VALLEY OF THE RIO DOCE CO
Form 6-K
August 13, 2004

United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 6-K

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

For the month of

August 2004

Valley of the Rio Doce Company

(Translation of Registrant s name into English)

Avenida Graça Aranha, No. 26
20005-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F þ Form 40-F o

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes o No þ

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes o No þ

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes o No þ

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82- .)

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This report on Form 6-K is hereby incorporated by reference into the Registration Statement on Form F-3 of Vale Overseas Limited, File No. 333-110867-01 and the Registration Statement on Form F-3 of Companhia Vale do Rio Doce, File No. 333-110867 and shall be deemed to be a part thereof from the date on which this report is furnished, to the extent not superseded by documents or reports subsequently filed or furnished.

COMPANHIA VALE DO RIO DOCE
Report on Form 6-K

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Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars

	June 30, 2004	December 31, 2003
Assets	(unaudited)	
Current assets		
Cash and cash equivalents	1,059	585
Accounts receivable		
Related parties	121	115
Unrelated parties	782	703
Loans and advances to related parties	36	56
Inventories	609	505
Deferred income tax	66	91
Others	396	419
	3,069	**2,474**
Property, plant and equipment, net and mining rights	**6,872**	**6,484**
Investments in affiliated companies and joint ventures and other investments, net of provision for losses on equity investments	**966**	**1,034**
Other assets		
Goodwill on acquisition of subsidiaries	419	451
Loans and advances		
Related parties	33	40
Unrelated parties	61	68
Prepaid pension cost	70	82
Deferred income tax	369	234
Judicial deposits	419	407
Unrealized gain on derivative instruments	1	5
Others	155	155
	1,527	**1,442**
TOTAL	**12,434**	**11,434**

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Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars
(Except number of shares)

(Continued)

	June 30, 2004	December 31, 2003
Liabilities and stockholders equity	(unaudited)	
Current liabilities		
Suppliers	364	482
Payroll and related charges	84	78
Interest attributed to stockholders	142	118
Current portion of long-term debt unrelated parties	853	1,009
Short-term debt	127	129
Loans from related parties	45	119
Others	365	318
	1,980	**2,253**
Long-term liabilities		
Employees post-retirement benefits	192	198
Long-term debt unrelated parties	3,488	2,767
Loans from related parties	1	4
Provisions for contingencies (Note 10)	658	635
Unrealized loss on derivative instruments	122	96
Others	281	268
	4,742	**3,968**
Minority interests	**533**	**329**
Stockholders equity		
Preferred class A stock - 600,000,000 no-par-value shares authorized and 138,575,913 issued	1,176	1,055
Common stock - 300,000,000 no-par-value shares authorized and 249,983,143 issued	2,121	1,902
Treasury stock - 4,183 (2003 - 4,183) preferred and 4,715,170 common shares	(88)	(88)
Additional paid-in capital	498	498
Other cumulative comprehensive loss	(4,696)	(4,375)
Appropriated retained earnings	2,501	3,035
Unappropriated retained earnings	3,667	2,857

	5,179	**4,884**
TOTAL	**12,434**	**11,434**

See notes to condensed consolidated financial information.

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Condensed Consolidated Statements of Income
Expressed in millions of United States dollars (Unaudited)
(except number of shares and per-share amounts)

	Three-month periods ended			Six months ended June 30	
	June 30, 2004	**March 31, 2004**	**June 30, 2003**	**2004**	**2003**
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals					
Iron ore and pellets	1,262	1,061	761	2,323	1,507
Kaolin	39	39	14	78	30
Manganese and ferroalloys	164	131	89	295	164
Potash	31	23	21	54	42
Copper	24			24	
Others			7		16
	1,520	**1,254**	**892**	**2,774**	**1,759**
Revenues from logistic services	220	191	138	411	253
Aluminum products	289	280	188	569	355
Other products and services	4	6	1	10	5
	2,033	**1,731**	**1,219**	**3,764**	**2,372**
Value-added tax	(113)	(75)	(49)	(188)	(92)
Net operating revenues	**1,920**	**1,656**	**1,170**	**3,576**	**2,280**
Operating costs and expenses					
Cost of ores and metals sold	(647)	(643)	(438)	(1,290)	(866)
Cost of logistic services	(117)	(115)	(73)	(232)	(143)
Cost of aluminum products	(143)	(147)	(157)	(290)	(299)
Others	(5)	(3)	(2)	(8)	(3)
	(912)	**(908)**	**(670)**	**(1,820)**	**(1,311)**
Selling, general and administrative expenses	(106)	(101)	(45)	(207)	(94)
Research and development	(27)	(23)	(12)	(50)	(23)
Employee profit sharing plan	(17)	(13)	(9)	(30)	(21)
Others	(26)	(28)	(46)	(54)	(80)

	(1,088)	**(1,073)**	**(782)**	**(2,161)**	**(1,529)**
Operating income	**832**	**583**	**388**	**1,415**	**751**
Non-operating income (expenses)					
Financial income	19	12	29	31	57
Financial expenses	(106)	(142)	(64)	(248)	(146)
Foreign exchange and monetary gains (losses), net	(245)	(42)	257	(287)	307
	(332)	**(172)**	**222**	**(504)**	**218**
Income before income taxes, equity results and minority interests	**500**	**411**	**610**	**911**	**969**
Income taxes					
Current	(41)	(97)	(135)	(138)	(141)
Deferred	(23)	32	(25)	9	(90)
	(64)	**(65)**	**(160)**	**(129)**	**(231)**
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	150	86	35	236	129
Minority interests	(82)	(27)	(29)	(109)	(47)
Income from continuing operations	**504**	**405**	**456**	**909**	**820**
Change in accounting pratice for asset retirement obligations (Note 4)					(10)
Net income for the period	**504**	**405**	**456**	**909**	**810**
Basic earnings per Preferred Class A Share	**1.31**	**1.06**	**1.19**	**2.37**	**2.11**
Basic earnings per Common Share	**1.31**	**1.06**	**1.19**	**2.37**	**2.11**

Weighted average number of shares outstanding (thousands of shares)					
Common shares	245,268	245,268	245,268	245,268	245,268
Preferred Class A shares	138,571	138,571	138,571	138,571	138,571

See notes to condensed consolidated financial information.

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Condensed Consolidated Statements of Cash Flows
Expressed in millions of United States dollars (Unaudited)

	Three-month periods ended			Six months ended June 30	
	June 30, 2004	March 31, 2004	June 30, 2003	2004	2003
Cash flows from operating activities:					
Net income	504	405	456	909	810
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation, depletion and amortization	79	99	54	178	97
Dividends received	60	61	36	121	72
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(150)	(86)	(35)	(236)	(129)
Deferred income taxes	23	(32)	25	(9)	90
Provisions for other contingencies					9
Impairment of property, plant and equipment			12		12
Change in accounting pratice for asset retirement obligations (Note 4)					10
Pension plan	3	3	2	6	5
Foreign exchange and monetary losses (gains)	291	45	(257)	336	(399)
Net unrealized derivative losses (gains)	(22)	54	(1)	32	2
Minority interests	82	27	29	109	47
Others	51	(35)	(3)	16	3
Decrease (increase) in assets:					
Accounts receivable	(132)	(23)	65	(155)	129
Inventories	(67)	(15)	(27)	(82)	(3)
Others	67	(25)	23	42	22
Increase (decrease) in liabilities:					
Suppliers	(59)	(25)	28	(84)	(65)
Payroll and related charges	(18)	(3)	13	(21)	7
Others	(12)	147	39	135	96
Net cash provided by operating activities	**700**	**597**	**459**	**1,297**	**815**
Cash flows from investing activities:					
Loans and advances receivable					
Related parties					
Additions	(6)		(54)	(6)	(77)
Repayments	5	41		46	29
Others	4	15	1	19	17
Guarantees and deposits	(18)	(24)	(152)	(42)	(164)
Additions to investments	(6)	(9)	(61)	(15)	(61)

Additions to property, plant and equipment	(416)	(381)	(305)	(797)	(503)
Proceeds from disposal of investments			37		37
Net cash used in investing activities	**(437)**	**(358)**	**(534)**	**(795)**	**(722)**
Cash flows from financing activities:					
Short-term debt, net issuances (repayments)	(44)	44	60		(33)
Loans					
Related parties					
Additions	3	3		6	
Repayments	(1)	(6)	(6)	(7)	(22)
Issuances of long-term debt					
Related parties					2
Others	227	665	40	892	217
Repayments of long-term debt					
Related parties			(4)		(4)
Others	(201)	(470)	(175)	(671)	(276)
Interest attributed to stockholders	(269)		(215)	(269)	(215)
Net cash provided by (used in) financing activities	**(285)**	**236**	**(300)**	**(49)**	**(331)**
Increase (decrease) in cash and cash equivalents	(22)	475	(375)	453	(238)
Effect of exchange rate changes on cash and cash equivalents	(2)	(3)	57	(5)	113
Initial cash in new consolidated subsidiary		26		26	
Cash and cash equivalents, beginning of period	1,083	585	1,284	585	1,091
Cash and cash equivalents, end of period	**1,059**	**1,083**	**966**	**1,059**	**966**
Cash paid during the period for:					
Interest on short-term debt		(2)	(1)	(2)	(7)
Interest on long-term debt	(51)	(80)	(33)	(131)	(86)
Income tax			(27)		(33)
Non-cash transactions					
Conversion of loans receivable to investments			76		87

See notes to condensed consolidated financial information.

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Condensed Consolidated Statements of Changes in Stockholders Equity
Expressed in millions of United States dollars (Unaudited)
(except number of shares and per-share amounts)

	Three-month periods ended			Six months ended June 30	
	June 30, 2004	**March 31, 2004**	**June 30, 2003**	**2004**	**2003**
Preferred class A stock (including one special share)					
Beginning of the period	1,055	1,055	904	1,055	904
Transfer from appropriated retained earnings	121		151	121	151
End of the period	**1,176**	**1,055**	**1,055**	**1,176**	**1,055**
Common stock					
Beginning of the period	1,902	1,902	1,630	1,902	1,630
Transfer from appropriated retained earnings	219		272	219	272
End of the period	**2,121**	**1,902**	**1,902**	**2,121**	**1,902**
Treasury stock					
Beginning and end of the period	(88)	(88)	(88)	(88)	(88)
Additional paid-in capital					
Beginning and end of the period	**498**	**498**	**498**	**498**	**498**
Other cumulative comprehensive loss					
Cumulative translation adjustments					
Beginning of the period	(4,480)	(4,449)	(4,999)	(4,449)	(5,185)
Change in the period	(277)	(31)	593	(308)	779
End of the period	**(4,757)**	**(4,480)**	**(4,406)**	**(4,757)**	**(4,406)**

Unrealized gain on available-for-sale securities					
Beginning of the period	77	74	13	74	
Change in the period	(16)	3	5	(13)	18
End of the period	**61**	**77**	**18**	**61**	**18**
Adjustments relating to investments in affiliates					
Beginning and end of the period			**10**		**10**
Total other cumulative comprehensive loss	(4,696)	(4,403)	(4,378)	(4,696)	(4,378)
Appropriated retained earnings					
Beginning of the period	3,016	3,035	2,351	3,035	2,230
Transfer (to) from retained earnings	(175)	(19)	364	(194)	485
Transfer to capital stock	(340)		(423)	(340)	(423)
End of the period	**2,501**	**3,016**	**2,292**	**2,501**	**2,292**
Retained earnings					
Beginning of the period	3,119	2,857	3,321	2,857	3,288
Net income	504	405	456	909	810
Interest attributed to stockholders					
Preferred class A stock	(48)	(58)	(48)	(106)	(120)
Common stock	(83)	(104)	(84)	(187)	(212)
Appropriation (to) from reserves	175	19	(364)	194	(485)
End of the period	**3,667**	**3,119**	**3,281**	**3,667**	**3,281**
Total stockholders equity	**5,179**	**5,099**	**4,562**	**5,179**	**4,562**

Comprehensive income is comprised as follows:

Net income for the period	504	405	456	909	810
Cumulative translation adjustments	(277)	(31)	593	(308)	779
Unrealized gain (loss) on available-for-sale securities	(16)	3	5	(13)	18
Total comprehensive income	**211**	**377**	**1,054**	**588**	**1,607**
Shares					
Preferred class A stock (including one special share)	**138,575,913**	**138,575,913**	**138,575,913**	**138,575,913**	**138,575,913**
Common stock	**249,983,143**	**249,983,143**	**249,983,143**	**249,983,143**	**249,983,143**
Treasury stock (1)					
Beginning of the period	(4,719,353)	(4,719,353)	(4,719,635)	(4,719,353)	(4,719,651)
Sales			230		246
End of the period	**(4,719,353)**	**(4,719,353)**	**(4,719,405)**	**(4,719,353)**	**(4,719,405)**
	383,839,703	**383,839,703**	**383,839,651**	**383,839,703**	**383,839,651**
Interest attributed to stockholders (per share)					
Preferred class A stock (including one special share)	0.78	0.42	0.52	0.78	0.52
Common stock	0.78	0.42	0.52	0.78	0.52

(1) As of June 30, 2004, 4,715,170 common shares and 4,183 preferred shares were held in treasury in the amount of $ 88. The 4,715,170 common shares guarantee a loan of our subsidiary Alunorte.

See notes to condensed consolidated financial information.

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Notes to the Condensed Consolidated Financial Information
Expressed in millions of United States dollars, unless otherwise stated (Unaudited)

1 The Company and its operations

Companhia Vale do Rio Doce (CVRD) is a limited liability company, duly organized and existing under the laws of the Federative Republic of Brazil. Our operations are carried out through CVRD and its subsidiary companies, joint ventures and affiliates, and mainly consist of mining, non-ferrous metal production and logistics, as well as energy, aluminum and steel activities. Further details of our operations and those of our joint ventures and affiliates are described in Note 8.

The main operating subsidiaries we consolidate are as follows:

Subsidiary	% ownership	Head office location	Principal activity
Alumina do Norte do Brasil S.A. Alunorte	57	Brazil	Aluminum
Alumínio Brasileiro S.A. Albras (8)	51	Brazil	Aluminum
CADAM S.A. (2) (4)	37	Brazil	Kaolin
CELMAR S.A. Indústria de Celulose e Papel (3)	100	Brazil	Forestry
CVRD Overseas Ltd.	100	Cayman Island	Trading
Ferrovia Centro-Atlântica S.A. (4)	100	Brazil	Logistics
Ferteco Mineração S.A. FERTECO (3)	100	Brazil	Iron ore and Pellets
Itabira Rio Doce Company Ltd. ITACO	100	Cayman Island	Trading
Mineração Serra do Sossego S.A. (1) (5)	100	Brazil	Copper
Minerações Brasileiras Reunidas S.A. MBR (4) (7)	56	Brazil	Iron ore
Navegação Vale do Rio Doce S.A. DOCENAVE	100	Brazil	Shipping
Pará Pigmentos S.A.	76	Brazil	Kaolin
Rio Doce International Finance Ltd. RDIF	100	Bahamas	International finance
Rio Doce Manganèse Europe RDME	100	France	Ferroalloys
Rio Doce Manganese Norway RDMN	100	Norway	Ferroalloys
Salobo Metais S.A. (1)	100	Brazil	Copper
Rio Doce Manganês S.A. (6)	100	Brazil	Manganese and Ferroalloys
Urucum Mineração S.A.	100	Brazil	Iron ore, Ferroalloys and Manganese
Vale do Rio Doce Alumínio S.A. ALUVALE (5)	100	Brazil	Aluminum

(1) Development stage companies

(2) Through Caemi Mineração e Metalurgia S.A.

(3) Merged with CVRD on August 29, 2003

(4) Consolidated as from September 2003

(5) Merged with CVRD on December 30, 2003

(6) Formerly Sibra-Eletrosiderúrgica Brasileira S.A.

(7) Through Caemi Mineração e Metalurgia S.A. and Belém Administrações e Participações Ltda.

(8) Consolidated as from January 1, 2004 (See Note 4)

2 Basis of consolidation

All majority-owned subsidiaries where we have both share and management control are consolidated, with elimination of all significant intercompany accounts and transactions. Investments in unconsolidated affiliates and joint ventures are reported at cost plus our equity in undistributed earnings or losses. Included in this category are certain joint ventures in which we have majority ownership but, by force of shareholders agreements, do not have effective management control. We provide for losses on equity investments with negative stockholders equity where applicable (see Note 8).

We evaluate the carrying value of our listed investments relative to publicly available quoted market prices. If the quoted market price is below book value, and such decline is considered other than temporary, we write-down our equity investments to quoted market value. We define joint ventures as businesses in which we and a small group of other partners each participate actively in the overall entity management, based on a shareholders agreement. We define affiliates as businesses in which we participate as a minority stockholder but with significant influence over the operating and financial policies of the investee.

Investments in unincorporated joint ventures, formed for the purpose of investing in electrical energy projects, are proportionately consolidated.

3 Summary of significant accounting policies

Our condensed consolidated interim financial information for the three-month periods ended June 30, 2004 and 2003 and March 31, 2004 and for the six month periods ended June 30, 2004 and 2003 is unaudited. However, in our opinion, such condensed consolidated financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for interim periods. The results of operations for the three month period ended June 30, 2004 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2004.

In preparing the consolidated financial statements, we are required to use estimates to account for certain assets, liabilities, revenues and expenses. Our consolidated financial statements therefore include various estimates concerning the selection of useful lives of property, plant and equipment, provisions necessary for contingent liabilities, fair values assigned to assets and liabilities acquired in business combinations, income tax valuation allowances, employee post-retirement benefits and other similar evaluations, actual results may vary from our estimates.

Exchange rates at June 30, 2004, March 31, 2004 and December 31, 2003 were R$ 3,1075: US$ 1,00, R$ 2,9086: US$ 1,00 and R$ 2,8892: US$ 1,00, respectively.

4 Change in accounting practices

In June 2001, the FASB issued SFAS 143 Accounting for Asset Retirement Obligations . We adopted SFAS 143 as from January 1, 2003, and as a consequence an additional $26 for asset retirement obligations was recorded as Others long-term liabilities , a net increase of $11 in mine development costs was registered within Property, plant and equipment and a resulting charge of $10 was registered as Change in Accounting Practice for Asset Retirement Obligations on the Statement of Income, net of income tax ($15 gross of deferred income tax). Over time the liabilities will be accreted for the change in their present value and initial capitalized costs will be amortized over the useful lives of the related assets.

In December 2003, the FASB issued FIN 46R Consolidation of Variable Interest Entities, (revised December 2003) . The primary objectives of FIN 46R are to provide guidance on the identification of entities for which control is achieved through means other than through voting rights (variable interest entities or VIEs) and how to determine when and which business enterprise should consolidate the VIE (the primary beneficiary). This new model for consolidation applies to an entity in which either (1) the equity investors (if any) do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity s activities without receiving additional subordinated financial support from other parties. In addition, FIN 46R requires that both the primary beneficiary and all other enterprises with a significant variable interest in a VIE make additional disclosures regarding the nature, purpose, size and activities of the VIE and the enterprise s maximum exposure to loss as a result of its involvement with the VIE. Alumínio Brasileiro S.A ALBRAS was identified as a VIE and was consolidated as from January 1, 2004.

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5 Recently-issued accounting pronouncements

Emerging Issue Task Force No. 04-03 (EITF 04-03), *Mining assets: Impairment and Business Combinations* and No. 03-01 (EITF 03-01), *The Meaning of Other Than Temporary Impairment and its Application to Certain Investments* were issued in March, 2004.

The Company does not expect any significant impacts on its financial statements arising from these new pronouncements.

6 Income taxes

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory composite enacted tax rate applicable in the periods presented is 34% represented by a 25% federal income tax rate plus a 9% social contribution rate.

The amount reported as income tax expense in our consolidated financial statements is reconciled to the statutory rates as follows:

	Three-month periods ended			**Six months ended June 30**	
	June 30, 2004	**March 31, 2004**	**June 30, 2003**	**2004**	**2003**
Income before income taxes, equity results and minority interests	**500**	**411**	**610**	**911**	**969**
Federal income tax and social contribution expense at statutory enacted rates	(171)	(139)	(207)	(310)	(329)
Adjustments to derive effective tax rate:					
Tax benefit on interest attributed to stockholders	44	55	59	99	122
Exempt foreign income (expenses)	21	14	(26)	35	(42)
Difference on tax basis of equity investees	(16)	(14)		(30)	
Tax incentives	3	9	40	12	40
Valuation allowance reversal	52			52	9
Other non-taxable gains (losses)	3	10	(26)	13	(31)
Federal income tax and social contribution expense in consolidated statements of income	**(64)**	**(65)**	**(160)**	**(129)**	**(231)**

We have certain tax incentives relative to our iron ore and manganese operations in Carajás and relative to alumina in Barcarena. The incentives relative to iron ore and manganese comprise full income tax exemption on defined production levels up to 2005 and partial exemption up to 2013. Both incentives relative to alumina expire in 2010. An amount equal to the tax saving must be appropriated to a reserve account within stockholders equity and may not be distributed in the form of cash dividends.

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7 Inventories

	June 30, 2004	December 31, 2003
Finished products		
Iron ore and pellets	147	146
Manganese and ferroalloys	92	78
Alumina	25	20
Aluminum	34	
Copper	10	
Kaolin	18	16
Others	7	8
Spare parts and maintenance supplies	276	237
	609	**505**

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8 Investments in affiliated companies and joint ventures

	June 30, 2004	Investments	Equity Adjustments		Dividends received		
			Three Months periods	Six months	Three Months periods	Six months	Quoted

(1) During the quarter ended June 30, 2003 CVRD acquired an additional 4.42% of the voting shares and 5.64% of the preferred shares, representing 5.17% of CST s total capital for $ 60;

(2) Investment sold in 2003;

(3) Consolidated as from September, 2003, after acquisition of control;

(4) Investment includes goodwill of $35 in 2004 and $ 37 in 2003;

(5) Albras was consolidated as from January 1, 2004.

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9 Pension plans

			Quarter	Six months ended June 30	
	June 30, 2004	March 31, 2004	June 30, 2003	2004	2003
Service cost benefits earned during the period		1	1	1	1
Interest cost on projected benefit obligation	36	38	36	74	67
Actual return on assets	(32)	(44)	(87)	(76)	(118)
Amortization of initial transitory obligation	2	2	2	4	4
Net deferral	(3)	6	50	3	51
Net periodic pension cost	**3**	**3**	**2**	**6**	**5**

Employer contributions

We previously disclosed in our consolidated financial statements for the year ended December 31, 2003, that we expected to contribute $14 to our pension plan in 2004. As of June 30, 2004, $7 of contributions have been made. We do not expect any change in our previous estimate.

10 Commitments and contingencies

(a) At June 30, 2004, we had extended guarantees for borrowings obtained by affiliates and joint ventures in the amount of $8, of which $7 is denominated in United States dollars and the remaining $1 in local currency, as follows:

Affiliate or Joint Venture	Amount of guarantee	Denominated currency	Purpose	Final maturity	Counter guarantees
SAMARCO	7	US$	Debt guarantee	2008	None
VALESUL	1	R$	Debt guarantee	2007	None
	8				

We expect no losses to arise as a result of the above guarantees. We charge commission for extending these guarantees in the case of Samarco.

We have not provided any significant guarantees since January 1, 2003 which would require fair value adjustments under FIN 45 Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others .

(b) CVRD and its subsidiaries are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the provision made against contingent losses is sufficient to cover probable losses in connection with such actions.

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The provision for contingencies and the related judicial deposits are composed as follows:

	June 30, 2004		December 31, 2003	
	Provision for contingencies	**Judicial deposits**	**Provision for contingencies**	**Judicial deposits**
Labor claims	184	76	177	66
Civil claims	135	56	167	54
Tax related actions	334	283	285	279
Others	5	4	6	8
	658	**419**	**635**	**407**

Labor related actions principally comprise employee claims for (i) payment of time spent traveling from their residences to the work-place, (ii) additional payments for alleged dangerous or unhealthy working conditions and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal.

Civil actions principally relate to claims made against us by contractors in connection with losses alleged to have been incurred by them as a result of various past government economic plans during which full indexation of contracts for inflation was not permitted.

Tax related actions principally comprise our challenges of certain revenue taxes, VAT and of the tax on financial movements CPMF.

We continue to vigorously pursue our interests in all the above actions but recognize that probably we will incur some losses in the final instance, for which we have made provisions.

Our judicial deposits are made as required by the courts for us to be able to enter or continue a legal action. When judgment is favorable to us, we receive the deposits back; when unfavorable, the deposits are delivered to the prevailing party. An increase of $4 for tax deposits during 2004 refers mainly to an action in which we challenged the annual limitation on use to our tax loss carry forwards.

Contingencies settled in the three-month period ended June 30, 2004, and 2003 and March 31, 2004 aggregated $14, $32 and $23, respectively, and additional provisions aggregated $39, $18 and $13, respectively.

In addition to the contingencies for which we have made provisions we have possible losses in connection with tax contingencies totaling $293 and $335 at June 30, 2004 and 2003, respectively, for which no provision is maintained.

(c) We are defendants in two actions seeking substantial compensatory damages brought by the Municipality of Itabira, State of Minas Gerais, which we believe are without merit. Due to the remote likelihood that any loss will arise there from no provision has been made in the financial statements with respect to these two actions.

(d) We are committed under a take-or-pay agreement to purchase approximately 43,970 thousand metric tons of bauxite from Mineração Rio do Norte S.A. - MRN at a formula price, calculated based on the current London Metal Exchange (LME) quotation for aluminum. Based on a market price of US$ 19.43 per metric ton as of June 30, 2004, it represents the following total commitment:

2004 as from July	27,550
2005	55,100
2006	55,100
2007	55,100
2008	55,100
2009 and thereafter	606,350
	854,300

(e) We and BNDES entered into a contract, known as the Mineral Risk Contract, in March 1997, relating to prospecting authorizations for mining regions where drilling and exploration are still in their early stages. The Mineral Risk Contract provides for the joint development of certain unexplored mineral deposits in approximately two million identified hectares of land in the Carajás region, as well as proportional participation in any financial benefits earned from the development of such resources. Iron ore and manganese deposits already identified and subject to development are specifically excluded from the Mineral Risk Contract.

Pursuant to the Mineral Risk Contract, we and BNDES each agreed to provide $ 205 million, which represents half of the $ 410 million in expenditures estimated as necessary to complete geological exploration and mineral resource development projects in the region over a period of five years, which had already been extended for an additional period of two years and on April 28, 2004 was extended again for another 5 years. We will oversee these projects and BNDES will advance us half of our costs on a quarterly basis. Under the Mineral Risk Contract, as of June 30, 2004, the remaining contributions towards exploration and development activities totaled $ 68 million. In the event that either of us wishes to conduct further exploration and development after having spent such $ 205 million, the contract provides that each party may either choose to match the other party s contributions, or may choose to have its financial interest proportionally diluted. If a party s participation in the project is diluted to an amount lower than 40% of the amount invested in connection with exploration and development projects, then the Mineral Risk Contract provides that the diluted party will lose all the rights and benefits provided for in the Mineral Risk Contract and any amounts previously contributed to the project.

Under the Mineral Risk Contract, BNDES has agreed to compensate us through a finder s fee production royalty on their share of mineral resources that are discovered and placed into production. This finder s fee is equal to 3.5% of the revenues derived from the sale of gold, silver and platinum group metals and 1.5% of the revenues derived from the sale of other minerals, including copper, except for gold and other minerals discovered at Serra Leste, for which the finder s fee is equal to 6.5% of revenues.

(f) At the time of our privatization in 1997, we issued shareholder revenue interests known in Brazil as debentures to our then-existing shareholders, including the Brazilian Government. The terms of the debentures , were set to ensure that our pre-privatization shareholders, including the Brazilian Government, would participate alongside us in potential future financial benefits that we are able to derive from exploiting our mineral resources. On March 26, 2004 as a result of exploiting our mineral resources we declared a distribution on these debentures in the amount of $ 2, payable as from April 1, 2004.

(g) We use various judgments and assumptions when measuring our environmental liabilities and asset retirement obligations. Changes in circumstances, law or technology may affect our estimates and we periodically review the amounts accrued and adjust them as necessary. Our accruals do not reflect unasserted claims because we are currently not aware of any such issues. Also the amounts provided are not reduced by any potential recoveries under cost sharing, insurance or indemnification arrangements because such recoveries are considered uncertain. The changes are demonstrated as follows:

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Balance as of January 01, 2004	81
Accretion expense	2
Cumulative translation adjustment	(1)
Balance as of March 31, 2004	**82**
Accretion expense	4
Cumulative translation adjustment	(4)
Balance as of June 30, 2004	**82**

Balance as of January 01, 2004	81
Accretion expense	6
Cumulative translation adjustment	(5)
Balance as of June 30, 2004	**82**

11 Segment and geographical information

In 1999 we adopted SFAS 131 Disclosures about Segments of an Enterprise and Related Information with respect to the information we present about our operating segments. SFAS 131 introduced a management approach concept for reporting segment information, whereby such information is required to be reported on the basis that the chief decision-maker uses internally for evaluating segment performance and deciding how to allocate resources to segments. Our business segments are currently organized as follows:

Ferrous products comprises iron ore mining and pellet production, as well as the Northern and Southern transportation systems, including railroads, ports and terminals, as they pertain to mining operations. Manganese mining and ferroalloys are also included in this segment.

Non-ferrous products comprises the production of non-ferrous minerals.

Logistics comprises our transportation systems as they pertain to the operation of our ships, ports and railroads for third-party cargos.

Holdings divided into the following sub-groups:

Aluminum comprises aluminum trading activities, alumina refining, aluminum metal smelting and investments in joint ventures and affiliates engaged in bauxite mining.

Steel comprises our investments in joint ventures and affiliates operating in the steel industry.

Others comprises our investments in joint ventures and affiliates engaged in other businesses.

Information presented to top management with respect to the performance of each segment is generally derived directly from the accounting records maintained in accordance with accounting practices generally accepted in Brazil together with certain minor inter-segment allocations.

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Consolidated net income and principal assets are reconciled as follows:

Results by segment before eliminations (Unaudited)

	As of and for the three-month periods ended						
	June 30, 2004						
				Holdings			
	Ferrous	Non ferrous	Logistics	(1) Aluminum	Others	Eliminations	Consolidated
Gross revenues Export	1,875	81	22	398		(923)	1,453
Gross revenues Domestic	364	35	219	47		(85)	580
Cost and expenses	(1,588)	(89)	(142)	(308)		1,008	(1,119)
Depreciation, depletion and amortization	(57)	(6)	(8)	(8)			(79)
Pension plan	(3)						(3)
Operating income (loss)	**591**	**21**	**91**	**129**			**832**
Financial income	63		2	20	1	(67)	19
Financial expenses	(139)	(2)	(5)	(26)	(1)	67	(106)
Foreign exchange and monetary gains (losses), net	(202)	(2)	(1)	(42)	2		(245)
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	32		8	18	92		150
Income taxes	(87)	(4)	(1)	31	(3)		(64)
Minority interests	(31)	1		(52)			(82)
Net income	**227**	**14**	**94**	**78**	**91**		**504**
Sales classified by geographic destination:							
Export market							
America, except United States	172		18	41		(98)	133
United States	121			7		(70)	58
Europe	857	68	4	212		(435)	706
Middle East/Africa/Oceania	87	1				(19)	69
Japan	187	4		105		(99)	197
China	300	5		33		(135)	203
Asia, other than Japan and China	151	3				(67)	87
	1,875	**81**	**22**	**398**		**(923)**	**1,453**
Domestic market	364	35	219	47		(85)	580

	2,239	**116**	**241**	**445**		**(1,008)**	**2,033**
Assets:							
Property, plant and equipment, net	4,542	1,020	483	826	1		6,872
Additions to Property, plant and equipment	165	62	153	35	1		416
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	330		56	195	385		966
Capital employed	**4,307**	**679**	**449**	**816**	**26**		**6,277**

[Additional columns below]

[Continued from above table, first column(s) repeated]

	As of and for the three-month periods ended						
	March 31, 2004						
				Holdings			
	Ferrous	**Non ferrous**	**Logistics**	**(1) Aluminum**	**Others**	**Eliminations**	**Consolidated**
Gross revenues Export	1,562	34	19	363		(735)	1,243
Gross revenues Domestic	287	28	184	59		(70)	488
Cost and expenses	(1,366)	(53)	(128)	(304)		805	(1,046)
Depreciation, depletion and amortization	(78)	(6)	(7)	(8)			(99)
Pension plan	(3)						(3)
Operating income (loss)	**402**	**3**	**68**	**110**			**583**
Financial income	44		4	(17)	1	(20)	12
Financial expenses	(116)	(1)	(4)	(41)		20	(142)
Foreign exchange and monetary gains (losses), net	(32)		(5)	(6)	1		(42)
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	33		6	14	33		86
Income taxes	(54)		(2)	(9)			(65)
Minority interests	(14)	(1)		(12)			(27)

Net income	**263**	**1**	**67**	**39**	**35**		**405**
Sales classified by geographic destination:							
Export market							
America, except United States	158		15	70		(103)	140
United States	107			38		(66)	79
Europe	659	22	4	149		(312)	522
Middle East/Africa/Oceania	89					(26)	63
Japan	150	8		80		(67)	171
China	238	4		26		(97)	171
Asia, other than Japan and China	161					(64)	97
	1,562	**34**	**19**	**363**		**(735)**	**1,243**
Domestic market	287	28	184	59		(70)	488
	1,849	**62**	**203**	**422**		**(805)**	**1,731**
Assets:							
Property, plant and equipment, net	4,646	1,060	455	854	1		7,016
Additions to Property, plant and equipment	156	71	132	22			381
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	353		51	207	343		954
Capital employed	**4,298**	**245**	**404**	**819**	**28**		**5,794**

[Additional columns below]

[Continued from above table, first column(s) repeated]

		As of and for the three-month periods ended June 30, 2003						
					Holdings			
		Ferrous	**Non ferrous**	**Logistics**	**Aluminum**	**Others**	**Eliminations**	**Consolidated**
Gross revenues	Export	1,115	18	18	158		(495)	814
Gross revenues	Domestic	279	22	108	41		(45)	405
Cost and expenses		(1,039)	(40)	(68)	(175)	7	540	(775)

Depreciation, depletion and amortization	(45)	(2)	(3)	(4)			(54)
Pension plan	(2)						(2)
Operating income (loss)	**308**	**(2)**	**55**	**20**	**7**		**388**
Financial income	51	(1)	5	3	2	(31)	29
Financial expenses	(85)		(2)	(7)	(1)	31	(64)
Foreign exchange and monetary gains (losses), net	185	14	(12)	72	(2)		257
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	42		(72)	47	18		35
Income taxes	(139)	1	1	(24)	1		(160)
Minority interests	(1)	(3)		(25)			(29)
Net income	**361**	**9**	**(25)**	**86**	**25**		**456**
Sales classified by geographic destination:							
Export market							
America, except United States	121		4	36		(84)	77
United States	70	2		17		(47)	42
Europe	491	14	10	45		(185)	375
Middle East/Africa/Oceania	68		1			(14)	55
Japan	131	2	2	47		(60)	122
China	148			13		(68)	93
Asia, other than Japan and China	86		1			(37)	50
	1,115	**18**	**18**	**158**		**(495)**	**814**
Domestic market	279	22	108	41		(45)	405
	1,394	**40**	**126**	**199**		**(540)**	**1,219**
Assets:							
Property, plant and equipment, net	3,103	634	212	522	31		4,502
Additions to Property, plant and equipment	177	94	17	20			308
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	459		2	305	306		1,072

Capital employed	**2,875**	**158**	**245**	**486**	**29**		**3,793**

(1) Albras was consolidated as from January 1, 2004. Generating contribution to net revenues and operating income of $61 and $74, $46 and $54 in the three-month periods ended June 30, 2004 and March 31, 2004, respectively.

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Operating income by product after eliminations (Unaudited)

	For the three-month periods ended June 30, 2004									
	Revenues									
	Export	Domestic	Total	Value added tax	Net revenues	Cost and expenses	Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating income
Ferrous										
Iron ore	732	211	943	(38)	905	(394)	511		(55)	456
Pellets	251	68	319	(11)	308	(207)	101			101
Manganese	8	3	11	(2)	9	(7)	2			2
Ferroalloys	103	50	153	(13)	140	(72)	68		(3)	65
	1,094	**332**	**1,426**	**(64)**	**1,362**	**(680)**	**682**		**(58)**	**624**
Non ferrous										
Gold										
Potash		31	31	(6)	25	(13)	12		(1)	11
Kaolin	34	5	39	(1)	38	(21)	17		(4)	13
Copper	24		24		24	(4)	20		(2)	18
	58	**36**	**94**	**(7)**	**87**	**(38)**	**49**		**(7)**	**42**
Aluminum										
Alumina	83		83	(4)	79	(66)	13		(5)	8
Aluminum	197	1	198	(1)	197	(67)	130		(3)	127
Bauxite	8		8		8	(8)				
	288	**1**	**289**	**(5)**	**284**	**(141)**	**143**		**(8)**	**135**
Logistics										
Railroads		153	153	(25)	128	(81)	47		(4)	43
Ports		45	45	(3)	42	(21)	21		(1)	20
Ships	10	12	22	(7)	15	(25)	(10)		(1)	(11)

	10	**210**	**220**	**(35)**	**185**	**(127)**	**58**		**(6)**	**52**
Others	3	1	4	(2)	2	(23)	(21)			(21)
	1,453	**580**	**2,033**	**(113)**	**1,920**	**(1,009)**	**911**		**(79)**	**832**

[Additional columns below]

[Continued from above table, first column(s) repeated]

	For the three-months ended March 31, 2004									
	Revenues									
	Export	**Domestic**	**Total**	**Value added tax**	**Net revenues**	**Cost and expenses**	**Net**	**Impairment/ Gain on sale of property, plant and equipment**	**Depreciation, depletion and amortization**	**Operating income**
Ferrous										
Iron ore	652	174	826	(23)	803	(385)	418		(70)	348
Pellets	183	52	235	(8)	227	(172)	55		(3)	52
Manganese	6	3	9	(1)	8	(7)	1			1
Ferroalloys	91	31	122	(8)	114	(86)	28		(4)	24
	932	**260**	**1,192**	**(40)**	**1,152**	**(650)**	**502**		**(77)**	**425**
Non ferrous										
Gold										
Potash		23	23	(3)	20	(9)	11		(2)	9
Kaolin	34	5	39	(2)	37	(22)	15		(3)	12
Copper										
	34	**28**	**62**	**(5)**	**57**	**(31)**	**26**		**(5)**	**21**
Aluminum										
Alumina	98	6	104	(5)	99	(90)	9		(4)	5
Aluminum	150	11	161		161	(54)	107		(4)	103

	Export	Domestic	Total	Value added tax	Net revenues	Cost and expenses	Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating income
Bauxite	15		15		15	(13)	2			2
	263	**17**	**280**	**(5)**	**275**	**(157)**	**118**		**(8)**	**110**
Logistics										
Railroads		133	133	(19)	114	(66)	48		(8)	40
Ports		38	38	(3)	35	(23)	12		(1)	11
Ships	11	9	20	(3)	17	(27)	(10)			(10)
	11	**180**	**191**	**(25)**	**166**	**(116)**	**50**		**(9)**	**41**
Others	3	3	6		6	(20)	(14)			(14)
	1,243	**488**	**1,731**	**(75)**	**1,656**	**(974)**	**682**		**(99)**	**583**

[Additional columns below]

[Continued from above table, first column(s) repeated]

	For the three-months ended June 30, 2003									
	Revenues			Value added tax	Net revenues	Cost and expenses	Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating income
	Export	Domestic	Total							
Ferrous										
Iron ore	458	135	593	(18)	575	(283)	292		(20)	272
Pellets	118	50	168	(7)	161	(134)	27	(12)	(4)	11
Manganese	14	2	16	(1)	15	(2)	13		(1)	12
Ferroalloys	46	27	73	(5)	68	(46)	22		(2)	20
	636	**214**	**850**	**(31)**	**819**	**(465)**	**354**	**(12)**	**(27)**	**315**
Non ferrous										
Gold	7		7		7	(7)			(2)	(2)

Potash		21	21	(2)	19	(10)	9		(1)	8
Kaolin	13	1	14	(1)	13	(9)	4			4
Copper										
	20	**22**	**42**	**(3)**	**39**	**(26)**	**13**		**(3)**	**10**
Aluminum										
Alumina	65	39	104	(2)	102	(86)	16		(4)	12
Aluminum	74	4	78		78	(68)	10			10
Bauxite	6		6		6	(6)				
	145	**43**	**188**	**(2)**	**186**	**(160)**	**26**		**(4)**	**22**
Logistics										
Railroads		79	79	(8)	71	(19)	52		(16)	36
Ports		38	38	(5)	33	(27)	6		(2)	4
Ships	13	8	21		21	(21)				
	13	**125**	**138**	**(13)**	**125**	**(67)**	**58**		**(18)**	**40**
Others		1	1		1	2	3		(2)	1
	814	**405**	**1,219**	**(49)**	**1,170**	**(716)**	**454**	**(12)**	**(54)**	**388**

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Results by segment before eliminations (Unaudited)

	Six-month periods ended June 30						
	2004						
				Holdings			
	Ferrous	**Non ferrous**	**Logistics**	**Aluminum**	**Others**	**Eliminations**	**Consolidated**
Gross revenues Export	3,437	115	41	761		(1,658)	2,696
Gross revenues Domestic	651	63	403	106		(155)	1,068
Cost and expenses	(2,954)	(142)	(270)	(612)		1,813	(2,165)
Depreciation, depletion and amortization	(135)	(12)	(15)	(16)			(178)
Pension plan	(6)						(6)
Operating (loss) income	**993**	**24**	**159**	**239**			**1,415**
Financial income	107		6	3	2	(87)	31
Financial expenses	(255)	(3)	(9)	(67)	(1)	87	(248)
Foreign exchange and monetary gains (losses), net	(234)	(2)	(6)	(48)	3		(287)
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	65		14	32	125		236
Income taxes	(141)	(4)	(3)	22	(3)		(129)
Minority interests	(45)			(64)			(109)
Income from continuing operations	**490**	**15**	**161**	**117**	**126**		**909**
Change in accounting pratice for asset retirement obligations (note 4)							
Net income	**490**	**15**	**161**	**117**	**126**		**909**
Sales classified by geographic destination:							
Export market							
America, except United States	330		33	111		(201)	273
United States	228			45		(136)	137
Europe	1,516	90	8	361		(747)	1,228
Middle East/Africa/Oceania	176	1				(45)	132
Japan	337	12		185		(166)	368
China	538	9		59		(232)	374
Asia, other than Japan and China	312	3				(131)	184

	3,437	**115**	**41**	**761**		**(1,658)**	**2,696**
Domestic market	651	63	403	106		(155)	1,068
	4,088	**178**	**444**	**867**		**(1,813)**	**3,764**
Assets:							
Property, plant and equipment, net	4,542	1,020	483	826	1		6,872
Additions to Property, plant and equipment	322	133	285	57			797
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	330		56	195	385		966
Capital employed	**4,307**	**679**	**449**	**816**	**26**		**6,277**

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Six-month periods ended June 30						
	2003						
				Holdings			
	Ferrous	**Non ferrous**	**Logistics**	**Aluminum**	**Others**	**Eliminations**	**Consolidated**
Gross revenues Export	2,195	41	39	307		(971)	1,611
Gross revenues Domestic	537	46	186	78		(86)	761
Cost and expenses	(2,040)	(78)	(129)	(334)	5	1,057	(1,519)
Depreciation, depletion and amortization	(81)	(5)	(5)	(6)			(97)
Pension plan	(5)						(5)
Operating (loss) income	**606**	**4**	**91**	**45**	**5**		**751**
Financial income	96		8	6	3	(56)	57
Financial expenses	(181)	(2)	(3)	(12)	(4)	56	(146)
Foreign exchange and monetary gains (losses), net	210	19	(15)	95	(2)		307
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	77		(83)	95	40		129

Income taxes	(205)			(26)			(231)
Minority interests	(1)	(5)		(41)			(47)
Income from continuing operations	**602**	**16**	**(2)**	**162**	**42**		**820**
Change in accounting pratice for asset retirement obligations (note 4)	(10)						(10)
Net income	**592**	**16**	**(2)**	**162**	**42**		**810**
Sales classified by geographic destination:							
Export market							
America, except United States	237		18	67		(156)	166
United States	171	6		19		(97)	99
Europe	931	31	16	132		(355)	755
Middle East/Africa/Oceania	119		4			(30)	93
Japan	242	3		70		(109)	206
China	332	1		19		(152)	200
Asia, other than Japan and China	163		1			(72)	92
	2,195	**41**	**39**	**307**		**(971)**	**1,611**
Domestic market	537	46	186	78		(86)	761
	2,732	**87**	**225**	**385**		**(1,057)**	**2,372**
Assets:							
Property, plant and equipment, net	3,103	634	212	522	31		4,502
Additions to Property, plant and equipment	268	145	49	43	1		506
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	459		2	305	306		1,072
Capital employed	**2,875**	**158**	**245**	**486**	**29**		**3,793**

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Operating income by product after eliminations (Unaudited)

	Six-month periods ended June 30									
	2004									
	Revenues			Value added tax	Net revenues	Cost and expenses	Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating income
	Export	Domestic	Total							
Ferrous										
Iron ore	1,384	385	1,769	(61)	1,708	(779)	929		(125)	804
Pellets	434	120	554	(19)	535	(379)	156		(3)	153
Manganese	14	6	20	(3)	17	(14)	3			3
Ferroalloys	194	81	275	(21)	254	(158)	96	—	(7)	89
	2,026	**592**	**2,618**	**(104)**	**2,514**	**(1,330)**	**1,184**		**(135)**	**1,049**
Non ferrous										
Gold										
Potash		54	54	(9)	45	(22)	23		(3)	20
Kaolin	68	10	78	(3)	75	(43)	32		(7)	25
Copper	24		24		24	(4)	20	—	(2)	18
	92	**64**	**156**	**(12)**	**144**	**(69)**	**75**		**(12)**	**63**
Aluminum										
Alumina	181	6	187	(9)	178	(156)	22		(9)	13
Aluminum	347	12	359	(1)	358	(121)	237		(7)	230
Bauxite	23		23		23	(21)	2	—		2
	551	**18**	**569**	**(10)**	**559**	**(298)**	**261**		**(16)**	**245**
Logistics										
Railroads		286	286	(44)	242	(147)	95		(12)	83
Ports		83	83	(6)	77	(44)	33		(2)	31
Ships	21	21	42	(10)	32	(52)	(20)	—	(1)	(21)

	21	**390**	**411**	**(60)**	**351**	**(243)**	**108**		**(15)**	**93**
Others	6	4	10	(2)	8	(43)	(35)			(35)
	2,696	**1,068**	**3,764**	**(188)**	**3,576**	**(1,983)**	**1,593**		**(178)**	**1,415**

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Six-month periods ended June 30									
	2003									
	Revenues			Value				Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	
	Export	Domestic	Total	added tax	Net revenues	Cost and expenses	Net			Operating income
Ferrous										
Iron ore	879	261	1,140	(36)	1,104	(532)	572		(38)	534
Pellets	270	97	367	(12)	355	(297)	58	(12)	(7)	39
Manganese	23	4	27	(2)	25	(6)	19		(1)	18
Ferroalloys	93	44	137	(9)	128	(96)	32		(4)	28
	1,265	**406**	**1,671**	**(59)**	**1,612**	**(931)**	**681**	**(12)**	**(50)**	**619**
Non ferrous										
Gold	16		16		16	(15)	1		(2)	(1)
Potash		42	42	(5)	37	(19)	18		(2)	16
Kaolin	26	4	30	(1)	29	(19)	10		(1)	9
Copper										
	42	**46**	**88**	**(6)**	**82**	**(53)**	**29**		**(5)**	**24**
Aluminum										
Alumina	124	73	197	(4)	193	(157)	36		(6)	30
Aluminum	144	4	148		148	(134)	14			14
Bauxite	10		10		10	(10)				

	278	**77**	**355**	**(4)**	**351**	**(301)**	**50**		**(6)**	**44**
Logistics										
Railroads		145	145	(15)	130	(34)	96		(30)	66
Ports		66	66	(6)	60	(35)	25		(4)	21
Ships	26	16	42	(2)	40	(58)	(18)			**(18)**
	26	**227**	**253**	**(23)**	**230**	**(127)**	**103**		**(34)**	**69**
Others		5	5		5	(8)	(3)		(2)	(5)
	1,611	**761**	**2,372**	**(92)**	**2,280**	**(1,420)**	**860**	**(12)**	**(97)**	**751**

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12 Derivative financial instruments

Volatility of interest rates, exchange rates and commodity prices are the main market risks to which we are exposed all three are managed through derivative operations. These have the exclusive aim of reducing exposure to risk. We do not use derivatives for speculation purposes.

We monitor and evaluate our derivative positions on a regular basis and adjust our strategy in response to market conditions. We also periodically review the credit limits and credit worthiness of our counter-parties in these transactions. In view of the policies and practices established for operations with derivatives, management considers the occurrence of non-measurable risk situations as unlikely.

The asset (liability) balances and the movement in fair value of derivative financial instruments is as follows (the quarterly information is unaudited):

	Gold	Interest rates (LIBOR)	Currencies	Alumina	Aluminum	Total
Unrealized gains (losses) at January 1, 2004	(32)	(46)	5	(18)		(91)
Initial consolidation of Albras					(20)	(20)
Financial settlement		3	(2)			1
Unrealized gains (losses) in the period	(5)	(6)	(2)	(18)	(23)	(54)
Effect of exchange rate changes		1				1
Unrealized gains (losses) at March 31, 2004	**(37)**	**(48)**	**1**	**(36)**	**(43)**	**(163)**
Unrealized gains (losses) at April 1, 2004	(37)	(48)	1	(36)	(43)	(163)
Financial settlement	1	11				12
Unrealized gains (losses) in the period	9	5		4	4	22
Effect of exchange rate changes	2	2		2	2	8
Unrealized gains (losses) at June 30, 2004	**(25)**	**(30)**	**1**	**(30)**	**(37)**	**(121)**
Unrealized gains (losses) at April 1, 2003	(10)	(68)	(1)	3		(76)
Financial settlement		10				10
Unrealized gains (losses) in the period		4		(3)		1
Effect of exchange rate changes	(1)	(11)		1		(11)
Unrealized gains (losses) at June 30, 2003	**(11)**	**(65)**	**(1)**	**1**		**(76)**
Unrealized gains (losses) at January 1, 2004	(32)	(46)	5	(18)		(91)

Initial consolidation of Albras					(20)	(20)
Financial settlement	1	14	(2)			13
Unrealized gains (losses) in the period	4	(1)	(2)	(14)	(19)	(32)
Effect of exchange rate changes	2	3		2	2	9
Unrealized gains (losses) at June 30, 2004	**(25)**	**(30)**	**1**	**(30)**	**(37)**	**(121)**
Unrealized gains (losses) at January 1, 2003	(15)	(60)	(1)	3		(73)
Financial settlement		14				14
Unrealized gains (losses) in the period	5	(4)		(3)		(2)
Effect of exchange rate changes	(1)	(15)		1		(15)
Unrealized gains (losses) at June 30, 2003	**(11)**	**(65)**	**(1)**	**1**		**(76)**

Unrealized gains (losses) in the period are included in our income statement under the caption of financial expenses.

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Final maturity dates for the above instruments are as follows:

Gold	Dec 2008
Interest rates (LIBOR)	Oct 2007
Currencies	Dec 2011
Alumina	Dec 2008
Aluminum	Dec 2006

13 Subsequent Event

CVRD Divests its Stake in CST

On June 28, 2004 CVRD signed a conditional sales contract with Arcelor, the world´s largest steelmaker, with the intent to sell its stake in Companhia Siderurgica de Tubarão (CST).

CVRD agreed to sell to Arcelor 869,045,672 common shares and 9,381,163,397 preferred shares of CST, representing, respectively, 4.42% of the voting capital and 29.96% of the non-voting capital of this company. On July 28, 2004, the contract was consumated and CVRD was paid US$ 415.1 million for the sale of these shares.

Additionally, on June 28, 2004, CVRD signed an agreement to sell to Arcelor 4,034,524,170 common shares of CST, linked to the current CST shareholders agreement. This last transaction will be concluded when one of the three following events occur, the first to occur will trigger the transaction: (i) termination of the current CST shareholders agreement on May 25, 2005; (ii) waiver given by the other participants of the shareholders agreement; (iii) purchase by Arcelor of the CST shares owned by the other participants of the CST shareholders agreement.

CVRD will be paid US$ 163.4 million for the CST shares. This price will be adjusted by an interest rate equal to Libor plus 1.5% per annum, minus dividends distributed by CST to CVRD from now to the conclusion of the transaction.

The sale of shares to Arcelor implies in the total divestment of the 28.02% share of the CST capital currently owned by CVRD.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA VALE DO RIO DOCE
(Registrant)

Date: August 13, 2004

By: /s/ Fabio de Oliveira Barbosa

Fabio de Oliveira Barbosa
Chief Financial Officer