

Vale S.A.
Form 6-K
July 31, 2014
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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

July, 2014

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

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(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, 2014

BR GAAP

Filed with the CVM, SEC and HKEx on

July 31, 2014

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Report on the review of quarterly information - ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil, rules of the CVM and of the International Financial Reporting Standards - IFRS)

To

The Board of Directors and Stockholders of

Vale S.A.

Rio de Janeiro - RJ

Introduction

We have reviewed the individual and consolidated interim accounting information of Vale S.A. (the Company), included in the quarterly information form - ITR for the quarter ended June 30, 2014, which comprises the balance sheet as of June 30, 2014 and the respective statements of income and comprehensive income for the three-month and six-month periods ended on June 30, 2014 and the respective statements of changes in stockholders' equity and of cash flows for the six-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of the individual interim accounting information in accordance with the Accounting Pronouncement CPC 21(R1) - Interim Statement and consolidated interim accounting information in accordance with CPC 21(R1) and the international accounting rule IAS 34 - Interim Financial Reporting, issued by the IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of quarterly information - ITR. Our responsibility is to express our conclusion on this interim accounting information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and International Interim Information Review Standards (*NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries primarily of the management

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responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly less than an audit conducted in accordance with auditing standards and, accordingly, it did not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the individual interim accounting information

Based on our review, we are not aware of any fact that might lead us to believe that the individual interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with CPC 21(R1), applicable to the preparation of the quarterly review - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

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Conclusion on the consolidated interim accounting information

Based on our review, we are not aware of any fact that might lead us to believe that the consolidated interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, applicable to the preparation of the quarterly review - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Statements of added value

We have also reviewed the individual and consolidated interim information of added value for the six-month period ended June 30, 2014, prepared under the responsibility of the Company's Management, for which presentation is required in the interim information in accordance with the standards issued by the CVM applicable to the preparation of quarterly information - ITR, and considered as supplementary information by IFRS, which does not require the presentation of the statements of added value. These statements were submitted to the same review procedures described previously and, based on our review, we are not aware of any fact that might lead us to believe that they were not prepared, in all material respects, in accordance with the individual and consolidated interim accounting information, taken as a whole.

Previous year and quarters accounting information

The individual and consolidated interim accounting information corresponding to the year ended December 31, 2013 and to the quarters ended March 31, 2014 and 2013 and June 30, 2013 presented for comparison purposes, were previously audited and reviewed by other independent auditors who issued reports dated February 26, 2014, April 30, 2014, April 24, 2013 and August 7, 2013, respectively, without any qualification.

Rio de Janeiro, July 28, 2014

KPMG Auditores Independentes

CRC SP-014428/O-6 F-RJ

(Original report in portuguese signed by)

Manuel Fernandes Rodrigues de Sousa

Table of Contents**Condensed Balance Sheet**

In millions of Brazilian Reais

	Notes	Consolidated June 30, 2014 (unaudited)	December 31, 2013	Parent Company June 30, 2014 (unaudited)	December 31, 2013
Assets					
Current assets					
Cash and cash equivalents	7	15,560	12,465	1,264	3,635
Derivative financial instruments	23	503	471	389	378
Accounts receivable	8	9,185	13,360	22,645	14,167
Related parties	30	1,521	611	1,961	1,684
Inventories	9	10,981	9,662	3,572	3,287
Prepaid income taxes		2,237	5,563	2,039	4,629
Recoverable taxes	10	3,939	3,698	2,328	2,295
Advances to suppliers		503	292	94	130
Receivable from sale of investment	6c)	2,000		2,000	
Others		1,623	2,159	668	906
		48,052	48,281	36,960	31,111
Non-current assets held for sale and discontinued operation	6	1,672	8,822	1,672	7,051
		49,724	57,103	38,632	38,162
Non-current assets					
Related parties	30	232	253	823	864
Loans and financing agreements receivable		522	564	100	192
Judicial deposits	17	3,595	3,491	3,009	2,888
Recoverable income taxes		927	899		
Deferred income taxes	19	9,670	10,596	6,723	7,418
Recoverable taxes	10	789	668	398	258
Derivative financial instruments	23	435	329	45	
Deposit on incentive and reinvestment		472	447	443	418
Others		1,741	1,730	202	159
		18,383	18,977	11,743	12,197
Investments	11	11,251	8,397	117,440	123,370
Intangible assets, net	12	15,886	16,096	15,486	15,636
Property, plant and equipment, net	13	188,332	191,308	74,648	70,705
		233,852	234,778	219,317	221,908
Total		283,576	291,881	257,949	260,070

Table of Contents**Condensed Balance Sheet**

In millions of Brazilian Reais

(continued)

	Notes	Consolidated June 30, 2014 (unaudited)	December 31, 2013	Parent Company June 30, 2014 (unaudited)	December 31, 2013
Liabilities					
Current liabilities					
Suppliers and contractors		8,209	8,837	4,606	3,640
Payroll and related charges		2,262	3,247	1,521	2,228
Derivative financial instruments	23	932	556	680	435
Loans and financing	15	3,966	4,158	3,170	3,181
Related parties	30	482	479	6,870	6,453
Income Taxes Settlement Program	18	1,155	1,102	1,132	1,079
Taxes and royalties payable		1,305	766	594	356
Provision for income taxes		719	886		
Employee postretirement obligations	20	227	227	62	52
Asset retirement obligations	16	357	225	89	90
Others		1,370	985	294	756
		20,984	21,468	19,018	18,270
Liabilities directly associated with non-current assets held for sale and discontinued operation	6		1,050		
		20,984	22,518	19,018	18,270
Non-current liabilities					
Derivative financial instruments	23	2,101	3,496	2,023	3,188
Loans and financing	15	61,805	64,819	31,826	32,896
Related parties	30	390	11	30,610	32,013
Employee postretirement obligations	20	4,498	5,148	455	464
Provisions for litigation	17	3,306	2,989	2,330	2,008
Income taxes Settlement program	18	15,403	15,243	15,088	14,930
Deferred income taxes	19	7,406	7,562		
Asset retirement obligations	16	5,967	5,969	1,966	1,856
Stockholders Debentures	29(b)	4,806	4,159	4,806	4,159
Redeemable noncontrolling interest		625	646		
Gold stream transaction	28	3,222	3,508		

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Others	2,519	3,692	2,031	1,940
	112,048	117,242	91,135	93,454
Total liabilities	133,032	139,760	110,153	111,724
Stockholders equity	24			
Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,027,172,718 (in 2013 - 2,108,579,618) issued	29,879	29,475	29,879	29,475
Common stock - 3,600,000,000 no-par-value shares authorized and 3,217,188,402 (in 2013 - 3,256,724,482) issued	47,421	45,525	47,421	45,525
Treasury stock - 59,405,792 (in 2013 - 140,857,692) preferred and 31,535,402 (in 2013 - 71,071,482) common shares	(2,746)	(7,838)	(2,746)	(7,838)
Results from operations with noncontrolling stockholders	(840)	(840)	(840)	(840)
Results on conversion of shares	50	50	50	50
Unrealized fair value gain (losses)	(2,451)	(2,815)	(2,451)	(2,815)
Cumulative translation adjustments	10,149	15,527	10,149	15,527
Retained earnings and revenue reserves	66,334	69,262	66,334	69,262
Total company stockholders equity	147,796	148,346	147,796	148,346
Noncontrolling interests	2,748	3,775		
Total stockholders equity	150,544	152,121	147,796	148,346
Total liabilities and stockholders equity	283,576	291,881	257,949	260,070

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

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

In millions of Brazilian Reais, except as otherwise stated

	Notes	(unaudited)			
		Three-month period ended		Six-month period ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Continuing operations					
Net operating revenue	25	22,084	22,109	44,493	43,335
Cost of goods sold and services rendered	26	(13,566)	(12,232)	(26,738)	(23,040)
Gross profit		8,518	9,877	17,755	20,295
Operating (expenses) income					
Selling and administrative expenses	26	(528)	(646)	(1,195)	(1,349)
Research and evaluation expenses		(355)	(321)	(699)	(665)
Pre operating and stoppage operation		(589)	(951)	(1,175)	(1,700)
Other operating expenses, net	26	(364)	(485)	(870)	(723)
		(1,836)	(2,403)	(3,939)	(4,437)
Impairment of non-current assets		(1,730)		(1,730)	
Operating income		4,952	7,474	12,086	15,858
Financial income	27	2,702	1,769	5,832	3,038
Financial expenses	27	(2,831)	(8,778)	(5,633)	(10,714)
Equity results from associates and joint venture	11	542	104	1,001	446
Results on sale of investments from associates and joint ventures		(39)		(39)	
Net income before income taxes		5,326	569	13,247	8,628
Income taxes					
	19				
Current tax		(1,229)	(539)	(3,420)	(2,724)
Deferred tax		(1,007)	711	(1,153)	1,039
		(2,236)	172	(4,573)	(1,685)
Income from continuing operations		3,090	741	8,674	6,943
Loss attributable to noncontrolling interests		(97)	(68)	(422)	(182)
Net income attributable to the Company's stockholders		3,187	809	9,096	7,125
Discontinued Operations					
Loss from discontinued operations			23		(92)
Net loss attributable to the Company's stockholders			23		(92)
Net income		3,090	764	8,674	6,851
Loss attributable to noncontrolling interests		(97)	(68)	(422)	(182)

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Net income attributable to the Company's stockholders	3,187	832	9,096	7,033
Earnings per share attributable to the Company's stockholders:				
Basic and diluted earnings per share:	24			
Preferred share (in Brazilian reais)	0.62	0.16	1.77	1.36
Common share (in Brazilian reais)	0.62	0.16	1.77	1.36

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

Table of Contents**Condensed Statement of Income of Parent Company**

In millions of Brazilian Reais, except as otherwise stated

	Notes	(unaudited)			
		Three-month period ended		Six-month period ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net operating revenue		13,700	15,180	29,734	28,566
Cost of goods sold and services rendered	26	(5,922)	(5,236)	(11,887)	(9,784)
Gross profit		7,778	9,944	17,847	18,782
Operating (expenses) income					
Selling and administrative expenses	26	(301)	(376)	(623)	(762)
Research and evaluation expenses		(191)	(169)	(380)	(379)
Pre operating and stoppage operation		(91)	(284)	(195)	(529)
Equity results from subsidiaries	11	(2,569)	(1,084)	(4,684)	(955)
Other operating expenses, net	26	(435)	(127)	(773)	(355)
		(3,587)	(2,040)	(6,655)	(2,980)
Operating income		4,191	7,904	11,192	15,802
Financial income	27	2,378	1,722	5,315	2,872
Financial expenses	27	(2,374)	(8,352)	(4,660)	(9,725)
Equity results from associates and joint venture	11	542	104	1,001	446
Results on sale of investments from associates and joint ventures		(39)		(39)	
Net income before income taxes		4,698	1,378	12,809	9,395
Income taxes					
	19				
Current tax		(937)	(392)	(2,975)	(2,463)
Deferred tax		(574)	(154)	(738)	101
		(1,511)	(546)	(3,713)	(2,362)
Net income attributable to the Company's stockholders		3,187	832	9,096	7,033
Earnings per share attributable to the Company's stockholders:					
Basic and diluted earnings per share:					
	24				
Preferred share (in Brazilian reais)		0.62	0.16	1.77	1.36
Common share (in Brazilian reais)		0.62	0.16	1.77	1.36

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

Table of Contents**Condensed Statement of Comprehensive Income**

In millions of Brazilian Reais

	Consolidated (unaudited)			
	Three-month period ended		Six-month period ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net income	3,090	764	8,674	6,851
Other comprehensive income				
Item that will not be reclassified subsequently to income				
Retirement benefit obligations				
Gross balance for the period	183	(399)	238	(327)
Effect of taxes	(40)	130	(46)	123
Equity results from associates and joint ventures, net taxes			3	
	143	(269)	195	(204)
Total items that will not be reclassified subsequently to income	143	(269)	195	(204)
Item that will be reclassified subsequently to income				
Cumulative translation adjustments				
Gross balance for the period	(1,325)	7,608	(5,472)	5,290
Unrealized loss on available-for-sale investments				
Gross balance for the period		(176)		(582)
Cash flow hedge				
Gross balance for the period	158	(109)	145	(238)
Effect of taxes	(16)	21	(8)	31
Equity results from associates and joint ventures, net taxes	5	(11)	6	(5)
Transfer of realized results to income, net of taxes	(34)	(35)	(71)	(1)
	113	(134)	72	(213)
Total items that will be reclassified subsequently to income	(1,212)	7,298	(5,400)	4,495
Total comprehensive income	2,021	7,793	3,469	11,142
Comprehensive income attributable to noncontrolling interests	(159)	200	(613)	(6)
Comprehensive income attributable to the Company's stockholders	2,180	7,593	4,082	11,148

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	Parent company (unaudited)			
	Three-month period ended		Six-month period ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net income	3,187	832	9,096	7,033
Other comprehensive income				
Item that will not be reclassified subsequently to income				
Retirement benefit obligations				
Gross balance for the period	(65)	(306)	(127)	(465)
Effect of taxes	22	103	43	157
Equity results from entities, net taxes	186	(66)	279	104
	143	(269)	195	(204)
Total items that will not be reclassified subsequently to income	143	(269)	195	(204)
Item that will be reclassified subsequently to income				
Cumulative translation adjustments				
Gross balance for the period	(1,263)	7,340	(5,281)	5,114
Unrealized loss on available-for-sale investments				
Equity results from entities, net taxes		(176)		(582)
Cash flow hedge				
Equity results from entities, net taxes	113	(134)	72	(213)
Total items that will be reclassified subsequently to income	(1,150)	7,030	(5,209)	4,319
Total comprehensive income	2,180	7,593	4,082	11,148

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

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Condensed Statement of Changes in Stockholders' Equity

In millions of Brazilian Reals

	Six-month period ended									
	Capital	Results on conversion of shares	Results from operation with noncontrolling stockholders	Revenue reserves	Treasury stock	Unrealized fair value gain (losses)	Cumulative translation adjustments	Retained earnings	Total Company stockholders' equity	Noncontrolling stockholders' interests
December 31, 2012	75,000	50	(840)	78,450	(7,838)	(4,176)	9,002	16	149,664	3,245
Net income								7,033	7,033	(182)
Other comprehensive income:										
Retirement benefit obligations						(204)			(204)	
Cash flow hedge						(213)			(213)	
Unrealized fair value results						(582)			(582)	
Translation adjustments						(240)	5,354		5,114	176
Contribution and distribution to stockholders:										
Capitalization of noncontrolling stockholders advances										20
Redeemable noncontrolling stockholders interest										61
Dividends to noncontrolling stockholders										(101)
Dividends and interest on capital to Company's stockholders								(4,453)	(4,453)	
June 30, 2013 (unaudited)	75,000	50	(840)	78,450	(7,838)	(5,415)	14,356	2,596	156,359	3,219

December 31, 2013	75,000	50	(840)	69,262	(7,838)	(2,815)	15,527		148,346	3,775
Net income								9,096	9,096	(422)
Other comprehensive income:										
Retirement benefit obligations						195			195	
Cash flow hedge						72			72	
Translation adjustments						97	(5,378)		(5,281)	(191)
Contribution and distribution to stockholders:										
Acquisitions and disposal of noncontrolling stockholders										(553)
Capitalization of reserves	2,300			(2,300)						
Capitalization of noncontrolling stockholders advances										150
Cancellation of treasury stock				(5,092)	5,092					
Dividends to noncontrolling stockholders										(11)
Dividends and interest on capital to Company's stockholders								(4,632)	(4,632)	
June 30, 2014 (unaudited)	77,300	50	(840)	61,870	(2,746)	(2,451)	10,149	4,464	147,796	2,748

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

Table of Contents**Condensed Statement of Cash Flow**

In millions of Brazilian Reais

	Consolidated (unaudited)			
	Three-month period ended June 30, 2014	June 30, 2013	Six-month period ended June 30, 2014	June 30, 2013
Cash flow from continuing operating activities:				
Net income from continuing operations	3,090	741	8,674	6,943
Adjustments to reconcile net income with cash from continuing operations				
Equity results from associates and joint ventures	(542)	(104)	(1,001)	(446)
Results on sale investments from associates and joint controlled entities	39		39	
Loss on disposal of property, plant and equipment	394	85	694	240
Impairment on non-current assets	1,730		1,730	
Depreciation, amortization and depletion	1,990	2,147	4,401	4,163
Deferred income taxes	1,007	(711)	1,153	(1,039)
Foreign exchange and indexation, net	(320)	1,389	(1,022)	750
Unrealized derivative losses, net	(629)	2,193	(1,087)	2,168
Stockholders Debentures	598	170	647	506
Other	(24)	180	17	49
Decrease (increase) in assets:				
Accounts receivable	(412)	2,050	3,550	2,890
Inventories	324	916	(1,747)	219
Recoverable taxes	922	(207)	2,703	(226)
Other	115	(133)	272	255
Increase (decrease) in liabilities:				
Suppliers and contractors	126	463	166	(215)
Payroll and related charges	457	399	(963)	(884)
Taxes and contributions	174	184	(49)	144
Gold stream transaction				2,899
Other	173	125	193	(461)
Net cash provided by operating activities from continuing operations	9,212	9,887	18,370	17,955
Net cash provided by (used in) operating activities from discontinued operations		37		(68)
Net cash provided by operating activities	9,212	9,924	18,370	17,887
Cash flow from continuing investing activities:				
Short-term investments		321	3	(318)

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Loans and advances	343	(183)	116	(134)
Guarantees and deposits	(36)	(37)	(112)	(86)
Additions to investments	(170)	(219)	(456)	(586)
Additions to property, plant and equipment and intangible assets	(6,047)	(5,358)	(11,680)	(12,417)
Dividends and interest on capital received from associates and joint ventures	464	553	490	553
Proceeds from disposal of fixed assets\ Investments	709		709	190
Proceeds from Gold stream transaction				1,161
Net cash used in investing activities from continuing operations	(4,737)	(4,923)	(10,930)	(11,637)
Net cash used in investing activities from discontinued operations		(476)		(874)
Net cash used in investing activities	(4,737)	(5,399)	(10,930)	(12,511)
Cash flow from continuing financing activities:				
Loans and financing				
Additions	21	1,913	1,573	2,171
Repayments	(529)	(1,320)	(1,226)	(2,134)
Repayments to stockholders:				
Dividends and interest on capital paid to stockholders	(4,632)	(4,453)	(4,632)	(4,453)
Dividends and interest on capital attributed to noncontrolling interest		(23)		(23)
Net cash used in financing activities from continuing operations	(5,140)	(3,883)	(4,285)	(4,439)
Net cash provided by financing activities from discontinued operations		182		182
Net cash used in financing activities	(5,140)	(3,701)	(4,285)	(4,257)
Increase (decrease) in cash and cash equivalents	(665)	824	3,155	1,119
Cash and cash equivalents of cash, beginning of the period	16,252	12,197	12,465	11,918
Effect of exchange rate changes on cash and cash equivalents	(27)	105	(60)	89
Cash and cash equivalents, end of the period	15,560	13,126	15,560	13,126
Cash paid during the period for (i):				
Interest on loans and financing	(769)	(736)	(1,838)	(1,610)
Income taxes	(147)	(778)	(526)	(2,418)
Non-cash transactions:				
Additions to property, plant and equipment - interest capitalization	377	82	413	319

(i) Amounts paid are classified as cash flows from operating activities

Table of Contents**Condensed Statement of Cash Flow**

In millions of Brazilian Reais

	Parent company (unaudited) Six-month period ended	
	June 30, 2014	June 30, 2013
Cash flow from operating activities:		
Net income from continuing operations	9,096	7,033
Adjustments to reconcile net income with cash from continuing operations		
Equity results from entities	3,683	509
Loss on disposal of property, plant and equipment	187	205
Depreciation, amortization and depletion	1,544	1,198
Deferred income taxes	738	(101)
Foreign exchange and indexation, net	(3,036)	4,360
Unrealized derivative losses, net	(977)	1,744
Dividends and interest on capital received from subsidiaries	19	723
Stockholders' Debentures	647	507
Other	(62)	(112)
Decrease (increase) in assets:		
Accounts receivable	(8,397)	1,863
Inventories	(139)	628
Recoverable taxes	2,474	72
Other	345	477
Increase (decrease) in liabilities:		
Suppliers and contractors	1,206	(527)
Payroll and related charges	(707)	(679)
Taxes and contributions	290	(152)
Other	(446)	(1,231)
Net cash provided by operating activities	6,465	16,517
Cash flow from investing activities:		
Short-term investments	3	21
Loans and advances	923	326
Guarantees and deposits	(197)	(93)
Additions to investments	(1,384)	(3,893)
Additions to property, plant and equipment and intangible assets	(6,186)	(7,052)
Dividends and interest on capital received from associates and joint ventures	490	553
Proceeds from disposal of fixed assets\ Investments	709	
Net cash used in investing activities	(5,642)	(10,138)
Cash flow from continuing financing activities:		
Loans and financing		
Additions	3,213	2,399
Repayments	(1,775)	(2,763)
Repayments to stockholders:		

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Dividends and interest on capital paid to stockholders	(4,632)	(4,453)
Net cash used in financing activities	(3,194)	(4,817)
Increase (decrease) in cash and cash equivalents	(2,371)	1,562
Cash and cash equivalents of cash, beginning of the period	3,635	688
Cash and cash equivalents, end of the period	1,264	2,250
Cash paid during the period for (i):		
Interest on loans and financing	(1,573)	(1,517)
Income taxes	(60)	(1,966)
Non-cash transactions:		
Additions to property, plant and equipment - interest capitalization	75	13

(i) Amounts paid are classified as cash flows from operating activities

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

Table of Contents**Condensed Statement of Added Value**

In millions of Brazilian Reais

	Six-month period ended (unaudited)			
	Consolidated June 30, 2014	June 30, 2013	Parent Company June 30, 2014	June 30, 2013
Generation of added value from continued operations				
Gross revenue				
Revenue from products and services	45,310	44,138	30,177	29,168
Other revenue	486	283	383	360
Revenue from the construction of own assets	11,680	13,121	6,186	6,691
Allowance for doubtful accounts	(7)	12	10	(6)
Less:				
Acquisition of products	(1,975)	(1,421)	(570)	(360)
Outsourced services	(14,002)	(10,747)	(7,961)	(7,369)
Materials	(4,798)	(9,043)	(2,511)	(2,651)
Oil and gas	(1,964)	(1,795)	(1,297)	(1,098)
Energy	(641)	(624)	(319)	(358)
Freight	(3,543)	(2,622)		
Impairment of non-current assets	(1,730)			
Other costs and expenses	(3,939)	(3,936)	(1,048)	(1,998)
Gross added value	24,877	27,366	23,050	22,379
Depreciation, amortization and depletion	(4,401)	(4,163)	(1,544)	(1,198)
Net added value	20,476	23,203	21,506	21,181
Received from third parties				
Equity results	1,001	446	(3,683)	(509)
Financial income	606	485	436	446
Monetary and exchange variation of assets	(774)	878	(720)	1,136
Total added value to be distributed from continued operations	21,309	25,012	17,539	22,254
Added value to be distributed from discontinued operations		493		
Total added value to be distributed	21,309	25,505	17,539	22,254
Personnel	4,460	3,687	2,218	1,727
Taxes, rates and contribution	3,016	3,316	2,498	2,698
Current income tax	3,420	2,724	2,975	2,463
Deferred income tax	1,153	(1,039)	738	(101)
Financial expense (includes capitalized interest)	2,959	4,227	2,446	3,213
Monetary and exchange variation of liabilities	(3,047)	4,882	(3,318)	4,683
Other remunerations of third party funds	674	272	886	538
	9,096	7,125	9,096	7,033

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Net income from continued operations attributable to controlling interest				
Net loss attributable to noncontrolling interest	(422)	(182)		
Distribution of added value from continued operations	21,309	25,012	17,539	22,254
Distribution of added value from discontinued operations		493		
Distribution of added value	21,309	25,505	17,539	22,254

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

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Selected Notes to Condensed Consolidated Interim Financial Statements

Expressed in millions of Brazilian Reais, unless otherwise stated

1. Operational Context

Vale S.A. (the Parent Company) is a public company headquartered at 26, Av. Graça Aranha, Rio de Janeiro, Brazil with securities traded on the Brazilian (BM&F BOVESPA), New York (NYSE), Paris (NYSE Euronext) and Hong Kong (HKEx) stock exchanges.

Vale S.A. and its direct and indirect subsidiaries (Vale , Group , Company or we) are 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. The Company also operates in the segments of energy and steel. The information by segment is presented in Note 25.

2. Summary of the Main Accounting Practices and Accounting Estimates

a) Basis of presentation

The consolidated condensed financial statements of the Company (Interim Financial Statements) have been prepared in accordance with the IAS 34 of International Financial Reporting Standards (IFRS), related to CPC 21 issued by the Brazilian Accountant Pronouncements Committee (CPC) and approved by the Brazilian Securities Exchange Commission (CVM) and Brazilian Federal Accounting Council (CFC).

The individual interim financial statements of the Parent Company (individual financial statements) has been prepared in accordance with accounting practices adopted in Brazil (BR GAAP) issued by CPC and approved by CVM and CFC, and they are disclosed with the consolidated interim financial statements.

In the Group, the accounting practices adopted in Brazil applicable to the individual interim financial statements differ from IFRS applicable to separate financial statements, only for the measurement of investments at equity method in subsidiaries, joint ventures and associates, as under the rules of IFRS would be the cost or fair value.

The condensed consolidated interim financial statements have been prepared under the historical cost convention as adjusted to reflect: (i) the fair value of held for trade financial instruments measured at fair value through the Statement of Income and also available for sale financial instruments measured at fair value through the Statement of Comprehensive Income; and (ii) the impairment loss.

These condensed consolidated interim financial statements have been reviewed, not audited. However, principles, estimates, accounting practices, measurement methods and standards adopted are consistent with those presented on the financial statements for the year ended December 31, 2013, except as otherwise disclosed. These condensed consolidated interim financial statements were prepared by Vale to update users about relevant information presented in the period and should be read in conjunction with the financial statements for the year ended December 31, 2013.

We evaluated subsequent events through July 30, 2014, which was the date of the condensed consolidated interim financial statement were approved by the Board of Directors.

b) Functional currency and presentation currency

The condensed consolidated interim financial statements of each of the 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 (BRL or R\$). For presentation purposes, these condensed consolidated financial statements are presented in Brazilian Real.

Operations in other currencies are translated into the functional currency of each entity using the actual exchange rates in force on the respective transactions dates. The foreign exchange gains and losses resulting from the translation at the exchange rates in force at the end of the period are recognized in the Statement of Income as financial expense or income. The exceptions are transactions for which gains and losses are recognized in the Statement of Comprehensive Income.

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Statement of 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) Assets, liabilities and Stockholders' equity (except components described in item (iii)) for each Balance Sheet presented are translated at the closing rate at the Balance Sheet date; (ii) income and expenses for each Statement of Income are translated at the average exchange rates, except for specific transactions that, considering their significance, are translated at the rate at the transaction date and; (iii) capital, capital reserves and treasury stock are translated at the rate at the dates of each transaction. All resulting exchange differences are recognized in a separate component of the Statement of Comprehensive Income, the Cumulative Translation Adjustment account, and subsequently transferred to the Statement of Income when the assets are realized.

The exchange rates of the major currencies that impact our operations against the functional currency were:

	Exchange rates used for conversions in Brazilian Reais			
	Exchange rate on		Average rate for the six-months period ended	
	June 30, 2014 (unaudited)	December 31, 2013	June 30, 2014 (unaudited)	June 30, 2013 (unaudited)
US Dollar - US\$	2.2025	2.3426	2.2974	2.0333
Canadian Dollar - CAD	2.0634	2.2031	2.0954	2.0013
Australian Dollar - AUD	2.0761	2.0941	2.1008	2.0618
Euro - EUR or	3.0150	3.2265	3.1485	2.6694

3. Critical Accounting Estimates

The critical accounting estimates are the same as those adopted in preparing the interim financial statements for the year ended December 31, 2013, with the exception of the following standards and interpretations adopted in 2014 (as described in Note 4).

4. Accounting Standards

a) Standards, interpretations or amendments issued by the IASB and effective from January 1, 2014

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 does not terminate or expire a derivative financial instrument replaces their original counterparty to become the new counterparty to each of the parties as consequence of law or regulation. This standard had no material effect on these financial statements.

IFRIC 21 Levies In May 2013 IASB issued an interpretation about the recognition of a government imposition (levies). We adopted this standard beginning January 1, 2014. This standard had no material effect on these financial statements.

Recoverable Amount Disclosures for Non-Financial Assets In May 2013 IASB issued an amendment to IAS 36 Impairment of Asset that clarifies the IASB intention about the disclosure of non financial assets impairment. This standard had no material effect on these financial statements.

a) **Standards, interpretations or amendments issued by the IASB in the period and effective after January 1, 2014**

Accounting for Acquisitions of Interests in Joint Operations In May 2014 the IASB issued an amendment to IFRS 11 - Joint Arrangements, to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The adoption of the amendment will be required from January 1, 2016 and we are analyzing potential impacts regarding this update on our financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation In May 2014 the IASB issued an amendment to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets, established the pattern of consumption of an asset's expected future economic benefits as acceptable methods of depreciation and amortization of assets. The IASB clarifies that the use of methods based on revenues to calculate depreciation of an asset and also to measure the consumption of the economic benefits embodied in an intangible asset, are not appropriate. The adoption of the amendment will be required from January 1, 2016 and we are analyzing potential impacts regarding this update on our financial statements.

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IFRS 15 Revenue from Contracts with Customers - In May 2014 the IASB issued IFRS 15 statement - Revenue from Contracts with customers, sets out the requirements for revenue recognition that apply to all contracts with customer (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments), and replaces the current pronouncements IAS 18 - revenue, IAS 11 - Construction contracts and interpretations related to revenue recognition. The principle core in that framework is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The adoption will be required from January 1, 2017 and is worth analyzing potential impacts regarding this pronouncement on our financial statements.

5. Risk Management

During the period there was no significant change in relation to risk management policies disclosed in the financial statements for the year ended December 31, 2013.

6. Non-current assets and liabilities and held for sale

Described below assets and liabilities held for sale and discontinued operations reclassified during the period:

	June 30, 2014 (unaudited)			Consolidated		December 31, 2013	
	Energy	Vale Florestar	Total	General Cargo - Logistic	Energy	Total	
Assets held for sale and discontinued operation							
Accounts receivable				330		330	
Other current assets				634		634	
Investments	203	177	380		186	186	
Intangible, net				3,951		3,951	
Property, plant and equipment, net	1,292		1,292	2,406	1,315	3,721	
Total assets	1,495	177	1,672	7,321	1,501	8,822	
Liabilities associated with assets held for sale and discontinued operation							
Suppliers and contractors				198		198	
Payroll and related charges				144		144	

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Other current liabilities				262		262
Other non-current liabilities				446		446
Total liabilities				1,050		1,050
Assets and liabilities from discontinued operation	1,495	177	1,672	6,271	1,501	7,772

a) **Vale Florestar**

In June 2014, informs that it has signed an agreement with a subsidiary of Suzano Papel e Celulose (Suzano), a company that produces eucalyptus pulp, for the sale of its entire stake in Vale Florestar Fundo de Investimento em Participações (FIP Vale Florestar) for R\$205.

The completion of this transaction is subject to fulfillment of conditions precedent and approvals, including by the Conselho Administrativo de Defesa Econômica (CADE).

The loss of this transaction, of R\$39 was recorded in the income statement in the line Results on sale investments from associates and joint controlled entities .

Table of Contents**b) Energy Generation Assets**

In December 2013, the company signed agreements with CEMIG Geração e Transmissão S.A. (CEMIG GT), as follow : (i) to sell 49% of it stakes of 9% over Norte Energia S.A.(Norte Energia), company in charge of the construction, operation and exploration of Belo Monte Hydroelectric facility (Belo Monte), and (ii) to create a joint venture named Aliança Geração de Energia S/A (Aliança) to be constituted by Vale and CEMIG through contribution of the holdings to the following power generation assets: Porto Estrela, Igarapava, Funil, Capim Branco I and II, Aimorés and Candonga. No cash will be disbursed as part of the transaction. Vale and CEMIG GT will hold respectively 55% and 45% of the new company, which will supply energy to Vale operations, previously guaranteed by its own generation plant, ensured by a long-term contract.

The operation above is still pending of approval from Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica or ANEEL). The assets were transferred to assets held for sale with no impact in the Statement of Income.

c) General Cargo Logistic

At the end of 2013, Vale entered to an agreement to dispose of control over its subsidiary VLI S.A. (VLI), which aggregates all operations of the General cargo logistic segment. As a consequence, beginning on January 1, 2014, the investment in VLI has been accounted as an investment in associate (Note 11).

In April 2013, Vale finalized the sale of its 35,9% stake in VLI capital to Mitsui & Co and to Fundo de Garantia de tempo de Serviço (FGTS) for the amount of R\$2,709 of, which R\$2,000 was settled through capital contribution directly in VLI. The amount of 26,5% to be received of the Brookfield Asset Management, on amount of R\$2,000, is recorded on our Balance Sheet as Receivable from sale of investment , awaiting approvals from the relevant government agencies.

7. Cash and Cash Equivalents

	Consolidated		Parent Company	
	June 30, 2014 (unaudited)	December 31, 2013	June 30, 2014 (unaudited)	December 31, 2013
Cash and bank accounts	5,430	3,649	31	28
Short-term investments	10,130	8,816	1,233	3,607
	15,560	12,465	1,264	3,635

Cash and cash equivalents includes cash, immediately redeemable deposits net and short-term investments with an insignificant risk of changes in value, part in Brazilian Real, indexed to the Brazilian Interbank Interest rate (DI Rate or CDI) and part denominated in US Dollar, mainly time deposits.

8. Accounts Receivables

Consolidated

Parent Company