

VALLEY OF THE RIO DOCE CO

Form 6-K

August 13, 2004

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

**FORM 6-K**

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

For the month of

August 2004

**Valley of the Rio Doce Company**

(Translation of Registrant's name into English)

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

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

(Check One) Form 20-F  Form 40-F

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

(Check One) Yes  No

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

(Check One) Yes  No

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333-110867 and shall be deemed to be a part thereof from the date on which this report is furnished, to the extent not superseded by documents or reports subsequently filed or furnished.

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**COMPANHIA VALE DO RIO DOCE  
Report on Form 6-K**

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**Table of Contents****Condensed Consolidated Balance Sheets***Expressed in millions of United States dollars*

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

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

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



	<u>5,179</u>	<u>4,884</u>
TOTAL	<u><b>12,434</b></u>	<u><b>11,434</b></u>

*See notes to condensed consolidated financial information.*

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

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

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

Weighted average number of shares outstanding  
(thousands of shares)

Common shares	245,268	245,268	245,268	245,268	245,268
Preferred Class A shares	138,571	138,571	138,571	138,571	138,571

*See notes to condensed consolidated financial information.*

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

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

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

*See notes to condensed consolidated financial information.*

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

	<b>Three-month periods ended</b>			<b>Six months ended June 30</b>	
	<b>June 30, 2004</b>	<b>March 31, 2004</b>	<b>June 30, 2003</b>	<b>2004</b>	<b>2003</b>
Preferred class A stock (including one special share)					
Beginning of the period	1,055	1,055	904	1,055	904
Transfer from appropriated retained earnings	121				