

Companhia Vale do Rio Doce
Form 6-K
August 07, 2008

**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 2008

Companhia Vale do Rio Doce
Avenida Graça Aranha, No. 26
20030-900 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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PricewaterhouseCoopers

Rua da Candelária, 65 11°-15°
20091-020 Rio de Janeiro, RJ Brasil
Caixa Postal 949
Telefone (21) 3232-6112
Fax (21) 2516-6319
www.pwc.com/br

**Report of Independent Registered
Public Accounting Firm**

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

We have reviewed the accompanying condensed consolidated balance sheet of Companhia Vale do Rio Doce and its subsidiaries as of June 30, 2008, and the related condensed consolidated statements of income, of cash flows and of stockholders' equity for each of the three-month periods ended June 30, 2008, and March 31, 2008 and June 30, 2007 and for the six-month periods ended June 30, 2008 and June 30, 2007. This interim financial information is the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), 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 review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2007, and the related consolidated statements of income, of cash flows and of stockholders' equity for the year then ended (not presented herein), and in our report dated February 28, 2008, 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, 2007, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers Auditores
Independentes
Rio de Janeiro, Brazil
August 6, 2008

Condensed Consolidated Balance Sheets Expressed in millions of United States Dollars

	June 30, 2008 (Unaudited)	December 31, 2007
Assets		
Current assets		
Cash and cash equivalents	2,154	1,046
Accounts receivable		
Related parties	240	281
Unrelated parties	4,642	3,671
Loans and advances to related parties	154	64
Inventories	4,347	3,859
Deferred income tax	437	603
Recoverable taxes	1,164	1,159
Others	653	697
	13,791	11,380
Property, plant and equipment, net, and intangible assets	59,982	54,625
Investments in affiliated companies, joint ventures and other investments	3,124	2,922
Other assets		
Goodwill on acquisition of subsidiaries	3,702	3,791
Loans and advances		
Related parties		3
Unrelated parties	102	127
Prepaid pension cost	1,457	1,009
Prepaid expenses	197	200
Judicial deposits	1,273	1,124
Advances to suppliers - energy	618	574
Recoverable taxes	235	199
Unrealized gains on derivative instruments	1,238	673
Others	213	90
	9,035	7,790
TOTAL	85,932	76,717

The accompanying notes are an integral part of this condensed consolidated financial information.

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

(Continued)

	June 30, 2008 (Unaudited)	December 31, 2007
Liabilities and stockholders' equity		
Current liabilities		
Suppliers	2,758	2,430
Payroll and related charges	708	734
Minimum annual dividends attributed to stockholders	1,747	2,683
Current portion of long-term debt - unrelated parties	730	1,249
Short-term debt	46	167
Loans from related parties	36	6
Provision for income taxes	1,022	1,198
Taxes payable and royalties	203	322
Employees post retirement benefits	151	131
Sub-concession	225	210
Unrealized losses on derivative instruments	397	346
Provisions for asset retirement obligations	68	64
Others	504	543
	8,595	10,083
Long-term liabilities		
Employees post retirement benefits	2,102	2,204
Long-term debt - unrelated parties	19,560	17,608
Provisions for contingencies (Note 15 (b))	1,957	2,453
Unrealized losses on derivative instruments		5
Deferred income tax	6,040	5,725
Provisions for asset retirement obligations	1,033	911
Sub-concession	225	210
Others	1,745	1,687
	32,662	30,803
Minority interests	2,970	2,555
Commitments and contingencies (Note 15)		
Stockholders' equity (Note 11)		
Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 1,919,516,400 issued	4,953	4,953
	7,742	7,742

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Common stock - 3,600,000,000 no-par-value shares authorized and 2,999,797,716 issued		
Treasury stock - 30,341,012 preferred and 56,582,040 common shares	(389)	(389)
Additional paid-in capital	498	498
Mandatory convertible notes in common shares	1,288	1,288
Mandatory convertible notes in preferred shares	581	581
Other cumulative comprehensive income	3,125	1,655
Undistributed retained earnings	17,021	15,317
Unappropriated retained earnings	6,886	1,631
	41,705	33,276
TOTAL	85,932	76,717

The accompanying notes are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statements of Income
Expressed in millions of United States Dollars
(Except per share amounts)

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals	9,445	6,857	7,667	16,302	14,301
Revenues from logistic services	462	362	414	824	745
Aluminum products	728	646	724	1,374	1,373
Other products and services	262	183	94	445	160
	10,897	8,048	8,899	18,945	16,579
Taxes on revenues	(297)	(216)	(207)	(513)	(398)
Net operating revenues	10,600	7,832	8,692	18,432	16,181
Operating costs and expenses					
Cost of ores and metals sold	(3,834)	(3,440)	(3,075)	(7,274)	(6,888)
Cost of logistic services	(256)	(212)	(227)	(468)	(415)
Cost of aluminum products	(561)	(493)	(431)	(1,054)	(800)
Others	(112)	(97)	(51)	(209)	(71)
	(4,763)	(4,242)	(3,784)	(9,005)	(8,174)
Selling, general and administrative expenses	(344)	(322)	(266)	(666)	(534)
Research and development	(269)	(190)	(152)	(459)	(265)
Others	11	(163)	(111)	(152)	(127)
	(5,365)	(4,917)	(4,313)	(10,282)	(9,100)
Operating income	5,235	2,915	4,379	8,150	7,081
Non-operating income (expenses)					
Financial income	23	55	77	78	198
Financial expenses	(349)	(560)	(676)	(909)	(1,420)
Gains (losses) on derivatives, net	724	(318)	168	406	253
Foreign exchange and monetary gains, net	769	112	932	881	1,702
Gain on sale of investments		80	674	80	674
	1,167	(631)	1,175	536	1,407

Income before income taxes, equity results and minority interests	6,402	2,284	5,554	8,686	8,488
Income taxes					
Current	(1,173)	(654)	(1,483)	(1,827)	(2,316)
Deferred	(333)	296	87	(37)	278
	(1,506)	(358)	(1,396)	(1,864)	(2,038)
Equity in results of affiliates, joint ventures and other investments	260	119	156	379	294
Minority interests	(147)	(24)	(219)	(171)	(432)
Net income	5,009	2,021	4,095	7,030	6,312
Basic and diluted earnings per share					
Earnings per preferred share	1.01	0.41	0.85	1.41	1.31
Earnings per common share	1.01	0.41	0.85	1.41	1.31
Earnings per convertible notes linked to preferred share (*)	1.52	0.66		2.18	
Earnings per convertible notes linked to common share (*)	1.54	0.74		2.28	

(*) Basic earnings
per share only
as dilution
assumes
conversion.

The accompanying notes are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statements of Cash Flows
Expressed in millions of United States Dollars

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Cash flows from operating activities:					
Net income	5,009	2,021	4,095	7,030	6,312
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation, depletion and amortization	760	766	525	1,526	917
Dividends received	223	48	153	271	243
Equity in results of affiliates, joint ventures and other investments	(260)	(119)	(156)	(379)	(294)
Deferred income taxes	333	(296)	(87)	37	(278)
Loss on disposal of property, plant and equipment	86	37	240	123	263
Gain on sale of investments		(80)	(674)	(80)	(674)
Foreign exchange and monetary losses (gains), net	(1,231)	(146)	(1,224)	(1,377)	(1,996)
Unrealized derivative losses (gains), net	(724)	318	(168)	(406)	(253)
Minority interests	147	24	219	171	432
Unrealized interest (income) expense, net	(45)	81	(57)	36	116
Others	(3)	(18)	(265)	(21)	(265)
Decrease (increase) in assets:					
Accounts receivable	(802)	202	(492)	(600)	(389)
Inventories	(283)	(64)	(264)	(347)	409
Others	79	(155)	499	(76)	95
Increase (decrease) in liabilities:					
Suppliers	320	(54)	428	266	474
Payroll and related charges	177	(248)	104	(71)	(57)
Income taxes	750	(718)	503	32	449
Others	(455)	(191)	251	(646)	408
Net cash provided by operating activities	4,081	1,408	3,630	5,489	5,912
Cash flows from investing activities:					
Loans and advances receivable Related parties Additions	(34)		(1)	(34)	(1)

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Repayments		25		25	10
Others	1		(1)	1	(1)
Judicial deposits	(2)	(34)	(31)	(36)	(63)
Additions to investments	(11)	(13)	(42)	(24)	(94)
Additions to property, plant and equipment	(2,105)	(1,625)	(1,633)	(3,730)	(2,739)
Proceeds from disposal of investments		134	908	134	908
Cash used to acquire subsidiaries, net of cash acquired			(903)		(2,926)
Net cash used in investing activities	(2,151)	(1,513)	(1,703)	(3,664)	(4,906)
Cash flows from financing activities:					
Short-term debt, additions	209	801	1,493	1,010	1,990
Short-term debt, repayments	(449)	(672)	(2,485)	(1,121)	(2,691)
Loans					
Related parties					
Additions	3	18	136	21	253
Repayments	(2)	(2)	(121)	(4)	(234)
Issuances of long-term debt					
Others	236	1,330	49	1,566	6,512
Repayments of long-term debt					
Others	(647)	(105)	(3,940)	(752)	(10,145)
Mandatorily proceeds convertible notes			1,869		1,869
Interest attributed to stockholders	(1,250)		(825)	(1,250)	(825)
Dividends to minority interest	(87)		(224)	(87)	(285)
Net cash provided by (used in) financing activities	(1,987)	1,370	(4,048)	(617)	(3,556)
Increase (decrease) in cash and cash equivalents	(57)	1,265	(2,121)	1,208	(2,550)
Effect of exchange rate changes on cash and cash equivalents	(53)	(47)	(59)	(100)	(124)
Cash and cash equivalents, beginning of period	2,264	1,046	3,954	1,046	4,448
Cash and cash equivalents, end of period	2,154	2,264			