

Belo Horizonte, Usinas Siderúrgicas de Minas Gerais S/A - USIMINAS (BOVESPA: USIM3, USIM5, USIM6; OTC: USNZY; Latibex: XUSI) announced today its second quarter 2005 (2Q05) results. Operational and financial information of the Company, except where otherwise indicated, is presented based on consolidated data in Brazilian reais in accordance with Brazilian Corporate Law. All comparisons made in this release take into consideration the same period in 2004 (2Q04), except when specified differently.

## Net income totals R\$ 1.8 billion in 1H05, with consistent margins and strong cash generation.

*"The global steel industry is undergoing a moment of adjustment after the expressive results achieved as of the second half of 2004. The continuous efforts made for cost savings and maximization of opportunities are key elements. Companies are more aware of the changes in outlook that directly influence the demand for steel products. They seek to more efficiently control the balance between demand and supply and make faster decisions. Therefore, it is necessary to adapt to new market conditions in order to preserve profitability and margins. In this context, we face an environment of great challenges in a period marked by market retraction as a result of the country's weaker economic activity and by excessive inventory levels in some industrial segments, especially in distribution. In the international market, we also observed inventory accumulation, mainly in the US and Europe. Industrial companies have turned to China, a market with heated demand; however, it has been oversupplied and prices have been negatively impacted. In spite of the adverse market conditions in the first half, the Usiminas System once again has performed well operationally. In the half, net sales revenues were R\$6.9 billion, operational cash generation reached R\$ 3.3 billion, (which corresponded to an EBITDA margin of 48%), and net profit was R\$ 1.8 billion, 35%, 52% and 104%, respectively, greater than in the same period of 2004, compatible with our investment needs, shareholder remuneration and debt management. We continue firmly determined to achieve increasingly better results."*

**Rinaldo Campos Soares - CEO**

### Highlights

	R\$ million	2Q 2005	2Q 2004	1Q 2005	Chg. 2Q05/2Q04	1H 2005	1H 2004	Chg. 1H05/1H04
<b>6/30/2005</b>	Total Sales Volume (000 t)	1,829	1,970	1,768	-7%	3,598	3,881	-7%
<b>Closing Quotes</b>	Net Revenues	3,487	2,771	3,459	26%	6,946	5,136	35%
USIM3 R\$ 38.70	Gross Profit	1,551	1,316	1,731	18%	3,282	2,248	46%
USIM5 R\$ 38.10	Operating Result (EBIT) a	1,356	1,142	1,563	19%	2,919	1,919	52%
USNZY US\$ 16.10	Financial Result	(174)	(339)	(160)	-49%	(334)	(592)	-44%
<b>Market Capitalization</b>	Net Income	810	528	1,001	53%	1,812	887	104%
R\$ 8.6 billion	EBITDA b	1,626	1,285	1,724	27%	3,350	2,206	52%
US\$ 3.6 billion	EBITDA (R\$/t)	889	652	975	36%	931	568	64%
	Total Assets	17,245	15,976	17,510	8%	17,245	15,976	8%
	Net Debt	2,426	6,053	2,590	-60%	2,426	6,053	-60%
	Stockholders' Equity	7,761	4,886	6,951	59%	7,761	4,886	59%

(a) Earnings before interest, tax and participations.

(b) Earnings before interest, taxes, depreciation, amortization and participations.

IMMEDIATE RELEASE

USIMINAS  
Bruno Seno Fusaro -IRM  
brunofusaro@usiminas.com.br  
Tel : (55 31) 3499-8710

FIRB - Financial Investor Relations Brasil  
Ligia Montagnani - IR Consultant  
ligia.montagnani@firb.com  
Tel: (55 11) 3897-6405



## Sales and Revenues

The Usiminas System sold 1.8 million tonnes in 2Q05, with 70% destined to the domestic market. In the half, total sales came to 3.6 million tonnes of products, with 74% going to the domestic market. These volumes were 7% less than in the same periods of 2004, basically in function of the following factors: retraction of demand in the domestic market due to excess inventories built up in some industrial segments and also in the distribution market as of the 4<sup>th</sup> quarter, 2004; slower growth rate in industrial production in the country; anticipation of sales to customers in 1Q05 to 4Q04 because of the 5-day stoppage of invoicing of the Company due to the implementation of the SAP system. When compared to 1Q05, the Brazilian flat steel market retracted 12%. In the international markets, although a similar situation of high inventory levels existed in the US and Europe, the Company increased its sales, going from 22% to 30% of sales volume with the greater share earmarked for Asian countries, especially China, which maintained lower inventory levels and heated demand in the period. In the quarter, net sales revenues reached R\$ 3.5 billion, a 26% growth. In the half, sales grew 35%, reaching R\$6.9 billion in consequence of better prices.

## Outlook

After the record price levels reached in the beginning of the year, an adjustment between supply and demand had already been expected globally, reducing purchasing pressures and adjusting prices gradually at lower, however still high, levels.

Excess inventories and supply continue to influence price formation in the third quarter, causing consumers to put off purchases. This situation, however, will probably not last long, given the new cost structures of the companies after raw materials increases, among others.

The expectation is that inventory levels in the US and Europe will come down, and the mills will return to normal production and sales levels as of the fourth quarter. It is also expected that the Chinese economy maintain high growth rates, which will result in better geographic distribution of the market with normalized demand and reversion of the declining price curve.

In the domestic market, market projections indicate lower GDP growth due to the government policy of high interest rates. Consequently, projected demand in the year for flat steel products has also been reduced and the growth rate experienced last year will not repeat itself. Our sales strategy will be to increase exports, regulating the supply to the domestic market for the duration of the adjustment period.

## Market, Production and Sales

According to data from the IBS, the Brazilian Iron and Steel Institute, Brazilian crude steel production totaled 15.9 million tonnes in the first half, a similar level in relation to the same period in 2004, in spite of the declining economic activity and high level of inventories. Total flat steel production in the country finished the half slightly lower (2%) in relation to 2004, totaling 6.9 million tonnes.

Demand for flat steel in the domestic market totaled 5.2 million tonnes in the half, 4% greater than in the same period of 2004. Good performance in the large diameter tubes segment can be pointed out, where Usiminas is the leader with more than 90% market share.

Heavy plate sales continued strong this quarter, with a positive trend in the long term, in spite of postponement of some projects, such as the Gasene project. As a result, there will likely be some reallocation of sales to the export markets.

Brazilian flat steel export volume decreased 24%, going from 1.054 million tonnes in 2Q04 to 803 thousand tonnes in 2Q05 (decrease of 19% in the half, going from 1.8 million tonnes in 1S04 to 1.5 million tonnes in 1S05), as a consequence of weak demand in the US and European markets

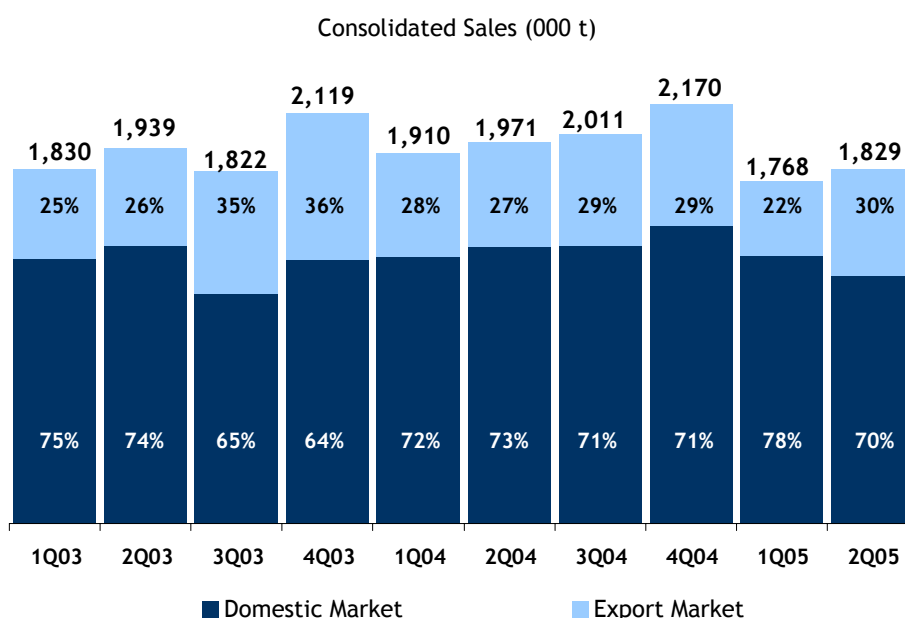
### Production of the Usiminas System

The Ipatinga (Usiminas) and Cubatão (Cosipa) mills operated in an environment of operational stability and set new records in some industrial units. Additionally, a preventative maintenance program was carried out, installation of new equipment to improve product quality was installed, such as a new ultrasonic testing machine in the plate mill (Cosipa). Cost reduction measures were achieved, such as the use of natural gas in the blast furnaces, where a fuel rate of c. 500 kg/t and coke rate of 355 kg/t were obtained at the Cubatão facilities.

In 2Q05, crude steel production of the Usiminas System reached 2.2 million tonnes. In 1H05, production totaled 4.4 million tonnes (27% of Brazilian production), in line with the volume produced in the same period 2004.

### Production (Crude Steel)

Thousand tons	2Q 2005	2Q 2004	1Q 2005	Chg. 2Q05/2Q04	Chg. 2Q05/1Q05	1H 2005	1H 2004	Chg. 1H05/1H04
Usiminas	1,161	1,183	1,135	-2%	2%	2,296	2,348	-2%
Cosipa	1,042	1,037	1,032	0%	1%	2,074	2,096	-1%
<b>Total</b>	<b>2,203</b>	<b>2,220</b>	<b>2,167</b>	<b>-1%</b>	<b>2%</b>	<b>4,370</b>	<b>4,444</b>	<b>-2%</b>



The Usiminas System sold 1.8 million tonnes of flat and processed steel products in 2Q05, finishing the first half with total volume of 3.6 million tonnes, 7% below the same period in 2004.

In 2Q05, the Usiminas System shipped 70% of total flat and processed steel products to the domestic market. Export sales growth in 2Q05 resulted in the increased importance of exports in the business of the Usiminas System, increasing 8 percentage points in relation to the 22% accounted for in 1Q05. Excess inventories in the distribution market and in some industrial segments led the Company to adopt a commercial strategy more focused on exports, adjusting its sales program. The Usiminas System continued to be the main supplier of flat rolled steel in the country and concluded the half year with a 52% market share, maintaining leadership in important segments, such as the automobile industry, agricultural and highway machinery, industrial equipment, electronics, small and large-diameter pipe and tube, shapes and shipbuilding industries.

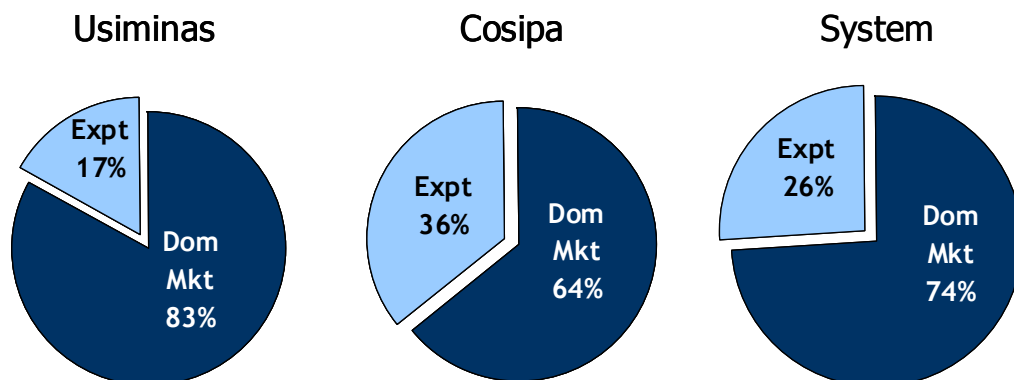
In the export markets, consolidated sales totaled 553 thousand tonnes, 2% above 2Q04 and 44% above shipments in 1Q05. In 1H05, accumulated exports were 938 thousand tonnes, a 13% drop in relation to 2004 as a result of inventory buildup in the main markets.

### Sales Volume

Thousand tons	2Q 2005		2Q 2004		1Q 2005		Chg. 2Q05/2Q04	1H 2005		1H 2004		Chg. 1H05/1H04
<b>Usiminas</b>												
Domestic Market	745	78%	864	84%	846	88%	-14%	1,591	83%	1,697	82%	-6%
Export Market	212	22%	167	16%	113	12%	27%	326	17%	366	18%	-11%
<b>Total</b>	<b>957</b>	<b>100%</b>	<b>1,031</b>	<b>100%</b>	<b>959</b>	<b>100%</b>	<b>-7%</b>	<b>1,917</b>	<b>100%</b>	<b>2,063</b>	<b>100%</b>	<b>-7%</b>
<b>Cosipa</b>												
Domestic Market	531	61%	565	60%	538	67%	-6%	1,068	64%	1,111	61%	-4%
Export Market	341	39%	374	40%	271	33%	-9%	613	36%	707	39%	-13%
<b>Total</b>	<b>872</b>	<b>100%</b>	<b>939</b>	<b>100%</b>	<b>809</b>	<b>100%</b>	<b>-7%</b>	<b>1,681</b>	<b>100%</b>	<b>1,818</b>	<b>100%</b>	<b>-8%</b>
<b>System</b>												
Domestic Market	1,276	70%	1,429	73%	1,384	78%	-11%	2,659	74%	2,808	72%	-5%
Export Market	553	30%	541	27%	384	22%	2%	939	26%	1,073	28%	-12%
<b>Total</b>	<b>1,829</b>	<b>100%</b>	<b>1,970</b>	<b>100%</b>	<b>1,768</b>	<b>100%</b>	<b>-7%</b>	<b>3,598</b>	<b>100%</b>	<b>3,881</b>	<b>100%</b>	<b>-7%</b>

Out of the foreign shipments delivered in 1H05, slabs were 46% of total sales. Exports had the following geographical distribution: NAFTA, 33%; Asia, 30%; Europe, 21%; and Latin American, 16%.

### Sales Volume Mix - 1H05





## Net Sales Revenues

Consolidated net sales revenues grew 26% in 2Q05 and reached R\$3.5 billion due to higher average prices. Compared to 1Q05 revenues, in spite sales volume 3.5% higher (61 thousand tonnes), 2Q05 revenues remained stable because of the appreciation of the Real over the dollar, thereby reducing export revenues. Over the half, revenues grew 35% and totaled R\$6.9 billion, offsetting the reduction in volume in the period. Net per-tonne sales increased 42%, going from R\$1,279/t in 1S04 to R\$1,818/t in 1S05.

## Gross Profit

Gross profit in the quarter was R\$1.6 billion and R\$3.3 billion in the half. These figures were 18% and 46% greater than the same amounts in the previous year, respectively. QoQ, COGS increased 12%, which was mainly due to increases in raw materials.

Gross margin reached 44% in the quarter, compared to 47% in the same period in 2004. In 1H05, gross margin was 47%, compared to 44%, i.e. three percentage points above. In spite of incurring cost pressure in the period, efficient cost management allied to prices above historical levels allowed maintenance of margins at adequate levels.

## Operating Profit

EBIT grew 19%, reaching R\$1.4 billion in 1Q05 (R\$2.9 billion in 1H05, 52% above 1H04). EBIT margin decreased from 41% in 2Q04 to 38% in 2Q05, due increases in SG&A and personnel expense and increase in other operating expenses (actuarial adjustment). Analyzing 1H05/1H04, EBIT margin went from 38% to 41%.

EBITDA reached R\$1.6 billion in 2Q05 and R\$3.3 billion in 1H05, 27% and 52% higher, respectively, in the same periods in 2004. EBITDA margin was 47% in the quarter, one percentage point above 2Q04. In the half, the margin was 48%, five percentage points above that reached in 1H04. The good performance allowed the Company to reinforce its cash position to meet its investment, dividend and debt management needs.

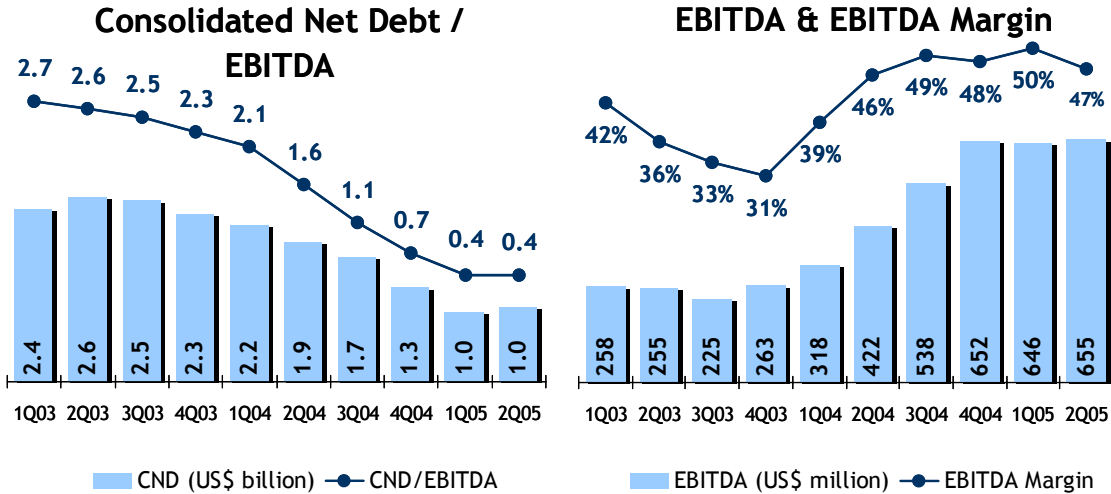
**Ebitda Margin  
of 48% in 1H05**

## Financial Results and Debt

YoY quarterly analysis reveals that net financial expense (including monetary and exchange variation) was reduced by R\$ 165 million. In the half, this reduction was even greater, approximately R\$258 million, due to reduced debt and interest payments on debt, growth in financial income on applications and positive impact of the 11.5% appreciation of the Real over the dollar, resulting in positive exchange variation.

Total debt went from R\$ 4.9 billion (US\$ 1.8 billion) on 03/31/05 to R\$ 4.3 billion (US\$ 1.8 billion on 06/30/05). Effective amortization in the period was US\$ 314 million. Long-term loans and financing came to represent 75% of the total against 74% on 03/31/05, considered to be adequate by the Company. The solid financial situation is reflected by the maintenance of the net debt/EBITDA ratio of 0.4 times on 06/30/05.

Gross consolidated debt on June 30, 2005, was made up of by export/import financing (which represented 32% of total debt), by BNDES financing (23%), by capital markets operations (14%) and sundry transactions (31%).



### Net Income

Net consolidated income was R\$ 810 million in 2Q05, growing 53% in relation to 2Q04. In first half of 2005, accumulated net income was R\$ 1.8 billion, 104% above net income in 1H04. This result is a reflex of the good moment of the steel industry, as well as the Company's strategy of rigidly controlling costs and the constant efforts to maximize its results.

### Investments

Consolidated investments destined for maintenance and technological updating of equipment totaled R\$ 253 million in the half, in accordance with the established planning time schedule. For the 2005 fiscal year, estimated investments total US\$ 230 million.

The Investment programs that have already been approved are in the process of obtaining the necessary authorizations from environmental agencies and final technical/commercial adjustments.

The approved investments are:

- 60 MW thermoelectric power plant to be installed at the Ipatinga mill
- 12 MW top blowing turbine to be installed at the Cubatão mill
- New coke plant with 550 kt/yr capacity at the Ipatinga mill
- Revamping of the continuous casting machine to be installed at the Cubatão mill

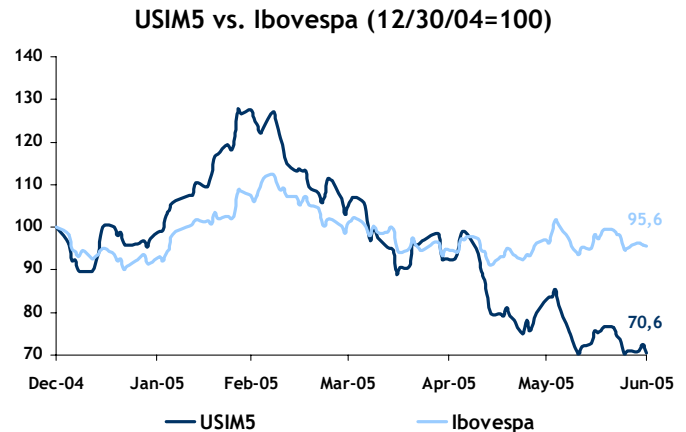
The Company is negotiating long-term financing with government agencies for the above projects.

## Capital Markets

Approximately R\$ 4.0 billion in Usiminas shares were traded on the São Paulo Stock Exchange in 2Q05, the same level registered in 1Q05. Total trading volume with Usiminas shares represented 5.58% in the quarter on the Bovespa index. In the quarter, the Bovespa index decreased 5.9%, while Usiminas shares lost 34% in the period. ADRs negotiated over the counter in New York depreciated 24% in the quarter.

Trading Summary Table for Usiminas Shares - 2Q05

Stock, ADR or Index	Number of Trades	Share Traded (000 shares)	Volume Traded 000 R\$	Appreciation %	Closing Quotation 06/30/05
USIM3 (ON)	786	2,173	94,140	-24.6%	R\$ 38.70
USIM5 (PNA)	104,338	86,813	3,953,202	-33.7%	R\$ 38.10
USNZY (ADR)	-	-	-	-24.4%	US\$ 16.10
<b>Total</b>	<b>105,124</b>	<b>88,986</b>	<b>4,047,342</b>	<b>-</b>	<b>-</b>
<b>IBOVESPA</b>	<b>1,905,427</b>	<b>1,032,705,456</b>	<b>72,482,520</b>	<b>-5.9%</b>	<b>25,051</b>



<b>Shareholder Base Total</b>	<b>225,285,820</b>
ON	112,280,152
PNA	112,552,835
PNB	452,833

Usiminas PN share participation in the theoretical stock portfolio of the Ibovespa remains in fourth place among the most traded. The Ibovespa portfolio lists 55 securities and is composed by assets that proved their negotiability, participation in financial volume and presence in the auction at levels that meet established criteria of the calculation methodology. In order to maintain a representative share of the Ibovespa, reclassification occurs at the end of each four-month period, in effect for January to April, May to August and September to December periods.

### Events in 1H05

- Usiminas shares were listed on the Latibex on July 5th. The objective is to facilitate access to the Company by the European financial community. Espírito Santo Investment was chosen as the Usiminas market maker. Since its launching until August 2<sup>nd</sup>, Usiminas shares have already reached second place among the most traded shares on the Latibex, representing around 13% of total business transacted in this period.
- Conclusion of the Cosipa restructuring process and delisting of its shares. Consequently CSPC3 and CSPC4 shares are no longer traded on the Bovespa.
- At the end of March, a Eurobond issued in October/03 with an 18-month term was liquidated in the amount of US\$ 75 million.

## Other Highlights

- Standby Facility Operation in the amount of US\$ 250 million

Usiminas concluded a Standby Facility negotiation - Export Pre-payment in the amount of US\$ 250 million, with an available takedown period of two years and liquidation in two additional years from the date of takedown of each parcel.

The credit line may be drawn down both by Usiminas and Cosipa and has as sole bookrunner the Calyon New York Branch, which is syndicated leader with participation of more than 12 US, European, Brazilian and Japanese banks for a commitment fee of 0.35%. In case the facility is used, the prepayment cost will be Libor + 0.80% per annum.

## Other companies of the Usiminas System (unconsolidated information)

### Sidor

Sidor is the largest steel producer in Venezuela. In 1H05, it produced 1.9 million tones of crude steel, 10% above that of the same period in 2004. Total steel product sales were 1.9 million tonnes, 14% above 1H04, where 44% went to the domestic market and 56% for export. Gross sales of the company reached US\$ 1.2 billion in the half, 56% above 1H04 and EBITDA was US\$ 618 million, with EBITDA margin at 50%. Net profit was US\$ 227 million in the half.

In the hot rolling area, the 600 thousand-tonne capacity skin passing line is already in operation.

Usiminas is a shareholder in Sidor via the "Consorcio Amazonas" and retains 16.6% of the consortium, which corresponds to 9.9% of Sidor's capital.

### Siderar

The Argentine economy continued to show positive signs of growth. Industrial activity grew 7.2% compared to the same period in 2004.

Siderar sold 1.2 million tonnes, 11% higher than in the same period of the previous year. Out of this total, 64% was earmarked for the domestic market. The auto industry was maintained as the highest growth industry in the first six months of the year. Exports totaled 428 thousand tonnes, distributed mainly among Europe with 43%, Latin America, with 27% and North America with 22%.

Net sales in the half reached ARP 2.4 billion (US\$ 809.3 million), a growth of 44%. EBITDA reached ARP 1.0 billion (US\$ 346.5 million) with a 43% margin. Net income in the period was ARP 758.5 million (US\$ 260.0 million), 33% above the amount obtained in the previous year.

Usiminas has a 5.32% share in the capital of Siderar.

\* Average exchange rate (ARP/US\$):

6M 2005	6M 2004
2.918	2.916

### Usiminas Mecânica

A capital goods and services company, UMSA detains several long-term projects in its portfolio. Highlights are port cranes, modular petroleum platform structures, equipment, assembly for the Alunorte expansion project and the refurbishing of the Bronx-Whitestone Bridge in New York.

The company obtained net income of R\$ 15.4 million in 1H05, a growth of 191% over the same period in 2004. Net sales revenues grew 71% and reached R\$ 310 million.

Usiminas has 99.9% of the capital of Usiminas Mecânica.



**Unigal**

Unigal is a joint venture between Usiminas and Nippon Steel Corp. and processes cold rolled coils for hot-dip galvanizing.

In the first half of 2005, 204 thousand tonnes were processed, a volume approximately 5% above that processed in the same period of the previous year. In the period, net revenues grew 19% and reached R\$ 105.7 million due to the volume increase and better prices. EBITDA was R\$ 93.7 million and net income reached R\$ 25.9 million, 20% and 63% higher, respectively than in 1H04.

Usiminas has 79.3% of the capital of Unigal.

**Conference Call: Friday, August 12****Local, at 9:00 AM (Brasília).**

Telephones for connection:

Brazil: (11) 4613-0500

International: (55 11) 4613-4520

**International, at 11:00 AM (Brasília).**

Telephones for connection:

USA: (1 800) 860-2442

Brazil: (11) 4613-0502

Other countries: (1 412) 858-4600

**Access codes: 258 + PIN (local) / 999 + PIN (international)**

The conference call will be transmitted live via Internet, accompanied by a slide presentation at website: [www.usiminas.com.br](http://www.usiminas.com.br)

*Declarations contained in this release relative to the business outlook of the Company, forecasts of operational and financial results and references to growth potential constitute mere forecasts and were based on the expectations of Management in relation to future performance. These expectations are highly dependent on market behavior, the economic situation in Brazil, its industry and international markets and, therefore, are subject to change.*

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Usinas Siderúrgicas de Minas Gerais S/A – USIMINAS is an integrated steel producer, with net sales of R\$ 12.2 billion in 2004. The Usiminas System is made up mainly of USIMINAS and Cosipa and has an annual capacity of 9.3 million tonnes of raw steel and occupies a position of leadership in the domestic flat steel market in the automobile industry, autoparts, agricultural and highway machinery sectors, electrical and electronic equipment segments and large-diameter pipe industry.

## Income Statement - Parent Company

Brazilian GAAP (Corporate Law)

R\$ thousand	2Q 2005	2Q 2004	1Q 2005	Chg. 2Q05/2Q04
Net Revenues	1,824,359	1,501,566	1,903,164	21%
Domestic Market	1,510,842	1,224,659	1,669,226	23%
Export Market	313,517	276,907	233,938	13%
COGS	(1,014,385)	(805,177)	(887,560)	26%
Gross Profit	809,974	696,389	1,015,604	16%
<i>Gross Margin</i>	44.4%	46.4%	53.4%	-2 p.p.
Operating Income (Expenses)	(82,525)	(78,507)	(78,913)	5%
Selling	(27,826)	(28,449)	(22,126)	-2%
General and Administrative	(34,595)	(28,548)	(27,463)	21%
Others, Net	(20,104)	(21,510)	(29,324)	-7%
EBIT	727,449	617,882	936,691	18%
<i>EBIT Margin</i>	39.9%	41.1%	49.2%	-1 p.p.
Financial Result	(89,227)	(92,039)	(29,708)	-3%
Equity Income	360,739	196,931	493,028	83%
Operating Result	998,961	722,774	1,400,011	38%
Non-Operating Income	713	(1,895)	2,225	-138%
Profit Before Taxes	999,674	720,879	1,402,236	39%
Income Tax / Social Contribution	(194,983)	(185,330)	(375,153)	5%
Income before Taxes and Profit Sharing	804,691	535,549	1,027,083	50%
Net Income	804,691	535,549	1,027,083	50%
<i>Net Margin</i>	44.1%	35.7%	54.0%	+8 p.p.
Net Income per thousand shares	3.66806	2.44122	4.68180	50%
EBITDA	832,814	680,686	1,000,113	22%
<i>EBITDA Margin</i>	45.6%	45.3%	52.6%	+0,3 p.p.
Depreciation	64,327	62,804	63,422	2%
Provisions	41,038	-	-	

## Income Statement - Parent Company

Brazilian GAAP (Corporate Law)

R\$ thousand	1H 2005	1H 2004	Chg. 1H05/1H04
Net Revenues	3,727,523	2,808,353	33%
Domestic Market	3,180,068	2,306,652	38%
Export Market	547,455	501,701	9%
COGS	(1,901,945)	(1,543,107)	23%
<b>Gross Profit</b>	<b>1,825,578</b>	<b>1,265,246</b>	<b>44%</b>
<i>Gross Margin</i>	<b>49%</b>	<b>45%</b>	<b>+4 p.p.</b>
Operating Income (Expenses)	<b>(161,438)</b>	<b>(143,233)</b>	<b>13%</b>
Selling	(49,952)	(49,359)	1%
General and Administrative	(62,058)	(50,600)	23%
Others, Net	(49,428)	(43,274)	14%
<b>EBIT</b>	<b>1,664,140</b>	<b>1,122,013</b>	<b>48%</b>
<i>EBIT Margin</i>	<b>45%</b>	<b>39%</b>	<b>+6 p.p.</b>
Financial Result	(118,935)	(174,003)	-32%
Equity Income	853,767	277,258	208%
<b>Operating Result</b>	<b>2,398,972</b>	<b>1,225,268</b>	<b>96%</b>
Non-Operating Income	2,938	(6,705)	-144%
<b>Profit Before Taxes</b>	<b>2,401,910</b>	<b>1,218,563</b>	<b>97%</b>
Income Tax / Social Contribution	(570,136)	(317,723)	79%
Income before Taxes and Profit Sharing	1,831,774	900,840	103%
<b>Net Income</b>	<b>1,831,774</b>	<b>900,840</b>	<b>103%</b>
<i>Net Margin</i>	<b>49%</b>	<b>32%</b>	<b>+17 p.p.</b>
Net Income per thousand shares	<b>8.34987</b>	<b>4.10634</b>	<b>103%</b>
<b>EBITDA</b>	<b>1,832,927</b>	<b>1,251,448</b>	<b>46%</b>
<i>EBITDA Margin</i>	<b>49.2%</b>	<b>44.6%</b>	<b>+4,6 p.p.</b>
Depreciation	127,749	124,843	2%
Provisions	41,038	4,592	794%

## Income Statement - Consolidated

Brazilian GAAP (Corporate Law)

R\$ thousand	2Q 2005	2Q 2004	1Q 2005	Chg. 2Q05/2Q04
<b>Net Revenues</b>	3,487,371	2,771,470	3,458,802	26%
Domestic Market	2,599,020	1,889,132	2,789,209	38%
Export Market	888,351	882,338	669,593	1%
COGS	(1,935,982)	(1,455,646)	(1,727,829)	33%
<b>Gross Profit</b>	<b>1,551,389</b>	<b>1,315,824</b>	<b>1,730,973</b>	<b>18%</b>
<i>Gross Margin %</i>	<i>44%</i>	<i>47%</i>	<i>50%</i>	<i>-3 p.p.</i>
<b>Operating Income (Expenses)</b>	<b>(195,800)</b>	<b>(173,509)</b>	<b>(167,566)</b>	<b>13%</b>
Selling	(59,876)	(64,799)	(54,044)	-8%
General and Administrative	(65,285)	(59,706)	(58,055)	9%
Others, Net	(70,639)	(49,004)	(55,467)	44%
<b>EBIT</b>	<b>1,355,589</b>	<b>1,142,315</b>	<b>1,563,407</b>	<b>19%</b>
<i>EBIT Margin %</i>	<i>39%</i>	<i>41%</i>	<i>45%</i>	<i>-2 p.p.</i>
Financial Result	(173,693)	(338,556)	(160,288)	-49%
Equity Income	26,093	7,101	149,238	267%
<b>Operating Result</b>	<b>1,207,989</b>	<b>810,860</b>	<b>1,552,357</b>	<b>49%</b>
Non-Operating Income	669	(4,721)	1,466	-114%
<b>Profit Before Taxes</b>	<b>1,208,658</b>	<b>806,139</b>	<b>1,553,823</b>	<b>50%</b>
Income Tax / Social Contribution	(395,125)	(264,626)	(543,263)	49%
<b>Income before Taxes</b>	<b>813,533</b>	<b>541,513</b>	<b>1,010,560</b>	<b>50%</b>
Minority Interests	(3,079)	(13,231)	(9,242)	-77%
<b>Net Income</b>	<b>810,454</b>	<b>528,282</b>	<b>1,001,318</b>	<b>53%</b>
<i>Net Margin</i>	<i>23%</i>	<i>19%</i>	<i>29%</i>	<i>+4 p.p.</i>
Net Income per thousand shares	3.69433	2.40809	4.56436	53%
<b>EBITDA</b>	<b>1,625,908</b>	<b>1,285,187</b>	<b>1,723,897</b>	<b>27%</b>
<i>EBITDA Margin %</i>	<i>46.6%</i>	<i>46.4%</i>	<i>49.8%</i>	<i>+0,2 p.p.</i>
Depreciation	197,920	135,070	139,847	47%
Provisions	72,399	12,394	20,643	484%

## Income Statement - Consolidated

Brazilian GAAP (Corporate Law)

R\$ thousand	1H 2005	1H 2004	Chg. 1H05/1H04
<b>Net Revenues</b>	<b>6,946,173</b>	<b>5,136,180</b>	<b>35%</b>
Domestic Market	5,388,229	3,670,518	47%
Export Market	1,557,944	1,465,662	6%
<b>COGS</b>	<b>(3,663,811)</b>	<b>(2,888,366)</b>	<b>27%</b>
<b>Gross Profit</b>	<b>3,282,362</b>	<b>2,247,814</b>	<b>46%</b>
<i><b>Gross Margin</b></i>	<i><b>47.3%</b></i>	<i><b>43.8%</b></i>	<i><b>+3 p.p.</b></i>
<b>Operating Income (Expenses)</b>	<b>(363,366)</b>	<b>(328,664)</b>	<b>11%</b>
Selling	(113,920)	(118,081)	-4%
General and Administrative	(123,340)	(113,659)	9%
Others, Net	(126,106)	(96,924)	30%
<b>EBIT</b>	<b>2,918,996</b>	<b>1,919,150</b>	<b>52%</b>
<i><b>EBIT Margin</b></i>	<i><b>42.0%</b></i>	<i><b>37.4%</b></i>	<i><b>+5 p.p.</b></i>
Financial Result	(333,981)	(591,989)	-44%
Equity Income	175,331	21,009	735%
<b>Operating Result</b>	<b>2,760,346</b>	<b>1,348,170</b>	<b>105%</b>
Non-Operating Income	2,135	(12,109)	-118%
<b>Profit Before Taxes</b>	<b>2,762,481</b>	<b>1,336,061</b>	<b>107%</b>
Income Tax / Social Contribution	(938,388)	(429,271)	119%
Income before Taxes and Profit Sharing	1,824,093	906,790	101%
Profit Sharing	(12,321)	(20,088)	104%
<b>Net Income</b>	<b>1,811,772</b>	<b>886,702</b>	<b>104%</b>
<i><b>Net Margin</b></i>	<i><b>26.1%</b></i>	<i><b>17.3%</b></i>	<i><b>+9 p.p.</b></i>
Net Income per thousand shares	<b>8.25869</b>	<b>4.04190</b>	<b>104%</b>
<b>EBITDA</b>	<b>3,349,805</b>	<b>2,206,270</b>	<b>52%</b>
<i><b>EBITDA Margin</b></i>	<i><b>48.2%</b></i>	<i><b>43.0%</b></i>	<i><b>+5,2 p.p.</b></i>
Depreciation	337,767	271,921	24%
Provisions	93,042	15,199	512%

## Cash Flow

Brazilian GAAP (Corporate Law)

R\$ thousand	Parent Company		Consolidated	
	2Q 2005	2Q 2004	2Q 2005	2Q 2004
<b>Operating Activities</b>				
Net Income (Loss) in the Period	804,691	535,549	810,454	528,282
Financial Expenses and Monetary Var/Net Exchge Var	48,764	112,667	(4,305)	325,794
Depreciation, Exhaustion and Amortization	64,327	62,804	197,921	136,853
Investment Write-offs (Decrease in Permanent Assets)	4,419	0	4,631	194
Equity in the Results of Subsidiaries/Associated Companies	(360,739)	(196,931)	(26,093)	(7,101)
Dividend Income from Subsidiaries	0	0	1,723	323
Income Tax and Social Contribution	194,983	185,330	395,125	264,626
Provisions	(25,740)	2,977	17,254	(3,769)
Adjustment for Minority Participation	0	0	3,079	13,231
<b>Total</b>	<b>730,705</b>	<b>702,396</b>	<b>1,399,789</b>	<b>1,258,433</b>
<b>Increase/Decrease of Assets</b>				
Increase (Decrease) in Accounts Receivables	(52,091)	167,724	(54,920)	(94,888)
Increase (Decrease) in Inventories	(124,815)	(137,411)	(407,737)	(275,548)
Increase (Decrease) in Recovery of Taxes	3,776	20,972	78,624	(28,018)
Increase (Decrease) from Deferred Income Tax & Social Contrb'n	56,327	69,533	89,983	35,257
Increase (Decrease) in Judicial Deposits	(6,820)	(10,949)	(12,160)	(7,570)
Others	137,185	(62,635)	55,366	51,710
<b>Total</b>	<b>13,562</b>	<b>47,234</b>	<b>(250,844)</b>	<b>(319,057)</b>
<b>Increase (Decrease) of Liabilities</b>				
Increase (Decrease) in Suppliers	100,443	(10,970)	165,105	16,281
Amounts Owed to Affiliated Companies	4,942	20,200	(26,931)	4,256
Customers Advances	(2,532)	4,646	(32,861)	39,413
Tax Payable	(50,691)	7,064	(75,686)	7,417
Income Tax and Social Contribution	(93,831)	(96,527)	(174,658)	(100,150)
Others	(155,126)	53,731	(178,196)	56,598
<b>Total</b>	<b>(196,795)</b>	<b>(21,856)</b>	<b>(323,227)</b>	<b>23,815</b>
<b>Cashflow Generated from Operating Activities</b>	<b>547,472</b>	<b>727,774</b>	<b>825,718</b>	<b>963,191</b>
<b>Financial Activities</b>				
Inflow of Loans and Financing	0	13,196	93,347	198,420
Payment of Loans, Financing and Debentures	(47,934)	(394,685)	(347,379)	(1,015,208)
Interest paid on Loans, Financ., Debent.and tax installments	(13,598)	(46,990)	(67,694)	(150,644)
Swap Operation Redemptions	0	(9,771)	0	(27,453)
Dividends Paid	(785,719)	(2,923)	(785,719)	(2,923)
<b>Net Funds from Financial Activities</b>	<b>(847,251)</b>	<b>(441,173)</b>	<b>(1,107,445)</b>	<b>(997,808)</b>
<b>Investment Activities</b>				
(Additions) in Long-term Investments	(7,833)	0	(25,647)	(1,624)
(Additions) to Permanent Assets, except Deferred Charges	(91,559)	(33,317)	(129,601)	(86,126)
(Additions) Right off of permanent assets	0	3,617	0	5,577
<b>Funds Used for Investments</b>	<b>(99,392)</b>	<b>(29,700)</b>	<b>(155,248)</b>	<b>(82,173)</b>
<b>Exchange Variation of Cash and Cash Equivalents</b>	<b>(28)</b>	<b>4,263</b>	<b>(64,098)</b>	<b>35,201</b>
<b>Cash Balance Change</b>	<b>(399,199)</b>	<b>261,164</b>	<b>(501,073)</b>	<b>(81,589)</b>
At the Beginning of the Period	1,469,959	305,625	2,333,825	1,225,848
At the End of the Period	1,070,760	566,789	1,832,752	1,144,259

## Cash Flow

Brazilian GAAP (Corporate Law)

R\$ thousand	Parent Company		Consolidated	
	1H 2005	1H 2004	1H 2005	1H 2004
<b>Operating Activities</b>				
Net Income (Loss) in the Period	1,831,774	900,840	1,811,772	886,702
Financial Expenses and Monetary Var/Net Exchange Var	122,242	200,283	189,099	580,470
Depreciation, Exhaustion and Amortization	127,749	124,843	337,768	271,923
Investment Write-offs (Decrease in Permanent Assets)	13,646	5	14,074	287
Equity in the Results of Subsidiaries/Associated Companies	(853,767)	(277,258)	(175,331)	(21,009)
Dividend Income from Subsidiaries	0	0	1,723	685
Income Tax and Social Contribution	570,136	317,723	938,388	429,271
Provisions	(20,158)	42,961	40,955	87,827
Adjustment for Minority Participation	0	0	12,321	20,088
<b>Total</b>	<b>1,791,622</b>	<b>1,309,397</b>	<b>3,170,769</b>	<b>2,256,244</b>
<b>Increase/Decrease of Assets</b>				
Increase (Decrease) in Accounts Receivables	8,933	171,838	180,184	(115,263)
Increase (Decrease) in Inventories	(264,163)	(116,003)	(668,236)	(269,641)
Increase (Decrease) in Recovery of Taxes	(1,789)	87,211	61,711	44,313
Increase (Decrease) from Deferred Income Tax & Social Contrb'n	170,417	104,270	251,926	68,957
Increase (Decrease) in Judicial Deposits	(6,955)	(28,484)	(17,288)	(32,832)
Others	156,401	(69,689)	133,991	59,031
<b>Total</b>	<b>62,844</b>	<b>149,143</b>	<b>(57,712)</b>	<b>(245,435)</b>
<b>Increase (Decrease) of Liabilities</b>				
Increase (Decrease) in Suppliers	165,515	(27,371)	192,019	25,256
Amounts Owed to Affiliated Companies	51,417	(5,252)	41,836	24,243
Customers Advances	(3,380)	3,376	(637)	83,871
Tax Payable	(37,637)	8,933	(72,813)	9,619
Income Tax and Social Contribution	(413,247)	(180,661)	(585,446)	(223,452)
Others	(222,042)	(11,764)	(181,010)	11,829
<b>Total</b>	<b>(459,374)</b>	<b>(212,739)</b>	<b>(606,051)</b>	<b>(68,634)</b>
<b>Cashflow Generated from Operating Activities</b>	<b>1,395,092</b>	<b>1,245,801</b>	<b>2,507,006</b>	<b>1,942,175</b>
<b>Financial Activities</b>				
Inflow of Loans and Financing	0	19,327	206,626	1,365,180
Payment of Loans, Financing and Debentures	(374,779)	(687,274)	(990,367)	(2,238,489)
Interest paid on Loans, Financ., Debent. and tax installments	(52,777)	(92,221)	(193,636)	(324,147)
Swap Operation Redemptions	(15,830)	(21,754)	(78,005)	(54,994)
Dividends Paid	(792,728)	(305,130)	(807,639)	(305,130)
<b>Net Funds from Financial Activities</b>	<b>(1,236,114)</b>	<b>(1,087,052)</b>	<b>(1,863,021)</b>	<b>(1,557,580)</b>
<b>Investment Activities</b>				
(Additions) in Long-term Investments	(295,624)	0	(391,572)	(1,624)
(Additions) to Permanent Assets, except Deferred Charges	(191,783)	(44,185)	(253,411)	(126,439)
(Additions) Right off of permanent assets	0	3,617	(1,713)	5,577
<b>Funds Used for Investments</b>	<b>(487,407)</b>	<b>(40,568)</b>	<b>(646,696)</b>	<b>(122,486)</b>
<b>Exchange Variation of Cash and Cash Equivalents</b>	<b>1,050</b>	<b>5,875</b>	<b>(66,711)</b>	<b>39,143</b>
<b>Cash Balance Change</b>	<b>(327,379)</b>	<b>124,056</b>	<b>(69,422)</b>	<b>301,252</b>
At the Beginning of the Period	1,398,139	442,733	1,902,174	843,007
At the End of the Period	1,070,760	566,789	1,832,752	1,144,259

## Balance Sheet - Assets

Brazilian GAAP (Corporate Law) - R\$ thousand

Assets	Parent Company		Consolidated	
	30-June-05	31-March-05	30-June-05	31-March-05
<b>Current Assets</b>	<b>3,475,734</b>	<b>3,828,878</b>	<b>6,676,918</b>	<b>6,688,508</b>
Cash and Cash Equivalents	1,070,760	1,469,959	1,832,752	2,333,825
Trade Accounts Receivable	881,449	829,358	1,630,550	1,575,630
Taxes Recoverable	22,372	26,148	100,565	105,062
Inventories	1,195,603	1,070,788	2,648,693	2,240,956
Deferred Income Tax & Social Contrb'n	253,467	245,155	328,668	245,155
Other Securities Receivables	52,083	187,470	135,690	187,880
<b>Long-Term Receivable</b>	<b>786,055</b>	<b>851,869</b>	<b>1,037,499</b>	<b>1,179,047</b>
Deferred Income Tax & Social Contrb'n	421,581	486,220	599,828	773,325
Related Company Credits	111,362	128,644	111	188
Deposits at Law	166,435	159,615	283,143	270,983
Taxes Recoverable	36,346	26,937	54,196	30,252
Others	50,331	50,453	100,221	104,299
<b>Permanent Assets</b>	<b>7,810,255</b>	<b>7,418,925</b>	<b>9,530,721</b>	<b>9,642,480</b>
Investments	4,253,618	3,889,454	669,174	716,080
Property, Plant and Equipment	3,556,637	3,529,471	8,813,810	8,877,640
Deferred	-	-	47,737	48,760
<b>Total Assets</b>	<b>12,072,044</b>	<b>12,099,672</b>	<b>17,245,138</b>	<b>17,510,035</b>



## Balance Sheet - Liabilities and Shareholders' Equity

Brazilian GAAP (Corporate Law) - R\$ thousand

Liabilities and Shareholders' Equity	Parent Company		Consolidated	
	30-June-05	31-March-05	30-June-05	31-March-05
<b>Current Liabilities</b>	<b>1,533,440</b>	<b>2,263,662</b>	<b>3,029,877</b>	<b>3,869,624</b>
Loans and Financing and Taxes Payable in Installments	536,268	536,241	1,060,735	1,252,338
Suppliers, Subcontractors and Freight	264,494	163,816	539,259	374,154
Taxes, Charges and Payroll Taxes	451,575	446,452	700,796	699,180
Related Companies	98,315	93,373	89,154	116,085
Financial Instruments	48,738	23,527	188,420	92,601
FEMCO	-	-	7,711	10,527
Dividends Payable	2,075	787,794	3,106	796,803
Others	131,975	212,459	440,696	527,936
<b>Long-Term Liabilities</b>	<b>2,696,851</b>	<b>2,798,948</b>	<b>6,398,722</b>	<b>6,609,332</b>
Loans and Financing and Taxes Payable in Installments	722,621	864,557	2,825,255	3,319,751
Related Companies	79,986	96,415	16,027	16,404
Provision for Contingencies	593,405	604,390	1,027,285	1,042,659
Actuarial Liability	968,296	965,363	1,411,943	1,042,008
Financial Instruments	244,600	165,258	620,899	579,127
FEMCO	-	-	317,176	341,481
Others	87,943	102,965	180,137	267,902
<b>Minority Interests</b>	<b>-</b>	<b>-</b>	<b>55,283</b>	<b>80,277</b>
<b>Shareholders' Equity</b>	<b>7,841,753</b>	<b>7,037,062</b>	<b>7,761,256</b>	<b>6,950,802</b>
Capital	2,400,000	2,400,000	2,400,000	2,400,000
Reserves	3,609,979	3,609,979	3,549,484	3,549,484
Revenues from Fiscal Year	1,831,774	1,027,083	1,811,772	1,001,318
<b>Total Liabilities and Shareholders' Equity</b>	<b>12,072,044</b>	<b>12,099,672</b>	<b>17,245,138</b>	<b>17,510,035</b>

**Companhia Siderúrgica Paulista - COSIPA**  
**Income Statement - Consolidated**

Brazilian GAAP (Corporate Law)

R\$ thousand	2Q 2005	2Q 2004	1Q 2005	Chg. 2Q05/2Q04
<b>Net Revenues</b>	<b>1,469,261</b>	<b>1,219,969</b>	<b>1,343,405</b>	<b>20%</b>
Domestic Market	963,565	675,140	958,058	43%
Export Market	505,696	544,829	385,347	-7%
<b>COGS</b>	<b>(853,438)</b>	<b>(712,647)</b>	<b>(709,634)</b>	<b>20%</b>
<b>Gross Profit</b>	<b>615,823</b>	<b>507,322</b>	<b>633,771</b>	<b>21%</b>
<i>Gross Margin</i>	<b>42%</b>	<b>42%</b>	<b>47%</b>	<b>0 p.p.</b>
<b>Operating Income (Expenses)</b>	<b>(74,827)</b>	<b>(59,570)</b>	<b>(54,788)</b>	<b>26%</b>
Selling	(14,010)	(16,790)	(16,689)	-17%
General and Administrative	(13,389)	(15,856)	(12,962)	-16%
Others, Net	(47,428)	(26,924)	(25,137)	76%
<b>EBIT</b>	<b>540,996</b>	<b>447,752</b>	<b>578,983</b>	<b>21%</b>
<i>EBIT Margin</i>	<b>37%</b>	<b>37%</b>	<b>43%</b>	<b>0 p.p.</b>
Financial Result	(28,099)	(243,698)	(124,140)	-88%
Equity Income	964	1,481	2,729	-35%
<b>Operating Result</b>	<b>513,861</b>	<b>205,535</b>	<b>457,572</b>	<b>150%</b>
Non-Operating Income	(486)	(3,172)	(759)	-85%
<b>Profit Before Taxes</b>	<b>513,375</b>	<b>202,363</b>	<b>456,813</b>	<b>154%</b>
Income Tax / Social Contribution	(175,096)	(68,455)	(157,958)	156%
Income before Taxes and Profit Sharing	<b>338,279</b>	<b>133,908</b>	<b>298,855</b>	<b>153%</b>
Profit Sharing	-	-	-	0%
<b>Net Income</b>	<b>338,279</b>	<b>133,908</b>	<b>298,855</b>	<b>153%</b>
<b>EBITDA</b>	<b>694,821</b>	<b>512,880</b>	<b>663,543</b>	<b>35%</b>
<i>EBITDA Margin</i>	<b>47.3%</b>	<b>42.0%</b>	<b>49.4%</b>	<b>+5,3 p.p.</b>

**Companhia Siderúrgica Paulista - COSIPA**  
**Income Statement - Consolidated**

Brazilian GAAP (Corporate Law)

R\$ thousand	1H 2005	1H 2004	Chg. 1H05/1H04
<b>Net Revenues</b>	<b>2,812,666</b>	<b>2,153,367</b>	<b>31%</b>
Domestic Market	1,921,623	1,287,105	49%
Export Market	891,043	866,262	3%
COGS	(1,563,072)	(1,332,606)	17%
<b>Gross Profit</b>	<b>1,249,594</b>	<b>820,761</b>	<b>52%</b>
<i>Gross Margin</i>	44%	38%	+6 p.p.
<b>Operating Income (Expenses)</b>	<b>(129,615)</b>	<b>(113,010)</b>	<b>15%</b>
Selling	(30,699)	(33,122)	-7%
General and Administrative	(26,351)	(31,807)	-17%
Others, Net	(72,565)	(48,081)	51%
<b>EBIT</b>	<b>1,119,979</b>	<b>707,751</b>	<b>58%</b>
<i>EBIT Margin</i>	40%	33%	+7 p.p.
Financial Result	(152,239)	(409,868)	-63%
Equity Income	3,693	2,567	44%
<b>Operating Result</b>	<b>971,433</b>	<b>300,450</b>	<b>223%</b>
Non-Operating Income	(1,245)	(6,029)	-79%
<b>Profit Before Taxes</b>	<b>970,188</b>	<b>294,421</b>	<b>230%</b>
Income Tax / Social Contribution	(333,054)	(99,814)	234%
Income before Taxes and Profit Sharing	<b>637,134</b>	<b>194,607</b>	<b>227%</b>
Profit Sharing	-	-	0%
<b>Net Income</b>	<b>637,134</b>	<b>194,607</b>	<b>227%</b>
<b>EBITDA</b>	<b>1,358,364</b>	<b>836,043</b>	<b>62%</b>
<i>EBITDA Margin</i>	48.3%	38.8%	+9,5 p.p.

## Companhia Siderúrgica Paulista - COSIPA

### Cash Flow

Brazilian GAAP (Corporate Law)

R\$ thousand	Consolidated			
	2Q 2005	2Q 2004	1H 2005	1H 2004
<b>Operating Activities</b>				
Net Income (Loss) in the Period	338,279	133,908	637,134	194,607
Financial Expenses and Monetary Var/Net Exchge Var	(15,777)	247,989	98,353	402,703
Depreciation, Exhaustion and Amortization	121,317	60,879	185,601	120,880
Investment Write-offs (Decrease in Permanent Assets)	10	61	237	61
Equity in the Results of Subsidiaries/Associated Companies	(964)	(1,665)	(3,693)	(3,026)
Dividend Income from Subsidiaries	1,723	323	1,723	685
Income Tax and Social Contribution	175,096	68,455	333,054	99,814
Provisions	41,679	(18,732)	58,504	33,580
Adjustment for Minority Participation	0	0	0	0
<b>Total</b>	<b>661,363</b>	<b>491,218</b>	<b>1,310,913</b>	<b>849,304</b>
<b>Increase/Decrease of Assets</b>				
Increase (Decrease) in Accounts Receivables	6,790	(126,000)	181,580	(78,023)
Increase (Decrease) in Inventories	(241,714)	(125,966)	(316,869)	(133,988)
Increase (Decrease) in Recovery of Taxes	32,237	(65,241)	27,950	(44,982)
Increase (Decrease) from Deferred Income Tax & Social Contrb'n	0	0	0	0
Increase (Decrease) in Judicial Deposits	(4,458)	5,118	(8,816)	1,098
Others	(28,297)	(12,060)	28,842	(10,107)
<b>Total</b>	<b>(235,442)</b>	<b>(324,149)</b>	<b>(87,313)</b>	<b>(266,002)</b>
<b>Increase (Decrease) of Liabilities</b>				
Increase (Decrease) in Suppliers	79,491	(38,733)	57,815	(19,404)
Amounts Owed to Affiliated Companies	0	10,218	0	12,883
Tax Payable	(23,461)	(8,506)	(20,965)	(3,833)
Income Tax and Social Contribution	(109,303)	0	(177,515)	0
Others	(81,061)	56,231	(63,871)	61,228
<b>Total</b>	<b>(134,334)</b>	<b>19,210</b>	<b>(204,536)</b>	<b>50,874</b>
<b>Cashflow Generated from Operating Activities</b>	<b>291,587</b>	<b>186,279</b>	<b>1,019,064</b>	<b>634,176</b>
<b>Financial Activities</b>				
Inflow of Loans and Financing	0	117,752	133	1,211,965
Payment of Loans, Financing and Debentures	(166,412)	(525,297)	(415,515)	(1,413,252)
Interest paid on Loans, Financ., Debent.and tax installments	(52,363)	(75,214)	(127,900)	(200,246)
Swap Operation Redemptions	16	(12,784)	(50,768)	(28,342)
Dividends Paid	(116,795)	0	(132,081)	0
<b>Net Funds from Financial Activities</b>	<b>(335,554)</b>	<b>(495,543)</b>	<b>(726,131)</b>	<b>(429,875)</b>
<b>Investment Activities</b>				
(Additions) in Long-term Investments	0	(164)	0	(164)
(Additions) to Permanent Assets, except Deferred Charges	(32,651)	(50,554)	(53,592)	(75,533)
(Additions) Right off of permanent assets	0	0	0	0
<b>Funds Used for Investments</b>	<b>(32,651)</b>	<b>(50,718)</b>	<b>(53,592)</b>	<b>(75,697)</b>
<b>Exchange Variation of Cash and Cash Equivalent</b>	<b>(40,934)</b>	<b>13,943</b>	<b>(45,489)</b>	<b>14,616</b>
<b>Cash Balance Change</b>	<b>(117,552)</b>	<b>(346,039)</b>	<b>193,852</b>	<b>143,220</b>
At the Beginning of the Period	636,379	666,441	324,975	177,182
At the End of the Period	518,827	320,402	518,827	320,402

**Companhia Siderúrgica Paulista - COSIPA**
**Balance Sheet - Assets**

Brazilian GAAP (Corporate Law) - R\$ thousand

Assets	Consolidated	
	30-June-05	31-March-05
<b>Current Assets</b>	<b>2,342,099</b>	<b>2,177,380</b>
Cash and Cash Equivalents	518,827	636,379
Trade Accounts Receivable	548,195	554,985
Taxes Recoverable	12,604	22,671
Inventories	1,159,740	918,026
Deferred Income Tax & Social Contrb'n	75,201	-
Other Securities Receivables	27,532	45,319
<b>Long-Term Receivable</b>	<b>298,545</b>	<b>391,189</b>
Deferred Income Tax & Social Contrb'n	150,158	259,139
Deposits at Law	86,029	80,523
Taxes Recoverable	17,494	2,951
Others	44,864	48,576
<b>Permanent Assets</b>	<b>4,736,242</b>	<b>4,828,995</b>
Investments	23,568	22,605
Property, Plant and Equipment	4,668,013	4,761,586
Deferred	44,661	44,804
<b>Total Assets</b>	<b>7,376,886</b>	<b>7,397,564</b>

**Companhia Siderúrgica Paulista - COSIPA**  
**Balance Sheet - Liabilities and Shareholders' Equity**  
Brazilian GAAP (Corporate Law) - R\$ thousand

Liabilities and Shareholders' Equity	Consolidated	
	30-June-05	31-March-05
<b>Current Liabilities</b>	<b>1,286,181</b>	<b>1,389,157</b>
Loans and Financing and Taxes Payable in Installments	554,111	673,112
Suppliers, Subcontractors and Freight	250,111	186,916
Taxes, Charges and Payroll Taxes	145,854	168,937
Deferred Taxes	62,356	43,458
Financial Instruments	108,331	57,520
Actuarial Liability	7,711	10,527
FEMCO	563	1,446
Dividends Payable	1,031	117,826
Others	156,113	129,415
<b>Long-Term Liabilities</b>	<b>3,393,021</b>	<b>3,582,884</b>
Loans and Financing and Taxes Payable in Installments	1,925,368	2,308,986
Related Companies	387,879	392,876
Provision for Contingencies	388,934	363,413
Actuarial Liability	447,094	322,615
Financial Instruments	4,558	4,497
FEMCO	187,068	137,617
Others	52,120	52,880
<b>Minority Interests</b>	<b>-</b>	<b>-</b>
<b>Shareholders' Equity</b>	<b>2,697,684</b>	<b>2,425,523</b>
Capital	1,763,814	1,763,814
Reserves	296,736	362,854
Revenues from Fiscal Year	637,134	298,855
<b>Total Liabilities and Shareholders' Equity</b>	<b>7,376,886</b>	<b>7,397,564</b>

### Sales Volume Breakdown - Consolidated

Thousand tonnes	2Q 2005		2Q 2004		1Q 2005		Chg. 2Q05/2Q04
<b>TOTAL SALES</b>	<b>1,829</b>	<b>100%</b>	<b>1,971</b>	<b>100%</b>	<b>1,768</b>	<b>100%</b>	<b>-7%</b>
Heavy Plates	424	23%	425	22%	376	21%	0%
Hot Coils/Sheets	434	24%	531	27%	511	29%	-18%
Cold Coils/Sheets	481	26%	506	26%	453	26%	-5%
Electrogalvanized Coils	55	3%	62	3%	73	4%	-11%
Hot Dip Galvanized Coils	80	4%	104	5%	73	4%	-23%
Processed Products	79	4%	100	5%	64	4%	-21%
Slabs	276	15%	243	12%	218	12%	14%
<b>TOTAL SALES - DOMESTIC MARKET</b>	<b>1,275</b>	<b>70%</b>	<b>1,429</b>	<b>73%</b>	<b>1,384</b>	<b>78%</b>	<b>-11%</b>
Heavy Plates	353	19%	285	14%	306	17%	24%
Hot Coils/Sheets	401	28%	494	25%	486	23%	-19%
Cold Coils/Sheets	336	18%	383	19%	394	22%	-12%
Electrogalvanized Coils	46	3%	54	3%	51	3%	-15%
Hot Dip Galvanized Coils	69	4%	78	4%	73	4%	-12%
Processed Products	43	2%	64	3%	41	2%	-33%
Slabs	27	1%	71	4%	33	2%	-62%
<b>TOTAL SALES - EXPORTS</b>	<b>554</b>	<b>30%</b>	<b>542</b>	<b>27%</b>	<b>384</b>	<b>22%</b>	<b>2%</b>
Heavy Plates	71	5%	140	7%	70	4%	-49%
Hot Coils/Sheets	33	2%	37	2%	25	1%	-11%
Cold Coils/Sheets	145	8%	123	6%	59	3%	18%
Electrogalvanized Coils	9	0%	8	0%	22	1%	13%
Hot Dip Galvanized Coils	11	1%	26	1%	-	0%	-58%
Processed Products	36	2%	36	2%	23	1%	0%
Slabs	249	11%	172	9%	185	10%	45%

### Net Revenues per tonne - USIMINAS + COSIPA

R\$ / t.	2Q 2005	1Q 2005	1Q 2004	4Q 2004
<b>Total</b>	<b>1,800</b>	<b>1,836</b>	<b>1,173</b>	<b>1,698</b>
Heavy Plates	2,031	2,034	1,107	1,843
Hot Coils/Sheets	1,673	1,654	1,022	1,466
Cold Coils/Sheets	1,834	1,922	1,296	1,851
Electrogalvanized Coils	2,253	2,291	1,658	2,237
Hot Dip Galvanized Coils	2,195	2,289	1,661	2,201
Processed Products	2,296	2,342	1,530	2,245
Slabs	1,052	1,081	769	1,150

### Sectorial Sales - Consolidated

Thousand tonnes	2Q 2005		2Q 2004		1Q 2005		Chg. 2Q05/2Q04
<b>Domestic Market</b>	<b>1,275</b>	<b>100%</b>	<b>1,429</b>	<b>100%</b>	<b>1,384</b>	<b>100%</b>	<b>-11%</b>
Auto	167	13%	151	11%	162	11%	10%
Autoparts	167	13%	177	12%	208	15%	-6%
Shipbuilding	12	1%	18	1%	23	2%	-33%
Line Pipes	111	9%	80	6%	104	7%	40%
Small Diameter Pipes	96	8%	119	8%	97	7%	-19%
Packaging	20	2%	24	2%	28	2%	-18%
Household Appliances	22	2%	29	2%	25	2%	-22%
Civil Construction	96	7%	107	8%	105	8%	-11%
Electrical Equipment	56	4%	57	4%	64	5%	-3%
Distributors	307	24%	366	26%	334	24%	-16%
Industrial Equipment	37	3%	38	3%	39	3%	-3%
Others	185	14%	263	17%	195	14%	-30%

### Market Share - Usiminas System (\*)

(% volume)

	1H 2005 (*)	2004 (*)	2003 (*)	2002 (*)
<b>DOMESTIC MARKET</b>	<b>52%</b>	<b>55%</b>	<b>60%</b>	<b>62%</b>
Auto	57%	55%	62%	62%
Autoparts	57%	62%	67%	73%
Shipbuilding	100%	100%	100%	100%
Electrical Equipment	65%	63%	58%	54%
Household Appliances	33%	36%	44%	44%
Line Pipes	93%	98%	95%	100%
Small Diameter Pipes	54%	60%	68%	80%
Packaging	12%	15%	16%	14%
Civil Construction	44%	48%	58%	54%
Distributors	44%	51%	59%	62%

(\*) Defined by USIMINAS, Cosipa, CSN, Acesita and CST markets.

Source: Information System - IBS



**Loans and Financing by Index - Consolidated**

R\$ million	30-June-05			31-March-05	Chg. 2Q05/1Q05
	Short Term	Long Term	TOTAL	TOTAL	
<b>TOTAL DEBT</b>					
Foreign Currency (*)	671,090	2,167,546	2,838,636	3,475,388	-18%
IGP-M	115,668	167,510	283,178	278,349	2%
TJLP	209,391	292,108	501,499	520,993	-4%
Others	37,512	45,028	82,540	115,554	-29%
<b>Sub-Total</b>	<b>1,033,661</b>	<b>2,672,192</b>	<b>3,705,853</b>	<b>4,390,284</b>	<b>-16%</b>
Taxes Payable in Installments	27,074	153,063	180,137	181,805	-1%
<b>TOTAL</b>	<b>1,060,735</b>	<b>2,825,255</b>	<b>3,885,990</b>	<b>4,572,089</b>	<b>-15%</b>
FEMCO	7,711	365,018	372,729	352,008	6%
<b>TOTAL DEBT</b>	<b>1,068,446</b>	<b>3,190,273</b>	<b>4,258,719</b>	<b>4,924,097</b>	<b>-14%</b>
Cash and Cash Equivalents			1,832,752	2,333,825	-21%
<b>NET DEBT</b>			<b>2,425,967</b>	<b>2,590,272</b>	<b>-6%</b>

(\*) 99.2% of total foreign currency is denominated in US dollars

**Financial Income - Consolidated**

R\$ million	2Q 2005	2Q 2004	1H 2005	Chg. 2Q05/2Q04
Monetary Effects	(24,869)	(58,280)	(29,449)	-57%
Exchange Variation	241,119	(298,159)	(22,948)	-181%
Hedge Income (Expenses)	(317,748)	126,796	(63,281)	-351%
Interest on Loans, Financing, ACC's and Pre-Payment	(86,893)	(128,784)	(93,128)	-33%
Financial Income	58,552	47,346	84,501	24%
Other Financial Expenses	(43,854)	(27,475)	(35,983)	60%
<b>NET INTEREST INCOME</b>	<b>(173,693)</b>	<b>(338,556)</b>	<b>(160,288)</b>	<b>-49%</b>

**Financial Income - Consolidated**

R\$ million	1H 2005	1H 2004	Chg. 1H05/1H04
Monetary Effects	(54,318)	(104,818)	-48%
Exchange Variation	219,543	(321,171)	-168%
Hedge Income (Expenses)	(381,029)	71,356	-634%
Interest on Loans, Financing, ACC's and Pre-Payment	(180,021)	(283,557)	-37%
Financial Income	141,681	88,187	61%
Other Financial Expenses	(79,837)	(41,986)	90%
<b>NET INTEREST INCOME</b>	<b>(333,981)</b>	<b>(591,989)</b>	<b>-44%</b>