

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Companhia Vale do Rio Doce  
Form 6-K  
August 04, 2006

**Table of Contents**

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 2006

**Companhia Vale do Rio Doce**

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 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- .)

---

**COMPANHIA VALE DO RIO DOCE  
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

Condensed Consolidated Balance Sheets as of June 30, 2006 and December 31, 2005

Condensed Consolidated Statements of Income for the three-month periods ended June 30, 2006 and 2005 and March 31, 2006 and for the six-month periods ended June 30, 2006 and 2005

Condensed Consolidated Statements of Cash Flows for the three-month periods ended June 30, 2006 and 2005 and March 31, 2006 and for the six-month periods ended June 30, 2006 and 2005

Condensed Consolidated Statements of Changes in Stockholders' Equity for the three-month periods ended June 30, 2006 and 2005 and March 31, 2006 and for the six-month periods ended June 30, 2006 and 2005

Notes to the Condensed Consolidated Financial Information

Signature Page

**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333-110867 and shall be deemed to be a part thereof from the date on which this report is furnished, to the extent not superseded by documents or reports subsequently filed or furnished.**

---

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

	<b>June 30, 2006 (Unaudited)</b>	<b>December 31, 2005</b>
Assets		
Current assets		
Cash and cash equivalents	1,894	1,041
Accounts receivable		
Related parties	226	159
Unrelated parties	1,733	1,490
Loans and advances to related parties	80	22
Inventories	1,322	1,142
Deferred income tax	237	186
Recoverable taxes	389	362
Others	432	373
	<b>6,313</b>	<b>4,775</b>
Property, plant and equipment, net	<b>18,786</b>	<b>14,166</b>
Investments in affiliated companies and joint ventures and other investments, net of provision for losses on equity investments	<b>1,764</b>	<b>1,672</b>
Other assets		
Goodwill on acquisition of subsidiaries	593	548
Loans and advances		
Related parties	9	4
Unrelated parties	67	61
Prepaid pension cost	409	308
Judicial deposits	740	568
Recoverable taxes	153	110
Advances to suppliers - energy	398	311
Others	250	121
<b>TOTAL</b>		

**Table of Contents**

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

	<b>June 30, 2006 (Unaudited)</b>	<b>December 31, 2005</b>
		<b>(Continued)</b>
Liabilities and stockholders' equity		
Current liabilities		
Suppliers	895	1,110
Payroll and related charges	176	229
Remuneration attributed to stockholders	666	
Current portion of long-term debt - unrelated parties	1,115	1,218
Short-term debt	15	15
Loans from related parties	64	62
Provision for income taxes	186	244
Taxes payable	163	53
Employees post-retirement benefits	35	30
Others	337	364
	<b>3,652</b>	<b>3,325</b>
Long-term liabilities		
Employees post-retirement benefits	253	241
Long-term debt - unrelated parties	4,688	3,714
Loans from related parties	1	1
Provisions for contingencies (Note 11 (b))	1,321	1,286
Unrealized loss on derivative instruments	314	260
Deferred income tax	309	2
Provisions for asset retirement obligations	243	225
Others	461	395
	<b>7,590</b>	<b>6,124</b>
Minority interests	<b>1,032</b>	<b>1,218</b>
Stockholders' equity		
Preferred class A stock - 1,800,000,000 no-par-value shares authorized and 959,758,200 issued	4,702	2,150
Common stock - 900,000,000 no-par-value shares authorized and 1,499,898,858 issued	3,806	3,806
Treasury stock - 1,304,016 preferred and 28,291,020 common shares	(113)	(88)
Additional paid-in capital	498	498
Other cumulative comprehensive deficit	(2,426)	(2,729)

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Appropriated retained earnings	4,705	4,357
Unappropriated retained earnings	6,036	3,983
	<b>17,208</b>	<b>11,977</b>
<b>TOTAL</b>	<b>29,482</b>	<b>22,644</b>

*See notes to condensed consolidated financial statements.*

F - 2

---

**Table of Contents**

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

	<b>Three-month periods ended</b>			<b>Six-month periods ended</b>	
	<b>June 30,</b>	<b>March 31,</b>	<b>June 30,</b>	<b>June 30,</b>	
	<b>2006</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals	3,286	2,760	3,077	6,046	4,825
Revenues from logistic services	362	289	316	651	548
Aluminum products	640	429	327	1,069	673
Other products and services	25	12	1	37	3
	<b>4,313</b>	<b>3,490</b>	<b>3,721</b>	<b>7,803</b>	<b>6,049</b>
Taxes on revenues	(167)	(150)	(185)	(317)	(300)
Net operating revenues	<b>4,146</b>	<b>3,340</b>	<b>3,536</b>	<b>7,486</b>	<b>5,749</b>
Operating costs and expenses					
Cost of ores and metals sold	(1,350)	(1,256)	(1,134)	(2,606)	(2,046)
Cost of logistic services	(196)	(174)	(169)	(370)	(312)
Cost of aluminum products	(324)	(257)	(203)	(581)	(394)
Others	(14)	(8)	(2)	(22)	(3)
	<b>(1,884)</b>	<b>(1,695)</b>	<b>(1,508)</b>	<b>(3,579)</b>	<b>(2,755)</b>
Selling, general and administrative expenses	(212)	(168)	(135)	(380)	(248)
Research and development	(101)	(71)	(54)	(172)	(88)
Employee profit sharing plan	(35)	(28)	(24)	(63)	(41)
Others	(41)	(42)	(44)	(83)	(51)
	<b>(2,273)</b>	<b>(2,004)</b>	<b>(1,765)</b>	<b>(4,277)</b>	<b>(3,183)</b>
Operating income	<b>1,873</b>	<b>1,336</b>	<b>1,771</b>	<b>3,209</b>	<b>2,566</b>
Non-operating income (expenses)					
Financial income	45	42	27	87	56
Financial expenses	(245)	(213)	(51)	(458)	(143)
Foreign exchange and monetary gains (losses), net	28	259	304	287	302
Gain on sale of investments	338	9		347	
	<b>166</b>	<b>97</b>	<b>280</b>	<b>263</b>	<b>215</b>
Income before income taxes, equity results and minority interests	<b>2,039</b>	<b>1,433</b>	<b>2,051</b>	<b>3,472</b>	<b>2,781</b>

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Income taxes					
Current	(158)	(242)	(330)	(400)	(490)
Deferred	(80)	(53)	(107)	(133)	(60)
	<b>(238)</b>	<b>(295)</b>	<b>(437)</b>	<b>(533)</b>	<b>(550)</b>
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	184	156	220	340	353
Minority interests	(105)	(123)	(204)	(228)	(256)
Net income	<b>1,880</b>	<b>1,171</b>	<b>1,630</b>	<b>3,051</b>	<b>2,328</b>
Basic and diluted earnings per Preferred Class A Share	<b>0.77</b>	<b>0.51</b>	<b>0.71</b>	<b>1.25</b>	<b>1.01</b>
Basic and diluted earnings per Common Share	<b>0.77</b>	<b>0.51</b>	<b>0.71</b>	<b>1.25</b>	<b>1.01</b>
Weighted average number of shares outstanding (thousands of shares)					
Common shares	1,471,608	1,471,608	1,471,608	1,471,608	1,471,608
Preferred Class A shares	959,717	831,448	831,432	959,717	831,432

*See notes to condensed consolidated financial statements.*

F - 3



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

	Three-month periods ended			Six-month periods ended June 30,	
	June 30, 2006	March 31, 2006	June 30, 2005	2006	2005
Cash flows from operating activities:					
Net income	1,880	1,171	1,630	3,051	2,328
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation, depletion and amortization	205	181	136	386	265
Dividends received	98	112	126	210	195
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(184)	(156)	(220)	(340)	(353)
Deferred income taxes	80	53	107	133	60
Provisions for contingencies	19	13	(8)	32	(11)
Gain on sale of investments	(338)	(9)		(347)	
Foreign exchange and monetary losses (gains)	(75)	(291)	(298)	(366)	(271)
Unrealized derivative losses (gains), net	51	44	(85)	95	(90)
Minority interests	105	123	204	228	256
Interest payable (receivable), net	40	(28)	38	12	36
Others	(21)	46	(51)	25	(64)
Decrease (increase) in assets:					
Accounts receivable	(346)	162	(472)	(184)	(564)
Inventories	(23)	(17)	(50)	(40)	(70)
Others	(38)	(108)	(187)	(146)	(261)
Increase (decrease) in liabilities:					
Suppliers	103	(367)	142	(264)	187
Payroll and related charges	47	(108)	13	(61)	(22)
Income taxes	175	(178)	325	(3)	246
Others	(34)	(172)	76	(206)	(10)
<b>Net cash provided by operating activities</b>	<b>1,744</b>	<b>471</b>	<b>1,426</b>	<b>2,215</b>	<b>1,857</b>
Cash flows from investing activities:					
Loans and advances receivable					
Related parties					
Additions	1	(7)	(27)	(6)	(27)
Repayments		3	22	3	25
Others	(35)	48		13	1
Guarantees and deposits	(12)	(23)	(3)	(35)	(20)
Additions to investments	(2)	(2)	(90)	(4)	(91)
Additions to property, plant and equipment	(961)	(855)	(777)	(1,816)	(1,438)
Proceeds from disposal of investments	418	14		432	
	29	9	1	38	3

Proceeds from disposals of property, plant  
and equipment

Net cash used in investing activities	<b>(562)</b>	<b>(813)</b>	<b>(874)</b>	<b>(1,375)</b>	<b>(1,547)</b>
Cash flows from financing activities:					
Short-term debt, net issuances (repayments)	(65)	50	216	(15)	237
Loans					
Related parties					
Additions	1	10	3	11	7
Repayments	29	(40)	(9)	(11)	(26)
Issuances of long-term debt					
Related parties			11		15
Others	4	1,347	114	1,351	349
Stock treasury	(25)			(25)	
Repayments of long-term debt	(200)	(321)	(432)	(521)	(588)
Interest attributed to stockholders	(669)		(500)	(669)	(500)
Net cash (used in) provided by financing activities	<b>(925)</b>	<b>1,046</b>	<b>(597)</b>	<b>121</b>	<b>(506)</b>
Increase (decrease) in cash and cash equivalents	257	704	(45)	961	(196)
Effect of exchange rate changes on cash and cash equivalents	(7)	(101)	(121)	(108)	(97)
Cash and cash equivalents, beginning of period	1,644	1,041	1,122	1,041	1,249
Cash and cash equivalents, end of period	<b>1,894</b>	<b>1,644</b>	<b>956</b>	<b>1,894</b>	<b>956</b>
Cash paid during the period for:					
Interest on short-term debt	(5)	(1)		(6)	
Interest on long-term debt	(73)	(94)	(35)	(167)	(117)
Income tax	(31)	(187)	(171)	(218)	(250)
Non-cash transactions					
Income tax paid with credits	(40)	(30)	(53)	(70)	(80)
Interest capitalized	(31)	(31)	(9)	(62)	(24)

*See notes to condensed consolidated financial statements.*

F - 4

**Table of 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)**

	<b>June 30, 2006</b>	<b>Three-month periods ended March 31, 2006</b>	<b>June 30, 2005</b>	<b>Six-month periods ended June 30, 2006</b>	
Preferred class A stock (including three special shares)					
Beginning of the period	4,702	2,150	1,176	<b>2,150</b>	1,176
Capital increase (Note 5)		2,552		<b>2,552</b>	
Transfer from appropriated retained earnings			974		974
End of the period	<b>4,702</b>	<b>4,702</b>	<b>2,150</b>	<b>4,702</b>	<b>2,150</b>
Common stock					
Beginning of the period	3,806	3,806	2,121	3,806	2,121
Merger of shares			1,685		1,685
End of the period	<b>3,806</b>	<b>3,806</b>	<b>3,806</b>	<b>3,806</b>	<b>3,806</b>
Treasury stock					
Beginning of the period	(88)	(88)	(88)	(88)	(88)
Acquisitions	(25)			(25)	
End of the period	<b>(113)</b>	<b>(88)</b>	<b>(88)</b>	<b>(113)</b>	<b>(88)</b>
Additional paid-in capital					
Beginning and end of the period	<b>498</b>	<b>498</b>	<b>498</b>	<b>498</b>	<b>498</b>
Other cumulative comprehensive deficit					
Cumulative translation adjustments					
Beginning of the period	(2,006)	(2,856)	(3,891)	(2,856)	(3,869)
Change in the period	(532)	850	1,032	318	1,010
End of the period	<b>(2,538)</b>	<b>(2,006)</b>	<b>(2,859)</b>	<b>(2,538)</b>	<b>(2,859)</b>
Unrealized gain on available-for-sale securities					
Beginning of the period	132	127	116	127	95

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Change in the period	(20)	5	(1)	(15)	20
End of the period	<b>112</b>	<b>132</b>	<b>115</b>	<b>112</b>	<b>115</b>
Total other cumulative comprehensive deficit	<b>(2,426)</b>	<b>(1,874)</b>	<b>(2,744)</b>	<b>(2,426)</b>	<b>(2,744)</b>
Appropriated retained earnings					
Beginning of the period	4,687	4,357	4,126	4,357	4,143
Transfer from unappropriated retained earnings	18	330	362	348	345
Transfer to capital stock			(2,659)		(2,659)
End of the period	<b>4,705</b>	<b>4,687</b>	<b>1,829</b>	<b>4,705</b>	<b>1,829</b>
Unappropriated retained earnings					
Beginning of the period	4,824	3,983	4,030	3,983	3,315
Net income	1,880	1,171	1,630	3,051	2,328
Dividends and interest attributed to stockholders					
Preferred class A stock	(257)		(180)	(257)	(180)
Common stock	(393)		(320)	(393)	(320)
Appropriation to reserves	(18)	(330)	(362)	(348)	(345)
End of the period	<b>6,036</b>	<b>4,824</b>	<b>4,798</b>	<b>6,036</b>	<b>4,798</b>
Total stockholders equity	<b>17,208</b>	<b>16,555</b>	<b>10,249</b>	<b>17,208</b>	<b>10,249</b>
Comprehensive income is comprised as follows:					
Net income	1,880	1,171	1,630	3,051	2,328
Cumulative translation adjustments	(532)	850	1,032	318	1,010
Unrealized gain (loss) on available-for-sale securities	(20)	5	(1)	(15)	20
Total comprehensive income	<b>1,328</b>	<b>2,026</b>	<b>2,661</b>	<b>3,354</b>	<b>3,358</b>
<b>Shares</b>					
Preferred class A stock (including six special shares) (1)	<b>959,758,200</b>	<b>959,758,200</b>	<b>831,455,478</b>	<b>959,758,200</b>	<b>831,455,478</b>

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Common stock	<b>1,499,898,858</b>	<b>1,499,898,858</b>	<b>1,499,898,858</b>	<b>1,499,898,858</b>	<b>1,499,898,858</b>
Treasury stock (2)					
Beginning of the period	(28,313,936)	(28,313,936)	(28,314,650)	(28,313,936)	(28,314,922)
Acquisitions	(1,281,100)			(1,281,100)	
Sales			24		296
End of the period	<b>(29,595,036)</b>	<b>(28,313,936)</b>	<b>(28,314,626)</b>	<b>(29,595,036)</b>	<b>(28,314,626)</b>
	<b>2,430,062,022</b>	<b>2,431,343,122</b>	<b>2,303,039,710</b>	<b>2,430,062,022</b>	<b>2,303,039,710</b>

**Dividends and interest  
attributed to  
stockholders (per  
share)**

Preferred class A stock (including six special shares)	0.27		0.22	0.27	0.22
Common stock	0.27		0.22	0.27	0.22

(1) Increase of 128,302,722 (after split of shares) preferred shares due to merger of shares from Caemi.

(2) As of June, 2006, 28,291,020 common shares and 1,304,016 preferred shares were held in treasury in the amount of US\$113. The 28,291,020 common shares are provided as collateral to secure a loan of our subsidiary Alunorte. On June 30, 2006 the market value of 4,988,922 of these shares would be sufficient to offset the balance of the debt.

**See notes to condensed consolidated financial statements.**

F - 5

**Table of Contents**

**Notes to the Condensed Consolidated Financial Statements**  
**Expressed in millions of United States dollars, unless otherwise stated**

**1 The Company and its operation**

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 joint ventures and affiliates are described in Note 8.

The main operating subsidiaries we consolidate are as follows:

<b>Subsidiary</b>	<b>% ownership</b>	<b>% voting capital</b>	<b>Head office location</b>	<b>Principal activity</b>
Alumina do Norte do Brasil S.A. Alunorte ( Alunorte )	57	61	Brazil	Alumina
Alumínio Brasileiro S.A. Albras ( Albras )	51	51	Brazil	Aluminum
CADAM S.A (CADAM) (1) (3)	61 (37)	100	Brazil Cayman	Kaolin
CVRD Overseas Ltd.	100	100	Islands	Trading
Ferrovias Centro-Atlântica S. A.	100	100	Brazil	Logistics
CVRD International S.A. (4)	100	100	Swiss	Trading
Minerações Brasileiras Reunidas S.A. MBR (2) (3)	90 (56)	90	Brazil	Iron ore
Mineração Onça Puma Ltda	99	99	Brazil	Nickel
Navegação Vale do Rio Doce S.A. DOCENAVE	100	100	Brazil	Shipping
Pará Pigmentos S.A. (1) (3)	82 (76)	86	Brazil	Kaolin
Rio Doce International Finance Ltd. RDIF	100	100	Bahamas	International finance Manganese and
Rio Doce Manganês S.A.	100	100	Brazil	Ferroalloys
Rio Doce Manganês Europe RDME	100	100	France	Ferroalloys
Rio Doce Manganese Norway RDMN	100	100	Norway	Ferroalloys
Salobo Metais S.A.	100	100	Brazil	Copper
Urucum Mineração S.A.	100	100	Brazil	Iron ore, Ferroalloys and Manganese

- (1) Through Caemi Mineração e Metalurgia S.A CVRD holds 100% of the voting and total capital.
- (2) Through Caemi Mineração e Metalurgia S.A. and Belém Administrações e Participações Ltda.
- (3) The participation in parenthesis refers to the interest before the merger of shares from Caemi on March, 2006.
- (4) Previously known as Itabira Rio Doce Company Ltd. ITACO

**2 Basis of consolidation**

All majority-owned subsidiaries in which we have both share and management control are consolidated. All significant intercompany accounts and transactions are eliminated. As from January 1, 2004, our variable interest entities in which we are the primary beneficiary are consolidated. 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.

We evaluate the carrying value of our listed investments relative to publicly available quoted market prices. If the quoted market price is below book value, and such decline is considered other than temporary, we write-down our equity investments to quoted market value.

We define joint ventures as businesses in which we and a small group of other partners each participate actively in the overall entity management, based on a shareholders' agreement. We define affiliates as businesses in which we participate as a minority stockholder but with significant influence over the operating and financial policies of the investee.

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

**Table of Contents**

**3 Summary of significant accounting policies**

Our condensed consolidated interim financial information for the three-month periods ended June 30, 2006, March 31, 2006 and June 30, 2005 and for the six-month periods ended June 30, 2006 and 2005 is unaudited. However, in our opinion, such condensed consolidated financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for interim periods. The results of operations for the three-month and six-month periods ended June 30, 2006 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2006.

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

We have remeasured all assets and liabilities into U.S. dollars at the current exchange rate at each balance sheet date (R\$2.1643 and R\$2.3370 at June 30, 2006 and December 31, 2005, respectively to US\$1.00 or the first available exchange rate if exchange on the last day of the period, was not available), and all accounts in the statements of income (including amounts relative to local currency indexation and exchange variances on assets and liabilities denominated in foreign currency) at the average rates prevailing during the period. The translation gain or loss resulting from this remeasurement process is included in the cumulative translation adjustments account in stockholders' equity.

**4 Recently-issued accounting pronouncements**

In July 2006, the FASB issued FIN 48, Accounting for Uncertainty in Income Taxes. FIN 48 prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return (including a decision whether to file or not to file a return in a particular jurisdiction). Under the Interpretation, the financial statements will reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts, but without considering time values.

**5 Major acquisitions and disposals during the years presented**

On July 3, 2006 we acquired the remaining 45.5% of Valesul for US\$28, becoming our subsidiary.

During the second quarter of 2006, we sold our total interest in Gulf Industrial Investment Company for US\$418, resulting in a net gain of US\$338.

At an Extraordinary Shareholders' Meeting on March 31, 2006, the Capital Stock increased by US\$2,552, corresponding to 128,302,722 preferred shares (64,151,361 before split), due to the issuance of shares in relation to the acquisition of the outstanding minority interest in Caemi.



**Table of Contents**

Pro forma information considers that our acquisition of the 39.77% preferred shares of Caemi, totaling 100% of total interest as if it was completed at January 1, 2005.

	March 31, 2006			Three-month periods ended June 30, 2005		
	Consolidated	Caemi	Pro Forma (unaudited)	Consolidated	Caemi	Pro Forma (unaudited)
		Merger (39.77%)			Merger (39.77%)	
Income before minority interests	1,294	-	1,294	1,834	-	1,834
Minority interests	(123)	54	(69)	(204)	70	(134)
Net income	<b>1.171</b>	<b>54</b>	<b>1.225</b>	<b>1.630</b>	<b>70</b>	<b>1.700</b>
Outstanding shares (thousands)	2,303.040		2,431.343	2,303.040		2,431.343
Basic and diluted earnings per share	0,51		0,50	0,71		0,70
	June 30, 2006			Six-month periods ended June 30, 2005		
	Consolidated	Caemi	Pro Forma (unaudited)	Consolidated	Caemi	Pro Forma (unaudited)
		Merger (39.77%)			Merger (39.77%)	
Income before minority interests	3,279	-	3,279	2,584	-	2,584
Minority interests	(228)	54	(174)	(256)	92	(164)
	<b>3.051</b>	<b>54</b>	<b>3.105</b>	<b>2.328</b>	<b>92</b>	<b>2.420</b>
Outstanding shares (thousands)	2,303.040		2,430.062	2,303.040		2,431.343
Basic and diluted earnings per share	1,32		1,28	1,01		1,00

In November 2005, we acquired 93.0% of the voting capital of Canico Resource Corp. (Canico) a Canadian-based junior resource company focused on the development of the Onça-Puma nickel laterite, for US\$750. In December 2005, we acquired an additional 6.20% of the voting capital of Canico for US\$50. Canico's only significant asset other than US\$63 of cash and cash equivalents was US\$794 of mining rights. On February 10, 2006, we concluded the acquisition of the outstanding common shares of Canico, acquiring the remaining voting capital of Canico, 0.8% of its total capital for US\$6, which is now a wholly-owned subsidiary.

During the first quarter of 2006, we sold our total interest in Nova Era Silicon (49%) to JFE Steel Corporation for US\$14, resulting in a net gain of US\$9.



**Table of Contents****6 Income taxes**

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

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

	Three-month periods ended			Six-month periods	
	June 30, 2006	March 31, 2006	June 30, 2005	ended June 30 2006	2005
Income before income taxes, equity results and minority interests	2,039	1,433	2,051	3,472	2,781
Federal income tax and social contribution expense at statutory enacted rates	(693)	(487)	(697)	(1,180)	(945)
Adjustments to derive effective tax rate:					
Tax benefit on interest attributed to stockholders	85	91	131	176	185
Exempt foreign income (loss)	348	114	82	462	128
Difference on tax basis of equity investees	(18)	(66)	(17)	(84)	(21)
Tax incentives	44	32	59	76	81
Other non-taxable gains (losses)	(4)	21	5	17	22
Federal income tax and social contribution expense in consolidated statements of income	(238)	(295)	(437)	(533)	(550)

We have certain tax incentives relative to our manganese operations in Carajás, our potash operations in Rosario do Catete, our alumina and aluminum operations in Barcarena and our kaolin operations in Ipixuna and Mazagão. The incentives relative to manganese comprise partial exemption up to 2013. The incentive relating to alumina and potash comprise full income tax exemption on defined production levels which expires in 2009 and 2013, respectively, while the partial exemption incentives relative to aluminum and kaolin expire in 2013. 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. Tax loss carry forward have no expiration date.

**7 Inventories**

	June 30, 2006	December 31, 2005
Finished products		
Iron ore and pellets	375	271
Manganese and ferroalloys	128	151
Alumina	39	22
Aluminum	64	52

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Kaolin	24	18
Others	49	28
Spare parts and maintenance supplies	643	600
	<b>1,322</b>	<b>1,142</b>

F - 9

---

**Table of Contents****8 Investments in affiliated companies and joint ventures**

	June 30, 2006		Net income (loss) for the period		Investments		Equity Adjustments				Dividends received				
					June 30, 2006	December 31, 2005	Three-month periods ended		Six-month periods ended		Three-month periods ended		Six-month periods ended		
	Participation in capital (%) voting	Net equity total	June 30, 2006	December 31, 2005			June 30, 2006	March 31, 2006	June 30, 2005	June 30, 2006	March 31, 2006	June 30, 2005	June 30, 2006	March 31, 2005	June 30, 2006
<b>Ferrous</b>															
Companhia Nipo-Brasileira de Pelotização NIBRASCO (1)	51.11	51.00	72	32	37	60	7	9	11	16	13		22		22
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS (1)	51.00	50.89	65	13	33	37	2	5	14	7	16		13	3	13 4
Companhia Coreano-Brasileira de Pelotização KOBRASCO	50.00	50.00	73	28	36	41	5	9	14	14	17	11			11
Companhia Ítalo-Brasileira de Pelotização ITABRASCO (1)	51.00	50.90	59	12	30	33	2	4	13	6	14		12		12
SAMARCO Mineração S.A. SAMARCO (2)	50.00	50.00	788	211	444	335	67	39	56	106	90		25	35	25 55
Minas da Serra Geral S.A. MSG	50.00	50.00	44	1	22	21	1		(4)	1	(4)	1			1
Gulf Industrial Investment Company GIIC (5)						62	4	14	23	18	35			11	11
Others					20	25		(2)	1	(2)	(1)	1			1
					<b>622</b>	<b>614</b>	<b>88</b>	<b>78</b>	<b>128</b>	<b>166</b>	<b>180</b>	<b>13</b>	<b>72</b>	<b>49</b>	<b>85 70</b>
<b>Logistics</b>															
MRS Logística S.A.	37.23	40.45	389	98	167	109	24	14	12	38	22	20		5	20 5
					<b>167</b>	<b>109</b>	<b>24</b>	<b>14</b>	<b>12</b>	<b>38</b>	<b>22</b>	<b>20</b>		<b>5</b>	<b>20 5</b>
<b>Holdings</b>															
<b>Steel</b>															

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Usinas Siderúrgicas de Minas Gerais S.A.																
USIMINAS (4)	22.99	11.46	2,869	468	329	281	28	26	57	54	99	28		34	28	34
California Steel Industries Inc. CSI																
50.00	50.00	380	66	190	161	18	15	5	33	16		3		3		
SIDERAR (cost \$15) available for sale investments (4)																
4.85	4.85			127	142											20
				<b>646</b>	<b>584</b>	<b>46</b>	<b>41</b>	<b>62</b>	<b>87</b>	<b>115</b>	<b>28</b>	<b>3</b>	<b>34</b>	<b>31</b>	<b>54</b>	
<b>Aluminum and bauxite</b>																
Mineração Rio do Norte S.A. MRN																
40.00	40.00	315	66	126	178	14	12	15	26	32	22	37	30	59	58	
Valesul Alumínio S.A. VALESUL																
54.51	54.51	133	22	72	58	8	4	3	12	4			8		8	
				<b>198</b>	<b>236</b>	<b>22</b>	<b>16</b>	<b>18</b>	<b>38</b>	<b>36</b>	<b>22</b>	<b>37</b>	<b>38</b>	<b>59</b>	<b>66</b>	
<b>Coal</b>																
Henan Longyu Resources Co. Ltd																
25.00	25.00	370	45	92	96	4	7		11		15				15	
Shandong Yankuang International Company Ltd(3)																
25.00	25.00	86		22	22											
				<b>114</b>	<b>118</b>	<b>4</b>	<b>7</b>		<b>11</b>		<b>15</b>			<b>15</b>	<b>-</b>	
<b>Other affiliates and joint ventures</b>																
Others																
				<b>17</b>	<b>11</b>											<b>-</b>
				<b>17</b>	<b>11</b>											<b>-</b>
				<b>975</b>	<b>949</b>	<b>72</b>	<b>64</b>	<b>80</b>	<b>136</b>	<b>151</b>	<b>65</b>	<b>40</b>	<b>72</b>	<b>105</b>	<b>120</b>	
<b>Total</b>				<b>1,764</b>	<b>1,672</b>	<b>184</b>	<b>156</b>	<b>220</b>	<b>340</b>	<b>353</b>	<b>98</b>	<b>112</b>	<b>126</b>	<b>210</b>	<b>195</b>	

(1) CVRD held a majority of the voting interest of several entities that were accounted for under the equity method, in accordance with EITF 96-16, due to

veto rights held  
by minority  
shareholders  
under  
shareholders  
agreements;

- (2) Investment includes goodwill of US\$50 and US\$46 in 2006 and 2005, respectively;
- (3) Preoperating investment;
- (4) The quoted market value of Usiminas is equal to US\$1.014 and Siderar is equal to US\$126;
- (5) Sold for US\$418 in May, 2006.

F - 10

---

**Table of Contents****9 Stockholders equity**

On May 22, 2006 occurred a stock split which had been approved by the Extraordinary General Shareholders Meeting occurred on April 27, 2006. Each existing share, common and preferred, was split into two shares.

After the split our capital comprises 2,459,657,058 shares, of which 959,758,200 common shares 1,499,898,858 class A preferred shares, including six special class shares without par value ( Golden Share ). The share/ADR proportion will be maintained at 1/1; therefore, each common and preferred share, will continue to be represented by one ADR supported by one common share (NYSE: RIO) or by one ADR supported by one class A preferred share (NYSE: RIOPR) respectively.

For comparative purposes we considered the effects of the split as it had occurred consistently in all periods presented.

On June 21, 2006 the Board of Directors approved a buy-back program of our preferred shares. The program involves the acquisition of up to 47,986,763 preferred shares, corresponding to 5% of our preferred shares, to be executed during 180 days. Through June 30, 2006 we had acquired 1,281,100 preferred shares.

**10 Pension costs**

	Three-month periods ended			Six-month periods ended June 30	
	June 30, 2006	March 31, 2006	June 30, 2005	2006	2005
Service cost benefits earned during the period	1	1	1	2	1
Interest cost on projected benefit obligation	70	46	60	116	116
Expected return on assets	(100)	(66)	(75)	(166)	(144)
Amortization of initial transitory obligation	3	2	2	5	5
Net deferral	(8)	(4)	(4)	(12)	(8)
Net periodic pension cost	<b>(34)</b>	<b>(21)</b>	<b>(16)</b>	<b>(55)</b>	<b>(30)</b>

In addition to benefits provided under the Pension Plan, accruals have been made relative to supplementary health care benefits extended in previous periods as part of early-retirement programs. Such accruals included in long-term liabilities totaled US\$76, US\$74 and US\$66, at June 30, 2006, March 31, 2006 and June 30, 2005, respectively, plus US\$6, US\$5 and US\$5, respectively, in current liabilities.

The cost recognized for the three-month periods ended June 30, 2006, March 31, 2006, and June 30, 2005 and for the six-month periods ended June 30, 2006 and June 30, 2005, relative to the defined contribution element of the New Plan was US\$3, US\$2, US\$2, US\$5 and US\$4, respectively.

We previously disclosed in our consolidated financial statements for the year ended December 31, 2005, that we expected to contribute US\$59 to our defined benefit pension plan in 2006. As of June 30, 2006, US\$26 of our contributions have been made. We do not expect any significant change in our previous estimate.



**Table of Contents****11 Commitments and contingencies**

- (a) At June 30, 2006, we had extended guarantees for borrowings obtained by affiliates and joint ventures in the amount of US\$4, as follows:

<b>Affiliate or Joint Venture</b>	<b>Amount of guarantee</b>	<b>Denominated currency</b>	<b>Purpose</b>	<b>Final maturity</b>	<b>Counter guarantees</b>
SAMARCO	4	US\$	Debt guarantee	2008	None
VALESUL	less than 1 million	R\$	Debt guarantee	2007	None
	<b>4</b>				

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

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

- (b) CVRD and its subsidiaries are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the provision for 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:

	<b>June 30, 2006</b>		<b>December 31, 2005</b>	
	<b>Provision for contingencies</b>	<b>Judicial deposits</b>	<b>Provision for contingencies</b>	<b>Judicial deposits</b>
Labor and social security claims	314	176	229	138
Civil claims	235	107	210	98
Tax related actions	743	456	816	329
Others	29	1	31	3
	<b>1,321</b>	<b>740</b>	<b>1,286</b>	<b>568</b>

Labor and social security related actions principally comprise claims for (i) payment of time spent traveling from their residences to the work-place, (ii) additional health and safety related payments and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

Civil actions principally related 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 and accidents.

Tax related actions principally comprise our challenges of certain revenue taxes, value added tax and income tax.

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

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

Our judicial deposits are made as required by the courts for us to be able to enter or continue a legal action. When judgment is favorable to us, we receive the deposits back; when unfavorable, the deposits are delivered to the prevailing party.

Contingencies settled in the three-month periods ended June 30, 2006 and 2005 and March 31, 2006 aggregated US\$781, US\$56 and US\$603, respectively, and additional provisions

F - 12

---

**Table of Contents**

aggregated US\$601, US\$44 and US\$416, respectively, classified in other operating expenses.

In addition to the contingencies for which we have made provisions we are defending claims which in our opinion, and based on the advice of our legal counsel, the likelihood of loss is possible losses, which total US\$1,160 at June 30, 2006, for which no provision has been made.

- (c) At the time of our privatization in 1997, we issued shareholder revenue interests known in Brazil as debentures to our then-existing shareholders, including the Brazilian Government. The terms of the debentures, were set to ensure that our pre-privatization shareholders, including the Brazilian Government, would participate alongside us in potential future financial benefits that we are able to derive from exploiting our mineral resources.

On March 27, 2006 we declared a distribution on these debentures in the amount of \$2, payable as from April 2, 2006.

- (d) 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. On June 30, 2006, US\$9 of environmental liabilities and asset retirement obligations were classified in current liabilities (Others).

The changes are demonstrated as follows:

	Three-month periods ended			Six-month periods ended June 30	
	June 30, 2006	March 31, 2006	June 30, 2005	2006	2005
<b>Provisions for asset retirement obligations beginning of period</b>	<b>248</b>	<b>225</b>	<b>137</b>	<b>225</b>	<b>134</b>
Accretion expense	6	6	10	12	14
Liabilities settled in the current period	(3)		(4)	(3)	(4)
Cumulative translation adjustment	1	17	16	18	15
<b>Provisions for asset retirement obligations end of period</b>	<b>252</b>	<b>248</b>	<b>159</b>	<b>252</b>	<b>159</b>

F - 13

**Table of Contents**

**12 Segment and geographical information**

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

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

Non-ferrous products comprises the production of non-ferrous minerals, including potash, kaolin and copper.

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

Holdings divided into the following sub-groups:

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

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

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

**Table of Contents**

Consolidated net income and principal assets are reconciled as follows:

**Results by segment before eliminations**

	June 30, 2006						March 31, 2006						As of and for the			
	Holdings					Consolidated	Holdings					Consolidated	Non			
Non	Logistics	Aluminum	Other	Eliminations	Ferrous		Non	Logistics	Aluminum	Other	Eliminations		Ferrous	Non	Logistics	Aluminum
0	378	15	877	19	(1,643)	3,295	3,303	180	16	590	(1,449)	2,640	3,539	206	17	4
7	27	364	82		(152)	1,018	536	55	294	89	7	(131)	850	679	42	318
0)	(230)	(264)	(643)	(22)	1,795	(2,134)	(2,577)	(161)	(230)	(510)	(4)	1,580	(1,902)	(2,577)	(169)	(210)
)	(18)	(2)		(50)		(101)	(22)	(25)	(1)		(23)		(71)	(3)	(34)	
)	(23)	(15)	(14)	(2)		(205)	(134)	(19)	(14)	(14)			(181)	(97)	(17)	(10)
4	<b>134</b>	<b>98</b>	<b>302</b>	<b>(55)</b>		<b>1,873</b>	<b>1,106</b>	<b>30</b>	<b>65</b>	<b>155</b>	<b>(20)</b>		<b>1,336</b>	<b>1,541</b>	<b>28</b>	<b>115</b>
3	2	4	6	(7)	(133)	45	161		8	2	4	(133)	42	78		11
2)	(2)	(1)	(72)	(1)	133	(245)	(276)	(2)	(2)	(62)	(4)	133	(213)	(159)	(4)	(4)
4	(53)	4	12	1		28	126	58	(11)	86			259	201	3	(7)
3						338	9						9			
3		24	22	50		184	78		14	16	48		156	128		12
7)		(4)	(36)	(1)		(238)	(246)		(3)	(46)			(295)	(390)	(1)	(5)
0)			(75)			(105)	(67)			(56)			(123)	(105)		(
3	<b>81</b>	<b>125</b>	<b>159</b>	<b>(13)</b>		<b>1,880</b>	<b>891</b>	<b>86</b>	<b>71</b>	<b>95</b>	<b>28</b>		<b>1,171</b>	<b>1,294</b>	<b>26</b>	<b>122</b>
5		7	157		(153)	287	271	1	6	131	(172)	237	334			11
5	2		3	19	(81)	99	104	3		3	(41)	69	166			
7	169	2	380		(625)	1,183	1,150	95	6	288	(580)	959	1,518	125	6	1

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

3	112		106		(69)	342	183	4		32		(68)	151	277	34		
5	8		142		(128)	388	362	29		126		(144)	373	353	6		
	6	5	89		(417)	814	956	10	3			(316)	653	641	10		
0	81	1			(170)	182	277	38	1	10		(128)	198	250	31		
9	<b>378</b>	<b>15</b>	<b>877</b>	<b>19</b>	<b>(1,643)</b>	<b>3,295</b>	<b>3,303</b>	<b>180</b>	<b>16</b>	<b>590</b>		<b>(1,449)</b>	<b>2,640</b>	<b>3,539</b>	<b>206</b>	<b>17</b>	<b>4</b>
7	27	364	82		(152)	1,018	536	55	294	89	7	(131)	850	679	42	318	
5	<b>405</b>	<b>379</b>	<b>959</b>	<b>19</b>	<b>(1,795)</b>	<b>4,313</b>	<b>3,839</b>	<b>235</b>	<b>310</b>	<b>679</b>	<b>7</b>	<b>(1,580)</b>	<b>3,490</b>	<b>4,218</b>	<b>248</b>	<b>335</b>	<b>5</b>

F - 15

---

Table of Contents

## Operating segment - after eliminations

	As of and for the three-month periods ended June 30, 2006											
	Export	Domestic	Total	Value added tax	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Operating equipment, Plant and Investments	Property, Plant and Investments	Property, Plant and Investments	Property, Plant and Investments
<b>Ferrous</b>												
Iron ore	1,986	485	2,471	(73)	2,398	(959)	1,439	(122)	1,317	11,991	675	42
Pellets	313	90	403	(21)	382	(270)	112	(10)	102	523	30	580
Manganese	8	4	12	(1)	11	(17)	(6)	(1)	(7)	60	3	
Ferroalloys	87	38	125	(10)	115	(117)	(2)	(4)	(6)	208	15	
	<b>2,394</b>	<b>617</b>	<b>3,011</b>	<b>(105)</b>	<b>2,906</b>	<b>(1,363)</b>	<b>1,543</b>	<b>(137)</b>	<b>1,406</b>	<b>12,782</b>	<b>723</b>	<b>622</b>
<b>Non ferrous</b>												
Potash		23	23	(2)	21	(11)	10	(7)	3	177	1	
Kaolin	40	7	47		47	(34)	13	(7)	6	239		
Copper	201	4	205		205	(55)	150	(12)	138	1,297	18	
	<b>241</b>	<b>34</b>	<b>275</b>	<b>(2)</b>	<b>273</b>	<b>(100)</b>	<b>173</b>	<b>(26)</b>	<b>147</b>	<b>1,713</b>	<b>19</b>	
<b>Aluminum</b>												
Alumina	339		339		339	(204)	135	(8)	127	1,519	88	
Aluminum	279	14	293	(1)	292	(111)	181	(6)	175	384	6	72
Bauxite	8		8		8	(7)	1		1	420	56	126
	<b>626</b>	<b>14</b>	<b>640</b>	<b>(1)</b>	<b>639</b>	<b>(322)</b>	<b>317</b>	<b>(14)</b>	<b>303</b>	<b>2,323</b>	<b>150</b>	<b>198</b>
<b>Logistics</b>												
Railroads		272	272	(46)	226	(133)	93	(19)	74	693	26	167
Ports		64	64	(11)	53	(30)	23	(5)	18	226	1	
Ships	15	11	26	(2)	24	(28)	(4)	(1)	(5)	3		
	<b>15</b>	<b>347</b>	<b>362</b>	<b>(59)</b>	<b>303</b>	<b>(191)</b>	<b>112</b>	<b>(25)</b>	<b>87</b>	<b>922</b>	<b>27</b>	<b>167</b>
Others	19	6	25		25	(92)	(67)	(3)	(70)	1,046	42	777
	<b>3,295</b>	<b>1,018</b>	<b>4,313</b>	<b>(167)</b>	<b>4,146</b>	<b>(2,068)</b>	<b>2,078</b>	<b>(205)</b>	<b>1,873</b>	<b>18,786</b>	<b>961</b>	<b>1,764</b>

Table of Contents

## Operating segment after eliminations (continued)

	As of and for the three-month periods ended March 31, 2006											
	Expenses	Domestic	Total	Value added	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Operating equipment, and investments	Property, Plant and Equipment	to Property, Plant and Equipment	Addition
<b>Ferrous</b>												
Iron ore	1,633	367	2,000	(57)	1,943	(860)	1,083	(113)	970	11,404	591	43
Pellets	375	87	462	(19)	443	(295)	148	(12)	136	480	7	592
Manganese	8	3	11	(1)	10	(7)	3	(1)	2	60	8	
Ferroalloys	71	35	106	(9)	97	(84)	13	(4)	9	198		
	<b>2,087</b>	<b>492</b>	<b>2,579</b>	<b>(86)</b>	<b>2,493</b>	<b>(1,246)</b>	<b>1,247</b>	<b>(130)</b>	<b>1,117</b>	<b>12,142</b>	<b>606</b>	<b>635</b>
<b>Non ferrous</b>												
Potash		22	22	(1)	21	(14)	7	(2)	5	178	6	
Kaolin	41	7	48	(3)	45	(41)	4	(6)	(2)	242		
Copper	90	21	111	(5)	106	(53)	53	(8)	45	1,286	35	
	<b>131</b>	<b>50</b>	<b>181</b>	<b>(9)</b>	<b>172</b>	<b>(108)</b>	<b>64</b>	<b>(16)</b>	<b>48</b>	<b>1,706</b>	<b>41</b>	
<b>Aluminum</b>												
Alumina	150	10	160	(2)	158	(138)	20	(8)	12	1,428	61	
Aluminum	247	13	260	(2)	258	(112)	146	(6)	140	382	1	67
Bauxite	9		9		9	(9)				356	48	151
	<b>406</b>	<b>23</b>	<b>429</b>	<b>(4)</b>	<b>425</b>	<b>(259)</b>	<b>166</b>	<b>(14)</b>	<b>152</b>	<b>2,166</b>	<b>110</b>	<b>218</b>
<b>Logistics</b>												
Railroads		214	214	(39)	175	(114)	61	(16)	45	674	26	183
Ports		54	54	(9)	45	(31)	14	(3)	11	237	1	
Ships	14	7	21	(1)	20	(25)	(5)	(1)	(6)	3		
	<b>14</b>	<b>275</b>	<b>289</b>	<b>(49)</b>	<b>240</b>	<b>(170)</b>	<b>70</b>	<b>(20)</b>	<b>50</b>	<b>914</b>	<b>27</b>	<b>183</b>
Others	2	10	12	(2)	10	(40)	(30)	(1)	(31)	1,021	71	784
	<b>2,640</b>	<b>850</b>	<b>3,490</b>	<b>(150)</b>	<b>3,340</b>	<b>(1,823)</b>	<b>1,517</b>	<b>(181)</b>	<b>1,336</b>	<b>17,949</b>	<b>855</b>	<b>1,820</b>



**Table of Contents****Operating segment - after eliminations (continued)**

	As of and for the three-month periods ended June 30, 2005											
	Revenues			Value added	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Property, Plant and Equipment, Addition to Property, Plant and Equipment, Net Investments			
	Export	Domestic	Total	tax								
<b>Ferrous</b>												
Iron ore	1,694	472	2,166	(81)	2,085	(682)	1,403	(87)	1,316	6,879	471	45
Pellets	462	107	569	(27)	542	(333)	209	(4)	205	429	21	552
Manganese	14	5	19	(1)	18	(14)	4		4	25		
Ferroalloys	98	56	154	(14)	140	(96)	44	(5)	39	178	34	
	<b>2,268</b>	<b>640</b>	<b>2,908</b>	<b>(123)</b>	<b>2,785</b>	<b>(1,125)</b>	<b>1,660</b>	<b>(96)</b>	<b>1,564</b>	<b>7,511</b>	<b>526</b>	<b>597</b>
<b>Non ferrous</b>												
Potash		31	31	(2)	29	(15)	14	(2)	12	141	4	
Kaolin	38	7	45	(1)	44	(24)	20	(6)	14	231		
Copper	89	4	93	(1)	92	(44)	48	(9)	39	1,106	42	
	<b>127</b>	<b>42</b>	<b>169</b>	<b>(4)</b>	<b>165</b>	<b>(83)</b>	<b>82</b>	<b>(17)</b>	<b>65</b>	<b>1,478</b>	<b>46</b>	
<b>Aluminum</b>												
Alumina	94	16	110	(11)	99	(95)	4	(6)	(2)	1,082	105	
Aluminum	194	10	204	(1)	203	(93)	110	(6)	104	358	7	62
Bauxite	13		13		13	(12)	1		1	132	41	145
	<b>301</b>	<b>26</b>	<b>327</b>	<b>(12)</b>	<b>315</b>	<b>(200)</b>	<b>115</b>	<b>(12)</b>	<b>103</b>	<b>1,572</b>	<b>153</b>	<b>207</b>
<b>Logistics</b>												
Railroads		232	232	(37)	195	(124)	71	(9)	62	581	51	75
Ports		60	60	(10)	50	(33)	17		17	242		
Ships	12	12	24	(2)	22	(19)	3	(2)	1	4	1	
	<b>12</b>	<b>304</b>	<b>316</b>	<b>(49)</b>	<b>267</b>	<b>(176)</b>	<b>91</b>	<b>(11)</b>	<b>80</b>	<b>827</b>	<b>52</b>	<b>75</b>
Others		1	1	3	4	(45)	(41)		(41)	126		629
	<b>2,708</b>	<b>1,013</b>	<b>3,721</b>	<b>(185)</b>	<b>3,536</b>	<b>(1,629)</b>	<b>1,907</b>	<b>(136)</b>	<b>1,771</b>	<b>11,514</b>	<b>777</b>	<b>1,508</b>

**Table of Contents****Results by segment before eliminations (Unaudited)**

	2006							Six-month periods ended June 30,						
	Non-ferrous			Holdings		Eliminations	Consolidated	Non-ferrous			Holdings		Eliminations	Consolidated
	Ferrous	ferrous	logistics	Aluminum	Other			Ferrous	ferrous	logistics	Aluminum	Other		
<b>RESULTS</b>														
Gross revenues														
Export	6,952	558	31	1,467	19	(3,092)	5,935	5,598	359	37	867	(2,477)	4,387	
Gross revenues														
Domestic	1,233	82	658	171	7	(283)	1,868	1,065	91	546	174	(211)	1,667	
Cost and expenses	(5,347)	(391)	(494)	(1,153)	(26)	3,375	(4,036)	(4,352)	(315)	(368)	(783)	2,688	(3,130)	
Research and														
development	(53)	(43)	(3)		(73)		(172)	(20)	(50)		(6)	(12)	(84)	
Depreciation,														
depletion and														
amortization	(285)	(42)	(29)	(28)	(2)		(386)	(194)	(30)	(19)	(22)		(268)	
<b>Operating income</b>	<b>2,500</b>	<b>164</b>	<b>163</b>	<b>457</b>	<b>(75)</b>		<b>3,209</b>	<b>2,097</b>	<b>55</b>	<b>196</b>	<b>230</b>	<b>(12)</b>	<b>2,566</b>	
Financial income	334	2	12	8	(3)	(266)	87	147	1	19	5	1	(117)	50
Financial expenses	(578)	(4)	(3)	(134)	(5)	266	(458)	(288)	(5)	(7)	40		117	(143)
Foreign exchange														
and monetary gains														
(losses), net	190	5	(7)	98	1		287	196	6	(7)	107			300
Gain on sale of														
investments	347						347							
Equity in results of														
affiliates and joint														
ventures and change														
provision for														
losses on equity														
investments	166		38	38	98		340	180		22	36	115		351
Income taxes	(443)		(7)	(82)	(1)		(533)	(457)	(3)	(10)	(79)	(1)		(553)
Minority interests	(97)			(131)			(228)	(129)			(127)			(254)
<b>Net income</b>	<b>2,419</b>	<b>167</b>	<b>196</b>	<b>254</b>	<b>15</b>		<b>3,051</b>	<b>1,746</b>	<b>54</b>	<b>213</b>	<b>212</b>	<b>103</b>		<b>2,329</b>
Results classified by														
geographic														
destination:														
Export market														
America, except														
United States	547	1	13	288		(325)	524	550		22	187	(289)		475
United States	260	5		6	19	(122)	168	292		3	120	(198)		211
Europe	2,407	264	8	668		(1,205)	2,142	2,342	175	12	317	(1,044)		1,802
Middle														
East/Africa/Oceania	376	116		138		(137)	493	401	72		6	(126)		351
Japan	728	37		268		(272)	761	545	12		195	(212)		546

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

China	2,087	16	8	89	(733)	1,467	1,040	38	26	(394)	71		
Asia, other than Japan and China	547	119	2	10	(298)	380	428	62	16	(214)	29		
	<b>6,952</b>	<b>558</b>	<b>31</b>	<b>1,467</b>	<b>19</b>	<b>(3,092)</b>	<b>5,935</b>	<b>5,598</b>	<b>359</b>	<b>37</b>	<b>867</b>	<b>(2,477)</b>	<b>4,38</b>
Domestic market	1,233	82	658	171	7	(283)	1,868	1,065	91	546	174	(211)	1,66
	<b>8,185</b>	<b>640</b>	<b>689</b>	<b>1,638</b>	<b>26</b>	<b>(3,375)</b>	<b>7,803</b>	<b>6,663</b>	<b>450</b>	<b>583</b>	<b>1,041</b>	<b>(2,688)</b>	<b>6,04</b>

F - 19

**Table of Contents****Operating segment after eliminations (Unaudited)**

	Six-month periods ended June 30, 2006												
	Export	Domestic	Total	Value added	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Equipment	Property, Plant and Equipment	Addition to Property, Plant and Equipment	Investments	
<b>Ferrous</b>													
Iron ore	3,619	852	4,471	(130)	4,341	(1,819)	2,522	(235)	2,287	11,991	1,266	42	
Pellets	688	177	865	(40)	825	(565)	260	(22)	238	523	37	580	
Manganese	16	7	23	(2)	21	(24)	(3)	(2)	(5)	60	11		
Ferroalloys	158	73	231	(19)	212	(201)	11	(8)	3	208	15		
	<b>4,481</b>	<b>1,109</b>	<b>5,590</b>	<b>(191)</b>	<b>5,399</b>	<b>(2,609)</b>	<b>2,790</b>	<b>(267)</b>	<b>2,523</b>	<b>12,782</b>	<b>1,329</b>	<b>622</b>	
<b>Non ferrous</b>													
Potash		45	45	(3)	42	(25)	17	(9)	8	177	7		
Kaolin	81	14	95	(3)	92	(75)	17	(13)	4	239			
Copper	291	25	316	(5)	311	(108)	203	(20)	183	1,297	53		
	<b>372</b>	<b>84</b>	<b>456</b>	<b>(11)</b>	<b>445</b>	<b>(208)</b>	<b>237</b>	<b>(42)</b>	<b>195</b>	<b>1,713</b>	<b>60</b>		
<b>Aluminum</b>													
Alumina	489	10	499	(2)	497	(342)	155	(16)	139	1,519	149		
Aluminum	526	27	553	(3)	550	(223)	327	(12)	315	384	7	72	
Bauxite	17		17		17	(16)	1		1	420	104	126	
	<b>1,032</b>	<b>37</b>	<b>1,069</b>	<b>(5)</b>	<b>1,064</b>	<b>(581)</b>	<b>483</b>	<b>(28)</b>	<b>455</b>	<b>2,323</b>	<b>260</b>	<b>198</b>	
<b>Logistics</b>													
Railroads		486	486	(85)	401	(247)	154	(35)	119	693	52	167	
Ports		118	118	(20)	98	(61)	37	(8)	29	226	2		
Ships	29	18	47	(3)	44	(53)	(9)	(2)	(11)	3			
	<b>29</b>	<b>622</b>	<b>651</b>	<b>(108)</b>	<b>543</b>	<b>(361)</b>	<b>182</b>	<b>(45)</b>	<b>137</b>	<b>922</b>	<b>54</b>	<b>167</b>	
Others	21	16	37	(2)	35	(132)	(97)	(4)	(101)	1,046	113	777	
	<b>5,935</b>	<b>1,868</b>	<b>7,803</b>	<b>(317)</b>	<b>7,486</b>	<b>(3,891)</b>	<b>3,595</b>	<b>(386)</b>	<b>3,209</b>	<b>18,786</b>	<b>1,816</b>	<b>1,764</b>	

Table of Contents**Operating segment after eliminations (Unaudited) (continued)**

	Six-month periods ended June 30, 2005												
	Export	Domestic	Total	Value added	Net revenues	Cost and expenses	Depreciation, depletion and amortization	Operating income	Equipment	Property, Plant and Equipment	Addition to Property, Plant and Equipment	Investments	
<b>Ferrous</b>													
Iron ore	2,559	697	3,256	(111)	3,145	(1,204)	1,941	(178)	1,763	6,879	932	45	
Pellets	729	181	910	(38)	872	(570)	302	(7)	295	429	33	552	
Manganese	30	9	39	(3)	36	(23)	13		13	25	1		
Ferroalloys	200	107	307	(28)	279	(178)	101	(8)	93	178	41		
	<b>3,518</b>	<b>994</b>	<b>4,512</b>	<b>(180)</b>	<b>4,332</b>	<b>(1,975)</b>	<b>2,357</b>	<b>(193)</b>	<b>2,164</b>	<b>7,511</b>	<b>1,007</b>	<b>597</b>	
<b>Non ferrous</b>													
Potash		61	61	(5)	56	(29)	27	(4)	23	141	7		
Kaolin	72	12	84	(3)	81	(51)	30	(9)	21	231			
Copper	150	18	168	(4)	164	(84)	80	(17)	63	1,106	68		
	<b>222</b>	<b>91</b>	<b>313</b>	<b>(12)</b>	<b>301</b>	<b>(164)</b>	<b>137</b>	<b>(30)</b>	<b>107</b>	<b>1,478</b>	<b>75</b>		
<b>Aluminum</b>													
Alumina	208	38	246	(19)	227	(193)	34	(12)	22	1,082	190		
Aluminum	385	19	404	(2)	402	(183)	219	(10)	209	358	11	62	
Bauxite	23		23		23	(21)	2		2	132	61	145	
	<b>616</b>	<b>57</b>	<b>673</b>	<b>(21)</b>	<b>652</b>	<b>(397)</b>	<b>255</b>	<b>(22)</b>	<b>233</b>	<b>1,572</b>	<b>262</b>	<b>207</b>	
<b>Logistics</b>													
Railroads		391	391	(64)	327	(215)	112	(17)	95	581	86	75	
Ports		106	106	(19)	87	(59)	28	(1)	27	242	7		
Ships	27	24	51	(4)	47	(44)	3	(2)	1	4	1		
	<b>27</b>	<b>521</b>	<b>548</b>	<b>(87)</b>	<b>461</b>	<b>(318)</b>	<b>143</b>	<b>(20)</b>	<b>123</b>	<b>827</b>	<b>94</b>	<b>75</b>	
Others	1	2	3		3	(64)	(61)		(61)	126		629	
	<b>4,384</b>	<b>1,665</b>	<b>6,049</b>	<b>(300)</b>	<b>5,749</b>	<b>(2,918)</b>	<b>2,831</b>	<b>(265)</b>	<b>2,566</b>	<b>11,514</b>	<b>1,438</b>	<b>1,508</b>	

**Table of Contents****14 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 contract derivatives for speculative purposes.

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

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

	<b>Interest rates (LIBOR)</b>	<b>Currencies</b>	<b>Gold</b>	<b>Alumina</b>	<b>Aluminum</b>	<b>Total</b>
Unrealized gains (losses) at April 1, 2006	(3)	1	(58)	(73)	(163)	(296)
Financial settlement	1		4	13	15	33
Unrealized gains (losses) in the period	1	1	(7)	(15)	(31)	(51)
Effect of exchange rate changes				1	1	2
<b>Unrealized gains (losses) at June 30, 2006</b>	<b>(1)</b>	<b>(* ) 2</b>	<b>(61)</b>	<b>(74)</b>	<b>(178)</b>	<b>(312)</b>
Unrealized gains (losses) at January 1, 2006	(4)	1	(46)	(53)	(157)	(259)
Financial settlement			4	14	14	32
Unrealized gains (losses) in the period	1		(12)	(29)	(4)	(44)
Effect of exchange rate changes			(4)	(5)	(16)	(25)
<b>Unrealized gains (losses) at March 31, 2006</b>	<b>(3)</b>	<b>(* ) 1</b>	<b>(58)</b>	<b>(73)</b>	<b>(163)</b>	<b>(296)</b>
Unrealized gains (losses) at April 1, 2005	(12)	3	(31)	(50)	(113)	(203)
Financial settlement	4		2	9	9	24
Unrealized gains (losses) in the period		(1)	3	24	59	85
Effect of exchange rate changes	(1)		(4)	(5)	(9)	(19)

<b>Unrealized gains (losses) at June 30, 2005</b>	<b>(9)</b>	<b>(* )2</b>	<b>(30)</b>	<b>(22)</b>	<b>(54)</b>	<b>(113)</b>
Unrealized gains (losses) at January 1, 2006	(4)	1	(46)	(53)	(157)	(259)
Financial settlement	1		8	27	29	65
Unrealized gains (losses) in the period	2	1	(19)	(44)	(35)	(95)
Effect of exchange rate changes			(4)	(4)	(15)	(23)
<b>Unrealized gains (losses) at June 30, 2006</b>	<b>(1)</b>	<b>(* )2</b>	<b>(61)</b>	<b>(74)</b>	<b>(178)</b>	<b>(312)</b>
Unrealized gains (losses) at January 1, 2005	(17)	4	(37)	(55)	(127)	(232)
Financial settlement	7		4	17	19	47
Unrealized gains (losses) in the period	2	(2)	6	21	63	90
Effect of exchange rate changes	(1)		(3)	(5)	(9)	(18)
<b>Unrealized gains (losses) at June 30, 2005</b>	<b>(9)</b>	<b>(* )2</b>	<b>(30)</b>	<b>(22)</b>	<b>(54)</b>	<b>(113)</b>

(\* ) Included as others in Other assets.

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

Final maturity dates for the above instruments are as follows:

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

**Table of Contents**

**SIGNATURES**

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

COMPANHIA VALE DO RIO DOCE  
(Registrant)

Date: August 4, 2006

By: /s/ Fabio de Oliveira Barbosa  
Fabio de Oliveira Barbosa  
Chief Financial Officer