

VALLEY OF THE RIO DOCE CO

Form 6-K

August 18, 2003

**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 2003

Valley of the Rio Doce Company

(Translation of Registrant's name into English)

Avenida Graca 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 Form 40-F

(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 No

(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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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Companhia Vale do Rio Doce

We have reviewed the accompanying unaudited condensed consolidated balance sheet of Companhia Vale do Rio Doce and subsidiaries as of June 30, 2003, and the unaudited condensed consolidated statements of income, of cash flows and of changes in stockholders' equity for the three-month periods ended June 30, 2003, March 31, 2003 and June 30, 2002 and for the six-month periods ended June 30, 2003 and 2002. This financial information is the responsibility of the Company's management. The unaudited financial information of certain affiliates, the investments in which total US\$ 260 million at June 30, 2003 and equity in earnings (losses) which total US\$ 9 million, US\$ 10 million, US\$ (23) million, US\$ 19 million and US\$ 4 million for the three-month periods ended June 30, 2003, March 31, 2003 and June 30, 2002 and for the six-month periods ended June 30, 2003 and 2002, respectively, and that of certain subsidiaries, which statements reflect total revenues of US\$ 72 million and US\$ 143 million for the three-month and six-month periods ended June 30, 2002, respectively, were reviewed by other independent accountants whose reports thereon have been furnished to us.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews and the reports of other accountants, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Companhia Vale do Rio Doce and subsidiaries as of December 31, 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein). In our report dated February 21, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2002 is fairly stated in all material respects, in relation to the consolidated balance sheet from which it has been derived.

As discussed in Note 4 to the financial statements, the Company changed its method of accounting for asset retirement obligations, as from January 1, 2003.

PricewaterhouseCoopers
Auditores Independentes

Rio de Janeiro, Brazil
August 7, 2003

[Back to Contents](#)**Condensed Consolidated Balance Sheets**

Expressed in millions of United States dollars

	June 30, 2003	December 31, 2002
Assets	(unaudited)	
Current assets		
Cash and cash equivalents	966	1,091
Accounts receivable		
Related parties	111	121
Unrelated parties	504	539
Loans and advances to related parties	55	49
Inventories	347	292
Deferred income tax	141	211
Others	358	286
	2,482	2,589
Property, plant and equipment, net	4,502	3,297
Investments in affiliated companies and joint ventures and other investments and provision for losses on equity investments	1,072	732
Other assets		
Goodwill on acquisition of subsidiaries	507	412
Loans and advances		
Related parties	78	89
Unrelated parties	79	73
Prepaid pension cost	100	79
Deferred income tax	418	358
Judicial deposits	462	239
Unrealized gain on derivative instruments	1	3
Others	82	84
	1,727	1,337
TOTAL	9,783	7,955

[Back to Contents](#)**Condensed Consolidated Balance Sheets**

Expressed in millions of United States dollars

(Continued)

	June 30, 2003	December 31, 2002
Liabilities and stockholders' equity	(unaudited)	
Current liabilities		
Suppliers	354	325
Payroll and related charges	99	76
Interest attributed to stockholders	136	3
Current portion of long-term debt - unrelated parties	1,021	717
Short-term debt	131	184
Loans from related parties	64	64
Others	239	139
	2,044	1,508
Long-term liabilities		
Employees post-retirement benefits	181	141
Long-term debt - unrelated parties	2,061	2,359
Loans from related parties	5	7
Provisions for contingencies (Note 9)	577	428
Unrealized loss on derivative instruments	77	76
Others	197	122
	3,098	3,133
Minority interests	79	27
Stockholders' equity		
Preferred class A stock - 600,000,000 no-par-value shares authorized and 138,575,913 issued	1,055	904
Common stock - 300,000,000 no-par-value shares authorized and 249,983,143 issued	1,902	1,630
Treasury stock - 4,235 (2002 - 4,481) preferred and 4,715,170 common shares	(88)	(88)
Additional paid-in capital	498	498
Other cumulative comprehensive income	(4,378)	(5,175)
Appropriated retained earnings	2,292	2,230
Unappropriated retained earnings	3,281	3,288
	4,562	3,287
TOTAL	9,783	7,955

See notes to condensed consolidated financial information.

[Back to Contents](#)**Condensed Consolidated Statements of Income**Expressed in millions of United States dollars (Unaudited)
(except number of shares and per-share amounts)

	Quarter			Six months ended June 30	
	2nd 2003	1st 2003	2nd 2002	2003	2002
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals					
Iron ore and pellets	761	746	704	1,507	1,370
Gold	7	9	35	16	69
Manganese and ferroalloys	89	75	59	164	124
Potash	21	21	24	42	40
Others	14	16	9	30	20
	892	867	831	1,759	1,623
Revenues from logistic services	138	115	131	253	242
Aluminum products	188	167	98	355	166
Other products and services	1	4	5	5	13
	1,219	1,153	1,065	2,372	2,044
Value-added tax	(49)	(43)	(44)	(92)	(78)
Net operating revenues	1,170	1,110	1,021	2,280	1,966
Operating costs and expenses					
Cost of ores and metals sold	(438)	(428)	(411)	(866)	(813)
Cost of logistic services	(73)	(70)	(74)	(143)	(133)
Cost of aluminum products	(157)	(142)	(95)	(299)	(160)
Others	(2)	(1)	(8)	(3)	(14)
	(670)	(641)	(588)	(1,311)	(1,120)
Selling, general and administrative expenses	(45)	(49)	(60)	(94)	(108)
Research and development	(12)	(11)	(12)	(23)	(21)
Employee profit sharing plan	(9)	(12)	3	(21)	(6)
Others	(46)	(34)	(30)	(80)	(82)
	(782)	(747)	(687)	(1,529)	(1,337)
Operating income	388	363	334	751	629
Non-operating income (expenses)					
Financial income	29	28	44	57	77
Financial expenses	(64)	(82)	(117)	(146)	(179)
Foreign exchange and monetary gains (losses), net	257	50	(326)	307	(331)

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	222	(4)	(399)	218	(433)
Income before income taxes, equity results and minority interests	610	359	(65)	969	196
Income taxes					
Current	(135)	(6)	3	(141)	(4)
Deferred	(25)	(65)	126	(90)	114
	(160)	(71)	129	(231)	110
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	35	94	(82)	129	(48)
Change in accounting practice for asset retirement obligations (note 4)	-	(10)	-	(10)	-
Minority interests	(29)	(18)	4	(47)	3
Net income (loss)	456	354	(14)	810	261
Basic earnings(losses) per Preferred Class A Share	1.19	0.92	(0.04)	2.11	0.68
Basic earnings(losses) per Common Share	1.19	0.92	(0.04)	2.11	0.68
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	138,575	138,571	138,575

See notes to condensed consolidated financial information.

[Back to Contents](#)**Condensed Consolidated Statements of Cash Flows**

Expressed in millions of United States dollars (Unaudited)

	Quarter			Six months ended June 30	
	2nd 2003	1st 2003	2nd 2002	2003	2002
Cash flows from operating activities:					
Net income (loss)	456	354	(14)	810	261
Adjustments to reconcile net income with cash provided by operating activities:					
Depreciation, depletion and amortization	54	43	61	97	127
Dividends received	36	36	30	72	55
Equity in results of affiliates and joint ventures and change in provision or losses on equity investments	(35)	(94)	82	(129)	48
Deferred income taxes	25	65	(126)	90	(114)
Current income taxes	108	-	-	108	-
Provisions for contingencies	-	9	46	9	69
Impairment of property, plant and equipment	12	-	49	12	76
Change in accounting practice for asset retirement obligations (note 4)	-	10	-	10	-
Pension plan	2	3	3	5	6
Foreign exchange and monetary losses (gains)	(258)	(142)	467	(400)	466
Net unrealized derivative losses (gains)	(1)	3	7	2	13
Minority interests	29	18	(4)	47	(3)
Others	(7)	6	68	(1)	63
Decrease (increase) in assets:					
Accounts receivable	65	64	(16)	129	(82)
Inventories	(25)	24	(26)	(1)	(25)
Others	(26)	(1)	(39)	(27)	(30)
Increase (decrease) in liabilities:					
Suppliers	18	(93)	(5)	(75)	(14)
Payroll and related charges	13	(6)	7	7	5
Others	(14)	57	22	43	6
Net cash provided by operating activities	452	356	612	808	927
Cash flows from investing activities:					
Loans and advances receivable					
Related parties					
Additions	(54)	(23)	(6)	(77)	(29)
Repayments	-	29	26	29	29
Others	1	16	1	17	2
Guarantees and deposits	(152)	(12)	(29)	(164)	(39)
Additions to investments	(61)	-	-	(61)	(1)
Additions to property, plant and equipment	(308)	(198)	(172)	(506)	(317)
	37	-	1	37	1

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Proceeds from disposals of property, plant and equipment					
Net cash used to acquire subsidiaries	-	-	(45)	-	(45)
Net cash used in investing activities	(537)	(188)	(224)	(725)	(399)
Cash flows from financing activities:					
Short-term debt, net issuances (repayments)	60	(93)	(166)	(33)	211
Loans					
Related parties					
Additions	-	-	-	-	12
Repayments	(6)	(16)	(4)	(22)	(19)
Issuances of long-term debt					
Related parties	-	2	1	2	11
Others	40	177	71	217	513
Repayments of long-term debt					
Related parties	(4)	-	-	(4)	(15)
Others	(175)	(101)	(79)	(276)	(140)
Interest attributed to stockholders	(215)	-	(329)	(215)	(329)
Net cash used in financing activities	(300)	(31)	(506)	(331)	244
Increase (decrease) in cash and cash equivalents	(385)	137	(118)	(248)	772
Effect of exchange rate changes on cash and cash equivalents	67	56	(318)	123	(317)
Cash and cash equivalents, beginning of period	1,284	1,091	2,008	1,091	1,117
Cash and cash equivalents, end of period	966	1,284	1,572	966	1,572
Cash paid during the period for:					
Interest on short-term debt	(1)	(6)	(10)	(7)	(16)
Interest on long-term debt, net of interest capitalized	(28)	(49)	(33)	(77)	(68)
Interest capitalized	5	4	5	9	10
Income tax	(27)	(6)	(4)	(33)	(4)
Non-cash transactions					
Conversion of loans receivable to investments	76	11	-	87	20

See notes to condensed consolidated financial information.

[Back to Contents](#)**Condensed Consolidated Statements of Changes in Stockholders' Equity**

Expressed in millions of United States dollars (Unaudited)

(except number of shares and per-share amounts)

	Quarter			Six months ended June 30	
	2nd 2003	1st 2003	2nd 2002	2003	2002
Preferred class A stock (including one special share)					
Beginning of the period	904	904	820	904	904
Transfer from appropriated retained earnings	151	-	84	151	-
End of the period	1,055	904	904	1,055	904
Common stock					
Beginning of the period	1,630	1,630	1,479	1,630	1,630
Transfer from appropriated retained earnings	272	-	151	272	-
End of the period	1,902	1,630	1,630	1,902	1,630
Treasury stock					
End of the period	(88)	(88)	(88)	(88)	(88)
Additional paid-in capital					
End of the period	498	498	498	498	498
Other cumulative comprehensive income					
Cumulative translation adjustments					
Beginning of the period	(4,999)	(5,185)	(3,477)	(5,185)	(3,475)
Change in the period	593	186	(776)	779	(778)
End of the period	(4,406)	(4,999)	(4,253)	(4,406)	(4,253)
Unrealized gain on available-for-sale security					
Beginning of the period	13	-	-	-	-
Change in the period	5	13	-	18	-
End of the period	18	13	-	18	-
Adjustments relating to investments in affiliates					
Beginning of the period	10	10	10	10	10
Change in the period	-	-	-	-	-
End of the period	10	10	10	10	10
Total other cumulative comprehensive income	(4,378)	(4,976)	(4,243)	(4,378)	(4,243)

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Appropriated retained earnings					
Beginning of the period	2,351	2,230	3,207	2,230	3,212
Transfer to retained earnings	364	121	(547)	485	(552)
Transfer to capital stock	(423)	-	(235)	(423)	(235)
End of the period	2,292	2,351	2,425	2,292	2,425
Retained earnings					
Beginning of the period	3,321	3,288	2,328	3,288	2,184
Net income	456	354	(14)	810	261
Interest attributed to stockholders					
Preferred class A stock (\$0.87 and \$0.39 per share in 2003 and 2002)	(48)	(72)	(5)	(120)	(54)
Common stock (\$0.87 and \$0.39 per share in 2003 and 2002)	(84)	(128)	(10)	(212)	(97)
Appropriation from reserves	(364)	(121)	547	(485)	552
End of the period	3,281	3,321	2,846	3,281	2,846
Total stockholders' equity	4,562	3,640	3,972	4,562	3,972
Comprehensive income is comprised as follows:					
Net income	456	354	(14)	810	261
Cumulative translation adjustments	593	186	(776)	779	(778)
Unrealized gain on available-for-sale security	5	13	-	18	-
Total comprehensive income	1,054	553	(790)	1,607	(517)
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	(4,719,635)	(4,719,651)	(4,719,921)	(4,719,651)	(4,715,261)
Acquisitions	-	-	-	-	(4,390)
Sales	230	16	-	246	-
End of the period	(4,719,405)	(4,719,635)	(4,719,921)	(4,719,405)	(4,719,651)
	383,839,651	383,839,421	383,839,135	383,839,651	383,839,405

(1) As of June 30, 2003, 4,715,170 common shares and 4,235 preferred shares were purchased, which are held in treasury in the amount of US\$ 88. The 4,715,170 common shares guarantees an loan given to 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
Ferteco Mineração S.A. - FERTECO	100	Brazil	Iron ore and pellets
Pará Pigmentos S.A.	76	Brazil	Kaolin
SIBRA - Eletrosiderúrgica Brasileira S.A.	100	Brazil	Manganese and Ferroalloys
Navegação Vale do Rio Doce S.A. - DOCENAVE	100	Brazil	Shipping
Vale do Rio Doce Alumínio S.A. - ALUVALE	100	Brazil	Aluminum
Itabira Rio Doce Company Ltd. - ITACO	100	Cayman Island	Trading
Rio Doce International Finance Ltd. - RDIF	100	Bahamas	International finance
CELMAR S.A. - Indústria de Celulose e Papel	100	Brazil	Forestry
Florestas Rio Doce S.A.	100	Brazil	Forestry
Rio Doce Manganèse Europe - RDME	100	France	Ferroalloys
Urucum Mineração S.A.	100	Brazil	Iron ore and Ferroalloys
Alumina do Norte do Brasil S.A - Alunorte	57	Brazil	Aluminum
Salobo Metais S.A. (1)	100	Brazil	Copper
Mineração Serra do Sossego S.A. (1)	100	Brazil	Copper
Rio Doce Manganese Norway - RDMN	100	Norway	Ferroalloys

(1) - Development stage companies

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.

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3 Summary of significant accounting policies

Our condensed consolidated interim financial information as of June 30, 2003 for the three-month periods ended June 30, 2003, March 31, 2003 and June 30, 2002 and for the six month periods ended June 30, 2003 and 2002 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 six-month period ended June 30, 2003 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2003.

This condensed interim financial information should be read in conjunction with our consolidated financial statements for the year ended December 31, 2002.

The provision for losses on equity investments relates to our investments in affiliates which have reported negative stockholders equity in their financial information prepared in accordance with US GAAP and in circumstances where we have assumed commitments to fund our share of the accumulated losses, if necessary, through additional capital contributions or other means. Accordingly we (a) first reduce the value of the investment to zero and (b) subsequently provide for our portion of negative equity.

Other current assets includes \$30 related to ships held for sale, at June 30, 2003.

4 Change in accounting practice

In June 2001, the FASB issued SFAS 143 - "Accounting for Asset Retirement Obligations". We adopted SFAS 143 as from January 1, 2003, 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 change 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 depleted over the useful lives of the related assets.

5 Recently-issued accounting pronouncements

In June 2002, the FASB has issued SFAS 146 - "Accounting for Costs Associated with Exit or Disposal Activities". The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. We adopted SFAS 146 as from January 1, 2003. We have not committed to disposal of or disposed of any significant activities since adoption.

In November 2002 the FASB issued FIN 45 - "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". The Interpretation elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial information. The initial recognition and initial measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002, regardless of the guarantor's fiscal year-end. The disclosure requirements in the Interpretation, applicable as from December 31, 2002 are disclosed in Note 9. We have not issued any material guarantees since December 31, 2002.

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In January 2003, FASB issued Interpretation No. 46 (FIN 46) Consolidation of Variable Interest Entities. FIN 46 provides guidance on when certain entities should be consolidated or the interests in those entities should be disclosed by enterprises that do not control them through majority voting interest. This interpretation applies immediately to variable interest entities created after January 31, 2003. We do not have any entities or transactions which are subject to the requirements of FIN 46 and does not expect FIN 46 to have a material impact on our financial statements.

In April 2003, FASB issued Statement of Financial Accounting Standards No. 149, an amendment of SFAS 133 on Derivative Instruments and Hedging Activities (SFAS 149). This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS 133. This statement is effective for contracts entered into or modified after June 30, 2003, except as stated in the following sentence and for hedging relationships designated after June 30, 2003. The provisions of this statement that relate to Statement 133 Implementation Issues that have been effective for fiscal quarters that began prior to June 15, 2003, should continue to be applied in accordance with their respective effective dates. We are evaluating the impact of this standard.

In May 2003, FASB issued SFAS No. 150, Accounting For Certain Financial Instruments with Characteristics of both Liabilities and Equity (SFAS 150) this Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The Board decided to make this statement effective shortly after issuance for contracts created or modified after it is issued and for existing contracts at the beginning of the first interim period beginning after June 15, 2003. We have not created or modified any such contracts since June 15, 2003.

6 Income taxes

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory enacted tax rates applicable in the periods presented are as follows:

	Six months ended June 30 - %	
	2003	2002
Federal income tax	25	25
Social contribution	9	9
Composite tax rate	34	34

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

	Quarter			Six months ended June 30	
	2nd 2003	1st 2003	2nd 2002	2003	2002
Income before income taxes, equity results and minority interests	610	359	(65)	969	196
Federal income tax and social contribution expense at statutory enacted rates	(207)	(122)	22	(329)	(67)
Adjustments to derive effective tax rate:					
Tax benefit on interest attributed to stockholders	59	63	(3)	122	43
Exempt foreign income (expenses)	(26)	(16)	75	(42)	92
Tax incentives	40	-	(5)	40	2
Valuation allowance	-	9	(3)	9	6
Other non-taxable gains (losses)	(26)	(5)	13	(31)	10
Adjustment to reflect expected annual effective tax rate	-	-	30	-	24
Federal income tax and social contribution expense in consolidated statements of income	(160)	(71)	129	(231)	110

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 expires 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.

7 Inventories

	June 30, 2003	December 31, 2002
Finished products		
Iron ore and pellets	94	86
Manganese	19	24
Ferroalloys	42	27
Alumina	23	15
Others	16	12
Spare parts and maintenance supplies	153	128
	347	292

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Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS Companhia Coreano-Brasileira de Pelotização - KOBRASCO	50.00	50.00			-	-	-	-	-	-	(3)	-	(2)	-	-	-	-
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO	51.00	50.90	23	3	12	9	-	-	1	-	1	1	2	1	-	-	1
Gulf Industrial Investment Company - GIIC	50.00	50.00	75	11	38	37	-	-	4	2	1	6	3	-	5	-	5
SAMARCO Mineração S.A. - SAMARCO	50.00	50.00	395	84	198	154	37	30	23	19	(3)	42	8	25	14	17	39
Minas da Serra Gera S.A. - MSG	51.00	51.00	27	4	14	9	-	-	1	1	2	2	3	1	-	-	1
Others	-	-	-	-	15	12	-	-	-	-	1	-	1	-	-	-	-
					415	324	37	30	37	29	3	66	20	27	21	20	48
Others																	
Fertilizantes Fosfatados S.A. - FOSFERTIL (2)	10.96	11.12	264	48	29	25	-	-	2	3	-	5	2	2	5	-	7
Others	-	-	-	-	26	15	-	-	(1)	3	(26)	2	(25)	1	-	-	1
					55	40	-	-	1	6	(26)	7	(23)	3	5	-	8
					1,052	729	37	30	101	101	(44)	202	(10)	36	36	30	72
Balance / Change in provision for losses on equity investments:																	
Alumínio Brasileiro S.A. - ALBRAS					-	(1)	-	-	-	1	(18)	1	(12)	-	-	-	-
Companhia Ferroviária do Nordeste - CFN					-	-	-	-	(2)	-	(1)	(2)	(2)	-	-	-	-
Companhia Coreano-Brasileira de Pelotização - KOBRASCO					(10)	(16)	-	-	6	3	(5)	9	(5)	-	-	-	-
Ferrobán - Ferrovias Bandeirantes S.A.					-	-	-	-	-	-	-	-	(2)	-	-	-	-
Ferrovia Centro-Atlântica S.A. - FCA					-	-	-	-	(73)	(11)	(7)	(84)	(10)	-	-	-	-
MRS Logística S.A.					(2)	(6)	-	-	3	1	(7)	4	(7)	-	-	-	-
CSN Aceros					(5)	(4)	-	-	-	(1)	-	(1)	-	-	-	-	-
					(17)	(27)	-	-	(66)	(7)	(38)	(73)	(38)	-	-	-	-
Total					1,035	702	37	30	35	94	(82)	129	(48)	36	36	30	72

(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 US\$ 60.

(2) We have significant influence through a shareholders` agreement.

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[Back to Contents](#)**9 Commitments and contingencies**

(a) At June 30, 2003, we had extended guarantees for borrowings obtained by affiliates and joint ventures in the amount of \$484, of which \$350 is denominated in United States dollars and the remaining \$134 in local currency, as follows:

<u>Affiliate or Joint Venture</u>	<u>Amount of guarantee</u>	<u>Denominated currency</u>	<u>Purpose</u>	<u>Final maturity</u>	<u>Counter guarantees</u>
ALBRAS	267	US\$	Debt guarantee	2007	None
	44	R\$	Debt guarantee	2010	None
FCA	51	US\$	Debt guarantee	2009	None
	84	R\$	Debt guarantee	2012	None
SEPETIBA TECON	18	US\$	Debt guarantee	2005	None
	5	R\$	Debt guarantee	2012	None
SAMARCO	12	US\$	Debt guarantee	2020	None
VALESUL	1	R\$	Debt guarantee	2006	None
					Collateral
NIBRASCO	2	US\$	Debt guarantee	2004	Pledge
	484				

We expect no losses to arise as a result of the above guarantees. We have made no charges for extending these guarantees except in the case of Albras and Samarco.

(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.

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

	June 30, 2003		December 31, 2002	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Labor claims	156	68	109	52
Civil claims	123	43	95	32
Tax - related actions	297	349	220	153
Others	1	2	4	2
	577	462	428	239

Labor - related actions principally comprise employee claims for (i) payment of time spent travelling 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.

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Tax - related actions principally comprise our challenges of changes in basis of calculation and rates of certain revenue taxes 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.

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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. The increase of \$196 for tax deposits relates to an action in which we challenged the annual limitation on use our tax loss carryforward.

Contingencies settled in the three-month period ended June 30, 2003, and 2002 and March 31, 2003 aggregated \$32, \$28 and \$21, respectively, and additional provisions aggregated \$18, \$74 and \$30, respectively.

- (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 therefrom no provision has been made in the financial information with respect to these two actions.
- (d) We are committed under a take-or-pay agreement to take annual delivery of approximately 207,060 metric tons per year of aluminum from ALBRAS at market prices. This estimate is based on 51% of ALBRAS expected production and, at a market price of \$1,366.00 per metric ton at June 30, 2003, represents an annual commitment of \$283. Actual take from Albras was \$67, \$71 and \$65 during the three-month period ended June 30, 2003 and 2002 and March 31, 2003, respectively.
- (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, which represents half of the \$410 in expenditures estimated as necessary to complete geological exploration and mineral resource development projects in the region over a period of five years. This period was extended for an additional two years. We oversee these projects and BNDES advances us half of our costs on a quarterly basis. Under the Mineral Risk Contract, as of June 30, 2003, both we and BNDES had remaining commitments to contribute an additional \$54 towards exploration and development activities. In the event that either of us wishes to conduct further exploration and development after having spent such \$205, 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 (1) all the rights and benefits provided for in the Mineral Risk Contract and (2) any amount 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.
- (g) At June 30, 2003 we have provided \$54 for environmental liabilities and asset retirement obligations.

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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.

10 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 financial information is required to be reported on the basis that the top decision-maker uses such information 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 gold and other non-ferrous minerals.

Logistics comprises our transportation systems as they pertain to 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 and investments joint ventures and affiliates engaged in bauxite mining and aluminum metal smelting.

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 Brazilian corporate law 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

2nd Quarter 2003

	Combined						Consolidated	
	Holdings							
	Ferrous	Non ferrous	Logistics	Aluminum	Steel	Others		Eliminations
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)	5	2	540	(775)
Depreciation, depletion and amortization	(45)	(2)	(3)	(4)	-	-	-	(54)
Pension plan	(2)	-	-	-	-	-	-	(2)
Operating profit	308	(2)	55	20	5	2	-	388
Financial income	51	(1)	5	3	2	-	(31)	29
Financial expenses	(85)	-	(2)	(7)	(1)	-	31	(64)
Foreign exchange and monetary losses, net	185	14	(12)	72	2	(4)	-	257
Equity in earnings	44	-	(72)	47	16	-	-	35
Income taxes	(139)	1	1	(24)	1	-	-	(160)
Minority interests	(1)	(3)	-	(25)	-	-	-	(29)
Net income	363	9	(25)	86	25	(2)	-	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
Asia, other than Japan	234	-	1	13	-	-	(105)	143
	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
Capital expenditures	177	94	17	20	-	-	-	308
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	459	-	2	305	277	29	-	1,072
Capital employed	2,875	158	245	486	19	10	-	3,793

[Back to Contents](#)**Operating profit by product after eliminations**

2nd Quarter 2003

	Revenues			(1) Cost and expenses	Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating profit
	Export	Domestic	Total					
Ferrous								
Iron ore	458	135	593	(301)	292	-	(20)	272
Pellets	118	50	168	(141)	27	(12)	(4)	11
Manganese	14	2	16	(3)	13	-	(1)	12
Ferroalloys	46	27	73	(51)	22	-	(2)	20
	636	214	850	(496)	354	(12)	(27)	315
Non ferrous								
Gold	7	-	7	(7)	-	-	(2)	(2)
Potash	-	21	21	(12)	9	-	(1)	8
Kaolin	13	1	14	(10)	4	-	-	4
	20	22	42	(29)	13	-	(3)	10
Aluminum								
Alumina	65	39	104	(88)	16	-	(4)	12
Aluminum	74	4	78	(68)	10	-	-	10
Bauxite	6	-	6	(6)	-	-	-	-
	145	43	188	(162)	26	-	(4)	22
Logistics								
Railroads	-	79	79	(27)	52	-	(16)	36
Ports	-	38	38	(32)	6	-	(2)	4
Ships	13	8	21	(21)	-	-	-	-
	13	125	138	(80)	58	-	(18)	40
Others	-	1	1	2	3	-	(2)	1
	814	405	1,219	(765)	454	(12)	(54)	388

(1) Cost and expenses include contingency provisions of \$16.

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1st Quarter 2003

	Combined						Consolidated	
	Holdings							
	Ferrous	Non ferrous	Logistics	Aluminum	Steel	Others		Eliminations
Gross revenues - Export	1,080	23	21	149	-	-	(476)	797
Gross revenues - Domestic	258	24	78	37	-	-	(41)	356
Cost and expenses	(1,001)	(38)	(61)	(159)	1	(3)	517	(744)
Depreciation, depletion and amortization	(36)	(3)	(2)	(2)	-	-	-	(43)
Pension plan	(3)	-	-	-	-	-	-	(3)
Operating profit	298	6	36	25	1	(3)	-	363
Financial income	45	1	3	3	-	1	(25)	28
Financial expenses	(96)	(2)	(1)	(5)	(3)	-	25	(82)
Foreign exchange and monetary losses, net	25	5	(3)	23	-	-	-	50
Equity in earnings	33	-	(11)	48	19	5	-	94
Income taxes	(66)	(1)	(1)	(2)	(1)	-	-	(71)
Change in accounting practice for asset retirement obligations (note 4)	(10)	-	-	-	-	-	-	(10)
Minority interests	-	(2)	-	(16)	-	-	-	(18)
Net income	229	7	23	76	16	3	-	354
Sales classified by geographic destination:								
Export market								
America, except United States	116	-	14	31	-	-	(72)	89
United States	101	4	-	2	-	-	(50)	57
Europe	440	17	4	87	-	-	(170)	378
Middle East/Africa/Oceania	51	-	3	-	-	-	(16)	38
Japan	111	1	-	23	-	-	(49)	86
Asia, other than Japan	261	1	-	6	-	-	(119)	149
	1,080	23	21	149	-	-	(476)	797
Domestic market	258	24	78	37	-	-	(41)	356
	1,338	47	99	186	-	-	(517)	1,153
Assets:								
Property, plant and equipment, net	2,563	464	162	430	-	27	-	3,646
Capital expenditures	91	51	32	23	-	1	-	198
Investments in affiliated companies and joint ventures and								

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other investments, net of provision for losses	437	-	(7)	233	148	28	-	839
Capital employed	2,521	138	188	405	22	10	-	3,284

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1st Quarter 2003

	Revenues			(1) Cost and expenses	Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating profit
	Export	Domestic	Total					
Ferrous								
Iron ore	421	126	547	(267)	280	-	(18)	262
Pellets	152	47	199	(168)	31	-	(3)	28
Manganese	9	2	11	(5)	6	-	-	6
Ferroalloys	47	17	64	(54)	10	-	(2)	8
	629	192	821	(494)	327	-	(23)	304
Non ferrous								
Gold	9	-	9	(8)	1	-	-	1
Potash	-	21	21	(12)	9	-	(1)	8
Kaolin	13	3	16	(10)	6	-	(1)	5
	22	24	46	(30)	16	-	(2)	14
Aluminum								
Alumina	59	34	93	(73)	20	-	(2)	18
Aluminum	70	-	70	(66)	4	-	-	4
Bauxite	4	-	4	(4)	-	-	-	-
	133	34	167	(143)	24	-	(2)	22
Logistics								
Railroads	-	66	66	(22)	44	-	(14)	30
Ports	-	28	28	(9)	19	-	(2)	17
Ships	13	8	21	(39)	(18)	-	-	(18)
	13	102	115	(70)	45	-	(16)	29
Others	-	4	4	(10)	(6)	-	-	(6)
	797	356	1,153	(747)	406	-	(43)	363

(1) Cost and expenses include contingency provisions of \$9.

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2nd Quarter 2002

	Combined							Consolidated
	Holdings						Eliminations	
	Ferrous	Non ferrous	Logistics	(1) Aluminum	Steel	Others		
Gross revenues - Export	1,052	42	9	99	-	-	(482)	720
Gross revenues - Domestic	269	26	98	-	-	2	(50)	345
Cost and expenses	(933)	(46)	(82)	(103)	(24)	(11)	532	(667)
Depreciation, depletion and amortization	(45)	(13)	(3)	(1)	-	1	-	(61)
Pension plan	(3)	-	-	-	-	-	-	(3)
Operating profit	340	9	22	(5)	(24)	(8)	-	334
Financial income	52	-	3	3	1	-	(15)	44
Financial expenses	(126)	(1)	(2)	-	(3)	-	15	(117)
Foreign exchange and monetary losses, net	(291)	(19)	(16)	-	-	-	-	(326)
Equity in earnings	(4)	-	(37)	(37)	(2)	(2)	-	(82)
Income taxes	130	-	-	(1)	-	-	-	129
Minority interests	1	3	-	-	-	-	-	4
Net income	102	(8)	(30)	(40)	(28)	(10)	-	(14)
Sales classified by geographic destination:								
Export market								
America, except United States	153	-	7	6	-	-	(100)	66
United States	58	16	-	1	-	-	(45)	30
Europe	458	26	-	81	-	-	(187)	378
Middle East/Africa/Oceania	42	-	-	-	-	-	(7)	35
Japan	130	-	-	-	-	-	(61)	69
Asia, other than Japan	211	-	2	11	-	-	(82)	142
	1,052	42	9	99	-	-	(482)	720
Domestic market	269	26	98	-	-	2	(50)	345
	1,321	68	107	99	-	2	(532)	1,065
Assets:								
Property, plant and equipment, net	2,700	392	252	410	-	92	-	3,846
Capital expenditures	143	15	17	-	-	(3)	-	172
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	540	-	(2)	174	142	33	-	887
Capital employed	2,577	345	248	266	18	38	-	3,492

(1) Control of Alunorte was acquired in June 2002 and it was consolidated from then.

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2nd Quarter 2002

	Revenues			Cost and expenses	Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating profit
	Export	Domestic	Total					
Ferrous								
Iron ore	433	129	562	(239)	323	-	(20)	303
Pellets	100	42	142	(151)	(9)	-	(4)	(13)
Manganese	8	1	9	(12)	(3)	-	(1)	(4)
Ferroalloys	33	17	50	(30)	20	-	(3)	17
	574	189	763	(432)	331	-	(28)	303
Non ferrous								
Gold	35	-	35	(21)	14	-	(5)	9
Potash	-	24	24	(20)	4	-	(1)	3
Kaolin	7	2	9	(11)	(2)	-	(1)	(3)
	42	26	68	(52)	16	-	(7)	9
Aluminum								
Alumina	16	-	16	(21)	(5)	-	-	(5)
Aluminum	74	-	74	(73)	1	-	-	1
Bauxite	8	-	8	(9)	(1)	-	-	(1)
	98	-	98	(103)	(5)	-	-	(5)
Logistics								
Railroads	-	72	72	(28)	44	5	(20)	29
Ports	-	39	39	(29)	10	-	(3)	7
Ships	6	14	20	(30)	(10)	1	(2)	(11)
	6	125	131	(87)	44	6	(25)	25
Others	-	5	5	(2)	3	-	(1)	2
	720	345	1,065	(676)	389	6	(61)	334

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[Back to Contents](#)**Results by segment - before eliminations**

Six months ended June 30, 2003

	Combined							Consolidated
	Holdings						Eliminations	
	Ferrous	Non ferrous	Logistics	Aluminum	Steel	Others		
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)	6	(1)	1,057	(1,519)
Depreciation, depletion and amortization	(81)	(5)	(5)	(6)	-	-	-	(97)
Pension plan	(5)	-	-	-	-	-	-	(5)
Operating profit	606	4	91	45	6	(1)	-	751
Financial income	96	-	8	6	2	1	(56)	57
Financial expenses	(181)	(2)	(3)	(12)	(4)	-	56	(146)
Foreign exchange and monetary losses, net	210	19	(15)	95	2	(4)	-	307
Equity in earnings	78	-	(83)	95	35	4	-	129
Income taxes	(205)	-	-	(26)	-	-	-	(231)
Change in accounting practice for asset retirement obligations (note 4)	(10)	-	-	-	-	-	-	(10)
Minority interests	(1)	(5)	-	(41)	-	-	-	(47)
Net income	593	16	(2)	162	41	-	-	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	14	132	-	-	(355)	753
Middle East/Africa/Oceania	119	-	4	-	-	-	(30)	93
Japan	242	3	2	70	-	-	(109)	208
Asia, other than Japan	495	1	1	19	-	-	(224)	292
	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
Capital expenditures	268	145	49	43	-	1	-	506
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	459	-	2	305	277	29	-	1,072

Capital employed	2,875	158	245	486	19	10	-	3,793
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[Back to Contents](#)**Operating profit by product after eliminations**

Six months ended June 30, 2003

	Revenues			(1) Cost and expenses	Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating profit
	Export	Domestic	Total					
Ferrous								
Iron ore	879	261	1,140	(568)	572	-	(38)	534
Pellets	270	97	367	(309)	58	(12)	(7)	39
Manganese	23	4	27	(8)	19	-	(1)	18
Ferroalloys	93	44	137	(105)	32	-	(4)	28
	1,265	406	1,671	(990)	681	(12)	(50)	619
Non ferrous								
Gold	16	-	16	(15)	1	-	(2)	(1)
Potash	-	42	42	(24)	18	-	(2)	16
Kaolin	26	4	30	(20)	10	-	(1)	9
	42	46	88	(59)	29	-	(5)	24
Aluminum								
Alumina	124	73	197	(161)	36	-	(6)	30
Aluminum	144	4	148	(134)	14	-	-	14
Bauxite	10	-	10	(10)	-	-	-	-
	278	77	355	(305)	50	-	(6)	44
Logistics								
Railroads	-	145	145	(49)	96	-	(30)	66
Ports	-	66	66	(41)	25	-	(4)	21
Ships	26	16	42	(60)	(18)	-	-	(18)
	26	227	253	(150)	103	-	(34)	69
Others	-	5	5	(8)	(3)	-	(2)	(5)
	1,611	761	2,372	(1,512)	860	(12)	(97)	751

(1) Cost and expenses include contingency provisions of \$25.

[Back to Contents](#)**Results by segment - before eliminations**

Six months ended June 30, 2002

	Combined							Consolidated
	Holdings						Eliminations	
	Ferrous	Non ferrous	Logistics	(1) Aluminum	Steel	Others		
Gross revenues - Export	2,001	86	19	167	-	-	(867)	1,406
Gross revenues - Domestic	485	43	179	-	-	3	(72)	638
Cost and expenses	(1,789)	(95)	(137)	(165)	(24)	(11)	939	(1,282)
Depreciation, depletion and amortization	(98)	(19)	(9)	(1)	-	-	-	(127)
Pension plan	(6)	-	-	-	-	-	-	(6)
Operating profit	593	15	52	1	(24)	(8)	-	629
Financial income	93	-	6	4	1	-	(27)	77
Financial expenses	(196)	(3)	(3)	-	(4)	-	27	(179)
Foreign exchange and monetary losses, net	(297)	(18)	(16)	-	-	-	-	(331)
Equity in earnings	14	-	(42)	(12)	(7)	(1)	-	(48)
Income taxes	113	-	(1)	(2)	-	-	-	110
Minority interests	-	3	-	-	-	-	-	3
Net income	320	(3)	(4)	(9)	(34)	(9)	-	261
Sales classified by geographic destination:								
Export market								
America, except United States	217	-	12	13	-	-	(125)	117
United States	147	29	3	1	-	-	(85)	95
Europe	851	55	2	142	-	-	(338)	712
Middle East/Africa/Oceania	85	-	-	-	-	-	(11)	74
Japan	243	1	-	-	-	-	(113)	131
Asia, other than Japan	458	1	2	11	-	-	(195)	277
	2,001	86	19	167	-	-	(867)	1,406
Domestic market	485	43	179	-	-	3	(72)	638
	2,486	129	198	167	-	3	(939)	2,044
Assets:								
Property, plant and equipment, net	2,700	392	252	410	-	92	-	3,846
Capital expenditures	273	18	26	-	-	-	-	317
Investments in affiliated companies and joint ventures and other investments, net of provision	540	-	(2)	174	142	33	-	887

for losses

Capital employed	<u>2,577</u>	<u>345</u>	<u>248</u>	<u>266</u>	<u>18</u>	<u>38</u>	<u>-</u>	3,492
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(1) Control of Alunorte was acquired in June 2002 and it was consolidated from then.

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[Back to Contents](#)**Operating profit by product after eliminations**

Six months ended June 30, 2002

	Revenues			Cost and expenses	Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating profit
	Export	Domestic	Total					
Ferrous								
Iron ore	843	233	1,076	(519)	557	-	(46)	511
Pellets	216	78	294	(268)	26	-	(5)	21
Manganese	14	5	19	(14)	5	-	(2)	3
Ferroalloys	66	39	105	(72)	33	-	(4)	29
	1,139	355	1,494	(873)	621	-	(57)	564
Non ferrous								
Gold	69	-	69	(43)	26	-	(15)	11
Potash	-	40	40	(31)	9	-	(2)	7
Kaolin	17	3	20	(17)	3	-	(2)	1
	86	43	129	(91)	38	-	(19)	19
Aluminum								
Alumina	22	-	22	(25)	(3)	-	-	(3)
Aluminum	134	-	134	(130)	4	-	-	4
Bauxite	10	-	10	(11)	(1)	-	-	(1)
	166	-	166	(166)	-	-	-	-
Logistics								
Railroads	-	144	144	(50)	94	-	(40)	54
Ports	-	60	60	(40)	20	-	(5)	15
Ships	15	23	38	(43)	(5)	-	(4)	(9)
	15	227	242	(133)	109	-	(49)	60
Others	-	13	13	(25)	(12)	-	(2)	(14)
	1,406	638	2,044	(1,288)	756	-	(127)	629

11 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.

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The asset (liability) balances at June 30, 2003, 2002 and March 31, 2003 and the movement in fair value of derivative financial instruments is as follows:

	Gold	Interest rates (libor)	Currencies	Alumina	Total
Unrealized gains (losses) at April 1, 2003	(10)	(68)	(1)	3	(76)
Financial settlement	-	10	-	-	10
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, 2003	(15)	(60)	(1)	3	(73)
Financial settlement	-	4	-	-	4
Gains (losses) in the period	5	(8)	-	-	(3)
Effect of exchange rate changes	-	(4)	-	-	(4)
Unrealized gains (losses) at March 31, 2003	(10)	(68)	(1)	3	(76)
Unrealized gains (losses) at April 1, 2002	(2)	(25)	(6)	-	(33)
Change in the period	(1)	3	5	-	7
Gains (losses) realized in the period	-	(6)	(1)	-	(7)
Unrealized gains (losses) at June 30, 2002	(3)	(28)	(2)	-	(33)
Unrealized gains (losses) at January 1, 2003	(15)	(60)	(1)	3	(73)
Financial settlement	-	14	-	-	14
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) at January 1, 2002	7	(36)	(4)	-	(33)
Change in the period	(11)	21	3	-	13
Gains (losses) realized in the period	1	(13)	(1)	-	(13)
Unrealized gains (losses) at June 30, 2002	(3)	(28)	(2)	-	(33)

Realized and unrealized gains (losses) are included in our income statement under the following captions:

Gold operating costs and expenses;
 Interest rates financial expenses;
 Currencies foreign exchange and monetary losses, net;

Alumina operating costs and expenses.

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Final maturity dates for the above instruments are as follows:

Gold	December 2006
Interest rates (libor)	May 2007
Currencies	May 2005
Alumina	Dec 2008

(a) Interest Rate and Exchange Rate Risk

Interest rate risks mainly relate to that part of the foreign debt borrowed at floating rates. The foreign currency debt is largely subject to fluctuations in the London Interbank Offered Rate - LIBOR. That portion of local currency denominated debt that is subject to floating rates is linked to the Long Term Interest Rate - TJLP, fixed quarterly by the Brazilian Central Bank. Since May 1998, we have used derivative instruments to protect ourselves against fluctuations in the LIBOR rate.

There is an exchange rate risk associated with our foreign currency denominated debt. On the other hand, 89% of our revenues are denominated in, or automatically indexed to, the U.S. dollar, while 49% of our costs are expressed in reais. This provides a natural hedge against any devaluation of the Brazilian real against the U.S. dollar. When events of this nature occur, the immediate negative impact on foreign currency denominated debt is offset over time by the positive effect of devaluation on future cash flows.

With the advent of a floating exchange rate regime in Brazil in January 1999, we adopted a strategy of monitoring market fluctuations, using derivatives to protect against specific risks from exchange rate variation.

From time to time we enter into foreign exchange derivative swap transactions seeking to change the characteristics of our real-denominated cash investments to US dollar-indexed instruments. The extent of such transactions depends on our perception of market and currency risk, but is never speculative in nature. All such operations are marked-to-market at each balance sheet date and the effect included in financial income or expense. During the three-month periods ended June 30, 2003, March 31, 2003 and June 30, 2002 and for the six-month periods ended June 30, 2003 and 2002 our use of such instruments was not significant.

(b) Commodity Price Risk

We also use derivative instruments to manage exposure to changing gold prices and to ensure an average minimum profit level for future and alumina production. However, they may also have the effect of eliminating potential gains on certain price increases in the spot market. We manage our contract positions actively, and the results are reviewed at least monthly, allowing adjustments to targets and strategy to be made in response to changing market conditions.

In the case of gold and alumina derivatives, our policy has been to settle all contracts through cash payments or receipts, without physical delivery of product.

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12 Subsequent Events

Acquisition of Caemi

On July 18, 2003 the European Commission approved CVRD's acquisition of 50% of the common shares and 40% of the preferred shares of Caemi Mineração e Metalurgia S.A. (Caemi). Upon conclusion of the acquisition, the Company will detain all the common shares and 40% of the preferred shares of Caemi.

CVRD's Vale Overseas Places Bonds for US\$ 300 at a 9.25% Yield

On August 1, 2003 a wholly owned subsidiary, Vale Overseas Limited issued US\$300 in ten-year notes. The notes bear a coupon of 9.00% per year, payable semi-annually, and will be priced at 98.386% of their principal amount. The notes will be unsecured and unsubordinated obligations of Vale Overseas Limited and will be fully and unconditionally guaranteed by CVRD.

The Company expects to file a registration statement with the United States Securities and Exchange Commission (SEC) and to make its best efforts to exchange the notes for others registered with the SEC within 180 days of the closing date of the offering.

Additionally, on July 28, 2003, another wholly owned subsidiary, CVRD Finance Ltd. issued US\$ 250 of 4.48% notes due 2013.

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Supplemental Financial Information

The following information provides additional details in relation to the balance sheet and financial performance of equity investees as well as certain financial ratios.

EBITDA represents operating income plus depreciation, amortization and depletion plus impairment/gain on sale of property, plant and equipment plus dividends received from equity investees. EBITDA is not a US GAAP measurement and does not represent cash flow for the periods presented and should not be considered as an alternative to net income (loss), as an indicator of our operating performance or as an alternative to cash flow as a source of liquidity. Our definition of EBITDA may not be comparable with EBITDA as defined by other companies. Although EBITDA, as defined above, does not provide a US GAAP measure of operating cash flows, our management uses it to measure our operating performance and it is commonly used by financial analysts in evaluating our business.

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[Back to Contents](#)**Aluminum Area - Valesul (Additional information - Unaudited)**

Information		2003					2002				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Quantity sold - external market	MT (thousand)	9	15			24	9	12	8	13	42
Quantity sold - internal market	MT (thousand)	10	9			19	12	12	10	14	48
Quantity sold - total	MT (thousand)	19	24	-	-	43	21	24	18	27	90
Average sales price - external market	US\$	1.505,49	1.516,01			1.512,07	1.467,44	1.481,49	1.485,09	1.413,67	1.459,01
Average sales price - internal market	US\$	1.933,02	1.970,53			1.950,79	1.906,21	1.865,52	1.779,65	1.801,29	1.837,32
Average sales price - total	US\$	1.730,60	1.685,82			1.705,61	1.720,97	1.663,20	1.654,96	1.618,98	1.661,77
Long-term indebtedness, gross	US\$	1	1			1	2	1	1	1	1
Short-term indebtedness, gross	US\$	1	1			1	1	1	-	1	1
Total indebtedness, gross	US\$	2	2	-	-	2	3	2	1	2	2
Stockholders' equity	US\$	84	92			92	95	83	66	72	72
EBITDA	US\$	10	5	-	-	15	6	9	9	14	38
Depreciation, amortization and depletion	US\$	(1)	(2)	-	-	(3)	(1)	(1)	(1)	(1)	(4)
Impairment/gain on sale	US\$	-	-	-	-	-	-	-	-	-	-
Dividends received from equity investees	US\$	-	-	-	-	-	-	-	-	-	-
Operating income	US\$	9	3	-	-	12	5	8	8	13	34
Net financial result	US\$	-	-	-	-	-	-	-	-	(1)	(1)
Income before income tax and social contribution	US\$	9	3	-	-	12	5	8	8	12	33
Income tax and social contribution	US\$	(1)	(2)			(3)	(2)	(2)	(1)	(2)	(7)
Net income	US\$	8	1	-	-	9	3	6	7	10	26

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[Back to Contents](#)**Aluminum Area - MRN (Additional information - Unaudited)**

Information		2003					2002				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Quantity sold - external market	MT (thousand)	711	958			1,669	485	790	740	601	2,616
Quantity sold - internal market	MT (thousand)	1,485	2,554			4,039	1,296	1,821	1,814	2,381	7,312
Quantity sold - total	MT (thousand)	2,196	3,512	-	-	5,708	1,781	2,611	2,554	2,982	9,928
Average sales price - external market	US\$	21,31	21,20			21,25	20,56	19,09	19,21	21,42	19,93
Average sales price - internal market	US\$	18,24	18,15			18,18	19,46	18,01	18,16	20,32	19,06
Average sales price - total	US\$	19,23	18,98			19,08	19,76	18,34	18,46	20,54	18,95
Long-term indebtedness, gross	US\$	69	66			66	96	90	78	76	76
Short-term indebtedness, gross	US\$	44	134			134	14	19	23	29	29
Total indebtedness, gross	US\$	113	200	-	-	200	110	109	101	105	105
Stockholders' equity	US\$	402	417			417	364	377	388	405	405
EBITDA	US\$	24	39	-	-	63	21	22	22	35	100
Depreciation, amortization and depletion	US\$	(10)	(10)	-	-	(20)	(9)	(9)	(10)	(10)	(38)
Impairment/gain on sale	US\$	-	-	-	-	-	-	24	-	-	24
Dividends received from equity investees	US\$	-	-	-	-	-	-	-	-	-	-
Operating income	US\$	14	29	-	-	43	12	37	12	25	86
Gain (loss) on investments accounted for by the equity method	US\$	-	-	-	-	-	(1)	(4)	-	-	(5)
Non-operating result	US\$	-	-	-	-	-	-	-	-	-	-
Net financial result	US\$	(2)	(12)	-	-	(14)	(1)	13	17	(5)	24
Income before income tax and social contribution	US\$	12	17	-	-	29	10	46	29	20	105
Income tax and social contribution	US\$	(2)	(2)	-	-	(4)	(1)	(8)	1	(3)	(11)
Net income	US\$	10	15	-	-	25	9	38	30	17	94

The amounts refers 2002 and the 1st quarter 2003 were adjusted.

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[Back to Contents](#)**Aluminum Area - Albras (Additional information - Unaudited)**

Information		2003							
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
Quantity sold - external market	MT (thousand)	99	102			201	84	108	101
Quantity sold - internal market	MT (thousand)	4	4			8	4	2	3
Quantity sold - total	MT (thousand)	103	106	-	-	209	88	110	104
Average sales price - external market	US\$	1.336,40	1.324,49			1.330,36	1.318,33	1.409,42	1.288,20
Average sales price - internal market	US\$	1.376,14	1.365,10			1.370,62	1.352,12	1.330,47	1.335,69
Average sales price - total	US\$	1.337,98	1.326,07			1.331,94	1.319,81	1.332,13	1.289,68
Long-term indebtedness, gross	US\$	451	400			400	524	507	499
Short-term indebtedness, gross	US\$	-	-			-	73	49	20
Total indebtedness, gross	US\$	451	400	-	-	400	597	556	519
Stockholders' equity	US\$	79	172			172	56	(18)	(97)
EBITDA	US\$	56	50	-	-	106	43	58	56
Depreciation, amortization and depletion	US\$	(3)	(4)	-	-	(7)	(5)	(4)	(4)
Impairment/gain on sale	US\$	-	(3)	-	-	(3)	-	-	-
Operating income	US\$	53	43	-	-	96	38	54	52
Net financial result	US\$	30	58			88	(9)	(125)	(153)
Income before income tax and social contribution	US\$	83	101	-	-	184	29	(71)	(101)
Income tax and social contribution	US\$	(4)	(24)			(28)	(2)	2	-
Net income	US\$	79	77	-	-	156	27	(69)	(101)

The amounts refers 2002 and the 1st quarter 2003 were adjusted.

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[Back to Contents](#)**Aluminum Area - Alunorte (Additional information - Unaudited) - Consolidated Subsidiary**

Information	2003					2002				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Quantity sold - external market	MT									
(thousand)	289	303			592	222	175	115	208	720
Quantity sold - internal market	MT									
(thousand)	201	234			435	205	235	233	199	872
Quantity sold - total	MT									
(thousand)	490	537	-	-	1.027	427	410	348	407	1.592
Average sales price - external market	US\$	170,93	172,57		171,77	148,20	152,79	162,37	154,43	153,39
Average sales price - internal market	US\$	173,60	175,13		174,42	175,94	175,38	173,97	169,51	173,79
Average sales price - total	US\$	172,03	173,68		172,89	161,55	165,72	170,13	161,79	164,56
Long-term indebtedness, gross	US\$	482	494		494	455	455	473	481	481
Short-term indebtedness, gross	US\$	-	4		4	-	-	-	-	-
Total indebtedness, gross	US\$	482	498	-	498	455	455	473	481	481
Stockholders' equity	US\$	91	170		170	180	85	(30)	50	50
EBITDA	US\$	23	17	-	40	14	18	23	15	70
Depreciation, amortization and depletion	US\$	(3)	(3)	-	(6)	(3)	(3)	(2)	(2)	(10)
Impairment/gain on sale	US\$	-	-	-	-	-	-	-	-	-
Dividends received from equity investees	US\$	-	-	-	-	-	-	-	-	-
Operating income	US\$	20	14	-	34	11	15	21	13	60
Non-operating result	US\$	-	-	-	-	(2)	(1)	3	-	-
Net financial result	US\$	20	66	-	86	(3)	(89)	(150)	57	(185)
Income before income tax and social contribution	US\$	40	80	-	120	6	(75)	(126)	70	(125)
Income tax and social contribution	US\$	(4)	(20)	-	(24)	-	-	-	24	24
Net income	US\$	36	60	-	96	6	(75)	(126)	94	(101)

[Back to Contents](#)**Aluminum Area - Aluvale (Additional information - Unaudited) - Consolidated Subsidiary**

Information		2003					2002				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Stockholders' equity	US\$	354	472			472	365	275	158	282	282
EBITDA	US\$	7	4	-	-	11	14	11	8	6	39
Depreciation, amortization and depletion	US\$	-	-	-	-	-	-	-	-	-	-
Impairment / gain on sale	US\$	-	-	-	-	-	-	-	-	-	-
Dividends received from equity investees	US\$	(5)	(3)	-	-	(8)	(13)	(10)	(7)	(7)	(37)
Operating income	US\$	2	1	-	-	3	1	1	1	(1)	2
Gain on investments accounted for by the equity method	US\$	66	83			149	25	(43)	(95)	138	25
Net financial result	US\$	1	1			2	2	4	(3)	2	5
Income before income tax and social contribution	US\$	69	85	-	-	154	28	(38)	(97)	139	32
Income tax and social contribution	US\$	2	(4)			(2)	(1)	(2)	1	-	(2)
Net income	US\$	71	81	-	-	152	27	(40)	(96)	139	30

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[Back to Contents](#)**Pelletizing Affiliates - Kobrasco (Additional information - Unaudited)**

Information		2003					2002				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Quantity sold - external market	MT (thousand)	453	667			1.120	436	534	850	1.074	2.894
Quantity sold - internal market	MT (thousand)	681	461			1.142	420	478	-	242	1.140
Quantity sold - total	MT (thousand)	1.134	1.128	-	-	2.262	856	1.012	850	1.316	4.034
Average sales price - external market	US\$	29,89	29,98			29,94	31,31	29,34	29,47	29,89	29,88
Average sales price - internal market	US\$	30,72	30,90			30,79	32,08	29,24	-	30,32	30,51
Average sales price - total	US\$	30,39	30,35			30,37	31,69	29,30	29,47	29,97	30,09
Long-term indebtedness, gross	US\$	124	102			102	150	143	147	114	114
Total indebtedness, gross	US\$	124	102	-	-	102	150	143	147	114	114
Stockholders' equity	US\$	(28)	(20)			(20)	23	3	(21)	(31)	(31)
EBITDA	US\$	6	2	-	-	8	7	2	5	5	19
Depreciation, amortization and depletion	US\$	(1)	-	-	-	(1)	(1)	(1)	(1)	(1)	(4)
Impairment / gain on sale	US\$	-	-	-	-	-	-	-	-	-	-
Dividends received from equity investees	US\$	-	-	-	-	-	-	-	-	-	-
Operating income	US\$	5	2	-	-	7	6	1	4	4	15
Net financial result	US\$	5	16			21	(2)	(27)	(46)	15	(60)
Income before income tax and social contribution	US\$	10	18	-	-	28	4	(26)	(42)	19	(45)
Income tax and social contribution	US\$	(4)	(7)			(11)	(1)	9	14	(7)	15
Net income	US\$	6	11	-	-	17	3	(17)	(28)	12	(30)

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[Back to Contents](#)**Pelletizing Affiliates - Hispanobras (Additional information - Unaudited)**

Information		2003					2002				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Quantity sold - external market	MT (thousand)	268	625			893	487	356	165	313	1.321
Quantity sold - internal market	MT (thousand)	637	265			902	420	480	520	826	2.246
Quantity sold - total	MT (thousand)	905	890	-	-	1.795	907	836	685	1.139	3.567
Average sales price - external market	US\$	29,54	33,75			32,49	31,33	31,49	31,39	24,28	29,71
Average sales price - internal market	US\$	29,95	38,90			32,58	31,43	31,63	32,28	27,31	30,15
Average sales price - total	US\$	29,75	36,33			33,01	31,38	31,56	32,07	25,80	29,77
Stockholders' equity	US\$	27	34			34	36	31	25	27	27
EBITDA	US\$	4	6	-	-	10	5	2	2	4	13
Depreciation, amortization and depletion	US\$	(1)	-	-	-	(1)	(1)	-	-	(1)	(2)
Impairment/gain on sale	US\$	-	-	-	-	-	-	-	-	-	-
Dividends received from equity investees	US\$	-	-	-	-	-	-	-	-	-	-
Operating income	US\$	3	6	-	-	9	4	2	2	3	11
Net financial result	US\$	(1)	(2)			(3)	-	3	3	(2)	4
Income before income tax and social contribution	US\$	2	4	-	-	6	4	5	5	1	15
Income tax and social contribution	US\$	(1)	-			(1)	(2)	(2)	(1)	-	(5)
Net income	US\$	1	4	-	-	5	2	3	4	1	10

The amounts refers 2002 and the 1st quarter 2003 were adjusted.

[Back to Contents](#)**Pelletizing Affiliates - Itabasco (Additional information - Unaudited)**

Information		2003					2002				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Quantity sold - external market	MT (thousand)	306	778			1,084	644	533	572	431	2,180
Quantity sold - internal market	MT (thousand)	507	65			572	233	169	243	482	1,127
Quantity sold - total	MT (thousand)	813	843	-	-	1,656	877	702	815	913	3,307
Average sales price - external market	US\$	29,97	33,53			32,53	31,16	28,46	29,96	30,01	29,71
Average sales price - internal market	US\$	29,20	55,87			32,23	31,90	27,79	30,33	30,60	29,13
Average sales price - total	US\$	29,54	35,25			32,45	31,35	28,30	30,06	30,18	29,51
Long-term indebtedness, gross	US\$	5	-			-	18	17	16	-	-
Total indebtedness, gross	US\$	5	-	-	-	-	18	17	16	-	-
Stockholders' equity	US\$	20	23			23	27	24	20	17	17
EBITDA	US\$	2	7	-	-	9	2	1	1	3	7
Depreciation, amortization and depletion	US\$	-	-	-	-	-	-	-	-	-	-
Impairment/ gain on sale	US\$	-	-	-	-	-	-	-	-	-	-
Dividends received from equity investees	US\$	-	-	-	-	-	-	-	-	-	-
Operating income	US\$	2	7	-	-	9	2	1	1	3	7
Non-operating result	US\$	-	-			-	-	-	-	-	-
Net financial result	US\$	(1)	(2)			(3)	-	3	5	(2)	6
Income before income tax and social contribution	US\$	1	5	-	-	6	2	4	6	1	13
Income tax and social contribution	US\$	(1)	(2)			(3)	(1)	(2)	(2)	1	(4)
Net income	US\$	-	3	-	-	3	1	2	4	2	9

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[Back to Contents](#)**Pelletizing Affiliates - Nibrasco (Additional information - Unaudited)**

Information		2003					2002				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
	MT										
Quantity sold - external market	(thousand)	469	513			982	407	686	290	783	2,166
Quantity sold - internal market	MT										
- CVRD	(thousand)	1,303	1,308			2,611	584	1,544	1,520	1,301	4,949
Quantity sold - internal market	MT										
- Others	(thousand)	28	26			54	9	27	32	32	100
Quantity sold - total	MT (thousand)	1,800	1,847	-	-	3,647	1,000	2,257	1,842	2,116	7,215
Average sales price - external market	US\$	28,76	27,69			28,20	30,25	30,88	27,39	28,95	29,60
Average sales price - internal market	US\$	27,38	26,77			27,07	30,49	31,58	25,69	28,25	28,77
Average sales price - total	US\$	27,75	27,03			27,40	30,39	31,36	25,96	28,52	29,01
Long-term indebtedness, gross	US\$	1	-			-	4	2	2	1	1
Short-term indebtedness, gross	US\$	2	2			2	2	2	2	2	2
Total indebtedness, gross	US\$	3	2	-	-	2	6	4	4	3	3
Stockholders' equity	US\$	25	28			28	31	28	21	23	23
EBITDA	US\$	3	-	-	-	3	1	7	4	7	19
Depreciation, amortization and depletion	US\$	(1)	(1)	-	-	(2)	(1)	(1)	(1)	(1)	(4)
Impairment / gain on sale	US\$	-	-	-	-	-	-	-	-	-	-
Dividends received from equity investees	US\$	-	-	-	-	-	-	-	-	-	-
Operating income	US\$	2	(1)	-	-	1	-	6	3	6	15
Net financial result	US\$	-	-			-	(1)	(1)	-	-	(2)
Income before income tax and social contribution	US\$	2	(1)	-	-	1	(1)	5	3	6	13
Income tax and social contribution	US\$	(1)	-			(1)	-	(2)	(1)	(2)	(5)
Net income	US\$	1	(1)	-	-	-	(1)	3	2	4	8

[Back to Contents](#)**Pelletizing Affiliates - Samarco (Additional information - Unaudited)**

Information		2003					2002				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Quantity sold - total	MT (thousand)	3,988	4,277			8,265	3,301	3,436	3,871	3,834	14,442
Average sales price - total	US\$	27.59	30.98			29.34	28.48	28.78	27.93	29.22	28.60
Long-term indebtedness, gross	US\$	56	50			50	93	87	76	67	67
Short-term indebtedness, gross	US\$	123	138			138	169	181	170	142	142
Total indebtedness, gross	US\$	179	188	-	-	188	262	268	246	209	209
Stockholders' equity	US\$	336	395			395	454	333	231	307	307
EBITDA	US\$	56	45	-	-	101	39	41	45	65	190
Depreciation, amortization and depletion	US\$	(*) (5)	(6)	-	-	(11)	(6)	(6)	(5)	(4)	(21)
Operating income	US\$	51	39	-	-	90	33	35	40	61	169
Gain (loss) on investments accounted for by the equity method	US\$	(1)	6			5	-	-	(12)	(1)	(13)
Net financial result	US\$	-	8			8	(6)	(37)	(52)	12	(83)
Income before income tax and social contribution	US\$	50	53	-	-	103	27	(2)	(24)	72	73
Income tax and social contribution	US\$	(12)	(7)			(19)	(5)	(3)	-	(9)	(17)
Net income	US\$	38	46	-	-	84	22	(5)	(24)	63	56

(*) Adjusted

The amounts refers 2002 and the 1st quarter 2003 were adjusted.

[Back to Contents](#)**Iron Ore Subsidiary - Ferteco (Additional information - Unaudited) - Consolidated Subsidiary**

Information		2003					2002				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Quantity sold - external market - Iron Ore	MT (thousand)	3.503	2.917			6.420	2.020	2.713	2.769	2.142	9.644
Quantity sold - internal market - Iron Ore	MT (thousand)	1.376	1.509			2.885	512	832	1.594	1.146	4.084
Quantity sold - total - Iron Ore	MT (thousand)	4.879	4.426	-	-	9.305	2.532	3.545	4.363	3.288	13.728
Quantity sold - external market - Pellets	MT (thousand)	358	514			872	448	736	554	645	2.383
Quantity sold - internal market - Pellets	MT (thousand)	498	661			1.159	277	498	703	697	2.175
Quantity sold - total - Pellets	MT (thousand)	856	1.175	-	-	2.031	725	1.234	1.257	1.342	4.558
Average sales price - external market - Iron Ore	US\$	16,29	18,82			17,44	16,53	17,32	16,38	16,56	16,76
Average sales price - internal market - Iron Ore	US\$	7,73	8,69			8,23	3,71	6,20	6,47	5,42	6,02
Average sales price - total - Iron Ore	US\$	13,87	13,67			13,77	14,59	14,70	12,66	12,68	13,46
Average sales price - external market - Pellets	US\$	28,51	31,05			30,01	28,08	29,68	26,78	28,73	28,45
Average sales price - internal market - Pellets	US\$	30,40	32,42			31,55	19,02	23,15	23,38	19,73	21,60
Average sales price - total - Pellets	US\$	29,62	31,82			30,89	26,63	27,05	24,88	24,06	25,18
Long-term indebtedness, gross	US\$	82	78			78	94	88	74	82	82
Short-term indebtedness, gross	US\$	10	-			-	55	58	52	23	23
Total indebtedness, gross	US\$	92	78	-	-	78	149	146	126	105	105
Stockholders' equity	US\$	406	497			497	132	429	301	359	359
EBITDA	US\$	38	49	-	-	87	22	25	40	18	105
Depreciation, amortization and depletion	US\$	(3)	(3)	-	-	(6)	(4)	(4)	(3)	(2)	(13)
Impairment / gain on sale	US\$	-	-	-	-	-	-	-	-	-	-
Dividends received from equity investees	US\$	-	-	-	-	-	-	-	-	-	-
Operating income	US\$	35	46	-	-	81	18	21	37	16	92

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Gain on investments accounted for by the equity method	US\$	1	3		4	-	-	(32)	6	(26)	
Non-operating result	US\$	-	-		-	-	-	-	2	2	
Net financial result	US\$	(3)	3		-	(2)	(17)	(19)	4	(34)	
<hr/>											
Income before income tax and social contribution	US\$	33	52	-	-	85	16	4	(14)	28	34
Income tax and social contribution	US\$	(10)	(22)			(32)	(4)	(1)	1	(13)	(17)
<hr/>											
Net income	US\$	23	30	-	-	53	12	3	(13)	15	17
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[Back to Contents](#)**Pelletizing Affiliates - GIIC (Additional information - Unaudited)**

Information		2003					2002				
		1Q (*)	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Quantity sold - external market	MT (thousand)	772	1,178			1,950	823	676	643	932	3,074
Quantity sold - total	MT (thousand)	772	1,178			1,950	823	676	643	932	3,074
Average sales price - external market	US\$	41,00	43,30			42,39	41,76	40,30	41,55	40,40	40,98
Average sales price - total	US\$	41,00	43,30			42,39	41,76	40,30	41,55	40,40	40,98
Long-term indebtedness, gross	US\$	35	35			35	40	40	40	35	35
Total indebtedness, gross	US\$	35	35	-	-	35	40	40	40	35	35
Stockholders' equity	US\$	67	75			75	66	68	70	73	73
EBITDA	US\$	5	8	-	-	13	5	2	3	6	16
Depreciation, amortization and depletion	US\$	(1)	-	-	-	(1)	(1)	(1)	(2)	(2)	(6)
Impairment/gain on sale	US\$	-	-	-	-	-	-	-	-	-	-
Dividends received from equity investees	US\$	-	-	-	-	-	-	-	-	-	-
Operating income	US\$	4	8	-	-	12	4	1	1	4	10
Non-operating result	US\$	-	-			-	-	-	1	-	1
Net financial result	US\$	-	-			-	-	-	-	(1)	(1)
Net income	US\$	4	8	-	-	12	4	1	2	3	10

(*) The figures refers to the statements as of february/03.

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[Back to Contents](#)**Manganese and Ferroalloys Area - Sibra (Additional information - Unaudited) - Consolidated Subsidiary**

Information		2003					2002				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Quantity sold - external market - Ferroalloys	MT (thousand)	30	40			70	23	39	63	35	160
Quantity sold - internal market - Ferroalloys	MT (thousand)	37	38			75	37	39	41	50	167
Quantity sold - total	MT (thousand)	67	78	-	-	145	60	78	104	85	327
Quantity sold - external market - Manganese	MT (thousand)	147	306			453	243	212	181	192	828
Quantity sold - internal market - Manganese	MT (thousand)	94	76			170	15	35	58	90	198
Quantity sold - total	MT (thousand)	241	382	-	-	623	258	247	239	282	1.026
Average sales price - external market - Ferroalloys	US\$	573,88	549,79			560,11	525,00	384,64	483,67	548,54	479,65
Average sales price - internal market - Ferroalloys	US\$	505,02	664,75			585,95	519,19	506,79	379,56	339,76	428,31
Average sales price - total	US\$	536,68	606,47			574,22	521,43	445,72	442,63	425,73	453,43
Average sales price - external market - Manganese	US\$	46,71	42,17			43,64	52,49	44,38	44,91	46,96	46,96
Average sales price - internal market - Manganese	US\$	36,35	46,00			40,66	68,27	58,11	50,97	46,47	46,47
Average sales price - total	US\$	42,65	42,93			42,82	53,40	46,32	46,38	45,86	46,86
Long-term indebtedness, gross	US\$	20	39			39	21	18	20	22	22
Short-term indebtedness, gross	US\$	37	25			25	30	28	25	36	36
Total indebtedness, gross	US\$	57	64	-	-	64	51	46	45	58	58
Stockholders' equity	US\$	89	112			112	97	85	75	79	79
EBITDA	US\$	12	19			31	16	11	18	8	53
Depreciation, amortization and depletion	US\$	(2)	(2)			(4)	(1)	(1)	(1)	(2)	(5)
Operating income	US\$	10	17	-	-	27	15	10	17	6	48
Net financial result	US\$	(3)	(8)			(11)	-	(2)	5	(11)	(8)
Income before income tax and social contribution	US\$	7	9	-	-	16	15	8	22	(5)	40
Income tax and social contribution	US\$	(2)	(1)			(3)	-	(1)	(6)	-	(7)

Net income	US\$	5	8	-	-	13	15	7	16	(5)	33
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	2nd Quarter 2003	1st Quarter 2003	Six months ended June 30, 2003
Current debt			
Current portion of long-term debt - unrelated parties	1,021	789	1,021
Short-term debt	131	61	131
Loans from related parties	64	56	64
	1,216	906	1,216
Long-term debt			
Long-term debt - unrelated parties	2,061	2,401	2,061
Loans from related parties	5	7	5
	2,066	2,408	2,066
Financial Result, net			
Financial expenses			
Third party - local debt	(4)	(5)	(9)
Third party - foreign debt	(35)	(39)	(74)
Related party debt	(2)	(5)	(7)
	(41)	(49)	(90)
Gross interest			
Labor and civil claims and tax-related actions	(6)	(6)	(12)
Tax on financial transactions - CPMF	(5)	(4)	(9)
Derivatives	4	(8)	(4)
Others	(16)	(15)	(31)
	(64)	(82)	(146)
Financial income			
Cash and cash equivalents	26	10	36
Others	3	18	21
	29	28	57
Financial expenses, net	(35)	(54)	(89)
Foreign exchange and monetary gain (losses) on liabilities	828	276	1,104
Foreign exchange and monetary gain (losses) on assets	(571)	(226)	(797)
Foreign exchange and monetary gain (losses), net	257	50	307

Financial result, net	222	(4)	218
Gross debt (current plus long-term debt)	3,282	3,314	3,282
Gross interest	41	49	90
EBITDA	490	442	932
Stockholders' equity	4,562	3,640	4,562
EBITDA / Gross interest	11.95	9.02	10.36
Gross Debt / EBITDA	1.67	1.87	1.76
Gross debt / Shareholders' equity	42	48	42

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[Back to Contents](#)**Calculation of EBITDA (Additional information - Unaudited)**

	2nd Quarter 2003	1st Quarter 2003	Six months ended June 30, 2003
Operating income	388	363	751
Depreciation	54	43	97
	442	406	848
Impairment of property, plant and equipment	12	-	12
Dividends received	36	36	72
	490	442	932
EBITDA			
Net operating revenues	1,170	1,110	2,280
Margin EBITDA	42%	40%	41%

Adjusted EBITDA x Operating Cash Flows (Additional information - Unaudited)

	2nd quarter 2003		1st quarter 2003		Six months ended June 30, 2003	
	EBITDA	Operating cash flows	EBITDA	Operating cash flows	EBITDA	Operating cash flows
Net income	456	456	354	354	810	810
Income tax	133	133	65	65	198	198
Income tax paid	27	-	6	-	33	-
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(35)	(35)	(94)	(94)	(129)	(129)
Foreign exchange and monetary losses	(257)	(258)	(50)	(142)	(307)	(400)
Financial expenses	35	3	54	13	89	16
Minority interests	29	29	18	18	47	47
Change in accounting practice for asset retirement obligations	-	-	10	10	10	10
Net working capital	-	31	-	45	-	76
Others	-	(9)	-	8	-	(1)
	388	350	363	277	751	627
Depreciation, depletion and amortization	54	54	43	43	97	97
Dividends received	36	36	36	36	72	72
Impairment of property, plant and equipment	12	12	-	-	12	12
	490	452	442	356	932	808

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Board of Directors, Fiscal Council and Executive Officers

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Chairman

Arlindo Magno de Oliveira

Cláudio Bernardo Guimarães de Moraes

Erik Persson

Francisco Valadares Póvoa

João Moisés Oliveira

Luiz Alexandre Bandeira de Mello

Mário da Silveira Teixeira Júnior

Renato da Cruz Gomes

Ricardo Carvalho Giambromi

Rômulo de Mello Dias

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Marcos Fábio Coutinho
Ricardo Wiering de Barros

Executive Development Committee

Arlindo Magno de Oliveira
Francisco Valadares Póvoa
João Moisés de Oliveira
Olga Loffredi

Strategic Committee

Roger Agnelli
Gabriel Stoliar
Cláudio Roberto Frischtak
José Roberto Mendonça de Barros
Samir Zraick

Fiscal Council

Joaquim Vieira Ferreira Levy

Luiz Octávio Nunes West

Pedro Carlos de Mello

Vicente Barcelos

Wilson Risolia Rodrigues

Executive Officers

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Chief Executive Officer

Antonio Miguel Marques
Executive Officer for Equity Holdings and Business Development

Armando de Oliveira Santos Neto
Executive Officer for Ferrous Minerals

Carla Grasso
Executive Officer for Human Resources and Corporate Services

Diego Cristobal Hernández Cabrera
Executive Officer for Non-Ferrous Minerals

Fábio de Oliveira Barbosa
Chief Financial Officer

Gabriel Stoliar
Executive Officer for Planning

Guilherme Rodolfo Laager
Executive Officer for Logistics

Finance Committee

Roger Agnelli
Fábio de Oliveira Barbosa
Luiz Carlos Siqueira Aguiar
Rômulo de Mello Dias

Eduardo de Carvalho Duarte Chief Accountant CRC-RJ 57439	Otto de Souza Marques Junior Head of Control Department
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Governance and Ethics Committee

Luiz Tarquínio Sardinha Ferro
Renato da Cruz Gomes
Ricardo Simonsen
Ricardo Carvalho Giambroni

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PART I

Expressed in thousands of *reais*

1- MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE OPERATING RESULTS FOR THE FIRST SEMESTER OF 2003 COMPARED WITH THE FIRST SEMESTER OF 2002

1.1- General Aspects

(a) The Companhia Vale do Rio Doce's segments of business are mining, logistics and energy, directly or through its interests, as follows:

ferrous minerals: iron ore and pellets as well as manganese and ferroalloys;

non-ferrous minerals: gold, potash, kaolin and copper;

logistics: railroads, ports and maritime terminals and shipping;

energy: electric power generation; and

shareholdings: equity holdings in producers of aluminum, steel and fertilizers.

(b) The variations of the main currencies and indices in terms of percentages in relation to the *real*, which impacted the results of the Company and its subsidiaries, jointly controlled companies and affiliates, were as follows:

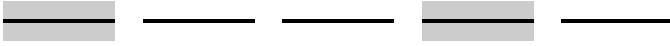
Currencies / Indices Period	%					Parity	
	U.S. DOLLAR	YEN	GOLD	IGP-M	TJLP	US\$ x R\$	US\$ x Yen
Until 06/30/03	(18.7)	(19.4)	(0.4)	5.9	5.6	2.8720	119.94
2Q/03	(14.3)	(15.6)	3.3	(0.4)	2.9	2.8720	119.94
1Q/03	(5.1)	(4.6)	(3.6)	6.3	2.6	3.3531	118.20
Until 12/31/02	52.3	68.2	25.0	25.3	9.9	3.5333	118.87
Until 06/30/02	22.6	34.3	14.7	3.5	4.8	2.8444	119.80
2Q/02	22.4	35.8	6.5	3.0	2.3	2.8444	119.80

About 61% of the Company's gross revenue for six months ended June 30, 2003 is derived from exports and part of domestic sales is denominated in U.S. dollars, as well as 37% of total costs. Consequently, fluctuations in the exchange rate between the two currencies have a significant impact on the operating cash flows.

Approximately 95% of the short-term and long-term loans of the Company at 06/30/03 are denominated in U.S. dollars. As a result, exchange rate fluctuations have a significant impact on the financial expenses (Notes 6.10 and 6.15).

(c) For the first semester of 2003, the consolidated trade balance of US\$ 1,551 million was generated:

	Consolidated (in US\$ millions)				
	Quarter			Accumulated	
	2Q/03	1Q/03	2Q02	06/30/03	06/30/02
Exports	947	800	878	1,747	1,590
Imports	(80)	(116)	(142)	(196)	(259)
	867	684	736	1,551	1,331



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Consolidated Trade Balance - US\$ Millions

1.2-Comments on the Parent Company Results

The net income of the Company for the six months ended June 30, 2003 was R\$ 2,438,555 (net income of R\$ 1,274,727 in the second quarter and net income of R\$ 1,163,828 in the first quarter), compared with net income of R\$ 718,388 in the six months ended June 30, 2002 (the earnings per share corresponds to R\$ 6.35 in the six months ended June 30, 2003 versus R\$ 1.87 in the six months ended June 30, 2002).

1.2.1-Gross Revenues

The 37.2% increase in gross revenue (R\$ 4,724,031 on 06/30/03 against R\$ 3,444,193 on 06/30/02) is a result of the devaluation of the *real* against the United States dollar, affecting 83% of the Company's revenue, and the higher volumes sold of iron ore, pellets, as shown in the table below. The increase in iron ore sales was due to growth in the Chinese, North American and European markets.

	In thousands of metric tons (except gold)						In thousands of reais					
	Quarter			Accumulated			Quarter			Accumulated		
	2Q/03	1Q/03	2Q/02	06/30/03	06/30/02	%	2Q/03	1Q/03	2Q/02	06/30/03	06/30/02	%
External market												
Iron ore - fines	21,761	20,548	20,729	42,309	40,883	3	918,841	1,053,902	749,309	1,972,743	1,434,855	37
Iron ore - lump ore	1,599	1,604	1,917	3,203	3,679	(13)	72,067	87,803	74,160	159,870	140,048	14
Pellets	3,618	4,171	3,344	7,789	5,907	32	311,402	406,061	219,490	717,463	394,404	82
	26,978	26,323	25,990	53,301	50,469	6	1,302,310	1,547,766	1,042,959	2,850,076	1,969,307	45
Internal market												
Iron ore - fines	7,240	7,609	7,919	14,849	14,781	-	308,698	357,669	258,834	666,367	465,352	43
Iron ore - lump ore	1,502	1,546	1,724	3,048	3,325	(8)	55,104	53,728	35,227	108,832	66,596	63
Pellets (*)	708	913	697	1,621	1,418	14	95,683	118,629	71,389	214,312	141,929	51
	9,450	10,068	10,340	19,518	19,524	-	459,485	530,026	365,450	989,511	673,877	47
Total												
Iron ore - fines	29,001	28,157	28,648	57,158	55,664	3	1,227,539	1,411,571	1,008,143	2,639,110	1,900,207	39
Iron ore - lump ore	3,101	3,150	3,641	6,251	7,004	(11)	127,171	141,531	109,387	268,702	206,644	30
Pellets	4,326	5,084	4,041	9,410	7,325	28	407,085	524,690	290,879	931,775	536,333	74
	36,428	36,391	36,330	72,819	69,993	4	1,761,795	2,077,792	1,408,409	3,839,587	2,643,184	45
Railroad transportation	13,564	12,152	14,912	25,716	28,170	(9)	270,018	258,866	204,216	528,884	392,134	35

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Port services	7,411	5,624	7,007	13,035	12,524	4	83,519	68,298	67,480	151,817	109,934	38
Gold (kg)	615	801	3,479	1,416	7,070	(80)	20,085	32,298	88,633	52,383	168,565	(69)
Potash	149	158	192	307	305	1	63,343	72,530	61,901	135,873	99,685	36
Other products and services	-	-	-	-	-	-	7,653	7,834	12,751	15,487	30,691	(50)
							<u>2,206,413</u>	<u>2,517,618</u>	<u>1,843,390</u>	<u>4,724,031</u>	<u>3,444,193</u>	<u>37</u>

(*) Includes revenues derived from services with joint ventures of pelletizing in the amount of R\$ 31,749, R\$ 28,762, R\$ 23,477 and R\$ 44,155 on 2Q/03, 1Q/03, 2Q02 and 06/30/02, respectively.

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Gross Revenue on 06/30/03 - R\$ 4,724,031 / US\$ 1,460,932

BY PRODUCT

BY CURRENCY

1.2.2-Cost of Products and Services

The 34.8% increase in the cost of products and services (R\$ 2,458,732 on 06/30/03 against R\$ 1,824,537 on 06/30/02) results mainly from the rise in sales of purchased pellets, the increase in expenses for maintenance of goods and equipment, higher prices for petroleum derivatives and the effect of exchange rate variation on the portion of costs denominated in U.S. dollars (37%).

Cost of Products and Services on 06/30/03 - Rs 2,458,732 / US\$764,044

BY PRODUCT

BY CURRENCY

By Nature

	06/30/03												
	Denominated		Quarter						Accumulated				
	R\$	US\$	2Q/03	%	1Q/03	%	2Q/02	%	06/30/03	%	06/30/02	%	%
Personnel	243,871	-	123,609	10	120,262	10	130,205	14	243,871	10	252,454	14	(3)
Material	271,962	145,157	206,016	17	211,103	17	115,411	12	417,119	17	229,107	12	82
Oil and gas	294,818	-	155,642	13	139,176	11	90,123	9	294,818	12	169,963	9	73
Outsourced services	291,278	1,170	169,105	14	123,343	10	117,741	12	292,448	12	252,662	14	16
Energy	56,959	-	32,792	3	24,167	2	29,641	3	56,959	2	57,029	3	-
Acquisition of iron ore and pellets	19,476	629,830	262,838	21	386,468	31	250,015	26	649,306	27	393,316	22	65
Depreciation and depletion	256,130	-	130,582	11	125,548	10	135,688	14	256,130	10	275,144	15	(7)
Amortization of goodwill	48,838	-	24,419	2	24,419	2	24,419	3	48,838	2	48,838	3	-
Others	66,518	132,725	105,846	9	93,397	7	72,671	7	199,243	8	146,024	8	36
Total	1,549,850	908,882	1,210,849	100	1,247,883	100	965,914	100	2,458,732	100	1,824,537	100	35
	63%	37%											

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[Back to Contents](#)**1.2.3- Result of Shareholdings by Business Area**

The numbers reported per area do not necessarily reflect the individual results of each company, but rather the amounts effectively applicable to the business area.

Business Area	Quarter				Accumulated		
	2Q/03	1Q/03	%	2Q/02	06/30/03	06/30/02	%
Ferrous Minerals							
Iron ore and pellets	(3,364)	34,381	(110)	531,520	31,017	682,921	(95)
Manganese and ferroalloys	10,282	16,450	(37)	41,481	26,732	61,672	(57)
Non-Ferrous Minerals							
Logistics	(177,543)	(40,490)	338	(57,552)	(218,033)	(133,435)	63
Investments							
Steel	15,231	64,886	(77)	57,272	80,117	48,512	65
Aluminum	266,945	220,984	21	(126,705)	487,929	(61,594)	(892)
Others	12,249	14,893	(18)	1,089	27,142	(3,883)	(799)
	150,992	335,080	(55)	406,682	486,072	558,587	(13)

Ferrous Minerals**(a) Iron ore and pellets**

Ferteco An increase of R\$ 140,076 in the equity result (a gain of R\$ 187,785 on 06/30/03 versus a gain of R\$ 47,709 on 06/30/02) due to a 53.1% rise in iron ore sales (9,305 thousand tons on 06/30/03 against 6,077 thousand tons on 06/30/02) and a 3.7% rise in pellet sales (2,031 thousand tons on 06/30/03 compared with 1,959 thousand tons on 06/30/02), partly offset by a 6.0% fall in iron ore prices (US\$ 13.77 per ton on 06/30/03 against US\$ 14.65 per ton on 06/30/02), while the average pellet price rose 14.9% (US\$ 30.89 per ton on 06/30/03 against US\$ 26.89 per ton on 06/30/02). At 06/30/03, R\$ 69,312 of amortization of goodwill was booked.

Caemi A rise of R\$ 15,863 in the equity result (a gain of R\$ 27,009 on 06/30/03 against a gain of R\$ 11,146 on 06/30/02) caused by 17.7% higher sales volume (18,097 thousand tons on 06/30/03 versus 15,379 thousand tons on 06/30/02) and the positive effects of exchange rate variation on indebtedness.

Itaco/RDE The equity result fell by R\$ 908,550 (a loss of R\$ 291,391 on 06/30/03 versus a gain of R\$ 617,159 on 06/30/02), due basically to the effect on stockholders' equity of the appreciation of the *real* against the U.S. dollar during the first six months (negative exchange rate variation of R\$ 722,711 on 06/30/03 versus positive variation of R\$ 534,304 on 06/30/02). In operational terms, iron ore sales volume rose 5.5% (44,349 thousand tons on 06/30/03 against 42,035 thousand tons on 06/30/02) and pellet sales went up 36.7% (6,620 thousand tons on 06/30/03 against 4,843 thousand tons on 06/30/02) including sales of the subsidiary CVRD Overseas.

Kobrasco A R\$ 49,892 improvement in the shareholding result due to the reversion of part of the provision for losses, in the amount of R\$ 49,982 (a gain of R\$ 26,766 on 06/30/03 against a loss of R\$ 23,159 on 06/30/02), caused by the positive effects of exchange rate variation on debt. In operational terms, sales volume increased 21.1% (2,262 thousand tons on 06/30/03 versus 1,868 thousand tons on 06/30/02), while the average sales price remained stable (US\$ 30.37 per ton on 06/30/03 against US\$ 30.39 per ton on 06/30/02).

Hispanobrás An improvement in the equity result of R\$ 2,692 (a gain of R\$ 6,356 on 06/30/03 against a gain of R\$ 3,664 on 06/30/02), due to a 3.0% increase in the quantity sold (1,795 thousand tons on 06/30/03 versus 1,743 thousand tons on 06/30/02), along with a 4.9% rise in the average sales price (US\$ 33.01 per ton on 06/30/03 against US\$ 31.47 per ton on 06/30/02).

Samarco An improvement in the equity result of R\$ 121,380 (a gain of R\$ 140,844 on 06/30/03 against a gain of R\$ 19,464 on 06/30/02), caused by the positive effects of exchange rate variation on debt. In operational terms, sales volume rose 22.7%

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(8,265 thousand tons on 06/30/03 versus 6,737 thousand tons on 06/30/02) and the average price also went up, by 2.5% (US\$ 29.34 per ton on 06/30/03 against US\$ 28.63 per ton on 06/30/02)

(b) Manganese and ferroalloys

Sibra A fall in the equity result of R\$ 12,417 (a gain of R\$ 44,245 on 06/30/03 against a gain of R\$ 56,662 on 06/30/02), caused by the negative effects of exchange rate variation on accounts receivable in the 2nd quarter of 2003, compensated in part by the positive effects of the same variation on exports. In operational terms, ferroalloy sales jumped 5.1% (145 thousand tons on 06/30/03 against 138 thousand tons on 06/30/02), manganese sales rose 23.4% (623 thousand tons on 06/30/03 compared with 505 thousand tons on 06/30/02), the average ferroalloy price increased 20% (US\$ 574.22 per ton on 06/30/03 against US\$ 478.64 per ton on 06/30/02) and the average price of manganese fell 14.3% (US\$ 42.82 per ton on 06/30/03 versus US\$ 49.94 per ton on 06/30/02).

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Non-ferrous Minerals

Pará Pigmentos The shareholding result improved by R\$ 86,498 (a gain of R\$ 51,272 on 06/30/03 against a loss of R\$ 35,226 on 06/30/02) due to the positive effects on 06/30/03 of exchange rate variation on debt in the 2nd quarter of 2003. In operational terms, sales volume rose 31.5% (192 thousand tons on 06/30/03 against 146 thousand tons on 06/30/02) and the average sales price increased 0.7% (US\$ 155.97 per ton on 06/30/03 against US\$ 154.88 per ton on 06/30/02).

Logistics

Docenave A reduction in the equity result of R\$ 32,079 (a gain of R\$ 19,462 on 06/30/03 versus a gain of R\$ 51,541 on 06/30/02), due to the rise in the value of the *real* against the dollar (on assets in valued in dollars) in the 2nd quarter of 2003, as well as recording of a credit on 06/30/02 of R\$ 11,200 in settlement of financing on ships with the BNDES. Operationally, the volume transported rose 39.3% (5,088 thousand tons on 06/30/03 against 3,652 thousand tons on 06/30/02) and the average freight rate also increased, by 39.0% (US\$ 7.45 per ton carried on 06/30/03 against US\$ 5.36 per ton on 06/30/02).

Docepar In the first quarter of 2002, a provision of R\$ 50,735 was recorded for losses on fiscal credits of doubtful realization in the short term.

FCA At 06/30/03 a negative shareholding result was recorded of R\$ 253,282 (R\$ 115,624 as a provision for losses and R\$ 137,658 of amortization of goodwill), compared with R\$ 75,018 at 06/30/02 (R\$ 25,733 as provision for losses and R\$ 49,285 of amortization of goodwill), arising mainly from the booking in the 2nd quarter of 2003 of an adjustment in the charge for lease and concession in the amount of R\$ 238,051. CVRD's interest in FCA is held through its subsidiary Mineração Tacumã.

MRS At 06/30/03, a provision for losses of R\$ 19,970 was reversed due to the positive effects of exchange rate variation on debt in the 2nd quarter of 2003. CVRD's interest in MRS is held through Ferteco Mineração S.A. and indirectly through Minerações Brasileiras Reunidas S.A. - MBR.

Shareholdings

(a) Steel

CSI A decrease in the equity result of R\$ 250,027 (a loss of R\$ 130,648 on 06/30/03 against a gain of R\$ 119,379 on 06/30/02), caused basically by the strengthening of the *real* against the U.S. dollar (negative exchange rate variation of R\$ 138,382 on 06/30/03 versus positive variation of 101,066 on 06/30/02). Operationally, sales volume decreased by 19.8% (820 thousand tons on 06/30/03 against 1,022 thousand tons on 06/30/02).

CST An increase in the equity result of R\$ 169,117 (a gain of R\$ 136,675 on 06/30/03 versus a loss of R\$ 32,352 on 06/30/02), due basically to the positive effects of exchange rate variation on debt. Operationally, the average sales price increased 44.4%, offset partly by 19.1% lower sales of steel slabs (1,979 thousand tons on 06/30/03 against 2,447 thousand tons on 06/30/02).

Usiminas The equity result increased by R\$ 99,553 (a gain of R\$ 74,000 on 06/30/03 against a loss of R\$ 25,553 on 06/30/02), mainly caused by the reduced negative effects of exchange rate variation on debt. In operational terms, sales volume rose 2.9% (4,056 thousand tons on 06/30/03 against 3,942 thousand tons on 06/30/02).

(b) Aluminum

Albras The equity result improved by R\$ 295,786 (a gain of R\$ 239,638 on 06/30/03 versus a loss of R\$ 56,148 on 06/30/02), caused by the positive effects of exchange rate variation on debt. In operational terms, sales volume went up 5.6% (209 thousand tons on 06/30/03 against 198 thousand tons on 06/30/02), and the average sales price rose by 0.4% (US\$ 1,331.94 per ton on 06/30/03 against US\$ 1,326.67 per ton on 06/30/02).

Alunorte An increase in the equity result of R\$ 201,407 (a gain of R\$ 142,009 on 06/30/03 versus a loss of R\$ 59,398 on 06/30/02), due to the positive effects of exchange rate variation on debt. Operationally, sales volume increased 22.7% (1,027 thousand tons on 06/30/03 compared with 837 thousand tons on 06/30/02), due to the beginning of the operation of stage three on March 2003, as well as the 22.7% increase of sales volume (1,027 thousand tons on 06/30/03 compared with 837 thousand tons on 06/30/02).

MRN The equity result improved by R\$ 40,998 (a gain of R\$ 53,891 on 06/30/03 against a gain of R\$ 12,893 on 06/30/02), caused by a 30.0% increase in sales volume (5,708 thousand tons on 06/30/03 against 4,392 thousand tons on 06/30/02), due

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to the expansion of the production capacity began on April 2000, besides the 3.8% rise in the average sales price of bauxite (US\$ 19.08 per ton on 06/30/03 compared with US\$ 18.39 per ton on 06/30/02).

Valesul An increase in the equity result of R\$ 4,918 (a gain of R\$ 16,436 on 06/30/03 against a gain of R\$ 11,518 on 06/30/02), due mainly to the impact of exchange rate variation on sales and a 0.9% increase in the average price of aluminum (US\$ 1,705.61 per ton on

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06/30/03 against US\$ 1,690.23 per ton on 06/30/02), partly offset by a 4.4% fall in the quantity sold (43 thousand tons on 06/30/03 against 45 thousand tons on 06/30/02).

Aluvale The equity result (own operations) increased by R\$ 5,265 (a gain of R\$ 21,390 on 06/30/03 versus a gain of R\$ 16,125 on 06/30/02), caused basically by the fiscal benefit of paying dividends in the form of interest on stockholders' equity.

Itaco The equity result improved by R\$ 1,149 (a gain of R\$ 14,565 on 06/30/03 against a gain of R\$ 13,416 on 06/30/02), due to an 11.5% rise in the average sales price of alumina and a 0.9% decline in the price of aluminum, while the sales volume of aluminum, alumina and bauxite increased respectively by 4.2%, 115.1% and 17.6%.

1.2.4- Operating Expenses

The operating expenses increased R\$ 178,341 (R\$ 593,048 on 06/30/03 compared to R\$ 414,707 on 06/30/02), due to:

selling expenses: due to an increase in commissions (in turn caused by higher export sales);

expenses for research and studies (mainly on copper and nickel projects); and

other operating expenses: see Note 6.18.

1.2.5- Net Financial Result

The net financial result increased R\$ 2,138,885 (R\$ 928,039 of revenue on 06/30/03 compared to R\$ 1,210,846 of expense on 06/30/02), mainly due to the positive effect of exchange rate variation on the Company's net debt on 06/30/03 (Note 6.15).

1.2.6- Cash Flow

The operating cash flow measured by EBITDA (earnings before interest, income tax and depreciation, amortization and depletion) was R\$ 2,131,209 on 06/30/03, against R\$ 1,491,242 on 06/30/02, an increase of 42.9%.

	Quarter			Accumulated	
	2Q/03	1Q/03	2Q/02	06/30/03	06/30/02
Net operating revenue	2,119,013	2,416,771	1,761,777	4,535,784	3,306,032
Cost of products	(1,210,849)	(1,247,883)	(965,914)	(2,458,732)	(1,824,537)
Operating expenses	(308,491)	(284,557)	(247,440)	(593,048)	(414,707)
Operating profit	599,673	884,331	548,423	1,484,004	1,066,788
Depreciation / amortization of goodwill	162,565	161,396	165,660	323,961	334,812
Dividends received	762,238	1,045,727	714,083	1,807,965	1,401,600
Write-off	185,260	102,387	51,769	287,647	89,642
	35,597(*)	-	-	35,597	-
EBITDA R\$	983,095	1,148,114	765,852	2,131,209	1,491,242
US\$ average	2.9854	3.4909	2.4987	3.2382	2.4408
EBITDA US\$	329,301	328,888	306,500	658,146	610,964

(*) See Note 6.18.

1.2.7- Income Tax and Social Contribution

Income tax and social contribution were an expense of R\$ 459,560 compared with a credit of R\$ 303,859 on 06/30/02, mainly caused by the increase in the tax basis (income before income tax and social contribution less the equity method result, goodwill

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and provisions for non-deductible losses) from negative R\$ 418,852 on 06/30/02 to positive R\$ 2,233,551 on 06/30/03, partly reduced by the tax benefit of R\$ 340,376 on 06/30/03 provided by paying interest on stockholders' equity (R\$ 122,126 on 06/30/02) (Note 6.7).

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PART II
QUARTERLY INFORMATION AND NOTES TO THE QUARTERLY INFORMATION

(A free translation of the original in Portuguese relating to the quarterly information prepared in accordance with the requirements of Brazilian Corporate Law)

2- BALANCE SHEET

In thousands of reais

	Notes	06/30/03	03/31/03
Assets			
Current assets			
Cash and cash equivalents	6.4	263,946	864,949
Accounts receivable from customers	-	1,080,445	1,328,609
Related parties	6.5	1,053,193	1,105,582
Inventories	6.6	443,428	413,857
Taxes to recover or offset	-	392,613	127,798
Deferred income tax and social contribution	6.7	631,466	653,327
Others	-	262,079	293,327
		4,127,170	4,787,449
Long-term receivables			
Related parties	6.5	776,542	1,260,130
Loans and financing	-	188,693	209,308
Deferred income tax and social contribution	6.7	668,092	750,063
Judicial deposits	6.11	1,172,822	743,542
Others	-	87,868	81,825
		2,894,017	3,044,868
Permanent assets			
Investments	6.8	11,557,530	11,161,812
Property, plant and equipment	6.9	9,216,859	8,918,520
		20,774,389	20,080,332
		27,795,576	27,912,649
Liabilities and stockholders' equity			
Current liabilities			
Short-term debt	6.10	102,920	118,977
Current portion of long-term debt	6.10	2,394,227	1,889,236
Payable to suppliers and contractors	-	804,520	661,860
Related parties	6.5	1,085,334	1,002,996
Provision for interest on stockholders' equity	-	379,286	621,820
Payroll and related charges	-	176,198	141,280
Pension Plan - Valia	-	83,896	84,122
Others	-	270,738	108,710
		5,297,119	4,629,001
Long-term liabilities			
Long-term debt	6.10	2,563,575	4,065,741
Related parties	6.5	2,982,995	3,221,881

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Deferred income tax and social contribution	6.7	84,035	85,941
Provisions for contingencies	6.11	1,441,780	1,372,419
Pension Plan - Valia	-	518,085	519,470
Others	-	720,005	725,668
		<u>8,310,475</u>	<u>9,991,120</u>
Stockholders' equity			
Paid-up capital	6.13	6,300,000	5,000,000
Revenue reserves	-	7,887,982	8,292,528
		<u>14,187,982</u>	<u>13,292,528</u>
		<u>27,795,576</u>	<u>27,912,649</u>

The additional information, notes and attachment I are an integral part of these statements.

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3- STATEMENT OF INCOME

In thousands of reais

	Notes	Quarter			Accumulated	
		2Q/03	1Q/03	2Q/02	06/30/03	06/30/02
Operating revenues						
Sales of ore and metals						
Iron ore and pellets	1.2.1	1,761,795	2,077,792	1,408,409	3,839,587	2,643,184
Gold	1.2.1	20,085	32,298	88,633	52,383	168,565
Potash	1.2.1	63,343	72,530	61,901	135,873	99,685
		1,845,223	2,182,620	1,558,943	4,027,843	2,911,434
Railroad and port services	1.2.1	353,537	327,164	271,696	680,701	502,068
Others	1.2.1	7,653	7,834	12,751	15,487	30,691
		2,206,413	2,517,618	1,843,390	4,724,031	3,444,193
Value Added taxes		(87,400)	(100,847)	(81,613)	(188,247)	(138,161)
Net operating revenues		2,119,013	2,416,771	1,761,777	4,535,784	3,306,032
Cost of products and services						
Ores and metals	-	(1,088,605)	(1,142,887)	(866,042)	(2,231,492)	(1,628,236)
Railroad and port services	-	(117,544)	(101,514)	(90,977)	(219,058)	(179,169)
Others	-	(4,700)	(3,482)	(8,895)	(8,182)	(17,132)
	1.2.2	(1,210,849)	(1,247,883)	(965,914)	(2,458,732)	(1,824,537)
Gross profit		908,164	1,168,888	795,863	2,077,052	1,481,495
Gross margin		42.9%	48.4%	45.2%	45.8%	44.8%
Operating expenses						
Selling	-	(45,319)	(51,680)	(35,254)	(96,999)	(63,426)
Administrative	6.18	(96,577)	(88,758)	(106,138)	(185,335)	(185,032)
Research and development	-	(35,890)	(38,255)	(30,810)	(74,145)	(52,067)
Other operating expenses	6.18	(130,705)	(105,864)	(75,238)	(236,569)	(114,182)
		(308,491)	(284,557)	(247,440)	(593,048)	(414,707)
Operating profit before financial result and result of equity investments		599,673	884,331	548,423	1,484,004	1,066,788
Result of equity investments	6.8	370,497	418,620	625,586	789,117	910,429

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Gain on investments accounted for by the equity method						
Amortization of goodwill	6.8	(184,639)	(93,172)	(103,526)	(277,811)	(169,714)
Provision for losses	6.8	(34,866)	9,632	(115,378)	(25,234)	(182,128)
		150,992	335,080	406,682	486,072	558,587
Financial result						
Financial expenses, net	6.15	(102,333)	(135,029)	(129,561)	(237,362)	(217,829)
Monetary and exchange rate variation, net	6.15	885,477	279,924	(1,012,779)	1,165,401	(993,017)
		783,144	144,895	(1,142,340)	928,039	(1,210,846)
Operating profit		1,533,809	1,364,306	(187,235)	2,898,115	414,529
Income tax and social contribution	6.7	(259,082)	(200,478)	272,485	(459,560)	303,859
Net income for the period		1,274,727	1,163,828	85,250	2,438,555	718,388
Number of shares outstanding at the end of the period (in thousands)		383,840	383,839	383,839	383,840	383,839
Net earnings per share outstanding at the end of the period (R\$)		3.32	3.03	0.22	6.35	1.87

The additional information, notes and attachment I are an integral part of these statements.

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4- STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

In thousands of reais

	Capital reserves					Revenue reserves					Total
	Paid-up capital	Result of share exchange	Price-level restatement Law 8,200/91	Expansion	Depletion	Unrealized income	Legal	Fiscal incentives	Treasury stock	Retained earnings	
On December 31, 2001	4,000,000	3,426	440,258	3,869,083	1,506,513	1,271,884	752,535	53,969	(131,105)	-	11,766,563
Capitalization of reserves	1,000,000	(3,426)	(440,258)	-	(502,347)	-	-	(53,969)	-	-	-
Realization of revenue reserves	-	-	-	-	-	(526,477)	-	-	-	526,477	-
Provision for pension plan liabilities	-	-	-	-	-	-	-	-	-	(30,381)	(30,381)
Result on exchange of shares	-	-	-	-	-	-	-	-	(228)	-	(228)
Net income for the year	-	-	-	-	-	-	-	-	-	2,043,254	2,043,254
Proposed appropriations:											
Interest on stockholders' equity	-	-	-	-	-	-	-	-	-	(1,028,688)	(1,028,688)
Appropriation to revenue reserves	-	-	-	1,408,499	-	-	102,163	-	-	(1,510,662)	-
On December 31, 2002	5,000,000	-	-	5,277,582	1,004,166	745,407	854,698	-	(131,333)	-	12,750,520
Capitalization of reserves	1,300,000	-	-	(1,300,000)	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	13	-	13
Net income for the period	-	-	-	-	-	-	-	-	-	2,438,555	2,438,555
Stockholders' equity	-	-	-	-	-	-	-	-	-	(621,820)	(621,820)
Provision for interest on stockholders' equity	-	-	-	-	-	-	-	-	-	(379,286)	(379,286)
On June 30, 2003	6,300,000	-	-	3,977,582	1,004,166	745,407	854,698	-	(131,320)	1,437,449	14,187,982

The additional information, notes and attachment I are an integral part of these statements.

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5- STATEMENT OF CASH FLOWS (ADDITIONAL INFORMATION)

In thousands of reais

	Quarter			Accumulated	
	2Q/03	1Q/03	2Q/02	06/30/03	06/30/02
Cash flows from operating activities:					
Net income for the period	1,274,727	1,163,828	85,250	2,438,555	718,388
Adjustments to reconcile net income for the period with cash provided by operating activities:					
Result of equity investments	(150,992)	(335,080)	(406,682)	(486,072)	(558,587)
Depreciation, amortization and depletion	140,447	134,676	141,241	275,123	285,974
Deferred income tax and social contribution	102,078	200,478	(276,454)	302,556	(307,828)
Financial expenses and monetary and exchange rate variations on assets and liabilities, net	(994,774)	(312,650)	1,307,959	(1,307,424)	1,280,424
Loss on disposal of property, plant and equipment	8,775	13,640	15,578	22,415	18,140
Amortization of goodwill in the cost of products sold	24,419	24,419	24,419	48,838	48,838
Net losses on derivatives	(6,875)	11,565	(2,662)	4,690	14,610
Dividends/interest on stockholders' equity received	185,260	102,387	51,769	287,647	89,642
Others	12,871	(197)	115,076	12,674	74,922
	595,936	1,003,066	1,055,494	1,599,002	1,664,523
Decrease (increase) in assets:					
Accounts receivable	248,170	92,303	(51,237)	340,473	(93,050)
Inventories	(29,571)	(497)	11,788	(30,068)	44,284
Others	(70,777)	6,623	(30,450)	(64,154)	(33,330)
	147,822	98,429	(69,899)	246,251	(82,096)
Increase (decrease) in liabilities:					
Suppliers and contractors	142,660	(22,001)	72,366	120,659	(4,231)
Payroll and related charges and others	34,918	(26,834)	(5,574)	8,084	(21,298)
Others	92,765	60,560	24,034	153,325	29,502
	270,343	11,725	90,826	282,068	3,973
Net cash provided by operating activities	1,014,101	1,113,220	1,076,421	2,127,321	1,586,400
Cash flows from investing activities:					
Loans and advances receivable	153,830	(187,707)	(483,227)	(33,877)	(874,745)
Guarantees and deposits	(400,912)	(34,695)	(19,084)	(435,607)	(41,450)
Additions to investments	(315,618)	(472)	(44)	(316,090)	(2,197)
Additions to property, plant and equipment	(574,115)	(385,413)	(385,130)	(959,528)	(706,876)
Proceeds from disposal of property, plant and equipment/investments	105,337	437	1,440	105,774	2,063

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Net cash used in investing activities	(1,031,478)	(607,850)	(886,045)	(1,639,328)	(1,623,205)
Cash flows from financing activities:					
Short-term debt	(29,017)	(332,251)	(426,226)	(361,268)	430,486
Long-term debt	330,249	577,197	368,474	907,446	539,786
Repayments:					
Related parties	-	-	(20,677)	-	(89,764)
Financial institutions	(264,950)	(144,455)	(73,393)	(409,405)	(189,713)
Interest on stockholders' equity paid	(619,921)	(204)	(777,091)	(620,125)	(777,258)
Treasury stocks	13	-	-	13	(243)
Net cash used in financing activities	(583,626)	100,287	(928,913)	(483,339)	(86,706)
Increase (decrease) in cash and cash equivalents	(601,003)	605,657	(738,537)	4,654	(123,511)
Cash and cash equivalents, beginning of the period	864,949	259,292	1,260,372	259,292	645,346
Cash and cash equivalents, end of the period	263,946	864,949	521,835	263,946	521,835
Cash paid during the period for:					
Short-term interest	-	(16,428)	(11,000)	(16,428)	(20,409)
Long-term interest net of capitalization	(64,772)	(83,607)	(32,437)	(148,379)	(104,921)
Income tax and social contribution paid	(46,704)	-	(3,967)	(46,704)	(3,967)
Non-cash transactions:					
Transfer of advance for future capital increase into investments	1,297,910	32,494	46,913	1,330,404	92,906
Additions to property, plant and equipment with capitalization of interest	(91,605)	(25,099)	145,171	(116,704)	145,171

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(A free translation of the original in Portuguese relating to the quarterly information prepared in accordance with the requirements of Brazilian Corporate Law)

6- NOTES TO THE QUARTERLY INFORMATION AT JUNE 30, 2003 AND 2002

Expressed in thousands of *reais*

6.1- Operations

Companhia Vale do Rio Doce is a publicly traded corporation whose predominant activities are mining, processing and sale of iron ore, pellets, gold and potash, as well as port and railroad transportation services and power generation. In addition, through its direct and indirect subsidiaries and jointly controlled companies, CVRD operates in manganese and ferroalloys, steel, aluminum, kaolin, logistics and geological studies and technological research services.

6.2- Presentation of Quarterly information

The quarterly information has been prepared according to the accounting principles provided for in Brazilian corporate legislation as well as the rules and guidelines issued by the Comissão de Valores Mobiliários - CVM (Brazilian Securities Commission) and IBRACON - Instituto dos Auditores Independentes do Brasil (Brazilian Independent Auditors Institute).

In order to provide better information to the market, the Company is presenting the Statement of Cash Flow. The disclosure of this statement is encouraged by the CVM according to the Official Instruction 01/00 of 01/31/00.

Certain amounts and classifications in the 2002 quarterly information have been adjusted to the criteria used on 2003 for better comparability.

6.3- Significant Accounting Policies

- (a) The Company adopts the accrual basis of accounting;
- (b) Assets and liabilities that are realizable or due more than twelve months after the quarterly information date are classified as long-term;
- (c) Marketable securities, classified as cash and cash equivalents, are stated at cost plus accrued income earned to the quarterly information date;
- (d) Inventories are stated at average purchase or production cost, and imports in transit at the cost of each item, not exceeding market or realizable value;
- (e) Assets and liabilities in foreign currencies are translated at exchange rates in effect at the quarterly information date, and those in local currency, when applicable, are restated based on contractual indices;
- (f) Investments in subsidiaries, jointly controlled companies and affiliated companies are accounted for by the equity method, based on the stockholders' equity of the investees, and when applicable increased/decreased by goodwill and negative goodwill to be amortized and provision for losses. Other investments are recorded at cost, less provision for unrealized losses when applicable; and
- (g) Property, plant and equipment, including interest incurred during the construction period of large-scale projects, are recorded at historic cost (increased by monetary restatement up to 1995) and depreciated by the straight-line method, at rates that take into consideration the useful lives of the assets. Depletion of mineral reserves is based on the ratio between production and estimated capacity.

6.4- Cash and Cash Equivalents

	06/30/03	03/31/03
Marketable securities related to CDI (*)	218,042	759,899
Fixed-yield bond investments (funds)	26,485	25,200

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Government securities (NBC-E, NTN-D, LFT)	15,540	77,699
Others	3,879	2,151
	<u>263,946</u>	<u>864,949</u>

(*) For part of these investments the Company contracted swap operations with financial institutions related to interest rate and/or currency variations.

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6.5- Transactions with Related Parties

Derived from sales and purchases of products and services or from loans under normal market conditions, with maturities up to the year 2011, as follows:

	Assets		Liabilities	
	06/30/03	03/31/03	06/30/03	03/31/03
Subsidiaries				
ALUNORTE - Alumina do Norte do Brasil S.A.	828,161	954,167	10,669	15,383
CVRD Overseas Ltd.	84,149	135,276	1,182,540	1,358,876
Docepar S.A.	26,626	152,358	142	142
Itabira Rio Doce Company Limited - ITACO	540,677	631,781	646,792	582,707
Mineração Andirá Ltda. (participates in Mineração Serra do Sossego S.A.)	78,100	79,717	-	-
Rio Doce International Finance Ltd.	166,320	453,575	1,898,902	1,845,285
Salobo Metais S.A.	222,249	219,196	-	-
SIBRA Eletrosiderúrgica Brasileira S.A.	26,886	65,035	4,986	1,889
Others	185,465	229,771	297,681	400,573
	<u>2,158,633</u>	<u>2,920,876</u>	<u>4,041,712</u>	<u>4,204,855</u>
Jointly controlled companies				
Companhia Coreano-Brasileira de Pelotização - KOBASCO	159,751	169,410	13,271	36,484
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	54,031	65,534	62,190	73,552
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	92,859	79,934	92,389	20,393
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO	46,029	72,055	37,665	49,929
Others	193,685	120,228	181,475	181,955
	<u>546,355</u>	<u>507,161</u>	<u>386,990</u>	<u>362,313</u>
Affiliates	29,331	33,261	565	475
	<u>2,734,319</u>	<u>3,461,298</u>	<u>4,429,267</u>	<u>4,567,643</u>
Represented by:				
Trade balances (sales and purchases of products and services) (*)	904,584	1,095,586	360,938	342,766
Short-term financial balances	1,053,193	1,105,582	1,085,334	1,002,996
Long-term financial balances	776,542	1,260,130	2,982,995	3,221,881
	<u>2,734,319</u>	<u>3,461,298</u>	<u>4,429,267</u>	<u>4,567,643</u>

(*) Included in Accounts receivable from customers and Payable to suppliers and contractors .

6.6- Inventories

	06/30/03	03/31/03
Finished products		
Iron ore and pellets	174,516	169,687
Others	13,726	10,897
	<u>188,242</u>	<u>180,584</u>
Spare parts and maintenance supplies	255,186	233,273

443,428

413,857

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6.7- Deferred Income Tax and Social Contribution

Income of the Company is subject to the normal tax system. The balances of deferred assets and liabilities are presented as follows:

	Deferred assets		Deferred liabilities	
	06/30/03	03/31/03	06/30/03	03/31/03
Tax loss carryforward	76,314	161,330	-	-
Temporary differences:				
. Pension Plan	215,704	216,251	-	-
. Contingent liabilities	384,787	367,893	-	-
. Provision for losses on assets	500,741	474,241	-	-
. Provision for losses on derivative financial instruments	75,155	90,704	-	-
. Others	46,857	92,971	-	-
	1,223,244	1,242,060	-	-
Accelerated depreciation	-	-	9,239	9,369
Long-term sales	-	-	69,338	71,207
Others	-	-	6,076	5,830
Total	1,299,558	1,403,390	84,653	86,406
Short-term - liabilities registered in "others"	631,466	653,327	618	465
Long-term	668,092	750,063	84,035	85,941
	1,299,558	1,403,390	84,653	86,406

The deferred assets and liabilities regarding income tax and social contribution arising from tax losses, negative social contribution bases and temporary differences are recognized from an accounting standpoint considering an analysis of likely future results, based on economic and financial projections prepared in light of internal assumptions and macroeconomic, commercial and fiscal scenarios. These projections can change in the future.

In addition to the credits recorded, the Company has a lawsuit pending claiming an additional 51.8% monetary restatement for tax purposes applied to the months of January and February 1989 (Plano Verão monetary plan). A favorable ruling has already been obtained for compensation of credits corresponding to 42.7% instead of the 51.8% requested. The amount of these credits covered by the ruling totals approximately R\$ 309,225 and the accounting effects have not yet been recognized in the quarterly information.

The amounts reported as income tax and social contribution which affected income for the period are as follows:

	Quarter			Accumulated	
	2Q/03	1Q/03	2Q/02	06/30/03	06/30/02
Income before income tax and social contribution	1,533,809	1,364,306	(187,235)	2,898,115	414,529
(-) Equity in results of subsidiaries and affiliated companies	(370,497)	(418,620)	(625,586)	(789,117)	(910,429)
(+) Non-deductible goodwill and provisions for losses	52,920	71,633	63,318	124,553	77,048

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Income tax and social contribution at combined tax rates	1,216,232 34%	1,017,319 34%	(749,503) 34%	2,233,551 34%	(418,852) 34%
Federal income tax and social contribution at statutory rates	(413,519)	(345,888)	254,831	(759,407)	142,410
Adjustments to net income which modify the effect on the result for the period:					
. Income tax benefit from interest on stockholders' equity	128,958	211,418	14,446	340,376	122,126
. Fiscal incentives	52,150	-	(17,862)	52,150	-
. Others	(26,671)	(66,008)	21,070	(92,679)	39,323
Income tax and social contribution	(259,082)	(200,478)	272,485	(459,560)	303,859

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6.8- Investments

Investment participations																Result of
Investments	Advance for future capital increase		Goodwill and negative goodwill			Equity / Others			Provision for losses			Amortization of goodwill				
	03/31/03	06/30/03	03/31/03	06/30/03	03/31/03	2Q/03	1Q/03	2Q/02	2Q/03	1Q/03	2Q/02	2Q/03	1Q/03	2Q/02		2Q/03
592	114,668	-	-	439,543	452,473	17,526	9,483	5,198	-	-	-	(12,930)	(12,930)	(13,575)	4,596	(3,447)
909)	(44,580)	-	-	-	-	-	-	(8,304)	17,671	9,095	(16,346)	-	-	-	17,671	9,095
75	46,244	-	-	-	-	4,071	2,285	1,112	-	-	-	-	-	-	4,071	2,285
17	30,142	-	-	-	-	2,922	1,737	2,794	-	-	-	-	-	-	2,922	1,737
997	44,556	-	-	-	-	(2,559)	1,615	2,845	-	-	-	-	-	-	(2,559)	1,615
356	415,776	-	-	-	-	37,009	29,454	62,840	-	-	-	-	-	-	37,009	29,454
386	452,013	-	-	774,100	825,707	102,738	85,047	18,658	-	-	-	(34,656)	(34,656)	(34,656)	68,082	50,391
738	112,760	-	-	-	-	10,259	6,256	3,051	-	-	-	-	-	-	10,259	6,256
270	2,330,304	-	-	-	-	(218,050)	(139,804)	464,949	-	-	-	-	-	-	(218,050)	(139,804)
425	31,647	-	-	-	-	2,910	3,796	2,195	-	-	-	-	-	-	2,910	3,796
560	313,609	-	-	-	-	71,117	69,727	(9,584)	-	-	-	-	-	-	71,117	69,727
-	-	-	-	705,857	730,276	-	-	-	-	-	-	-	-	-	-	-
255	171,780	-	-	33,050	35,410	969	5,637	52,704	-	-	-	(2,361)	(2,361)	(2,361)	(1,392)	3,276
262	4,018,919	-	-	1,952,550	2,043,866	28,912	75,233	598,458	17,671	9,095	(16,346)	(49,947)	(49,947)	(50,592)	(3,364)	34,381
338	182,750	-	-	-	-	(37,055)	8,007	47,674	-	-	-	-	-	-	(37,055)	8,007
703	283,259	612	612	187,094	231,215	26,375	17,870	23,366	-	-	-	(20,129)	(20,130)	(20,130)	6,246	(2,260)
459	75,737	-	-	-	-	6,759	6,893	2,568	-	-	-	-	-	-	6,759	6,893
554	11,259	-	-	-	-	36,928	3,891	(11,919)	(2,596)	(81)	(78)	-	-	-	34,332	3,810
054	553,005	612	612	187,094	231,215	33,007	36,661	61,689	(2,596)	(81)	(78)	(20,129)	(20,130)	(20,130)	10,282	16,450
537	377,284	-	-	57,269	57,269	-	-	-	-	-	-	-	-	-	-	-

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97)	(38,489)	-	-	-	-	-	-	(5,123)	27,292	23,980	(35,104)	-	-	-	27,292	23,980	(4)
37	106,437	15,974	7,824	88,473	88,473	-	-	-	-	-	-	-	-	-	-	-	-
77	11,801	140,032	55,904	-	-	(100)	(4)	(196)	-	-	-	-	-	-	(100)	(4)	(4)
54	457,033	156,006	63,728	145,742	145,742	(100)	(4)	(5,319)	27,292	23,980	(35,104)	-	-	-	27,192	23,976	(4)
12)	(39,600)	45,545	38,445	-	-	-	-	-	(3,012)	(1,929)	(2,664)	-	-	-	(3,012)	(1,929)	(4)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
87)	(397,899)	652,526	591,368	-	-	-	-	-	(96,225)	(19,399)	(19,692)	(114,563)	(23,095)	(18,518)	(210,788)	(42,494)	(3)
60)	(24,058)	-	-	-	-	-	-	-	13,898	6,072	(32,515)	-	-	(14,286)	13,898	6,072	(4)
13	452,618	-	-	-	-	21,183	(1,721)	34,046	-	-	-	-	-	-	21,183	(1,721)	3
253)	(18,049)	-	-	-	-	(937)	(2,434)	-	-	-	-	-	-	-	(937)	(2,434)	(4)
755	56,642	-	-	-	-	2,113	2,016	280	-	-	-	-	-	-	2,113	2,016	(4)
359	2,858	-	-	-	-	-	-	(4,203)	-	-	-	-	-	-	-	-	(4)
85)	32,512	698,071	629,813	-	-	22,359	(2,139)	30,123	(85,339)	(15,256)	(54,871)	(114,563)	(23,095)	(32,804)	(177,543)	(40,490)	(5)
601	384,394	-	-	-	-	(101,999)	(28,649)	118,762	-	-	-	-	-	-	(101,999)	(28,649)	11
87	729,871	-	-	(134,195)	(148,697)	72,124	64,641	(29,714)	-	-	-	-	-	-	72,124	64,641	(2)
-	-	-	-	-	-	-	-	-	8,106	(8,106)	(4,776)	-	-	-	8,106	(8,106)	(4)
163	325,554	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4)
719	402,719	-	-	-	-	37,000	37,000	(27,000)	-	-	-	-	-	-	37,000	37,000	(2)
100)	(400)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4)
770	1,842,138	-	-	(134,195)	(148,697)	7,125	72,992	62,048	8,106	(8,106)	(4,776)	-	-	-	15,231	64,886	5
576	244,757	-	-	-	-	125,818	113,820	(94,879)	-	-	-	-	-	-	125,818	113,820	(9)
508	311,637	-	-	49,896	49,896	83,871	58,138	(63,924)	-	-	-	-	-	-	83,871	58,138	(6)
-	-	-	-	-	-	20,583	(6,018)	13,230	-	-	-	-	-	-	20,583	(6,018)	1
320	292,729	-	-	-	-	30,092	23,799	3,117	-	-	-	-	-	-	30,092	23,799	(4)
518	10,003	-	-	(29,512)	-	-	-	-	-	-	-	-	-	-	-	-	(4)
793	49,571	-	-	-	-	4,951	16,439	7,648	-	-	-	-	-	-	4,951	16,439	(4)
614	157,186	-	-	-	-	1,630	14,806	8,103	-	-	-	-	-	-	1,630	14,806	(4)
329	1,065,883	-	-	20,384	49,896	266,945	220,984	(126,705)	-	-	-	-	-	-	266,945	220,984	(12)