

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.

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

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

(Check One) Yes No

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

(Check One) Yes No

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

(Check One) Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82- .

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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

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PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 F RJ

Ivan Michael Clark

CRC 1MG061100/O-3 S RJ

Table of Contents**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.

Table of Contents**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

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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.

Table of Contents**Condensed Consolidated Statement of Income**

In millions of United States Dollars, except as otherwise stated

	Notes	(unaudited)			
		Three-month period ended 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.

Table of Contents**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.

Table of Contents**Condensed Statement of Changes in Stockholders' Equity**

In millions of United States Dollars

	Capital	Results in the translation of shares	Mandatorily convertible notes	Revenue reserves	Treasury stock	Six-month period ended (unaudited)			Retained earnings	Total Company stockholders' equity	Noncontrolling stockholders' equity
						Unrealized fair value gain (losses)	Results from operation with noncontrolling stockholders	Cumulative translation adjustments			
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

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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.

Table of Contents**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.

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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.

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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 Stockholders' 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:

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

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	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 stockholders' 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)	
		Effect of changes in IAS 19	Adjusted balance
June 30, 2012			
Effect of changes			
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

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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

Statement of income	Six-month period ended (unaudited) June 30, 2012		
	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.

Table of Contents**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 fertilizers, 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

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	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.

Table of Contents**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	