This change has not yet been ratified by the CPC and should be adopted from 2016, with earlier application permitted.	2016

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Standard	Description	Effective date
IFRS 9	*Financial Instruments*. IFRS 9 retains, but simplifies, the combined measurement model and establishes two main measurement categories of financial assets: amortized cost and fair value. The classification basis depends on the entity's business model and the characteristics of the financial asset's contractual cash flow. IFRS 9 retains most of IAS 39 requirements for financial liabilities. The main change refers to those cases where the fair value of the financial liabilities must be segregated so that the fair value portion related to the entity's credit risk is recognized in "Other comprehensive income" and not in profit or loss for the period. The guidance on IAS 39 on the impairment of financial assets and hedge accounting is still applicable.	2018
IFRS 11	The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 for a business combination. The amendments also make it clear that the equity interest previously held in a joint operation is not re-measured on the acquisition of an additional equity interest in the same joint operation for as long as joint control is retained.	2016
IFRS15	*Revenue from Contracts with Customers*. This new standard introduces the principles that an entity will apply to determine the revenue measurement and when such revenue shall be recognized. IFRS15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, and related interpretations.	2018
IFRS16	*Defines the principles for recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS17 - Leases and related interpretations.*	2019

There are no other standards, amendments to standards and interpretations not yet effective that the Group expects to have a material impact on its financial statements.

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3. CONSOLIDATED FINANCIAL STATEMENTS

The subsidiaries are included in the consolidated financial statements from the date control is obtained through the date the control ceases. The subsidiaries' accounting policies are aligned with the policies adopted by the Company.

The financial statements used in the consolidation process are prepared based on the accounting policies described above and include the financial statements of the Company and its subsidiaries listed below, and have been prepared in accordance with the following criteria: (a) elimination of intragroup balances between consolidated companies; (b) elimination of the Parent Company's investments against the related investee's equity, as applicable; (c) elimination of revenues and expenses arising from transactions between consolidated companies; and (d) elimination of profits on inventories, when applicable, arising from sales between consolidated companies.

	Equity interests (%)		
Companies	2015	2014	Main activities
Direct interest:			
Full consolidation			
Namisa International Minérios, S.L.U.	100.00	100.00	Financial transactions, product sales and holding equity interests
Indirect interests:			
Full consolidation			
Namisa Europe, LDA.	100.00	100.00	Ore sale and financial transactions
Namisa Handel GmbH	100.00	100.00	Ore sale and financial transactions
CSN Handel GmbH	100.00	-	Ore sale and financial transactions
Namisa Ásia Limited	100.00	100.00	Commercial representation

3.1 ACQUISITION OF CSN HANDEL GMBH

On November 30, 2015 Namisa's subsidiary Namisa Handel GmbH acquired from CSN its wholly-owned subsidiary CSN Handel GmbH. This acquisition was foreseen in the Investment Agreement entered into by CSN and the Asian Consortium, as mentioned in Note 1, as part of the restructuring of the mining activities concentrated on Congonhas Minérios S.A. The purpose of Namisa Handel and CSN Handel is to trade iron ore in the international market.

As per the Investment Agreement the transaction price shall be paid up to 4 months as from the transaction date and was determined considering the net assets at their book value as of November 30, 2015, which was of R$71,720. The transaction did not generate gain nor loss.

The assets acquired and the liabilities assumed of CSN Handel, which were merged into Namisa, are described in Note 25.

In accordance with IFRS 3, this transaction was considered a business combination under common control and was recorded at book value and, consequently, the acquisition method was not applied.

4. CASH AND CASH EQUIVALENTS

	2015	2014
Cash and bank deposit accounts	16,009	2,105
Short-term investments		
In Brazil (a)	150,791	516,743
Abroad (b)	366,970	4,980,291
	517,761	5,497,034
Total	533,770	5,499,139

(a) Fixed income - are investments in Bank Deposit Certificates (CDBs) and debentures with yield linked to the variation of the Interbank Deposit Certificate (CDI). These investments yield approximately 100% of the CDI variation and can be immediately redeemed by the Company, without risks of significant changes in their carrying amount.

(b) Time deposits - temporary deposits in prime banks with daily liquidity, yielding fixed rates until 0.82% per year (0.35% to 0.55% per year in 2014).

5. TRADE RECEIVABLES

	2015	2014
Current:		
Trade receivables - related parties (note 8)	180,068	2,751
Foreign customers	540,991	123,975
Total	721,059	126,726

As of November 30, 2015 and December 31, 2014, there were no past-due receivables and the average days on sales outstanding over the year was 37 days (41 days in 2014).

To determine the trade receivables recoverability, the Company takes into consideration any change in the customer's creditworthiness from the date the credit was originally granted through the end of the reporting period.

6. INVENTORIES

	2015	2014
Finished goods	36,370	37,546
Raw materials	571	8,974
Storeroom supplies	27,352	30,931
Total	64,293	77,451

The Company assesses periodically the need to recognize a provision for inventory at realizable value and, as of November 30, 2015 and December 31, 2014, there was no need to recognize such a provision.

7. RECOVERABLE TAXES

	2015	2014
Income tax and social contribution overpaid	21,542	729
State VAT (ICMS)	135,934	137,386
Taxes on revenue (PIS and COFINS)	-	4,980
Withholding Income Tax (IRRF)	8,134	1,384
Other	168	276
Total	165,778	144,755
Current	35,578	21,077
Noncurrent	130,200	123,678
Total	165,778	144,755

The increase on income tax and social contribution overpaid refers to credits of income tax on financial investments redemptions only used to reduce tax payable on December, 2015 (there was no taxable income until November).

The noncurrent portion refers basically to ICMS credits. Namisa is predominantly an export company, accumulating ICMS credits in its branches, mainly in Congonhas-MG due to its mining processing operations with CSN and also in Ouro Preto and Fernandinho due to its purchases of electric power and diesel.

The Company's management periodically assesses the recovery of ICMS credits and concluded that it is not necessary to record any provision for impairment of these credits.

The Company has been successful in realizing the ICMS credits through the acquisition of trucks for iron ore transportation. As described in note 1 to the financial statements, the Company will be merged into Congonhas Minerios, the Company ensures that it will use the entire balance of ICMS credits in domestic sales, mainly to supply CSN’s demands.

8. RELATED-PARTY BALANCES AND TRANSACTIONS

The Company’s operations are integrated with CSN, mainly the supply of iron ore from Casa Pedra, the port loading at the Coal Terminal (TECAR) in Itaguaí, RJ, and the use of railway transportation with MRS Logística S.A. (“MRS Logística”).

As of November 30, 2015 and December 31, 2014, the balances of assets and liabilities and the transaction amounts are as follows:

a) Balance sheet accounts

	2015				2014			
	CSN	MRS Logística	Asian Consortium	Total	CSN	MRS Logística	Asian Consortium	Total
Assets								
Current assets:								
Trade receivables	180,068	-	-	180,068	2,751	-	-	2,751
Other receivables (1)	147,335	-	-	147,335	51,874	-	-	51,874
Dividends (1)	-	15,156	-	15,156	-	9,011	-	9,011
Prepayments (2)	113,847	-	-	113,847	247,077	-	-	247,077
Total	441,250	15,156	-	456,406	301,703	9,911	-	310,714
Noncurrent assets:								
Prepayments (2)	9,310,901	-	-	9,310,901	9,236,170	-	-	9,236,170
Total	9,310,901	-	-	9,310,901	9,236,170	-	-	9,236,170
Liabilities								
Current liabilities:								
Trade payables	549,141	3,342	-	552,483	11,558	2,314	-	13,872
Loans and financing (note 13)	-	-	-	-	364,118	-	-	364,118
Dividends (note 16)	694.080	-	462,720	1,156,800	33,458	-	22,306	55,764
Other payables	176,115	837	-	176,952	74,720	3,999	-	78,719
Total	1,419,336	4,179	462,720	1,886,235	483,854	6,313	22,306	512,473

(1) Refer to amounts recorded in the balance sheet, in line item ‘Loans and receivables’.

(2) Refer to amounts recorded in the balance sheet, in line item ‘Advances to suppliers’.

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b) Related-party transactions

		2015		
Income statement	CSN	MRS Logística	Asian Consortium	Total
Revenues	176,070	-	-	176,070
Costs	(105,452)	(87,069)	-	(192,521)
Finance income (expense), net	(5,904)	6,145	-	241
Exchange gains (losses), net	(80,706)	-	-	(80,706)
Total	(15,992)	(80,924)	-	(96,916)

		2014		
		MRS		
Income statement	CSN	Logística	Asian Consortium	Total
Revenues	7,126	-	-	7,126
Costs	(316,355)	(174,329)	-	(490,684)
Finance income (expense), net	1,028,431	21,102	-	1,049,533
Exchange gains (losses), net	(50,412)	-	-	(50,412)
Total	668,790	(153,227)	-	515,563

		2013		
Income statement	CSN	MRS Logística	Asian Consortium	Total
Revenues	20,495	-	223,146	243,641
Costs	(330,910)	(206,826)	-	(537,736)
Finance income (expense), net	1,022,217	33,325	-	1,055,542
Exchange gains (losses), net	(43,854)	-	-	(43,854)
Total	667,948	(173,501)	223,146	717,593

c) Description of agreements with related parties

The following is a description of the main transactions with related parties:

i) CSN – prepayment and ore exports

The Company entered into long-term agreements with CSN for port operation services and raw iron ore supply (“ROM”) from the Casa de Pedra mine, as described below:

- Port operation services and iron ore supply agreement

On December 30, 2008, the Company entered into an agreement to acquire port services and purchase iron ore with CSN, for an estimated 34-year period. The volume agreed is 1.7 billion metric tons of raw iron ore and port services for a volume of 1.1 billion metric tons. The Company prepaid the equivalent to approximately 50% of the value added of ROM and port services, amounting to R$7.3 billion. Until December 12, 2014, the prepaid amounts were adjusted for interest at the rate of 12.5% per year. On December 12, 2014, the Company’s shareholders approved the

"Transitional Agreement", an investment agreement for a new strategic alliance between CSN and the Asian Consortium aimed at consolidating the mining activities at Congonhas, currently a subsidiary of CSN, which will involve, among other actions, the merger of the Company ("Transaction"). The "Transitional Agreement" canceled the clauses that established interest of 12.5% p.a. on these agreements, including the creation of a resolutory condition linked to the consummation of the transaction that will reestablish the collection of interest retroactively, if this transaction does not materialize. The Transaction was concluded through the signing of a new Congonhas shareholders agreement on November 30, 2015, ratifying that there is no need to recognize interest of 12.5% p.a. on these agreements retroactively. As result of the conclusion of the transaction between CSN and Asian Consortium, on December 31, 2015, these agreements were extinguished by the merger of Namisa into Congonhas.

ii) Loans (export prepayments)

The Company entered into export prepayment financial agreements with certain CSN subsidiaries, which are detailed in note 13. During the first semester of 2015, these agreements were totally paid.

iii) MRS Logística

The Company entered into a long-term railway transportation service agreement to ship and handle its production. The obligations assumed and the amounts involved as detailed in note 15.

iv) Asian Consortium

The Company usually exports its products to the members of the Asian Consortium, under long-term agreements and at prices based on market quotations, but there was no sales in 2014 and 2015 years.

v) Namisa Handel GmbH (“Namisa Handel”)

The Company exports iron ore to Namisa Handel, which is its wholly-owned subsidiary, to sell the iron ore in the international market.

d) Management compensation

The key management personnel, who have the authority and responsibility for planning, managing and controlling Company operations, include the members of the Board of Directors, the statutory officers, and the other officers. The table below shows the breakdown of their compensation during 2015, 2014 and 2013:

	2015	2014	2013
Short-term benefits	2,282	3,467	2,549
Post-employment benefits	25	24	22
Total	2,307	3,491	2,571

9. INCOME TAX AND SOCIAL CONTRIBUTION

a) Income tax and social contribution recognized in the income statement are as follows:

	2015	2014	2013
Current	(162,062)	(359,070)	(1,220,138)
Deferred	13,098	(153,843)	(323,738)
Total	(148,964)	(512,913)	(1,543,876)

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b) The reconciliation of the consolidated income tax and social contribution expenses with the effective statutory rates is as follows:

	2015	
Profit before income tax and social contribution	2,055,450	1,61
Income tax and social contribution expenses based on pretax profit, at their combined statutory rate	34%	
	(698,853)	(549
Effect of income tax on permanent differences:		
Tax-exempt foreign profit	561,078	
Transfer pricing adjustments (PECEX)	(10,695)	(3
Adjustment to the 2013 provision for income tax and social contribution to calculate the effective obligation	-	2
REFIS – Law 12,864/13 – reversal of fine and interest	-	
REFIS – Law 12,864/13 – principal (income tax and social contribution)	-	
Other permanent differences	(494)	1
Income tax and social contribution expenses	(148,964)	(512

c) Deferred income tax and social contribution are recognized to reflect the future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts, as shown below:

	IRPJ/CSLL	
	2015	2014
Assets:		
Provision for losses - advances to suppliers	3,297	3,297
Operating provisions related to energy, services and other	47,740	33,371
IRPJ/CSLL liability – goodwill Cayman and CFM deducted under the Transitional Tax Regime (RTT)	(196,700)	(196,700)
Other	5,545	8,158
Total	(140,118)	(151,874)

The movement in the deferred taxes balance in the eleven month-period ended November 30, 2015 and year ended December 31, 2014 is as follows:

	IRPJ/CSLL	
	2015	2014
Opening balance	(151,874)	1,968
Goodwill amortization for tax purposes	-	(162,383)
Recognition of operating provisions	14,369	12,531
Adjustments for temporarily nondeductible inventories	(6,553)	(3,990)
Other	3,940	-
Closing balance	(140,118)	(151,874)

Law 12,973/14, enacted in May 2014, brought significant changes to tax legislation, which among others, revoked the Transition Tax Regime (RTT).Theses changes directly affects the determination of the income tax and social contribution basis. As from 2015, the application of the Law is mandatory and CSN applied the Law´s requirements.

10. INVESTMENTS

	2015 and 2014
Investment in equity securities:	
MRS Logística S.A.	171,760

The following is a brief description of the investments:

- *MRS Logística*

In November 2008, CSN capitalized at Namisa 10% of the nonvoting, nonconvertible class “A” preferred shares of MRS Logística, for R$172 million, as disclosed in the subscription report and share valuation report issued by MRS Logística.

MRS Logística is a corporation engaged in the operation and development of public cargo railway transportation services in the Southeast, which covers Rio de Janeiro, São Paulo, and Belo Horizonte.

The investment in MRS is stated at historical cost.

11. PROPERTY, PLANT AND EQUIPMENT

a) Breakdown of property, plant and equipment

	2015				2014			
	Depr.rate (% p.a.)	Cost	Accumulated depreciation	Net	Depr. rate (% p.a.)	Cost	Accumulated depreciation	Net
Land		4,442	-	4,442		4,442	-	4,442
Buildings	2,90	191,511	(15,066)	176,445	2.25	120,417	(10,251)	110,166
Furniture and fixtures	7.91	5,429	(2,563)	2,866	7.82	5,654	(2,328)	3,326
Vehicles	13.21	1,068	(587)	481	13.19	1,068	(458)	610
Machinery, equipment and facilities	7.49	240,850	(102,834)	138,016	11.12	208,844	(81,042)	127,802
Computer equipment	12.69	3,803	(3,181)	622	12.69	3,830	(2,843)	987
Mines and ore deposits	(*)	3,172	(158)	3,014	(*)	13,232	(1,625)	11,607
Improvements in infrastructure and drainage	4.00	11,054	(533)	10,521	4.00	10,465	(140)	10,325
Leasehold improvements	2.00	50,422	(2,249)	48,173	1.97	51,592	(2,577)	49,015
Other assets		5,925	-	5,925		4,766	-	4,766
Construction in progress		121,072	-	121,072		240,663	-	240,663

Total	638,748	(127,171)	511,577	664,973	(101,264)	563,709

(*) The depletion of ore deposits is calculated based on the volume of ore extracted as compared to the mineable reserve, and the Company estimates that the deposits will be depleted in 30 years.

b) Construction in progress

Costs classified as construction in progress are basically composed of services acquired and parts and pieces purchased, to be used as investments for performance improvement, technological upgrading, expansion, and acquisition of assets, which will be transferred to the related line items and depreciated from the moment they become available for use. As of November 30, 2015 and December 31, 2014, the balance is apportioned among the following projects:

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Main projects	2015	2014
Expansion of administrative facilities	807	13,333
Expansion of production capacity – Pires	66,012	143,187
Pelletization plant	32,107	31,187
Expansion of production capacity – Fernandinho	-	17,074
Other	22,146	34,882
	121,072	240,663

c) Movement in property, plant and equipment:

	2014 Opening balance	Additions	Transfer	Depreciation	Other movements (*)	2015 Closing balance
Land	4,442	-	-	-	(1)	4,442
Buildings	110,166	-	72,740	(5,009)	(1,452)	176,445
Machinery, equipment and facilities	127,802	559	38,077	(31,082)	2,660	138,016
Furniture and fixtures	3,326	119	-	(358)	(221)	2,866
Vehicles	610	-	-	(129)	-	481
Computer equipment	987	-	5	(362)	(8)	622
Mines and ore deposits	11,607	-	-	(1)	(8,562)	3,014
Improvements in infrastructure and drainage	10,325	-	589	(393)	-	10,521
Leasehold improvements	49,015	-	80	(919)	(3)	48,173
Other assets	4,766	306	127	-	853	5,925
Construction in progress	240,663	16,561	(111,490)	-	(24,662)	121,072
Total	563,709	17,545	-	(38,253)	(31,424)	511,577

(*) During the year the Company transferred R$39,285, related to the assets of Fernandinho, Cayman and Pedras Pretas, as described on General Information, for the Transaction proposes, compensate with acquisition of some trucks with ICMS credits (R$7,154).

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12. INTANGIBLE ASSETS

The carrying amounts of intangible assets as of November 30, 2015 and December 31, 2014 are as follows:

	2015			
	Amortization rate (% p.a.)	Cost	Accumulated amortization	Net
Goodwill – CFM	-	578,531	-	578,531
Software	19.94	6,484	(3,046)	3,437
Total		585,015	(3,046)	581,968

	2014			
	Amortization rate (% p.a.)	Cost	Accumulated amortization	Net
Goodwill – CFM	-	578,531	-	578,531
Software	19.94	6,442	(1,863)	4,579
Total		584,973	(1,863)	583,110

Nature of goodwill based on future profitability

In July 2007, Namisa acquired Companhia de Fomento Mineral e Participações - CFM ("CFM"), located in Ouro Preto, State of Minas Gerais, and its wholly-owned subsidiary Cayman Mineração do Brasil Ltda. ("Cayman"), which were engaged in the extraction of iron ore and also owned iron ore processing facilities in the same State. The goodwill arising on this transaction is based on expected future profitability and was allocated to a single CGU since the Company operates only in the mining segment and all its assets generate cash flows together. This amount has not been amortized since 2009 due to the adoption of the international financial reporting standards (IFRS) and its carrying amount represents the net amount existing when the amortization was discontinued.

Impairment test

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections, before income tax and social contribution, based on the business plan approved by Management.

To prepare the cash flow projection that supported this valuation, the Company adopted the following assumptions:

- Gross margin: this margin was calculated based on the expansion plans already approved in the Company's business plan. The iron ore prices in the international market were used as basis in projections prepared by official mining industry institutions and the foreign exchange rate was calculated using a projected US dollar curve in real terms through 2019, disclosed by the Central Bank of Brazil (BACEN), since from 2019 onward the change used is zero.

- Cost adjustment: cost adjustment was based on historical data and price and foreign exchange curves used in industry reports.

- Growth rate: the cash flow projection period extends to 2067 due to the length of some projects' implementation periods and the termination dates of the main agreements based on which the business plan was developed. It is not necessary, therefore, to take into consideration a growth rate since the projection period exceeds 50 years.

- Discount rate: set at 13.91% per year, after taxes on income.

13. LOANS AND FINANCING

	2015	2014
Current liabilities:		
PPE - related parties (note 8).	-	364,118
National Bank for Economic and Social Development (BNDES) – FINAME	4,680	4,700
	4,680	368,818
Noncurrent liabilities:		
National Bank for Economic and Social Development (BNDES) – FINAME	25,307	29,541
Total	29,987	398,359

The table below shows fundings, payments and accruals on our loans and financings during the year:

	11/30/2015	**12/31/2014**
Opening balance	**398,359**	**382,209**
Funding transactions	-	15,747
Payment of principal	(441,938)	(49,408)
Interest payments	(3,035)	(23,017)
Provision of interest	2,797	24,682
Foreign exchange	73,804	48,146
Closing balance	**29,987**	**398,359**

Loans and financing from related parties paid in 2015 refer basically to export prepayments with CSN's subsidiaries.

The outstanding balance is related to BNDES loan to purchase operating equipment, amounting to R$29,987 (R$34,241 as of December, 2014), with average repayment term of 100 months and bearing interest between 5.5% and 8.0% per year, payable on a monthly basis.

The maturities of the noncurrent portion of the loans are disclosed in note 23.d).

None of the existing loan agreements contain restrictive covenants. The agreements entered into with the BNDES are collateralized by the financed assets.

14. PROVISION FOR RISKS

The provisions for risks were estimated by Management based on information provided by its legal counsel (in-house and external), who analyzed the outstanding lawsuits. The provisions were set up in an amount considered sufficient to cover potential losses on the outstanding lawsuits, as follows:

	2015	2014
Labor	4,391	149
Civil	21	-
Environmental	3,074	977
Total	7,486	1,126

Additionally, the Company is party to other lawsuits classified by the legal counsel as possible losses, which totaled R$2,950,525 as of November 30, 2015 (R$2,626,004 as of December 31, 2014), of which R$19,294 (R$21,381 as of December 31, 2014) in labor lawsuits, R$67,531 (R$1,786 as of December 31, 2014) in civil lawsuits, R$2,843,096 (R$2,593,015 as of December 31, 2014) in tax lawsuits, and R$20,604 (R$9,863 as of December 31, 2014) in environmental lawsuits.We present below a brief description of the most significant lawsuits with the likelihood of loss as possible:

a) Administrative proceeding - IRPJ/CSLL assessment notice on profits abroad amounting to R$330,908 (R$285,825 as of December 31, 2014), including principal, fine, and interest: this tax assessment notice refers to the assessment of income tax and social contribution on 2008 profits reported by foreign subsidiaries.

b) Administrative proceeding - IRRF assessment notice of R$170,178 (R$161,530 as of December 31, 2014), including principal, fine, and interest: this tax assessment notice refers to the assessment of a Withholding Income Tax (IRRF), allegedly due by Namisa as the taxpayer responsible for withholding and payment of the tax levied on the capital gain earned by a legal entity domiciled abroad, which sold an asset in Brazil.

c) Administrative proceeding - IRPJ/CSLL assessment notice of R$2,242,166 (R$2,036,676 as of December 31, 2014), including principal, fine, and interest: this tax assessment refers to the disallowance of the amortization of goodwill expenses in 2009, 2010 and 2011, as a result of the merger of Big Jump Energy Participações S.A.

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15. CONTRACTUAL OBLIGATIONS

In January 2011 the Company, together with the shareholder CSN, entered into an iron ore railway transportation agreement with MRS Logística, for a 16-year period. This agreement contains a clause that ensures a minimum payment of 80% of the volume contracted, irrespective of the volume carried (“take-or-pay”). The minimum future payment required until the termination of the agreement is approximately R$3,959,054, distributed as follows:

2015	10,535
2016	166,806
2017	175,146
2018	210,514
2019	227,342
Others years	3,168,711
Total	3,959,054

16. SHAREHOLDERS EQUITY

a) Paid-in capital

The Company’s paid-in capital is R$1,961,510 (R$2,800,000 as of December 31, 2014), represented by 472,236,944 (475,067,405 as of December 31, 2014) common shares without par value, of which are held by the shareholders as follows:

December 31, 2014 and November 30, 2015 (before the transaction described in Note 1)

Shareholders	Country	Number of shares	Equity interest (%)
Companhia Siderúrgica Nacional	Brazil	285,040,443	60.00
Brazil Japan Iron Ore Corporation	Japan	154,491,661	32.52
POSCO	South Korea	30,784,627	6.48
China Steel Corporation	China	4,750,674	1.00
Total		475,067,405	100.00

November 30, 2015 (after transaction described in Note 1)

Shareholders	Country	Ordinary	Preferred	Total shares	Equity interest (%)
Companhia Siderúrgica Nacional	Brazil	282,209,982	-	282,209,982	59.76
Congonhas Minérios S.A.	Brazil	86,262,061	103,764,901	190,026,962	40.24
Total		368,472,043	103,764,901	472,236,944	100.00

December 31, 2015 (before merger by Congonhas described in Note 1)

Shareholders	Country	Ordinary	Preferred	Total shares	Equity interest (%)

Congonhas Minérios S.A.	Brazil	368,472,043	103,764,901	472,236,944	100.00

On February 12, 2015, the Company paid as capital reduction of R$777,930, after 60 days from the act publication date of the Extraordinary Shareholders Meeting held on December 12, 2014. With such capital reduction, the Company's capital was decrease from R$2,800,000 to R$2,022,070.

In 2014, the main corporate acts analyzed in meetings were:

(i) At the Annual Shareholders Meeting held on March 28, 2014 the shareholders approved the consolidated financial statements of Namisa for the years ended December 31, 2013 and 2012. The allocation of the profit for the year ended December 31, 2013 to an earnings reserve was approved, as set out in Article 195 of Law 6,404/76. The shareholders also approved the payment of the remaining balance of the dividends proposed for the year ended December 31, 2011 amounting to R$336,673.

(ii) At the Extraordinary Shareholders Meeting held on July 17, 2014 the shareholders approved the proposal for bylaws of the recently created subsidiary Namisa Asia Limited.

(iii) At the Extraordinary Shareholders Meeting held on December 12, 2014, agreements were signed with related parties in order to consolidate the mining assets of the shareholder CSN with those of the Company, as described in General Information.

(iv) At the Extraordinary Shareholders Meeting held on December 12, 2014 the shareholders approved the Company's capital reduction by R$777,930 to be paid in 2015.

In 2015, the main corporate acts analyzed in meetings were:

(v) At the Annual Shareholders Meeting held on April 30, 2015 the shareholders approved the consolidated financial statements of Namisa for the years ended December 31, 2014 and 2013. The allocation of the profit for the year ended December 31, 2014 was approved as follows: (a) the amount of R$1,047,716 to earnings reserve, as set out in Article 195 of Law 6,404/76; (b) the remaining amount of R$55,764as dividends proposed for the year ended December 31, 2015.

(vi) At the Extraordinary Shareholders Meeting held on November 30, 2015, the shareholders deliberates as dividends the amount of R$6,499,436 (R$5,977,397 from earning reserves and R$522,039 from part of the profits from de current year), as describe in notes 16.d), 16.e) and 16.f). The payment of R$5,342,636 was made at the same date and R$1,156,800 will be made until November 30, 2016.

(vii) At the Extraordinary Shareholders Meeting held on November 30, 2015, the shareholders approved a partial split involving the assets of Fernandinho, Cayman and Pedras Pretas for merger in the Mineração Nacional S.A., a CSN subsidiary, at a book value of R$60,560 according to the appraisal report. As a result of this split of assets, the capital was reduced in the same amount.

(viii) At the Extraordinary Shareholders Meeting held on November 30, 2015, the shareholders approved a conversion of 103,764,901 ordinary shares owned by Congonhas to preferred shares. These preferred shares have: a) full voting rights; b) priority on payments of fixed annual dividends corresponding to 0,00000160606500383614% of the Company's capital.

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(ix) At the Extraordinary Shareholders Meeting held on November 30, 2015, the shareholders declare and paid, on this date, dividends of R$326,891 from the current profit of the year, based on the extraordinary balance sheet of September 30, 2015, to the owners of preferred shares.

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b) Capital reserve

The capital reserve of R$6,473,699 as of November 30, 2015 and December 31, 2014 comprises R$5,081,840 recognized on December 30, 2008 related to premium arising on the issuance of 187,749,249 new registered common shares, without par value, subscribed and paid in by Big Jump Energy Participações S.A., at the unit price of R$38.81, of which R$3.08 represents the unitary issuance price, set according to Article 170, II, of Law 6,404/76, and R$35.73 per share was allocated to the capital reserve; and special goodwill reserve on the merger of Big Jump Energy Participações S.A., amounting to R$1,391,859, as approved at the Extraordinary Shareholders Meeting held on July 30, 2009.

c) Legal reserve

Since 2012 the Company, in its interpretation of Article 193, paragraph 1, of the aforementioned Law, has not recognized the legal reserve as it understands that its capital reserves exceed 30% of the issued capital.

d) Allocation of results

Until the signing of the Investment Agreement on December 12, 2014 between CSN and the Asian Consortium described in Note 1, management questioned the contractual interests mechanism that was used for adjusting the prepayment balances under the operating agreements mentioned in Note 8(c) because it was understood that the interests were causing distortions on the cash flows and results of operations of the Company. Considering this, management submitted to the Board of Directors a proposal to address the contractual interests issue, which was not approved by the Board of Directors. The financial statements related to the years ended before and as of December 31, 2014 were prepared based on the terms of the agreements and included the interests accrual capitalized on the prepayment balances at the contractually established interest rates. As a result, the amount under discussion of interests accrued throughout those years was not fully paid as dividends and, instead, were retained in a specific reserve. In this context, the amounts allocated to that specific reserve basically corresponded to the interests income generated from the operating agreements in the three-year period ended December 31, 2014, as illustrated below.

Finally, as a result of the Investment Agreement signed in December 2014, CSN and the Asian Consortium agreed to extinguish the interests accrual on the operating agreements and determined the payment as dividends of the full amount retained in that specific reserve.

As these financial statements were not prepared for the twelve-month period ended December 31, 2015, as explained in Note 2, the Brazilian Corporate Law does not require the Company to propose and approve in a General Meeting the distribution of net results based on the eleven-month period ended November 30, 2015.

	2015	2014	2013
Profit of the period / year	1,744,848	1,103,480	892,856
Proposed dividends	(848,930)	(55,764)	-
Earnings reserve	895,918	(1,047,716)	(892,856)

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e) Dividends

The Company's bylaws foresees for the payment of minimum dividends equivalent to 50% of the net profit for the year, adjusted according to the corporate law (Law 6404/76); however, in the years ended December 31, 2014 and 2013, in order to avoid the payment of dividends that may be affected by the above mentioned discussions that are still pending, no dividends were proposed for 2013, such decision was ratified at the Shareholders Meeting held on March 28, 2014. Regarding the profit for the year ended December 31, 2014 dividends were proposed in the limit of the operating results, amounting to R$55,764.

As a condition to sign a new Congonhas Shareholders Agreement, the shareholders approve on November 30, 2015, in a Extraodinary Shareholders Meeting, to distribute dividends of R$6,499,436, of which R$5,977,397 from Earnings reserve and R$522,039 from the Profit of the year 2015.

The shareholders also approve to distribute and paid a fixed dividends of R$326,891 from the Profit of the year 2015, to the preferred shareholders.

f) Earnings reserve

The Extraodinary Shareholders Meeting on November 30, 2015 deliberates to use R$5,977,397 to distribute extraordinary dividends from earning reserves.

In view of the scenario previously described, Company's Management proposes the allocation of a portion of the results for the years ended December 31, 2014 for the recognition of earnings reserve as required by Article 196 of Law 6,404/76, amounting to R$1,047,716 (R$ 892,856 in 2013).

There is no deliberation for the remaining Profit of the year 2015 of R$895,918 as on November 30, 2015.

17. EARNINGS PER SHARE

Basic earnings per share were calculated based on profit for the year divided by the weighted average number of common shares outstanding during the year. The Company does not have treasury shares. Earnings per share were calculated as shown in the table below:

	2015	2014	2013
Profit attributable to Namisa’s owners	1,744,849	1,103,480	892,856
Fixed dividends on prefered shares	326,891	-	-
Profit on ordinary shares attributable to Namisa 's owners	1,417,958	1,103,480	892,856
Weighted average number of thousand of shares	474,810	475,067	475,067
Basic earnings per thousand shares	2,9864	2,3228	1,8794
Preferred shares number of thousand of shares	103,766		
Basic earnings per thousand shares	3,1503		

The Company does not have instruments convertible into shares in the reporting years, therefore, basic earnings per share are equal to diluted earnings per share.

18. NET OPERATING REVENUE

The reconciliation between gross revenues and net revenues disclosed in the income statement is detailed below. The decrease in net revenues in 2015 compared to 2014 and 2014 compared to 2013 was due to the lower prices and lower volume produced and sold during the year. The increase in the domestic market in 2015 was due to implementation of services provided to CSN.

	2015	2014	2013
Gross operating revenue:			
Domestic market	191,902	21,654	38,681
Foreign market	603,164	1,403,054	2,298,172
Accrual for price adjustment according to sales contracts	(23,419)	(53,070)	(41,658)
	771,647	1,477,778	2,378,511
Deductions:			
Taxes on sales	(20,051)	(2,719)	(7,596)
Returns and rebates	(1)	(1)	(1,079)
Net operating revenue	751,595	1,475,058	2,369,836

19. INFORMATION ON THE NATURE OF THE EXPENSES RECOGNIZED IN THE INCOME STATEMENT

	Consolidated		
	2015	2014	2013
Third-party material	(171,721)	(406,358)	(487,835)
Port handling	(77,643)	(219,429)	(255,767)
Railway freight	(83,339)	(168,863)	(221,459)
Freight and insurance	(70,252)	(202,926)	(159,531)
Raw material	-	(152,262)	(97,179)
Labor	(103,101)	(108,256)	(102,149)
Operating services	(40,105)	(76,820)	(48,360)
Maintenance	(48,640)	(51,376)	(62,535)
Demurrage	(2,773)	(11,069)	(22,246)
Infrastructure services	(31,972)	(17,927)	(25,189)
Depreciation/amortization	(39,436)	(45,806)	(21,341)
Other	(23,425)	(49,464)	(84,224)
	(692,407)	(1,510,556)	(1,587,815)
|			
Cost of goods sold	(479,861)	(995,192)	(1,090,901)
Selling expenses	(152,813)	(433,424)	(419,915)
General and administrative expenses	(34,180)	(54,029)	(55,966)
Other expenses, net	(25,553)	(27,911)	(21,033)
Total	(692,407)	(1,510,556)	(1,587,815)

As mentioned in note 18, the decrease in costs in 2015 reflects the lower volume produced and sold.

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20. FINANCIAL RESULTS

	2015	2014	2013
Interest expenses:			
Related parties	(7,254)	(23,809)	(21,915)
Interest and fines – REFIS	-	(1,234)	(344,786)
Tax on financial transactions [1]	(21,847)	(21)	(23)
Other interest expenses	(13,175)	(12,478	(16,061)
	(42,076)	(37,542)	(382,785)
Interest income:			
Related parties	1,349	1,052,240	1,044,132
Dividends	6,146	21,102	33,325
Reversal of interest and fines - REFIS	-	1,043	336,967
Interest on short-term investments	44,190	76,509	91,721
Other finance income	260	2,235	7,789
	51,945	1,153,129	1,513,934
Financial income, net	9,669	1,115,587	1,131,149
Exchange rate differences:			
Gains:			
Related parties	24,141	12,092	2,207
Third parties[2]	1,941,621	587,334	569,164
Losses:			
Related parties	(104,847)	(62,504)	(46,091)
Third parties	(35,471)	(97)	(61)
Exchange rate gains, net	1,825,444	536,825	525,219
Monetary rate losses, net	(489)	(521)	(1,657)
Exchange and monetary gains (losses), net	1,824,955	536,304	523,562

(1) Financial transaction tax (IOF) on remittance of dividends paid by subsidiary Namisa International.

(2) Mainly exchange variation on short-term investments in US dollars (time deposit)

21. POSTEMPLOYMENT BENEFITS – PRIVATE PENSION FUND PROGRAM

The Company sponsors a pension plan created in 2012, managed by a private pension fund (CBSPREV Namisa), which grants to employees defined contribution plan and defined risk benefit plan (sickness allowance, disability retirement pensions, and survivors' pensions), funded by the sponsor (50%) and by the employees (50%).

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22. TAX RECOVERY PROGRAM (REFIS)

On October 9, 2013, the federal government enacted Law 12,865/13, subsequently amended by Provisional Act 627, of December 11, 2013, which permitted companies to make the voluntary payment of IRPJ (corporate income tax) and CSLL (social contribution on net income) on profits generated by subsidiaries and/or foreign subsidiaries, as defined in Article 74 of Provisional Act 2,158-35/01, up to the year ended December 31, 2012.

Such program permitted the payment of taxes in up to 180 installments, offering discounts of 100% on fines and interest for payments made in cash and of 80% on fines and 50% on interest for payments made in installments. The legislation also permitted the utilization of tax losses of subsidiaries and of direct or indirect parent company, for settlement of the amounts included in the program.

In this regards, Company's management assessed its foreign operations, comparing them with several cases in the market that are being discussed at the administrative and judicial levels, and decided to include in the program the amounts related to profits earned by its foreign subsidiaries from 2009 to 2012.

The amounts of IRPJ and CSLL resulting from the enrollment in the plan totaled R$892,649, with R$554,485 related to the years from 2009 to 2011 being paid in cash and R$87,828 related to the year 2012 being paid in 180 installments, plus fine and interest, with a down payment of 20% of the total amount, plus fine and interest calculated net of the reductions provided for in the program, totaling R$17,566. Furthermore, the amount of R$258,157 related to the tax loss acquired from the indirect controlling shareholder Vicunha S.A. was paid in cash. The balance payable as of November 30, 2015 totaled R$61,358 (R$60,139 as of December 31, 2014), to be settled in 156 installments, where those payable during the fiscal year immediately subsequent to the balance sheet date being classified in current liabilities and the others in noncurrent liabilities. The enrollment in the program resulted in the recognition of an income tax expense of R$995,383 in the year ended December 31, 2013.

The accounting balance presented as non-current liabilities as of November 30, 2015 includes other taxes payables other than REFIS program and totalized R$75,665 (R$73,828 as of December 31, 2014).

23. FINANCIAL INSTRUMENTS

a) Identification and measurement of financial instruments

The Company's financial instruments consist of short-term investments, trade receivables, trade payables, and loans and financing. The Company does not use derivative financial instruments, such as currency swaps or interest swaps.

The amounts are recognized in the financial statements at their amortized cost and are substantially similar to those that would be obtained if they were traded in the market. The fair values of other long-term assets and liabilities do not differ significantly from their carrying amounts.

b) Classification of financial instruments

	2015		2014	
	Loans and receivables	Other liabilities at amortized cost	Loans and receivables	Other liabilities at amortized cost
Assets				
Current:				
Cash equivalents	533,770	-	5,499,139	-
Trade receivables	721,059	-	126,726	-
Advances to suppliers	115,693	-	250,469	-
Loans and receivables	162,544	-	61,026	-
Noncurrent:				
Advances to suppliers	9,310,901	-	9,236,170	-
Loans and receivables	-	-	-	-
Liabilities				
Current:				
Loans and financing	-	4,680	-	368,818
Trade payables	-	573,218	-	51,772
Dividends		1,156,800		55,764
Advances from customers	-	-	-	8,912
Noncurrent:				
Loans and financing	-	25,307	-	29,541

c) Financial risk management policy

The Company has and follows a risk management policy, containing guidelines regarding the incurred risks. Pursuant to this policy, the nature and general position of financial risks are monitored and managed on a regular basis to assess the results and the financial impact on cash flow. The credit limits are also reviewed on a periodic basis.

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The risk management policy was set by the Board of Directors. Under this policy, the market risks are hedged to maintain the corporate strategy or the financial flexibility level.

d) Liquidity risk

The liquidity risk is the risk that the Company may not have sufficient funds to honor its financial commitments as a result of mismatching of terms or volumes between expected amounts collectible and payable.

To manage cash liquidity both in domestic and foreign currencies, future disbursements and cash inflow assumptions are established and daily monitored by the treasury department.

The table below shows the contractual maturities of financial assets and liabilities, including the payment estimate:

As of December 31, 2015	Less than one year	From one to two years	From two to five years	Over five years
Loans and financing	4,680	9,237	15,715	355
Trade payables	573,218	-	-	-

As of December 31, 2014	Less than one year	From one to two years	From two to five years	Over five years
Loans and financing	368,818	9,237	18,429	1,875
Trade payables	51,773	-	-	-

e) Foreign exchange risk

The Company assesses its foreign exchange exposure by deducting its liabilities from its US dollar-denominated assets to obtain its net foreign exchange exposure, which is actually the foreign exchange exposure risk, and also takes into consideration the maturity of the related assets and liabilities subject to exchange fluctuation. Basically, the Company’s financial instruments exposed to foreign exchange risk originate from exports and the investments abroad.

The consolidated net exposure as of November 30, 2015 is as follows:

	2015 (amounts in US$’000)
Cash and cash equivalents abroad	99,205
Trade receivables	138,690
Receivables from related parties	36,437
Total assets	274,332
Borrowings and financing	-
Trade payables	184,409
Taxes payables	81,031

Other liabilities	18,877
Total liabilities	284,317
Foreign exchange exposure, net	(9,985)

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Gains and losses on these transactions are consistent with the policies and strategies set by Management.

- Sensitivity analysis

We estimated the adjustments in four scenarios for the consolidated foreign exchange transactions exposed to US dollar fluctuation, using the exchange rate at November 30, 2015 of R$3.8506 per US$1.00, as follows:

− Scenario 1: (50% real depreciation) R$/US$ parity of 5.7759.

− Scenario 2: (25% real depreciation) R$/US$ parity of 4.8133.

− Scenario 3: (25% real appreciation) R$/US$ parity of 2.8880.

− Scenario 4: (50% real appreciation) R$/US$ parity of 1.9253.

		2015				
		US$ Risk benchmark	Impacts estimated in Brazilian Reais			
			Scenario 1	Scenario 2	Scenario 3	Scenario 4
Exchange rate		3.8506	5.7759	4.8133	2.8880	1.9253
Assets:						
Cash and cash equivalents	US dollar fluctuation	99,205	190,999	95,500	(95,500)	(190,999)
Trade receivables	US dollar fluctuation	138,690	267,020	133,510	(133,510)	(267,020)
Receivables from related parties	US dollar fluctuation	36,437	70,152	35,076	(35,076)	(70,152)
		274,332	528,171	264,086	(264,086)	(528,171)
Liabilities:						
Loans and financing	US dollar fluctuation	-	-	-	-	-
Trade payables	US dollar fluctuation	184,408	355,041	177,520	(177,520)	(355,041)
Taxes payables	US dollar fluctuation	81,031	156,009	78,005	(78,005)	(156,009)
Advances from customers	US dollar fluctuation	-	-	-	-	-
Other liabilities	US dollar fluctuation	18,877	36,344	18,172	(18,172	(36,344)
		284,316	547,394	273,697	(273,697)	(547,394)

Net effect	(9,984)	(19,223)	(9,611)	9,611	19,223

f) Interest rate risk

The Company did not identify any material floating interest rate and inflation index risk to its long-term liabilities.

g) Credit risks

The exposure to the credit risks of financial institutions follows the parameters set out in the financial policy. The Company adopts the procedure of analyzing in detail the financial position of its customers and suppliers, defining a credit limit and constantly monitoring its outstanding balance.

By analyzing the geographical distribution of the exports, we can see a strong concentration of sales in Asia. This is due to the fact that China maintains a strong demand for iron ore and the fact that the shareholders are major steel mills located in Japan and Korea, with which the Company has long-term agreements.

Carrying out most of the sales against the presentation of credit letters and based on customer assessments, as well as the diversification of receivables and the control over sales financing are the usual procedures that the Company adopts to minimize possible credit risks of its business partners. On November 30, 2015, sales to customers that individually account for more than 10% of sales revenue totaled 64%.

As for short-term investments, the Company only makes investments in institutions with low credit risk awarded by rating agencies.

h) Capital management

The Company manages its capital structure for the purpose of safeguarding its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, while maintaining an optimal capital structure to reduce this cost.

24. INSURANCE

Due to the nature of its operations, the Company renewed with a local insurer, for the period from September 30, 2015 to September 30, 2016, the coverage of named perils for the following locations: (a) mine, BR 040, km 602, Ouro Preto, MG; (b) mine, Inconfidentes Highway, km 40, no number, Itabirito, MG; (c) office, Rua Iguatemi, 192, 25º andar, Itaim, SP, with coverage of property damages against fire/lightening/any type of explosion, and loss of profits resulting from fire/lightening/any type of explosion, in the total risk amount of R$728,691 (property damages and loss of profits), and indemnity ceilings, in case of accidents, of R$50,000 (fire), and R$122,000 (loss of profits).

The risk assumptions adopted, in view of their nature, are not part of the scope of an audit of the financial statements and, therefore, were not audited by our independent auditors.

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25. ADDITIONAL INFORMATION TO CASH FLOWS

In 2015, the Company incorporated the subsidiary CSN Handel GmbH and realized the partial split of Fernandinho, Cayman and Pedras Pretas assets into Mineração Nacional S.A. Part of the net assets, shown in the following table, is not included in the statement of cash flows:

	Fernandinho, Cayman and Pedras Pretas assets	**CSN Handel GmbH**
	Nov 30, 2015	**Nov 30, 2015**
Cash and cash equivalents	-	77.583
Trade receivables	-	467.842
Inventories	23.586	
Recoverable taxes	109	15.038
Loan and receivables	-	139.584
Deferred taxes	1.364	-
Non-current recoverable taxes	5.111	-
Property, plant and equipament	39.285	-
Suppliers	(201)	(548.396)
Taxes payable	-	(15.033)
Asset retirement obligation	(8.694)	-
Other payables	-	(64.898)
Net assets	**60.560**	**71.720**

In addition, the Company acquired in 2015 some trucks with recoverable tax (ICMS credits) in the amount of R$7,154.

26. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issuance on April 28, 2016.