Vale S.A.
Form 6-K
August 08, 2013
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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, 2013

Vale S.A.

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 x Form 40-F o

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

(Check One) Yes o No x

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

(Check One) Yes o No x

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

(Check One) Yes o No x

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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Interim Financial Statements

June 30, 2013

IFRS

Filed with the CVM, SEC and HKEx on

August 7, 2013

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Vale S.A.

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Report of independent registered

public accounting firm

To the Board of Directors and Stockholders

Vale S.A.

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. (the Company) and its subsidiaries as of June 30, 2013, and the related condensed consolidated statements of income, of comprehensive income, of cash flows and of stockholders equity for the three-month and six-month periods ended June 30, 2013 and June 30, 2012. These interim financial statements are 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 statements for them to be in conformity with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

As discussed in Note 4 to the accompanying condensed consolidated interim financial statements, the Company changed its method of accounting to reflect the revised employee benefits standard effective January 1, 2013 and, retrospectively, adjusted the financial statements as of December 31, 2012 and for the period ended June 30, 2012.

Rio de Janeiro, August 7, 2013

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 F RJ

Ivan Michael Clark

CRC 1MG061100/O-3 S RJ

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Condensed Consolidated Balance Sheet

In millions of United States Dollars

	Notes	June 30, 2013 (unaudited)	December 31, 2012 (i)	January 1st, 2012 (i)
Assets				
Current assets				
Cash and cash equivalents	8	5,887	5,832	3,531
Short-term investments		369	246	
Derivative financial instruments	24	222	281	595
Accounts receivable	9	4,912	6,795	8,505
Related parties	30	867	384	82
Inventories	10	5,020	5,052	5,251
Prepaid income tax		730	720	464
Recoverable taxes	11	1,597	1,540	1,771
Advances to suppliers		421	256	393
Others		1,026	963	946
		21,051	**22,069**	**21,538**
Non-current assets held for sale			457	
		21,051	**22,526**	**21,538**
Non-current assets				
Related parties	30	251	408	509
Loans and financing agreements to receive		244	246	210
Judicial deposits	17	1,479	1,515	1,464
Recoverable income tax		404	440	336
Deferred income tax and social contribution	19	4,246	4,058	1,900
Recoverable taxes	11	162	218	246
Financial instruments - investments	12	1,786	7	7
Derivative financial instruments	24	100	45	60
Deposit on incentive and reinvestment		196	160	229
Others		609	482	531
		9,477	**7,579**	**5,492**
Investments	13	3,775	6,384	8,013
Intangible assets	14	8,691	9,211	9,521
Property, plant and equipment, net	15	83,537	84,882	82,342
		105,480	**108,056**	**105,368**
Total assets		**126,531**	**130,582**	**126,906**

(i) Period adjusted according to note 4.

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Condensed Consolidated Balance Sheet

In millions of United States Dollars

(continued)

	Notes	June 30, 2013 (unaudited)	December 31, 2012 (i)	January 1, 2012 (i)
Liabilities				
Current liabilities				
Suppliers and contractors		4,143	4,529	4,814
Payroll and related charges		979	1,481	1,307
Derivative financial instruments	24	667	347	73
Current portion of long-term debt	16	3,201	3,471	1,495
Short-term debt				22
Related parties	30	117	207	24
Taxes and royalties payable		265	324	524
Provision for income tax and social contribution		393	641	507
Employee post retirement benefits obligations		183	205	169
Asset retirement obligations	18	66	70	73
Dividends and interest on capital				1,181
Others		1,095	1,127	904
		11,109	**12,402**	**11,093**
Liabilities directly associated with non-current assets held for sale			180	
		11,109	**12,582**	**11,093**
Non-current liabilities				
Derivative financial instruments	24	1,409	783	663
Long-term debt	16	26,480	26,799	21,538
Related parties	30	66	72	91
Employee post retirement benefits obligations		3,247	3,244	2,428
Provisions for litigation	17	1,657	2,065	1,686
Deferred income tax and social contribution	19	3,214	3,386	5,447
Asset retirement obligations	18	2,326	2,678	1,849
Stockholders Debentures	29d	1,743	1,653	1,336
Redeemable noncontrolling interest		501	487	505
Goldstream transaction	28	1,411		
Others		1,663	1,907	2,398
		43,717	**43,074**	**37,941**
Total liabilities		**54,826**	**55,656**	**49,034**
Stockholders equity	23			
		22,907	22,907	22,907

Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2012 - 2,108,579,618) issued			
Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2012 - 3,256,724,482) issued	37,671	37,671	37,671
Mandatorily convertible notes - common shares			191
Mandatorily convertible notes - preferred shares			422
Treasury stock - 140,857,692 (2012 - 140,857,692) preferred and 71,071,482 (2012 - 71,071,482) common shares	(4,477)	(4,477)	(5,662)
Results from operations with noncontrolling stockholders	(400)	(400)	7
Results in the translation/issuance of shares	(152)	(152)	
Unrealized fair value gain (losses)	(2,258)	(1,859)	(523)
Cumulative translation adjustments	(19,438)	(18,816)	(20,665)
Retained earnings	36,408	38,464	41,809
Total company stockholders equity	**70,261**	**73,338**	**76,157**
Noncontrolling interests	1,444	1,588	1,715
Total stockholders equity	**71,705**	**74,926**	**77,872**
Total liabilities and stockholders equity	**126,531**	**130,582**	**126,906**

(i) Period adjusted according to note 4.

The accompanying selected notes are an integral part of these interim financial statements.

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Condensed Consolidated Statement of Income

In millions of United States Dollars, except as otherwise stated

		(unaudited)			
		Three-month period ended		Six-month period ended	
	Notes	June 30, 2013	June 30, 2012 (i)	June 30, 2013	June 30, 2012 (i)
Net operating revenue	25	11,032	12,469	21,967	24,021
Cost of goods sold and services rendered	26	(6,223)	(6,552)	(11,943)	(12,697)
Gross profit		**4,809**	**5,917**	**10,024**	**11,324**
Operating (expenses) income					
Selling and administrative expenses	26	(324)	(615)	(698)	(1,144)
Research and development expenses		(158)	(359)	(334)	(658)
Other operating expenses, net	26	(263)	(280)	(397)	(647)
Pre-operating and stoppage operation		(462)	(324)	(837)	(643)
Realized gain (loss) on non-current assets held for sales			(377)		(377)
		(1,207)	**(1,955)**	**(2,266)**	**(3,469)**
Operating income		**3,602**	**3,962**	**7,758**	**7,855**
Financial income	27	853	203	1,482	1,080
Financial expenses	27	(4,180)	(2,824)	(5,154)	(3,571)
Equity results from associates and joint controlled entities	13	53	159	225	405
Income before income tax and social contribution		**328**	**1,500**	**4,311**	**5,769**
Income tax and social contribution					
Current income tax	19	(263)	(25)	(1,363)	(838)
Deferred income tax	19	325	(140)	494	139
Reversal of deferred income tax liabilities	19		1,236		1,236
		62	**1,071**	**(869)**	**537**
Net income of the period		**390**	**2,571**	**3,442**	**6,306**
Loss attributable to noncontrolling interests		(34)	(69)	(91)	(127)
Net income attributable to the Company s stockholders		**424**	**2,640**	**3,533**	**6,433**
Earnings per share attributable to the Company s stockholders:	23c				

Basic and diluted earnings per share:				
Common share	0.09	0.51	0.69	1.26
Preferred share	0.09	0.51	0.69	1.26

(i) Period adjusted according to note 4.

The accompanying selected notes are an integral part of these interim financial statements.

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Condensed Consolidated Statement of Other Comprehensive Income

In millions of United States Dollars

	(unaudited)			
	Three-month period ended		Six-month period ended	
	June 30, 2013	June 30, 2012 (i)	June 30, 2013	June 30, 2012 (i)
Net income for the period	**390**	**2,571**	**3,442**	**6,306**
Other comprehensive income				
Item will not be reclassified subsequently for income				
Cumulative translation adjustments of equity	**(3,675)**	**(2,593)**	**(3,926)**	**(1,728)**
Retirement benefit obligations				
Gross balance as of the period	(185)	(56)	(160)	64
Effect of tax	61	12	61	(23)
	(124)	**(44)**	**(99)**	**41**
Total items will not be reclassified subsequently for income	**(3,799)**	**(2,637)**	**(4,025)**	**(1,687)**
Item will be reclassified subsequently for income				
Unrealized loss on available-for-sale investments				
Gross balance as of the period	(81)	(2)	(286)	(2)
Cash flow hedge				
Gross balance as of the period	(73)	(142)	(118)	(118)
Effect of tax	9	30	14	15
	(64)	**(112)**	**(104)**	**(103)**
Total items will be reclassified subsequently for income	**(145)**	**(114)**	**(390)**	**(105)**
Total comprehensive income for the period	**(3,554)**	**(180)**	**(973)**	**4,514**
Comprehensive income attributable to noncontrolling interests	(63)	96	(146)	43
Comprehensive income attributable to the Company s stockholders	(3,491)	(276)	(827)	4,471
	(3,554)	**(180)**	**(973)**	**4,514**

(i) Period adjusted according to note 4.

The accompanying selected notes are an integral part of these interim financial statements.

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Condensed Statement of Changes in Stockholder s Equity

In millions of United States Dollars

						Six-month period ended (unaudited)					
	Capital	**Results in the translation of shares**	**Mandatorily convertible notes**	**Revenue reserves**	**Treasury stock**	**Unrealized fair value gain (losses)**	**Results from operation with noncontrolling stockholders**	**Cumulative translation adjustments**	**Retained earnings**	**Total Company stockholder s equity**	**Nonc stoc in**
January 1, 2013 (i)	**60,578**	**(152)**		**38,390**	**(4,477)**	**(1,859)**	**(400)**	**(18,816)**	**74**	**73,338**	
Net income of the period									3,533	3,533	
Retirement benefit obligations, net						(99)				(99)	
Cash flow hedge, net						(104)				(104)	
Unrealized results on valuation at market						(286)				(286)	
Translation adjustments for the period				(3,206)		90		(622)	(133)	(3,871)	
Capitalization of noncontrolling stockholders advances											
Redeemable noncontrolling stockholders interest											
Dividends to noncontrolling stockholders											
Additional remuneration									(2,250)	(2,250)	
June 30, 2013	**60,578**	**(152)**		**35,184**	**(4,477)**	**(2,258)**	**(400)**	**(19,438)**	**1,224**	**70,261**	
January 1, 2012 (i)	**60,578**		**613**	**41,806**	**(5,662)**	**(523)**	**7**	**(20,665)**	**3**	**76,157**	
Net income of the period									6,433	6,433	
Retirement benefit obligations, net						41				41	

Cash flow hedge, net						(103)				(103)
Unrealized results on valuation at market						(2)				(2)
Translation adjustments for the period				(2,543)		(75)		985	(265)	(1,898)
Capitalization of noncontrolling stockholders advances										
Result on conversion of shares		(152)	(545)		1,185	(488)				
Remuneration for mandatorily convertible notes			(68)							(68)
Redeemable noncontrolling stockholders interest										
Acquisitions and disposal of noncontrolling stockholders							(221)			(221)
Additional remuneration									(1,765)	(1,765)
June 30, 2012 (i)	**60,578**	**(152)**		**39,263**	**(4,477)**	**(1,150)**	**(214)**	**(19,680)**	**4,406**	**78,574**

(i) Period adjusted according to note 4.

The accompanying selected notes are an integral part of these interim financial statements.

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Consolidated Condensed Statement of Cash Flows

In millions of United States Dollars

	Six-month period ended (unaudited)	
	June 30, 2013	**June 30, 2012**
Cash flow from operating activities:		
Net income of the period	3,442	6,306
Adjustments to reconcile net income to cash from operations		
Equity results from associates	(225)	(405)
Realized gains on assets	(244)	
Depreciation, amortization and depletion	2,128	2,059
Deferred income tax and social contribution	(494)	(139)
Reversal of deferred income tax		(1,236)
Foreign exchange and indexation, net	750	67
Loss on disposal of property, plant and equipment	165	251
Unrealized derivative losses, net	1,045	528
Loss on sale of assets available for sale		377
Stockholders Debentures	249	
Others	4	(90)
Decrease (increase) in assets:		
Accounts receivable from customers	1,402	1,070
Inventories	40	(153)
Recoverable taxes	(186)	68
Others	118	(63)
Increase (decrease) in liabilities:		
Suppliers and contractors	(117)	(299)
Payroll and related charges	(455)	(317)
Taxes and contributions	69	(638)
Gold stream transaction	1,319	
Others	(205)	76
Net cash provided by operating activities	**8,805**	**7,462**
Cash flow from investing activities:		
Short-term investments	(166)	
Loans and advances	(61)	(30)
Guarantees and deposits	(42)	(88)
Additions to investments	(205)	(270)
Additions to property, plant and equipment	(6,939)	(6,189)
Dividends and interest on capital received from Joint controlled entities and associates	272	172
Proceeds from disposal of assets investments	95	366
Proceeds from Gold stream transaction	581	
Net cash used in investing activities	**(6,465)**	**(6,039)**

Cash flow from financing activities:		
Short-term debt		
Additions	500	528
Repayments	(500)	(43)
Long-term debt		
Additions	655	2,823
Repayments	(512)	(565)
Repayments:		
Dividends and interest on capital paid to stockholders	(2,250)	(3,000)
Dividends and interest on capital attributed to noncontrolling interest	(10)	(35)
Transactions with noncontrolling stockholders		(503)
Net cash used in financing activities	**(2,117)**	**(795)**
Increase in cash and cash equivalents	223	628
Cash and cash equivalents of cash, beginning of the period	5,832	3,531
Effect of exchange rate changes on cash and cash equivalents	(168)	(76)
Cash and cash equivalents, end of the period	**5,887**	**4,083**
Cash paid during the period for:		
Interest on short-term debt		(1)
Interest on long-term debt	(795)	(675)
Income tax and social contribution	(1,178)	(938)
Non-cash transactions:		
Additions to property, plant and equipment - interest capitalization	157	126

(i) Period adjusted according to note 4.

The accompanying selected notes are an integral part of these interim financial statements.

Selected Notes to Interim Financial Statements

Expressed in millions of United States Dollars, unless otherwise stated

1. Operational Context

Vale S.A. (Vale , Group , Company or We) is a publicly-listed company with its headquarters at number 26 of Graça Aranha Avenue, in downtown of Rio de Janeiro, Brazil with shares traded on the stock exchanges of Sao Paulo (BM&F BOVESPA), New York (NYSE), Paris (NYSE Euronext) and Hong Kong (HKEx).

Company is principally engaged in the research, production and sale of iron ore and pellets, nickel, fertilizer, copper, coal, manganese, ferroalloys, cobalt, platinum group metals and precious metals. Company also operates with of energy, General Cargo logistic and steel.

The information by business segment is presented in note 25.

2. Summary of the Main Accounting Practices and Accounting Estimates

a) Basis of preparation

The condensed consolidated interim financial statements of Vale (Interim financial statements) have been prepared in accordance with the standard IAS 34 - Interim Financial Reporting issued by the International Financial Reporting Standards (IFRS).

The interim financial statements has been measured using the historical cost convention adjusted to reflect the fair value of available for sale financial assets, and financial assets and liabilities (including derivative financial instruments) measured at fair value through the profit or loss.

These condensed interim financial statements have been reviewed, not audited. However, principles, estimates, accounting practices, measurement methods and standards adopted are consistent with those presented in the financial statements as of December 31, 2012, except as otherwise disclosed. These interim financial statements were prepared by Vale to update users about relevant information presented in the period and should be read with the annual financial statements for the year ended December 31, 2012.

We evaluated subsequent events through August 5, 2013, which is the date of approval by the executive board, the interim financial statements.

b) Functional currency and presentation currency

The financial statements of each group s entities are measured using the currency of the primary economic environment in which the entity operates (functional currency), which in the case of the Parent Company is the Brazilian Real (R$ or BRL).

Transactions in foreign currencies are translated into the functional currency of the Parent Company, using the rate of exchange prevailing on the date of the transaction or the measurements. Gains and losses resulting from the settlement of such transactions and from the translation at the exchange rate of the end of the period of monetary assets and liabilities in foreign currencies are recognized in the income statement, as financial income or expense.

The net income and balance sheet of all Group entities whose functional currency is different from the presentation currency are translated into the presentation currency as follows: (i) The assets and liabilities for each Statement of Balance Sheet presented are translated at the closing rate at the Statement of Balance Sheet date; (ii) income and expenses for each Statement of Income are translated at the average exchange rates, except in specific transactions that, considering their relevance, are translated at the rate at the dates of transactions and; (iii) the components for each Stockholders equity are translated at the rate at the dates of transactions. All resulting exchange differences are recognized in a separate component of the Stockholder s equity, named Cumulative Translation Adjustment , transferred to the income statement when the sale of investments.

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For purposes of presentation these interim financial statements are presented in US Dollar (US$ or USD) once this is the way our international investors are analyze our financial statements in order to take their decisions. The exchange rates most impact our operations against the presentation currency were:

	Exchange rates used for conversions in Brazilian Reais	
	June 30, 2013	December 31, 2012
US dollar - US$	2.2297	2.0435
Canadian dollar - CAD	2.1079	2.0546
Australian dollar - AUD	2.0321	2.1197
Euro - EUR or	2.9122	2.6954

3. Critical Accounting Estimates

The critical accounting estimates are the same as those adopted in preparing the financial statements for the year ended December 31, 2012.

4. Changes in accounting policies

IAS 19 Employee benefits IAS 19 amends the accounting for employment benefits. The Company has applied the standard retrospectively in accordance with the transition provisions of the standard. The standard eliminated the method of corridor ; simplify the changes between the assets and liabilities of plans, recognizing in the income statement in the financial cost and the expected return on plan assets and the remeasurement of gains and losses, and return on assets in other comprehensive income (excluding the amount of interest on return of assets recognized in statement of income); and the effect of changes on the ceiling of the plan.

The impact on the Company has been in the following areas:

		December 31, 2012	
Balance Sheet	Original balance	Effect of changes in IAS 19	Adjusted balance
Assets			
Current assets			
Cash and cash equivalents	5,832		5,832
Others	16,694		16,694

	22,526		**22,526**
Non-current			
Deferred income tax and social contribution	3,981	77	4,058
Others	104,113	(115)	103,998
	108,094	**(38)**	**108,056**
Total assets	**130,620**	**(38)**	**130,582**
Liabilities and stockholders equity			
Current			
Employee post retirement benefits obligations	205		205
Liabilities directly associated with non-current assets held for sale	160	20	180
Others	12,197		12,197
	12,562	**20**	**12,582**
Non-current			
Employee post retirement benefits obligations	1,660	1,584	3,244
Deferred income tax and social contribution	3,795	(409)	3,386
Others	36,444		36,444
	41,899	**1,175**	**43,074**
Stockholders equity			
Capital	60,578		60,578
Unrealized fair value gain (losses)	(553)	(1,306)	(1,859)
Cumulative translation adjustments	(18,816)		(18,816)
Retained earnings	38,391	73	38,464
Others	(5,029)		(5,029)
Total Company stockholders equity	**74,571**	**(1,233)**	**73,338**
Noncontrolling interests	1,588		1,588
Total of stockholders equity	**76,159**	**(1,233)**	**74,926**
Total liabilities and stockholders equity	**130,620**	**(38)**	**130,582**

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Balance Sheet	Original balance	January 1, 2012 Effect of changes in IAS 19	Adjusted balance
Assets			
Current assets			
Cash and cash equivalents	3,531		3,531
Others	18,007		18,007
	21,538		**21,538**
Non-current			
Deferred income tax and social contribution	1,894	6	1,900
Others	103,468		103,468
	105,362	**6**	**105,368**
Total assets	**126,900**	**6**	**126,906**
Liabilities and stockholder s equity			
Current			
Employee post retirement benefits obligations	169		169
Others	10,924		10,924
	11,093		**11,093**
Non-current			
Employee post retirement benefits obligations	1,550	878	2,428
Deferred income tax and social contribution	5,681	(234)	5,447
Others	30,066		30,066
	37,297	**644**	**37,941**
Stockholders equity			
Capital	60,578		60,578
Unrealized fair value gain (losses)	118	(641)	(523)
Cumulative translation adjustments	(20,665)		(20,665)
Retained earnings	41,806	3	41,809
Others	(5,042)		(5,042)
Total Company stockholders equity	**76,795**	**(638)**	**76,157**
Noncontrolling interests	1,715		1,715
Total of stockholders equity	**78,510**	**(638)**	**77,872**
Total liabilities and stockholders equity	**126,900**	**6**	**126,906**

Statement of income	Original balance	Three-month period ended (unaudited) June 30, 2012 Effect of changes in IAS 19	Adjusted balance
Net operating revenue	12,469		12,469
Cost of goods sold and services rendered	(6,553)	1	(6,552)
Gross operating profit	**5,916**	**1**	**5,917**
Operational expenses	(1,955)		(1,955)
Financial expenses, net	(2,625)	4	(2,621)
Equity results	159		159
Earnings before taxes	**1,495**	**5**	**1,500**

Current and deferred Income tax and social contribution, net	1,073	(2)	1,071
Net income of the period	**2,568**	**3**	**2,571**
Loss attributable to noncontrolling interests	(69)		(69)
Net income attributable to stockholders	**2,637**	**3**	**2,640**

	Six-month period ended (unaudited) June 30, 2012		
Statement of income	**Original balance**	**Effect of changes in IAS 19**	**Adjusted balance**
Net operating revenue	24,021		24,021
Cost of goods sold and services rendered	(12,699)	2	(12,697)
Gross operating profit	**11,322**	**2**	**11,324**
Operational expenses	(3,469)		(3,469)
Financial expenses, net	(2,486)	(5)	(2,491)
Equity results	405		405
Earnings before taxes	**5,772**	**(3)**	**5,769**
Current and deferred Income tax and social contribution, net	536	1	537
Net income of the period	**6,308**	**(2)**	**6,306**
Loss attributable to noncontrolling interests	(127)		(127)
Net income attributable to stockholders	**6,435**	**(2)**	**6,433**

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Other comprehensive income	Three-month period ended (unaudited) June 30, 2012 Original balance	Effect of changes in IAS 19	Adjusted balance
Net income of the period	2,568	3	2,571
Translation adjustment for the period	(2,580)	(13)	(2,593)
	(12)	**(10)**	**(22)**
Unrealized results on valuation at market, net	(2)		(2)
Retirement benefit obligations, net		(44)	(44)
Cash flow hedge, net	(112)		(112)
Total comprehensive income of the period	**(126)**	**(54)**	**(180)**
Attributable to noncontrolling interests	96		96
Attributable to the Company s stockholders	**(222)**	**(54)**	**(276)**

Other comprehensive income	Six-month period ended (unaudited) June 30, 2012 Original balance	Effect of changes in IAS 19	Adjusted balance
Net income	6,308	(2)	6,306
Translation adjustment for the period	(1,727)	(1)	(1,728)
	4,581	**(3)**	**4,578**
Unrealized results on valuation at market, net	(2)		(2)
Retirement benefit obligations, net		41	41
Cash flow hedge, net	(103)		(103)
Total comprehensive income of the period	**4,476**	**38**	**4,514**
Attributable to noncontrolling interests	43		43
Attributable to the Company s stockholders	**4,433**	**38**	**4,471**

5. Accounting Standards

Standards, interpretations or amendments issued by the IASB for adoption after June 30, 2013

Novation of Derivatives and Continuation of Hedge Accounting In June 2013 IASB issued an amendment to IAS 39 Financial Instruments: Recognition and Measurement, that document conclude that hedge accounting do not terminate or expire when as consequence of law or regulation, a derivative financial instrument replace their original counterparty to become the new counterparty to each of the parties. The adoption of the amendment will be required from January 1st, 2014 and we are analyzing potential impacts regarding this update on our financial statements.

IFRIC 21 Levies In May 2013 IASB issued an interpretation that treat about the recognize of a government imposition (levies). The adoption of the interpretation will be required from January 1st, 2014 and we are analyzing potential impacts regarding this update on our financial statements.

Recoverable Amount Disclosures for Non-Financial Assets In May 2013 IASB issued an amendment to IAS 36 Impairment of Assets, that clarify the IASB intention about the disclosure of non- financial assets impairment. The adoption of the amendment will be required from January 1st, 2014 and we are analyzing potential impacts regarding this update on our financial statements.

6. Risk Management

During the period, no significant change in relation to risk management policies disclosed in the financial statements for the year ended December 31, 2012.

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7. Acquisitions and Divestitures

a) Divestitures of Araucaria

In December 2012, we executed an agreement with Petróleo Brasileiro S.A. (Petrobras) to sell Araucária, operation for production of nitrogens based fertilizes, located in Araucária, in the Brazilian state of Paraná, for US$234. The purchase price will be paid by Petrobras through installments accrued quarterly, adjusted by 100% of the Brazilian Interbank Interest rate (CDI), in amounts equivalent to the royalties due by Vale related to the leasing of potash assets and mining of Taquari-Vassouras and of the Carnalita project.

During the second quarter 2013 Vale concluded the transaction previously classified as assets held for sale, but which is this subject to precedent conditions including the approval by the Brazilian Administrative Council for Economic Defense agency (Conselho Administrativo de Defesa Econômica or CADE).

b) Acquisition of additional participation in the Belvedere

During 2012, Vale concluded the purchase option on additional 24.5% participation in the Belvedere Coal Project owned by Aquila Resources Limited (Aquila) in the amount of AUD150 million (US$156). In 2013, after the approval of the local government, Vale has paid the total amount of US$338 for 100% of Belvedere.

8. Cash and Cash Equivalents

	June 30, 2013 (unaudited)	December 31, 2012
Cash at bank and in hand	1,649	1,194
Short-term investments (maturities of less than three month)	4,238	4,638
	5,887	**5,832**

9. Accounts Receivables

	June 30, 2013 (unaudited)	December 31, 2012
Denominated in reais Brazilian Reais	835	849
Denominated in other currencies, mainly US$	4,173	6,060
	5,008	**6,909**
Allowance for doubtful accounts	(96)	(114)
	4,912	**6,795**

Accounts receivables related to the steel industry market represent 82.29% and 71.26% of receivables on June 30, 2013 and December 31, 2012, respectively.

In June 30, 2013, no individual customer represents over 10% of receivables or revenues.

The estimated losses for accounts receivable recorded in the statement of income as at June 30, 2013 and June 30, 2012 totaled US$ 2 and US$ 0, respectively. Write offs as at June 30, 2013 and December 31, 2012, totaled US$ 7 and US$16, respectively.

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10. Inventory

	June 30, 2013 (unaudited)	December 31, 2012
Finished products	2,473	2,244
Products in process	1,269	1,353
Inventory of products	**3,742**	**3,597**
Maintenance supplies	1,278	1,455
Total of Inventories	**5,020**	**5,052**

The inventories of products are comprised as follows:

	June 30, 2013 (unaudited)	December 31, 2012
Inventories of products		
Bulk Material		
Iron ore	925	860
Pellets	90	94
Manganese and ferroalloys	105	88
Coal	309	248
	1,429	**1,290**
Base Metals		
Nickel and other products	1,813	1,895
Copper	76	29
	1,889	**1,924**
Fertilizers		
Potash	19	20
Phosphates	352	332
Nitrogen	31	20
	402	**372**
Others	**22**	**11**
	3,742	**3,597**

On June 30, 2013 inventory balances include a provision for adjustment to market value of manganese, copper and coal in the amount of US$3, US$0 and US$99, (on December 31, 2012 was US$ 3, US$ 3 and US$ 0), respectively.

	(unaudited)	
	Three-month period ended	Six-month period ended

	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Inventories of product				
Balance at beginning of period	**3,863**	**4,245**	**3,597**	**3,975**
Addition	5,451	5,511	10,605	10,864
Transfer on maintenance supplies	1,014	1,086	1,973	2,103
Sale	(6,223)	(6,552)	(11,943)	(12,697)
Write-off by inventory adjustment			(124)	(246)
Translation adjustments for the period	(363)	(291)	(366)	
Balance at end of period	**3,742**	**3,999**	**3,742**	**3,999**

	(unaudited)			
	Three-month period ended		Six-month period ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Change in the inventory of spare parts and maintenance supplies				
Balance at beginning of period	**1,529**	**1,288**	**1,455**	**1,276**
Addition	895	1,183	1,930	2,187
Transfer to use	(1,014)	(1,086)	(1,973)	(2,103)
Translation adjustments for the period	(132)	(103)	(134)	2,570
Balance at end of period	**1,278**	**1,282**	**1,278**	**3,930**

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11. Recoverable Taxes

	June 30, 2013 (unaudited)	December 31, 2012
Value-added tax	1,074	1,023
Brazilian Federal Contributions	619	670
Others	66	65
Total	**1,759**	**1,758**
Current	1,597	1,540
Non-current	162	218
Total	**1,759**	**1,758**

12. Financial instruments - investments

The lock-up period for trading Norsk Hydro shares ended in the first quarter of 2013. From this period on the shares of Norsk Hydro can be traded in the market and therefore we ended the equity method measurement and start classifying this investment as a financial asset available for sale as of June 30, 2013. The fair value of financial instruments investment in stock classified as available for sale in June 30, 2013 was US$1,786.

13. Investments

The main consolidated operating subsidiaries are:

Entities	% ownership	% voting capital	Location	Principal activity
Compañia Minera Miski Mayo S.A.C	40.00	51.00	Peru	Fertilizers
Ferrovia Centro-Atlântica S. A.	99.99	99.99	Brazil	General cargo logistics
Ferrovia Norte Sul S.A.	100.00	100.00	Brazil	General cargo logistics
Mineração Corumbaense Reunida S.A.	100.00	100.00	Brazil	Iron ore and Manganese
PT Vale Indonesia Tbk	59.20	59.20	Indonesia	Nickel
Sociedad Contractual Minera Tres Valles	90.00	90.00	Chile	Copper
Vale Australia Pty Ltd.	100.00	100.00	Australia	Coal
Vale Canada Limited	100.00	100.00	Canada	Nickel
Vale Fertilizantes S.A	100.00	100.00	Brazil	Fertilizers
Vale International Holdings GmbH	100.00	100.00	Austria	Holding and Research

Vale International S.A	100.00	100.00	Switzerland	Trading
Vale Manganês S.A.	100.00	100.00	Brazil	Manganese and Ferroalloys
Vale Mina do Azul S.A.	100.00	100.00	Brazil	Manganese
Vale Moçambique S.A.	95.00	95.00	Mozambique	Coal
Vale Nouvelle-Calédonie SAS	80.50	80.50	New Caledonia	Nickel
Vale Oman Pelletizing Company LLC	70.00	70.00	Oman	Pellet
Vale Shipping Holding PTE Ltd.	100.00	100.00	Singapore	Logistics of iron ore

	(unaudited)			
	Three-month period ended		**Six-month period ended**	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Balance at beginning of period	**6,402**	**8,614**	**6,384**	**8,013**
Additions	91	31	273	245
Disposals		(33)	(21)	(33)
Cumulative translation adjustment	(311)	(396)	(398)	(219)
Equity results	53	159	225	405
Equity other comprehensive income	(5)	14	(206)	29
Dividends declared	(518)	(327)	(545)	(378)
Transfers	(1,937)		(1,937)	
Balance at end of period	**3,775**	**8,062**	**3,775**	**8,062**

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Investments (Continued)

	Location	Relationship	% ownership	% voting capital	Investments June 30, 2013 (unaudited)	As of December 31, 2012 (i)	January 1, 2012 (i)	Equity results (unaudited) Three-month period ended June 30, 2013	June 30, 2012 (i)	Six-month period ended June 30, 2013	June 30, 2012 (i)	Received div Three-month period June 30, 2013	June 3 201
Bulk Material													
Iron Ore and pellets													
Baovale Mineração S.A. - BAOVALE	Brazil	Joint venture	50.00	50.00	28	28	35		2	3	2		
Companhia Nipo-Brasileira de Pelotização - NIBRASCO (c)	Brazil	Joint Venture	51.00	51.11	153	178	199	3	3	5	9	24	
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS (c)	Brazil	Joint Venture	50.89	51.00	84	104	115	2	29	(2)	31	10	
Companhia Coreano-Brasileira de Pelotização - KOBRASCO (c)	Brazil	Joint Venture	50.00	50.00	81	107	112	3	8	4	15	17	
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO (c)	Brazil	Joint Venture	50.90	51.00	58	64	80		1		7		
Minas da Serra Geral S.A. - MSG	Brazil	Joint Venture	50.00	50.00	23	26	29		(3)	1			
Samarco Mineração S.A. (d)	Brazil	Joint Venture	50.00	50.00	341	630	399	71	141	232	353	165	
Tecnored Desenvolvimento Tecnológico S.A. (b)	Brazil	Associate	49.21	49.21	43	38	48	(3)	(7)	(5)	(9)		
Zhuhai YPM Pellet Co	China	Associate	25.00	25.00	24	23	23						
					835	**1,198**	**1,040**	**76**	**174**	**238**	**408**	**216**	
Coal													
Henan Longyu Energy Resources CO., LTD.	China	Associate	25.00	25.00	377	341	282	12	16	21	34		
Shandong Yankuang International Company Ltd.	China	Associate	25.00	25.00	(70)	(60)	(43)	(5)	(3)	(9)	(7)		
					307	**281**	**239**	**7**	**13**	**12**	**27**		
Base Metals													
Copper													

Teal Minerals Incorporated	Zambia	Associate	50.00	50.00	240	252	234	(3)	(2)	(6)	(3)		
					240	**252**	**234**	**(3)**	**(2)**	**(6)**	**(3)**		
Nickel													
Korea Nickel Corp	Korea	Associate	25.00	25.00	23	24	4		1	(1)	1		
					23	**24**	**4**		**1**	**(1)**	**1**		
General Cargo Logistics													
LOG-IN - Logística Intermodal S/A (a)	Brazil	Associate	31.33	31.33	90	94	114		(4)	4	(14)		
MRS Logística S.A. (e)	Brazil	Joint Venture	47.59	46.75	548	586	551	23	19	36	59		
					638	**680**	**665**	**23**	**15**	**40**	**45**		
Others													
Aluminium													
Norsk Hydro ASA	Norway	Associate				2,237	3,227				28	56	
Bauxite													
Mineração Rio Grande do Norte S.A. - MRN	Brazil	Associate	40.00	40.00	108	136	133	1	4	3	11		
Steel													
California Steel Industries, INC	USA	Joint Venture	50.00	50.00	178	167	161	4	9	10	15		
CSP- Companhia Siderúrgica do PECEM	Brazil	Joint Venture	50.00	50.00	667	499	267	(2)	(1)	(3)	(2)		
Thyssenkrupp CSA Companhia Siderúrgica do Atlântico	Brazil	Associate	26.87	26.87	433	534	1,607	(46)	(46)	(53)	(85)		
					1,278	**1,200**	**2,035**	**(44)**	**(38)**	**(46)**	**(72)**		
Other affiliates and joint ventures													
Norte Energia S.A.	Brazil	Joint Venture	9.00	9.00	149	120	75		(1)		(1)		
Others					197	256	361	(7)	(7)	(15)	(39)		
					346	**376**	**436**	**(7)**	**(8)**	**(15)**	**(40)**		
					3,775	**6,384**	**8,013**	**53**	**159**	**225**	**405**	**272**	**1**

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(i) Period adjusted according to note 4.

(a) Market value on June 30, 2013 was US$ 139 and on December 31, 2012 was US$ 120. Investment recorded by equity;

(b) Investment balance includes the values of advances for future capital increase;

(c) Although Vale held a majority of the voting interest of investees accounted for under the equity method, existing veto rights held by noncontrolling shareholders;

(d) Main data of Samarco: Operational Result US$ 807, Financial Result US$ (246), Income tax US$ (104); and

(e) Market value on June 30, 2013 was US$1,336 and on December 31, 2012 was US$1,051, but its stock has no trading.

14. Intangible Assets

	June 30, 2013 (unaudited)			December 31, 2012		
	Cost	**Amortization**	**Net**	**Cost**	**Amortization**	**Net**
Indefinite useful lifetime						
Goodwill	4,296		4,296	4,603		4,603
Finite useful lifetime						
Concession and subconcession	5,219	(1,611)	3,608	5,375	(1,618)	3,757
Right of use	336	(62)	274	358	(56)	302
Others	1,190	(677)	513	1,225	(676)	549
	6,745	**(2,350)**	**4,395**	**6,958**	**(2,350)**	**4,608**
Total	**11,041**	**(2,350)**	**8,691**	**11,561**	**(2,350)**	**9,211**

The useful life of the concessions and sub-concessions did not change during the quarter.

The rights of use refers basically to the usufruct contract entered into with noncontrolling stockholders to use the Empreendimentos Brasileiros de Mineração S.A. shares (owner of the shares of MBR) and intangible identified in business combination of Vale Canada. The amortization of the right of use will expires in 2037 and Vale Canada s intangible will end in September 2046.

The table below shows the movement of intangible assets during the period:

	Three-month period ended (unaudited) June 30, 2013					June 30, 2012
	Goodwill	**Concessions and Subconcessions**	**Right to use**	**Others**	**Total**	**Total**
Balance at beginning of period	**4,600**	**3,887**	**294**	**527**	**9,308**	**9,807**
Addition		171		69	240	253
Write off		(3)		(2)	(5)	(232)
Amortization		(74)	(6)	(29)	(109)	(105)
Translation adjustment for the period	(304)	(373)	(14)	(52)	(743)	(633)
Balance at end of period	**4,296**	**3,608**	**274**	**513**	**8,691**	**9,090**

	Six-month period ended (unaudited) June 30, 2013					June 30, 2012
	Goodwill	**Concessions and Subconcessions**	**Right to use**	**Others**	**Total**	**Total**
Balance at beginning of period	**4,603**	**3,757**	**302**	**549**	**9,211**	**9,521**
Addition		332		77	409	468
Write off		(5)		(2)	(7)	(232)
Amortization		(147)	(11)	(66)	(224)	(202)
Translation adjustment for the period	(307)	(329)	(17)	(45)	(698)	(465)
Balance at end of period	**4,296**	**3,608**	**274**	**513**	**8,691**	**9,090**

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15. Property, plant and equipment

	June 30, 2013 (unaudited)			December 31, 2012		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Land	916		916	676		676
Buildings	8,163	(1,868)	6,295	7,710	(1,617)	6,093
Facilities	15,624	(4,686)	10,938	16,320	(4,564)	11,756
Computer equipment	824	(623)	201	985	(609)	376
Mineral assets	21,771	(4,954)	16,817	23,705	(4,838)	18,867
Others	26,468	(8,525)	17,943	26,754	(8,576)	18,178
Construction in progress	30,427		30,427	28,936		28,936
	104,193	**(20,656)**	**83,537**	**105,086**	**(20,204)**	**84,882**

In March 2013, the Company suspended the implementation of the Rio Colorado project in Argentina. The current underlying project parameters are not sufficiently favorable to assure the project meets the Company´s capital allocation and value creation targets. The Company will continue honoring its commitments related to the concessions and reviewing alternatives to enhance the project outcome in order to determine prospects for future project development. Based on an analysis of current expected returns and projected investments, the Company has concluded that no impairment provision is required at this time. This matter continues to be closely monitored by management.

The net property, plant and equipment given in guarantees for judicial claims in June 30, 2013 and December 31, 2012 correspond to US$87 and US$96, respectively.

The table below shows the movement of property, plant and equipment during the period:

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	Three-month period ended (unaudited)								
	June 30, 2013								June 30, 2012
	Land	Building	Facilities	Computer equipment	Mineral assets	Others	Constructions in progress	Total	Total
Balance at beginning of period	**866**	**6,384**	**11,754**	**368**	**17,442**	**18,492**	**31,315**	**86,621**	**85,886**
Addition							3,152	3,152	2,182
Disposals			(12)			(24)	(45)	(81)	(342)
Transfer to non-current assets held for sale									(41)
Depreciation and amortization		(62)	(233)	(19)	(200)	(321)		(835)	(602)
Translation adjustment	(112)	(541)	(863)	(179)	(470)	(916)	(2,239)	(5,320)	(3,045)
Transfers	162	514	292	31	45	712	(1,756)		
Balance at end of period	**916**	**6,295**	**10,938**	**201**	**16,817**	**17,943**	**30,427**	**83,537**	**84,038**

	Six-month period ended (unaudited)								
	June 30, 2013								June 30, 2012
	Land	Building	Facilities	Computer equipment	Mineral assets	Others	Constructions in progress	Total	Total
Balance at beginning of period	**676**	**6,093**	**11,756**	**376**	**18,867**	**18,178**	**28,936**	**84,882**	**82,349**
Addition							6,530	6,530	4,992
Disposals			(49)	(1)	(31)	(25)	(60)	(166)	(388)
Transfer to non-current assets held for sale									(41)
Depreciation and amortization		(123)	(449)	(40)	(444)	(1,121)		(2,177)	(1,638)
Translation adjustment	(106)	(507)	(820)	(177)	(1,048)	(920)	(1,954)	(5,532)	(1,236)
Transfers	346	832	500	43	(527)	1,831	(3,025)		
Balance at end of period	**916**	**6,295**	**10,938**	**201**	**16,817**	**17,943**	**30,427**	**83,537**	**84,038**

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16. Loans and Financing

a) Long-term debts

	Current Liabilities		Non-current liabilities	
	June 30, 2013 (unaudited)	December 31, 2012	June 30, 2013 (unaudited)	December 31, 2012
Long-term contracts abroad				
Loans and financing in:				
United States dollars	404	604	3,405	3,380
Others currencies	19	14	240	261
Fixed rates:				
Notes indexed in United Stated dollars	124	124	13,457	13,457
Euro			1,959	1,979
Accrued charges	299	324		
	846	**1,066**	**19,061**	**19,077**
Long-term contracts in Brazil				
Indexed to TJLP, TR, IGP-M e CDI	291	175	5,775	6,066
Basket of currencies	2	2	9	10
Loans in United States dollars	164	170	1,270	1,267
Non-convertible debentures into shares	1,794	1,957	365	379
Accrued charges	104	101		
	2,355	**2,405**	**7,419**	**7,722**
	3,201	**3,471**	**26,480**	**26,799**

The long-term portion as at June 30, 2013 has maturities as follows:

	(unaudited)
2014	893
2015	1,229
2016	1,980
2017	2,337
2018 onwards	20,041
	26,480

As at June 30, 2013, the annual interest rates on the long-term debts were as follows:

	(unaudited)
Up to 3%	4,919
3,1% to 5% (a)	6,043
5,1% to 7%	12,488
7,1% to 9% (b)	1,306
9,1% to 11% (b)	2,404
Over 11% (b)	2,521
	29,681

(a) Includes Eurobonds. For this operation we have entered into derivative transactions at a copom of 4.51% per year in US dollars.

(b) Includes non-convertible debentures and other Brazilian Real denominated debt that bears interest at the CDI and Brazilian Government Long-term Interest Rates (TJLP), plus spread. For these operations, we have entered into derivative transactions to mitigate our exposure to the floating rate debt denominated in Brazilian Real, totaling US$ 7.876 of which US$ 4.474 has an original interest rate above 7.1% per year. The average cost of debts not denominated in U.S. Dollars after derivatives contracting is 2.6% per year.

All the securities issued through our 100% finance subsidiary Vale Overseas Limited, are fully and unconditionally guaranteed by Vale.

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b) Funding and revolving credit lines

In June 2013 Vale entered into a new facility with Banco Nacional de Desenvolvimento Econômico Social (BNDES) for a total amount of R$ 109 (US$ 49), to finance the acquisition of domestic equipment.

In July 2013 (subsequent event) the company contracted a new 5 years revolving credit facility in the amount of US$ 2 billion (R$4,452 million).

Financial Institution	Contractual Currency	Date of agreement	Available until	Total amount available to be drawn	Amounts drawn on June 30, 2013	Amounts drawn on December 31, 2012
Revolving Credit Lines						
Revolving Credit Facility - Vale/ Vale International/ Vale Canada	US$	April 2011	5 years	3,000		
Credit Lines						
BNDES	R$	April 2008(a)	10 years	3,274	1,701	1,753
Loans						
Export-Import Bank of China and Bank of China Limited	US$	September 2010(b)	13 years	1,229	953	837
Export Development Canada (EDC)	US$	October 2010(c)	10 years	1,000	975	975
BNDES						
CLN 150	R$	September 2012(d)	10 years	1,741	1,246	1,032
Programa de Sustentação do Investimento 2,50% (PSI)	R$	December 2012(e)	10 years	82	82	
PSI 3,00%	R$	June 2013(f)	10 years	49		

The currency of total amount available and disbursed different from reporting currency is affected by exchange rate variation among periods.

(a) Memorandum of understanding signature date, however, projects financing term is considered from the signature date of each projects contract amendment.

(b) Acquisition of twelve large ore carriers from Chinese shipyards.

(c) Financing investments in Canada and Canadian exports.

(d) Capacitance Logística Norte 150 Project (CLN 150).

(e) Acquisition of wagons by VLI Multimodal.

(f) Acquisition of domestic equipment.

These credit lines from Nexi, JBIC, K-Sure, BNDES: Vale Fertilizantes, PSI 4.50% and 5.50% were taken off this note, because they have been used in its entirety.

c) Guarantee

On June 30, 2013, US$ 1,535 of the total aggregate outstanding debt was secured by property, plant and equipment and receivables.

d) Covenants

Our principal covenants require us to maintain certain ratios, such as debt to EBITDA (Earnings Before Interest Taxes, Depreciation and Amortization) and interest coverage. We have not identified any events of noncompliance as of June 30, 2013.

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17. Provision for litigation

Vale is a party to labor, civil, tax and other ongoing lawsuits and is discussing these issues both administratively and in court. When applicable, these lawsuits are supported by judicial deposits. Provisions for losses resulting from these processes are estimated and updated by the Company, supported by the legal advice of the legal board of the Company and by its legal consultants.

	Three-month period ended (unaudited) June 30, 2013					June 30, 2012
	Tax litigation	Civil litigation	Labor litigation	Environmental litigation	Total of litigation provision	Total of litigation provision
Balance at beginning of period	**723**	**257**	**767**	**38**	**1,785**	**1,809**
Additions	83	35	102	9	229	127
Reversals	(25)	(2)	(58)	(4)	(89)	(55)
Payments	(65)	(8)	(47)	(2)	(122)	(9)
Monetary adjustment	7	(4)	9	3	15	(13)
Transfer to assets held for sale			2		2	(1)
Translation adjustment for the period	(45)	(44)	(71)	(3)	(163)	(110)
Balance at end of period	**678**	**234**	**704**	**41**	**1,657**	**1,748**

	Six-month period ended (unaudited) June 30, 2013					June 30, 2012
	Tax litigation	Civil litigation	Labor litigation	Environmental litigation	Total of litigation provision	Total of litigation provision
Balance at beginning of period	**996**	**287**	**748**	**34**	**2,065**	**1,686**
Additions	54	42	157	13	266	219
Reversals	(46)	(44)	(108)	(4)	(202)	(96)
Payments	(245)	(8)	(53)	(2)	(308)	(13)
Monetary adjustment	(45)	(1)	19	4	(23)	40
Transfer to assets held for sale			2		2	(1)
Translation adjustment for the period	(36)	(42)	(61)	(4)	(143)	(87)
Balance at end of period	**678**	**234**	**704**	**41**	**1,657**	**1,748**

In July 10, 2013 (subsequent event) we paid US$25 of CFEM. During the Six-month period ended on June 30, 2013, we paid US$ 267 and as at June 30, 2013 and December 31, 2012, the total liability in relation to CFEM presented in the tax litigation on the table above was US$315 and US$519, respectively.

Judicial deposits are as follows:

	June 30, 2013 (unaudited)	December 31, 2012
Tax litigations	425	435
Civil litigations	164	172
Labor litigations	885	903
Environmental litigations	5	5
Total	**1,479**	**1,515**

The Company is also involved in administrative and judicial litigations in which the expectation of loss is considered possible, and accordingly, no provision has been recorded. These contingent liabilities are classified as follows:

	June 30, 2013 (unaudited)	December 31, 2012
Tax litigation	16,742	16,492
Civil litigation	1,162	1,124
Labor litigation	2,350	1,728
Environmental litigation	1,244	1,672
Total	**21,498**	**21,016**

The most relevant among tax processes classified as possible loss, refers to the process against Company for the collection of Income Tax and Social Contribution on equity gain on foreign subsidiaries and deductibility of the social contribution payments on the income tax bases. The update amount for the process, including interest and penalties, totaled at June 30, 2013 and December 31, 2012, US$ 13,592 and US$ 15,210, respectively.

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18. Asset retirement obligation

Company uses substantially the same criteria used in the financial statements of December 31, 2012 to measure the obligations concerning the retirement of used fixed assets. Interest rates on long-term used to discount to present value and update the provision was 5.03% p.a. for June 30, 2013 and December 31, 2012.

The changes in the provision for asset retirement obligations are as follows:

	(unaudited)			
	Three-month period ended		**Six-month period ended**	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Balance at beginning of period	**2,669**	**1,922**	**2,748**	**1,922**
Increase expense	41	34	91	34
Settlement in the current period	(10)	(4)	(12)	(4)
Revisions in estimated cash flows	(140)	35	(269)	35
Cumulative translation adjustments	(168)	22	(166)	22
Balance at end of period	**2,392**	**2,009**	**2,392**	**2,009**
Current	66	69	66	69
Non-current	2,326	1,940	2,326	1,940
	2,392	**2,009**	**2,392**	**2,009**

19. Deferred Income Tax and Social Contribution

We review the potential tax impact associated with undistributed earnings of each our subsidiaries and affiliates. For those subsidiaries in which undistributed earnings are intended to be reinvested indefinitely, no deferred tax is recognized. Undistributed earnings of foreign consolidated subsidiaries and affiliates for which no deferred income tax has been recognized for possible future remittances to the parent company totaled approximately US$26,400 in Six-month period ended in June 30, 2013 and US$ 26,800 at December 31, 2012. These amounts are considered to be permanently reinvested in the Company s international business. It is not practicable to determine the amount of the unrecognized deferred tax liability associated with these amounts. If we did determine to repatriate these earnings, there would be methods available to us, each with different tax consequences. There would also be uncertainty as to timing and amount, if any, of foreign tax credits that would be available, as the calculation of the available foreign tax credit is dependent upon the timing of the repatriation and projections of significant future and uncertain events. The wide range of potential outcomes that could result due to these factors, among others, makes it impracticable to calculate the amount of tax that hypothetically would be recognized on these earnings if they were repatriated.

The deferred balances were as follows:

	Three-month period ended (unaudited)					
	June 30, 2013			June 30, 2012 (i)		
	Assets	Liabilities	Total	Assets	Liabilities	Total
Balance at beginning of period	**4,250**	**3,351**	**899**	**2,134**	**5,478**	**(3,344)**
Net income effect	256	(69)	325	(143)	(3)	(140)
Subsidiary acquisition (sale)					(98)	98
Cumulative translation adjustment	(334)	(72)	(262)	(125)	(295)	170
Reversal of deferred income tax					(1,236)	1,236
Other comprehensive income	74	4	70	18	(24)	42
Balance at end of period	**4,246**	**3,214**	**1,032**	**1,884**	**3,822**	**(1,938)**

	Six-month period ended (unaudited)					
	June 30, 2013			June 30, 2012 (i)		
	Assets	Liabilities	Total	Assets	Liabilities	Total
Balance at beginning of period	**4,058**	**3,386**	**672**	**1,900**	**5,447**	**(3,547)**
Net income effect	412	(82)	494	89	(50)	139
Subsidiary acquisition (sale)					(98)	98
Cumulative translation adjustment	(298)	(89)	(209)	(94)	(238)	144
Reversal of deferred income tax					(1,236)	1,236
Other comprehensive income	74	(1)	75	(11)	(3)	(8)
Balance at end of period	**4,246**	**3,214**	**1,032**	**1,884**	**3,822**	**(1,938)**

(i) Period adjusted according to note 4.

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There were no changes in tax rates in the countries where we operate. The table below shows the total income tax and social contribution shown in the income:

	(unaudited)			
	Three-month period ended		**Six-month period ended**	
	June 30, 2013	**June 30, 2012 (i)**	**June 30, 2013**	**June 30, 2012 (i)**
Income before tax and social contribution	328	1,500	4,311	5,769
Results of equity investments	(53)	(159)	(225)	(405)
	275	**1,341**	**4,086**	**5,364**
Income tax and social contribution at statutory rates - 34%	**(94)**	**(456)**	**(1,389)**	**(1,824)**
Adjustments that affects the basis of taxes:				
Income tax benefit from interest on stockholders equity	303	341	617	720
Tax incentive	(18)		112	90
Results of overseas companies taxed by different rates which differs from the parent company rate	(167)	39	(87)	403
Recognition of allowance for tax loss carryforward	197	1,236	165	1,236
Others	(159)	(89)	(287)	(88)
Income tax and social contribution on the profit for the period	**62**	**1,071**	**(869)**	**537**

(i) Period adjusted according to note 4.

During the period, there were no changes in tax incentives received by the Company.

20. Employee Benefits Obligations

a) Retirement Benefits Obligations

In its 2012 financial statements the Company had announced that it expects to contribute US$ 407 to its pension plan in 2013. Through June 30, 2013 it had contributed US$ 175. No significant changes are expected in relation to the estimative disclosed in December 31, 2012 financial statement.

Costs recognized in the income statements for the period:

	Three-month period ended (unaudited)					
	June 30, 2013			June 30, 2012 (i)		
	Overfunded pension plans (ii)	**Underfunded pension plans**	**Others underfunded pension plans**	**Overfunded pension plans (ii)**	**Underfunded pension plans**	**Others underfunded pension plans**
Current service cost		31	12		23	8
Interest on expense on liabilities	76	105	25	77	100	25
Interest income on plan assets	(94)	(84)		(117)	(92)	
Interest expense on effect of (asset ceiling)/ onerous liability	18			40		
Total of cost, net		**52**	**37**		**31**	**33**

	Six-month period ended (unaudited)					
	June 30, 2013			June 30, 2012 (i)		
	Overfunded pension plans (ii)	**Underfunded pension plans**	**Underfunded pension plans**	**Overfunded pension plans (ii)**	**Underfunded pension plans**	**Underfunded pension plans**
Current service cost		65	23		46	17
Interest on expense on liabilities	154	216	51	162	209	52
Interest income on plan assets	(192)	(172)		(246)	(196)	
Interest expense on effect of (asset ceiling)/ onerous liability	38			84	7	
Total of cost, net		**109**	**74**		**66**	**69**

(i) Period adjusted according note 4.

(ii) Company has not recorded in its balance sheet the assets and their counterparts arising from actuarial valuation of overfunded plan as there is no clear evidence of asset realization.

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Costs recognized in the statements of Other comprehensive income for the period:

	Three-month period ended (unaudited)							
	June 30, 2013				June 30, 2012 (i)			
	Overfunded pension plans (ii)	**Underfunded pension plans**	**Others underfunded pension plans**	**Total**	**Overfunded pension plans (ii)**	**Underfunded pension plans**	**Others underfunded pension plans**	**Total**
Return on plan assets (excluding interest income)	(38)	(190)	5	(223)	175	(36)		139
Changes in asset ceiling/ onerous liability (excluding interest income)	38			38	(175)	(20)		(195)
		(190)	**5**	**(185)**		**(56)**		**(56)**
Income tax		62	(1)	61		12		12
Total OCI, net		**(128)**	**4**	**(124)**		**(44)**		**(44)**

	Six-month period ended (unaudited)							
	June 30, 2013				June 30, 2012 (i)			
	Overfunded pension plans (ii)	**Underfunded pension plans**	**Others underfunded pension plans**	**Total**	**Overfunded pension plans (ii)**	**Underfunded pension plans**	**Others underfunded pension plans**	**Total**
Effect of experience adjustments						(4)		(4)
Return on plan assets (excluding interest income)	(245)	(165)	5	(405)	204	110		314
Changes in asset ceiling/ onerous liability (excluding interest income)	245			245	(204)	(42)		(246)
		(165)	**5**	**(160)**		**64**		**64**
Income tax		62	(1)	61		(23)		(23)
Total OCI, net		**(103)**	**4**	**(99)**		**41**		**41**

(i) Period adjusted according note 4.

(ii) Company has not recorded in its balance sheet the assets and their counterparts arising from actuarial valuation of overfunded plan, because there is no clear evidence of asset realization.

100% of overfunded pension plans are located in Brazil and 90% of underfunded pension plans are located outside of Brazil.

b) Incentive plan in results

Company, based on the profit sharing program (Programa de Participação nos Resultados or PPR) allows define, monitor, evaluate and recognize the individual and collective performance of their employees. The measurement method adopted in the period was the same used in December 31, 2012 financial statements. Company accrued expenses/costs related to participation in the results as follows:

	(unaudited)			
	Three-month period ended		Six-month period ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Operational expenses	32	47	92	204
Cost of goods sold and services rendered	90	71	186	196
Total	**122**	**118**	**278**	**400**

c) Long-term stock option compensation plan

The terms, assumptions, calculation methods and the accounting treatment applied to the ILP (long-term incentive plan) is the same as presented in the financial statements of December 31, 2012. The total number of shares subject to the Long-Term Compensation Plan on June 30, 2013 and December 31, 2012 are 6,089,634 and 4,426,046, and total liability recorded of US$ 58 and US$ 87, respectively.

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21. Classification of financial instruments

The classification of financial assets and liabilities is shown in the following tables:

	June 30, 2013 (unaudited)				
	Loans and receivables (a)	At fair value through profit or loss (b)	Derivatives designated as hedge (c)	Available for sale (d)	Total
Financial assets					
Current					
Cash and cash equivalents	5,887				5,887
Short-term investments	369				369
Derivative financial instruments		222			222
Accounts receivable	4,912				4,912
Related parties	867				867
	12,035	**222**			**12,257**
Non-current					
Related parties	251				251
Loans and financing agreements to receive	244				244
Financial instrument - investments				1,786	1,786
Derivative financial instruments		100			100
	495	**100**		**1,786**	**2,381**
Total of Assets	**12,530**	**322**		**1,786**	**14,638**
Financial liabilities					
Current					
Suppliers and contractors	4,143				4,143
Derivative financial instruments		589	78		667
Current portion of long-term debt	3,201				3,201
Related parties	117				117
	7,461	**589**	**78**		**8,128**
Non-current					
Derivative financial instruments		1,389	20		1,409
Long-term debt	26,480				26,480
Related parties	66				66
Stockholders Debentures (note 30(d))		1,743			1,743
	26,546	**3,132**	**20**		**29,698**
Total of Liabilities	**34,007**	**3,721**	**98**		**37,826**

(a) Non-derivative financial instruments with identifiable cash flow.

(b) Financial instruments for trading in short-term.

(c) See note 24(a).

(d) See note 12.

	Loans and receivables (a)	At fair value through profit or loss (b)	December 31, 2012 Derivatives designated as hedge (c)	Available for sale(d)	Total
Financial assets					
Current					
Cash and cash equivalents	5,832				5,832
Short-term investments		246			246
Derivative financial instruments		265	16		281
Accounts receivable	6,795				6,795
Related parties	384				384
	13,011	**511**	**16**		**13,538**
Non-current					
Related parties	408				408
Loans and financing agreements to receive	246				246
Financial instrument - Investments				7	7
Derivative financial instruments		40	5		45
	654	**40**	**5**	**7**	**706**
Total of Assets	**13,665**	**551**	**21**	**7**	**14,244**
Financial liabilities					
Current					
Suppliers and contractors	4,529				4,529
Derivative financial instruments		346	1		347
Current portion of long-term debt	3,471				3,471
Related parties	207				207
	8,207	**346**	**1**		**8,554**
Non-current					
Derivative financial instruments		783			783
Long-term debt	26,799				26,799
Related parties	72				72
Debentures		1,653			1,653
	26,871	**2,436**			**29,307**
Total of Liabilities	**35,078**	**2,782**	**1**		**37,861**

(a) Non-derivative financial instruments with identifiable cash flow.

(b) Financial instruments for trading in short-term.

(c) See note 24(a).

(d) See note 12.

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22. Fair Value Estimative

The Company considered the same assumptions and calculation methods presented in the financial statements of December 31, 2012, to measure the fair value of assets and liabilities in the period.

The tables below present the assets and liabilities measured at fair value in the period.

	June 30, 2013 (unaudited)			December 31, 2012		
	Level 1	**Level 2**	**Total (i)**	**Level 1**	**Level 2**	**Total (i)**
Financial Assets						
Current						
Derivatives at fair value through profit or loss	8	214	222		265	265
Derivatives designated as hedges					16	16
	8	**214**	**222**		**281**	**281**
Non-Current						
Financial assets investments	1,786		1,786	7		7
Derivatives at fair value through profit or loss	1	99	100		40	40
Derivatives designated as hedges					5	5
	1,787	**99**	**1,886**	**7**	**45**	**52**
Total of Assets	**1,795**	**313**	**2,108**	**7**	**326**	**333**
Financial Liabilities						
Current						
Derivatives at fair value through profit or loss	583	6	589	2	344	346
Derivatives designated as hedges		78	78		1	1
	583	**84**	**667**	**2**	**345**	**347**
Non-Current						
Derivatives at fair value through profit or loss		1,389	1,389		783	783
Derivatives designated as hedges		20	20			
Stockholders debentures		1,743	1,743		1,653	1,653
		3,152	**3,152**		**2,436**	**2,436**
Total of Liabilities	**583**	**3,236**	**3,819**	**2**	**2,781**	**2,783**

(i) No classification according to level 3.

The Company measured its loans and debt securities at market value and compared to the carrying amount. The assumptions and calculation methods applied are also the same as those presented in the financial statements as of December 31, 2012. The fair values and carrying amounts of non-current loans (net of interest) are shown in the table below:

	June 30, 2013 (unaudited)			
	Balance	Fair value (i)	Level 1	Level 2
Financial liabilities				
Loans (long-term)(ii)	29,278	29,929	23,480	6,449
Perpetual notes (iii)	57	57		57

(i) No classification according to level 3.

(ii) Net interest of US$ 403

(iii) classified on Related parties (Non-current liabilities)

	December 31, 2012			
	Balance	Fair value (i)	Level 1	Level 2
Financial liabilities				
Loans (long-term)(ii)	29,845	32,724	25,817	6,907
Perpetual notes (iii)	72	72		72

(i) No classification according to level 3.

(ii) Net interest of US$ 425

(iii) classified on Related parties (Non-current liabilities)

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23. Stockholders Equity

a) Capital

At June 30, 2013, the capital stock is US$60,578 as of represented below:

	June 30, 2013		
Stockholders	**ON**	**PNA**	**Total**
Valepar S.A.	1,716,435,045	20,340,000	1,736,775,045
Brazilian Government (Golden Share)		12	12
Foreign investors - ADRs	678,716,482	636,806,550	1,315,523,032
FMP - FGTS	90,033,107		90,033,107
PIBB - BNDES	1,699,806	2,529,136	4,228,942
BNDESPar	206,378,881	67,342,071	273,720,952
Foreign institutional investors in local market	275,646,662	462,328,524	737,975,186
Institutional investors	163,426,022	383,748,290	547,174,312
Retail investors in Brazil	53,316,995	394,627,343	447,944,338
Treasure stock in Brazil	71,071,482	140,857,692	211,929,174
Total	**3,256,724,482**	**2,108,579,618**	**5,365,304,100**

b) Treasury stocks

On June 30, 2013, the amount of treasury stocks was US$4,477 as follows:

					Acquisition price (US$)				
Shares (thousands)	**December 31, 2012**	**Addition**	**Reduction**	**June 30, 2013**	**Average**	**Low**	**High**	**June 30, 2013**	**December 31, 2012**
Preferred	140,857,692			140,857,692	18.44	6.90	23.33	15.03	18.84
Common	71,071,482			71,071,482	17.70	9.87	26.97	15.79	19.37
Total	**211,929,174**			**211,929,174**					

c) Basic and diluted earnings per share

Basic and diluted earnings per shares were calculated as follows:

	(unaudited)			
	Three-month period ended		Six-month period ended	
	June 30, 2013	June 30, 2012 (i)	June 30, 2013	June 30, 2012 (i)
Net income from continuing operations attributable to the Company s stockholders	**424**	**2,640**	**3,533**	**6,433**
Basic and diluted earnings per share:				
Income available to preferred stockholders	162	998	1,349	2,449
Income available to common stockholders	262	1,642	2,184	3,984
Total	**424**	**2,640**	**3,533**	**6,433**
Weighted average number of shares outstanding (thousands of shares) - preferred shares	1,967,722	1,928,076	1,967,722	1,927,627
Weighted average number of shares outstanding (thousands of shares) - common shares	3,185,653	3,170,048	3,185,653	3,169,871
Total	**5,153,375**	**5,098,124**	**5,153,375**	**5,097,498**
Basic and diluted earnings per share				
Basic earnings per preferred share	0.09	0.51	0.69	1.26
Basic earnings per common share	0.09	0.51	0.69	1.26

(i) Period adjusted according note 4.

d) Remuneration of stockholders

We present below the remuneration of stockholder paid in the Six-month period ended June 30, 2013.

	Remuneration attributed to Stockholders	
	Total amount	Amount per outstanding common or preferred share
2013 prepaid amount		
First installment - April	**2,250**	**0.436607084**
Dividends	400	0.077619037
Interest on capital	1,850	0.358988047

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24. Derivatives financials instruments

a) Derivatives effects on Balance Sheet

	Assets			
	June 30, 2013 (unaudited)		December 31, 2012	
	Current	Non-current	Current	Non-current
Derivatives not designated as hedge				
Foreign exchange and interest rate risk				
CDI & TJLP vs. US$ fixed and floating rate swap	202		249	1
Eurobonds Swap		53		39
Pre dollar swap	10		16	
	212	**53**	**265**	**40**
Commodities price risk				
Nickel:				
Fixed price program	8	1		
Bunker Oil	2			
	10	1		
Warrants				
SLW Option		46		
		46		
Derivatives designated as hedge				
Strategic Nickel			13	
Foreign exchange cash flow hedge			3	5
			16	**5**
Total	**222**	**100**	**281**	**45**

	Liabilities			
	June 30, 2013 (unaudited)		December 31, 2012	
	Current	Non-current	Current	Non-current
Derivatives not designated as hedge				
Foreign exchange and interest rate risk				
CDI & TJLP vs. US$ fixed and floating rate swap	440	1,288	340	700
Eurobonds Swap			4	18
Pre dollar swap	31	97		63
	471	**1,385**	**344**	**781**
Commodities price risk				
Nickel:				
Fixed price program	6	1	2	
Bunker Oil	112			
	118	**1**	**2**	

Embedded derivatives				
Gas		3		2
		3		**2**
Derivatives designated as hedge				
Bunker Oil Hedge	50		1	
Foreign exchange cash flow hedge	28	20		
	78	**20**	**1**	
Total	**667**	**1,409**	**347**	**783**

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b) Effects of derivatives in the statement of income, cash flow and Other comprehensive income

	Three-month period ended (unaudited)					
	Amount of gain or(loss) recognized as financial income (expense)		Financial settlement (inflows)/ Outflows		Amount of gain or (loss) recognized in OCI	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Derivatives not designated as hedge						
Foreign exchange and interest rate risk						
CDI & TJLP vs. US$ fixed and floating rate swap	(809)	(407)	(93)	(181)		
Eurobonds Swap	41	(36)				
Pre dollar swap	(46)	(16)	(5)	(5)		
	(814)	**(459)**	**(98)**	**(186)**		
Commodities price risk						
Nickel						
Fixed price program	1	8	(1)	(5		