VALLEY OF THE RIO DOCE CO
Form 6-K
November 17, 2003

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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

November 2003

Valley of the Rio Doce Company

(Translation of Registrant s name into English)

Avenida Graca 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 [ ]

(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 [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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This current report on Form 6-K is hereby incorporated by reference into the Registration Statement on Form F-4 of Vale Overseas Limited, File No. 333-109610, and the Registration Statement of Companhia Vale do Rio Doce, File No. 333-109610-01.

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Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars

	September 30, 2003	December 31, 2002
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	1,340	1,091
Accounts receivable		
Related parties	125	121
Unrelated parties	617	539
Loans and advances to related parties	27	49
Inventories	505	292
Deferred income tax	121	211
Others	404	286
	3,139	**2,589**
Property, plant and equipment, net	**5,888**	**3,297**
Investments in affiliated companies and joint ventures and other investments and provision for losses on equity investments	**990**	**732**
Other assets		
Goodwill on acquisition of subsidiaries	480	412
Loans and advances		
Related parties	61	89
Unrelated parties	68	73
Prepaid pension cost	79	79
Deferred income tax	266	358
Judicial deposits	390	239
Unrealized gain on derivative instruments	2	3
Others	137	84
	1,483	**1,337**
TOTAL	**11,500**	**7,955**

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Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars

(Continued)

	September 30, 2003	December 31, 2002
	(unaudited)	
Liabilities and stockholders equity		
Current liabilities		
Suppliers	418	325
Payroll and related charges	94	76
Interest attributed to stockholders	419	3
Current portion of long-term debt - unrelated parties	1,147	717
Short-term debt	129	184
Loans from related parties	101	64
Others	294	139
	2,602	**1,508**
Long-term liabilities		
Employees post-retirement benefits	173	141
Long-term debt - unrelated parties	2,921	2,359
Loans from related parties	6	7
Provisions for contingencies (Note 9)	563	428
Unrealized loss on derivative instruments	87	76
Others	214	122
	3,964	**3,133**
Minority interests	**293**	**27**
Stockholders equity		
Preferred class A stock - 600,000,000 no-par-value shares authorized and 138,575,913 issued	1,055	904
Common stock - 300,000,000 no-par-value shares authorized and 249,983,143 issued	1,902	1,630
Treasury stock - 4,183 (2002 - 4,481) preferred and 4,715,170 common shares	(88)	(88)
Additional paid-in capital	498	498
Other cumulative comprehensive income	(4,449)	(5,175)
Appropriated retained earnings	2,251	2,230
Unappropriated retained earnings	3,472	3,288
	4,641	**3,287**
TOTAL	**11,500**	**7,955**

See notes to condensed consolidated financial information.

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

	Three months ended			Nine months ended September 30,	
	September 30, 2003	**June 30, 2003**	**September 30, 2002**	**2003**	**2002**
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals					
Iron ore and pellets	918	761	713	2,425	2,083
Gold	5	7	21	21	90
Manganese and ferroalloys	81	89	92	245	216
Potash	28	21	27	70	67
Others	25	14	13	55	33
	1,057	**892**	**866**	**2,816**	**2,489**
Revenues from logistic services	159	138	118	412	360
Aluminum products	243	188	146	598	312
Other products and services	24	1	7	29	20
	1,483	**1,219**	**1,137**	**3,855**	**3,181**
Value-added tax	(51)	(49)	(39)	(143)	(117)
Net operating revenues	**1,432**	**1,170**	**1,098**	**3,712**	**3,064**
Operating costs and expenses					
Cost of ores and metals sold	(530)	(438)	(374)	(1,396)	(1,187)
Cost of logistic services	(89)	(73)	(63)	(232)	(196)
Cost of aluminum products	(185)	(157)	(113)	(484)	(273)
Others	(8)	(2)	(4)	(11)	(18)
	(812)	**(670)**	**(554)**	**(2,123)**	**(1,674)**
Selling, general and administrative expenses	(74)	(45)	(65)	(168)	(173)
Research and development	(22)	(12)	(15)	(45)	(36)
Employee profit sharing plan	(2)	(9)	(14)	(23)	(20)
Others	(21)	(46)	9	(101)	(73)
	(931)	**(782)**	**(639)**	**(2,460)**	**(1,976)**
Operating income	**501**	**388**	**459**	**1,252**	**1,088**
Non-operating income (expenses)					
Financial income	27	29	10	84	87
Financial expenses	(83)	(64)	(148)	(229)	(327)
Foreign exchange and monetary gains (losses), net	(57)	257	(506)	250	(837)
	(113)	**222**	**(644)**	**105**	**(1,077)**
Income before income taxes, equity results and minority interests	**388**	**610**	**(185)**	**1,357**	**11**
Income taxes					

Current	41	(135)		(100)	(4)
Deferred	(41)	(25)	148	(131)	262
		(160)	**148**	**(231)**	**258**
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	89	35	(160)	218	(208)
Minority interests	(9)	(29)	47	(56)	50
Income (loss) from continuing operations	**468**	**456**	**(150)**	**1,288**	**111**
Change in accounting pratice for asset retirement obligations (note 4)				(10)	
Net income (loss)	**468**	**456**	**(150)**	**1,278**	**111**
Basic earnings(losses) per Preferred Class A Share	**1.22**	**1.19**	**(0.39)**	**3.33**	**0.29**
Basic earnings(losses) per Common Share	**1.22**	**1.19**	**(0.39)**	**3.33**	**0.29**
Weighted average number of shares outstanding (thousands of shares)					
Common shares	245,268	245,268	245,268	245,268	245,268
Preferred Class A shares	138,571	138,571	138,575	138,571	138,575

See notes to condensed consolidated financial information.

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

	Three months ended			Nine months ended September 30,	
	September 30, 2003	June 30, 2003	September 30, 2002	2003	2002
Cash flows from operating activities:					
Net income (loss)	468	456	(150)	1,278	111
Adjustments to reconcile net income with cash provided by operating activities:					
Depreciation, depletion and amortization	63	54	44	160	171
Dividends received	66	36	17	138	72
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(89)	(35)	160	(218)	208
Deferred income taxes	41	25	(148)	131	(262)
Current income taxe contingency		108		108	
Provisions for others contingencies			(15)	9	54
Impairment of property, plant and equipment		12		12	11
Change in accounting pratice for asset retirement obligations (note 4)				10	
Pension plan	3	2	2	8	8
Foreign exchange and monetary losses (gains)	13	(258)	875	(387)	1,341
Net unrealized derivative losses (gains)	21	(1)	37	23	50
Minority interests	9	29	(47)	56	(50)
Others	(20)	(7)	17	(21)	145
Decrease (increase) in assets:					
Accounts receivable	(24)	65	(90)	105	(172)
Inventories	(27)	(25)	(18)	(28)	(43)
Others	(1)	(26)	(54)	(28)	(84)
Increase (decrease) in liabilities:					
Suppliers	(2)	18	(9)	(77)	(23)
Payroll and related charges	(15)	13	17	(8)	22
Others	(71)	(14)	33	(28)	39
Net cash provided by operating activities	**435**	**452**	**671**	**1,243**	**1,598**
Cash flows from investing activities:					
Loans and advances receivable					
Related parties					
Additions	(15)	(54)	(6)	(92)	(35)
Repayments	33		23	62	52
Others	18	1	16	35	18
Guarantees and deposits	78	(152)	(22)	(86)	(61)
Additions to investments	(8)	(61)		(69)	(1)
Additions to property, plant and equipment	(443)	(308)	(191)	(949)	(508)
Proceeds loss disposal of assets	21		49	21	49
Proceeds from disposals of property, plant and equipment		37	1	37	2
Cash used to acquire subsidiaries, net of cash acquired	(380)			(380)	(45)
Net cash used in investing activities	**(696)**	**(537)**	**(130)**	**(1,421)**	**(529)**
Cash flows from financing activities:					
Short-term debt, net issuances (repayments)	(4)	60	(354)	(37)	(143)
Loans					

Related parties					
Additions	48		20	48	32
Repayments	(2)	(6)	(10)	(24)	(29)
Issuances of long-term debt					
Related parties				2	11
Others	779	40	148	996	661
Repayments of long-term debt					
Related parties		(4)		(4)	(15)
Others	(139)	(175)	(105)	(415)	(245)
Interest attributed to stockholders	(33)	(215)		(248)	(329)
Net cash used in financing activities	**649**	**(300)**	**(301)**	**318**	**(57)**
Increase (decrease) in cash and cash equivalents	388	(385)	240	140	1,012
Effect of exchange rate changes on cash and cash equivalents	(14)	67	(410)	109	(727)
Cash and cash equivalents, beginning of period	966	1,284	1,572	1,091	1,117
Cash and cash equivalents, end of period	**1,340**	**966**	**1,402**	**1,340**	**1,402**
Cash paid during the period for:					
Interest on short-term debt		(1)	(15)	(7)	(31)
Interest on long-term debt, net of interest capitalized	(50)	(28)	(43)	(127)	(111)
Interest capitalized	4	5	1	13	11
Income tax	(6)	(27)		(39)	(4)
Non-cash transactions					
Conversion of loans receivable to investments	9	76	20	96	40

See notes to condensed consolidated financial information.

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

	Three months ended			Nine months ended September 30,	
	September 30, 2003	**June 30, 2003**	**September 30, 2002**	**2003**	**2002**
Preferred class A stock (including one special share)					
Beginning of the period	**1,055**	**904**	**904**	**904**	**820**
Transfer from appropriated retained earnings		**151**		**151**	**84**
End of the period	**1,055**	**1,055**	**904**	**1,055**	**904**
Common stock					
Beginning of the period	**1,902**	**1,630**	**1,630**	**1,630**	**1,479**
Transfer from appropriated retained earnings		**272**		**272**	**151**
End of the period	**1,902**	**1,902**	**1,630**	**1,902**	**1,630**
Treasury stock					
Begining and end of the period	(88)	(88)	(88)	(88)	(88)
Additional paid-in capital					
Beginning and end of the period	**498**	**498**	**498**	**498**	**498**
Other cumulative comprehensive income					
Cumulative translation adjustments					
Beginning of the period	(4,406)	(4,999)	(4,253)	(5,185)	(3,475)
Change in the period	(67)	593	(1,042)	712	(1,820)
End of the period	**(4,473)**	**(4,406)**	**(5,295)**	**(4,473)**	**(5,295)**
Unrealized gain on available-for-sale security					
Beginning of the period	18	13			
Change in the period	(4)	5		14	
End of the period	**14**	**18**		**14**	
Adjustments relating to investments in affiliates					
Begining and end of the period	**10**	**10**	**10**	**10**	**10**
Total other cumulative comprehensive income	**(4,449)**	**(4,378)**	**(5,285)**	**(4,449)**	**(5,285)**
Appropriated retained earnings					

Beginning of the period	2,292	2,351	2,425	2,230	3,212
Transfer (to) from retained earnings	(41)	364	(790)	444	(1,342)
Transfer to capital stock		(423)		(423)	(235)
End of the period	**2,251**	**2,292**	**1,635**	**2,251**	**1,635**
Retained earnings					
Beginning of the period	3,281	3,321	2,846	3,288	2,184
Net income	468	456	(150)	1,278	111
Interest attributed to stockholders					
Preferred class A stock ($0.87 and $0.39 per share in 2003 and 2002)	(115)	(48)	(62)	(235)	(116)
Common stock ($0.87 and $0.39 per share in 2003 and 2002)	(203)	(84)	(110)	(415)	(207)
Appropriation (to) from reserves	41	(364)	790	(444)	1,342
End of the period	**3,472**	**3,281**	**3,314**	**3,472**	**3,314**
Total stockholders equity	**4,641**	**4,562**	**2,608**	**4,641**	**2,608**
Comprehensive income is comprised as follows:					
Net income (loss)	468	456	(150)	1,278	111
Cumulative translation adjustments	(67)	593	(1,042)	712	(1,820)
Unrealized gain (loss) on available-for-sale security	(4)	5		14	
Total comprehensive income (loss)	**397**	**1,054**	**(1,192)**	**2,004**	**(1,709)**
Shares					
Preferred class A stock (including one special share)	**138,575,913**	**138,575,913**	**138,575,913**	**138,575,913**	**138,575,913**
Common stock	**249,983,143**	**249,983,143**	**249,983,143**	**249,983,143**	**249,983,143**
Treasury stock (1)					
Beginning of the period	(4,719,405)	(4,719,635)	(4,719,921)	(4,719,651)	(4,715,261)
Acquisitions					(4,660)
Sales	52	230		298	
End of the period	**(4,719,353)**	**(4,719,405)**	**(4,719,921)**	**(4,719,353)**	**(4,719,921)**
	383,839,703	**383,839,651**	**383,839,135**	**383,839,703**	**383,839,135**

(1) As of September 30, 2003, 4,715,170 common shares and 4,183 preferred shares were held in treasury in the amount of US$ 88. The 4,715,170 common shares guarantees a loan given to our subsidiary Alunorte.

See notes to condensed consolidated financial information.

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Notes to the Condensed Consolidated Financial Information
Expressed in millions of United States dollars, unless otherwise stated (unaudited)

1 The Company and its operations

Companhia Vale do Rio Doce (CVRD) is a limited liability company, duly organized and existing under the laws of the Federative Republic of Brazil. Our operations are carried out through CVRD and its subsidiary companies, joint ventures and affiliates, and mainly consist of mining, non-ferrous metal production and logistics, as well as energy, aluminum and steel activities. Further details of our operations and those of our joint ventures and affiliates are described in Note 8.

The main operating subsidiaries we consolidate are as follows:

Subsidiary	% ownership	Head office location	Principal activity
Alumina do Norte do Brasil S.A - Alunorte	57	Brazil	Aluminum
CADAM S.A. (2) (4)	61	Brazil	Kaolin
CELMAR S.A. - Indústria de Celulose e Papel (3)	100	Brazil	Forestry
CVRD Overseas Ltd.	100	Cayman Island	Trading
Ferrovia Centro-Atlântica S.A. (4)	100	Brazil	Logistics
Ferteco Mineração S.A. - FERTECO (3)	100	Brazil	Iron ore and Pellets
Florestas Rio Doce S.A.	100	Brazil	Forestry
Itabira Rio Doce Company Ltd. - ITACO	100	Cayman Island	Trading
Mineração Serra do Sossego S.A. (1)	100	Brazil	Copper
Minerações Brasileiras Reunidas S.A. - MBR (2) (4)	85	Brazil	Iron ore
Navegação Vale do Rio Doce S.A. - DOCENAVE	100	Brazil	Shipping
Pará Pigmentos S.A.	76	Brazil	Kaolin
Rio Doce International Finance Ltd. - RDIF	100	Bahamas	International finance
Rio Doce Manganèse Europe - RDME	100	France	Ferroalloys
Rio Doce Manganese Norway - RDMN	100	Norway	Ferroalloys
Salobo Metais S.A. (1)	100	Brazil	Copper
SIBRA - Eletrosiderúrgica Brasileira S.A.	100	Brazil	Manganese and Ferroalloys
Urucum Mineração S.A.	100	Brazil	Iron ore, Ferroalloys and Manganese
Vale do Rio Doce Alumínio S.A. - ALUVALE	100	Brazil	Aluminum

(1) Development stage companies
(2) Through Caemi Mineração e Metalurgia S.A.
(3) Merged with CVRD as from August 29, 2003
(4) Consolidated as from September 1, 2003

2 Basis of consolidation

All majority-owned subsidiaries where we have both share and management control are consolidated, with elimination of all significant intercompany accounts and transactions. Investments in unconsolidated affiliates and joint ventures are reported at cost plus our equity in undistributed earnings or losses. Included in this category are certain joint ventures in which we have majority ownership but, by force of shareholders agreements, do not have effective management control. We provide for losses on equity investments with negative stockholders equity where applicable (see Note 8).

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

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

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3 Summary of significant accounting policies

Our condensed consolidated interim financial information as of September 30, 2003 for the three-month periods ended September 30, 2003, June 30, 2003, and September 30, 2002 and for the nine month periods ended September 30, 2003 and 2002 is unaudited. However, in our opinion, such condensed consolidated financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for interim periods. The results of operations for the nine-month period ended September 30, 2003 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2003.

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

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

Other current assets include $30 related to ships held for sale, at September 30, 2003.

4 Change in accounting practice

In June 2001, the FASB issued SFAS 143 - Accounting for Asset Retirement Obligations . We adopted SFAS 143 as from January 1, 2003, as a consequence an additional $26 for asset retirement obligations was recorded as Others - long-term liabilities , a net increase of $11 in mine development costs was registered within Property, plant and equipment and a resulting change of $10 was registered as Change in Accounting Practice for Asset Retirement Obligations on the Statement of Income, net of income tax ($15 gross of deferred income tax). Over time the liabilities will be accreted for the change in their present value and initial capitalized costs will be depleted over the useful lives of the related assets.

5 Recently-issued accounting pronouncements

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

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

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

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

6 Income taxes

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

	Nine months ended September 30 - %	
	2003	**2002**
Federal income tax	25	25
Social contribution	9	9
Composite tax rate	**34**	**34**

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

	Three months ended			Nine months ended September 30,	
	September 30, 2003	June 30, 2003	September 30, 2002	2003	2002
Income before income taxes, equity results and minority interests	**388**	**610**	**(185)**	**1,357**	**11**
Federal income tax and social contribution expense at statutory enacted rates	(132)	(207)	63	(461)	(4)
Adjustments to derive effective tax rate:					
Tax benefit on interest attributed to stockholders	107	59	47	229	90
Exempt foreign income (expenses)	9	(26)	82	(33)	174
Tax incentives	8	40		48	2
Valuation allowance	4		(43)	13	(37)
Other non-taxable gains (losses)	4	(26)	23	(27)	33
Adjustment to reflect expected annual effective tax rate			(24)		
Federal income tax and social contribution expense in consolidated statements of income		**(160)**	**148**	**(231)**	**258**

We have certain tax incentives relative to our iron ore and manganese operations in Carajás and relative to alumina in Barcarena. The incentives relative to iron ore and manganese comprise full income tax exemption on defined production levels up to 2005 and partial exemption up to 2013. Both incentives relative to alumina expires in 2010. An amount equal to the tax saving must be appropriated to a reserve account within stockholders equity and may not be distributed in the form of cash dividends.

7 Inventories

	September 30, 2003	December 31, 2002
Finished products		
Iron ore and pellets	168	86
Manganese and ferroalloys	62	51
Alumina	20	15
Others	26	12
Spare parts and maintenance supplies	229	128
	505	**292**

8 Investments in affiliated companies and joint ventures, unless otherwise stated

	September 30, 2003				Investments		Goodwill	
	Participation in capital (%)		Net equity	Net income for the period	September 30, 2003	December 31, 2002	September 30, 2003	December 31, 2002
	voting	total						
Steel								
Usinas Siderúrgicas de Minas Gerais S.A USIMINAS	22.99	11.46	270	296	31			
Companhia Siderúrgica de Tubarão - CST (1)	24.93	28.02	307	101	86	27		
California Steel Industries Inc. - CSI	50.00	50.00	204	2	102	107		
SIDERAR (costs $15) - available for sale investments	4.85	4.85			62	30		
					281	164		
Aluminum and bauxite								
Mineração Rio do Norte S.A. - MRN	40.00	40.00	418	53	167	162		
Valesul Alumínio S.A. - VALESUL	54.51	54.51	96	14	52	39		
Alumínio Brasileiro S.A. - ALBRAS	51.00	51.00	197	183	101			
Alumina do Norte do Brasil S.A. - ALUNORTE (Consolidated as from September 30, 2002, after acquisition of control)	62.09	57.03						
					320	201		
Iron ore and pellets					&n			