BR GAAP

BOVESPA: VALE3, VALE5
NYSE: RIO, RIOPR
LATIBEX: XVALO, XVALP

www.cvrd.com.br
rio@cvrd.com.br

Investor Relations Department

Roberto Castello Branco
Barbara Geluda
Daniela Tinoco
Eduardo Mello Franco
Rafael Azevedo
Rafael Campos
Tel: (5521) 3814-4540

2Q03

Companhia Vale do Rio Doce

PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN THE SECOND QUARTER OF 2003

The financial and operational information contained in this press release, except otherwise indicated, refers to the Parent Company and was calculated in accordance with generally accepted Brazilian accounting procedures (Brazilian GAAP). This information, with the exception of that referring to investment and market behaviour, is based on the quarterly financial statements, which have been reviewed by independent auditors.

Rio de Janeiro, 13 August 2003 – Companhia Vale do Rio Doce (CVRD) has reported net earnings of R$ 1.275 billion for the second quarter of 2003 (2Q03), corresponding to R$ 3.32 per share, the second highest quarterly profit in the history of CVRD, only surpassed by the results posted in 4Q02, of R$ 1.541 billion. Return on shareholders' equity (ROE) amounted to an annualized 35.9%.

Earnings in the first half of 2003 (1H03) amounted to R$ 2.439 billion, higher than the earnings recorded in the same period a year earlier (1H02), of R$ 718 million.

Gross operating revenues in the second quarter amounted to R$ 2.206 billion, up 19.7% compared to 2Q02. In 1H03 revenues amounted to R$ 4.724 billion, 37.2% higher than in the same period last year of R$ 3.444 billion.

CVRD's consolidated exports in the second quarter amounted to US$ 947 million, totalling US$ 1.747 billion for the first half of the year. Exports thus showed an increase of 9.9% compared to 1H02. CVRD's net consolidated exports (exports minus imports) in 1H03 amounted to US$ 1.551 billion, which corresponded to 14.9% of Brazil's trade surplus in this period, of US$ 10.397 billion.

Equity income amounted to R$ 151 million compared to R$ 406.7 million in 2Q02. Most of this was from aluminum operations, which contributed R$ 266.9 million.

Cash generation, as measured by EBITDA (earnings before interest, tax, depreciation and amortization), amounted to R$ 983 million, up 28.2% compared to 2Q02. The increase in revenues generated by higher sales volumes and the impact of the depreciation of the USD against the BRL and dividends received from subsidiaries and affiliates were the main factors behind the growth in cash generation.

EBITDA accumulated in 1H03 amounted to R$ 2.131 billion, up 42.9% on 1H02.

Sales of iron ore and pellets amounted to 36.428 million tons, practically the same as that posted in 2Q02, of 36.330 million. In 1H03 shipments amounted to 72,819 million tons, up 4% in relation to those in 1H02.

CVRD has been operating at full capacity, at the same time carrying out various investments in mining and logistics, which will permit faster expansion in shipment capacity from 2004. To this end, in the first quarter of next year Pier III at the maritime terminal of Ponta da Madeira should begin operations, while at the same time production from the iron ore mines at Carajás should be up to 70 million tons a year, an increase of 14 million tons on its current nominal capacity. Given the much faster growth in demand for iron ore than expected, the Company is aiming to bringing forward the completion of the expansion project at Carajás by almost a year.

The Gongo Soco mine, part of the Southern System, resumed operations after the problems that occurred in 1Q03, producing iron ore at an annual rate of 3.6 million tons.

The volume of general cargo (cargo except iron ore and pellets) transported in 2Q03 constituted a quarterly record, despite the fact that only part of the Company's locomotive and railcar orders have been met until now. CVRD's railroads – Vitória a Minas and Carajás –transported in 2Q03 4.298 billion net ton kilometers (ntk) of general cargo, up 17.6% in relation to 2Q02. In 1H03 CVRD's railroads transported 7.687 billion ntk, against 7.056 billiob in 1H02.

The Centro - Atlântica Railroad (FCA), operated by CVRD, also set a new quarterly record, with the transport of 2.602 billion ntk of general cargo, up 15.5% on the figure obtained in 2Q02, of 2.253 billion. In 1S03 FCA transported 4.835 billion ntk, up 18.4% yoy.

The Company's ports and maritime terminals shipped 7.411 million tons in 2Q03, compared to 7.007 million in 2Q02. In 1H03 cargo transported for clients reached 13 million tons, growth of 4.1% in relation to the first half of 2002.

Investments by the Parent Company in 2Q03 amounted to US$ 389.7 million, bringing total investments in the first half of the year to US$ 587.6 million. Around half of this amount was spent in the development of new mines (iron ore and copper), in the expansion of capacity of existing mines (iron ore and potash), in the expansion of logistics capacity and in the construction of hydroelectric power plants.

The Company's performance in 2Q03 showed itself to be extremely solid and consistent with the aim of maximizing value over the long term and also reflected the quality with which strategies were implemented in all areas of the business.

SELECTED FINANCIAL INDICATORS

million R$

	2Q 02	1Q 03	2Q 03
Gross Operating Revenues	1,843	2,518	2,206
Gross Margin (%)	45.2	48.4	42.9
EBITDA	766	1,148	983
EBITDA Margin (%)	43.5	47.5	46.4
Net Earnings	85	1,164	1,275
ROE (annualized) (%)	2.8	35.0	35.9
Investments (US$ million) *	216	198	390

*including acquisitions

ROE = return on equity = net earnings / equity

Iron ore and pellet prices

During May, negotiations with clients were completed for the setting of iron ore and pellet reference prices for the year 2003. Due to the extraordinary growth in demand, an average price increase was obtained of approximately 9.0% for the various types of iron ore and 9.8% for blast furnace pellets.

The reference prices for iron ore are at their highest levels in nominal terms since 1992. At the same time, there was a recovery in the premium commanded in the price of blast furnace pellets relative to iron ore fines, which returned to the level seen in 2001, of around US$20 cents per iron unit.

Strategic focus, profitable growth and value creation

Investments

At the beginning of July, Rio Doce Manganese Norway (RDMN), CVRD's wholly owned subsidiary located in Mo I Rana, Norway, began operations. After the investment in the overhaul of its electric furnaces, environmental protection and improvements to its safety systems in the workplace, RDMN began production of manganese ferro-alloys, with an annual capacity of 110,000 tons. The plant is supplied with ultra-fine manganese ore from the Azul mine located in Carajás, and benefits from relatively low electricity costs.

Expansion of bauxite and alumina production capacity represents important leveraging in the generation of value for CVRD's shareholders, bearing in mind the Company's sustainable competitive advantages. These advantages are due to the Company's considerable reserves of high-quality bauxite, its efficient logistics system and an alumina refinery with low conversion and capacity expansion costs.

The construction of stage 3 at the alumina refinery of Alunorte, increasing annual capacity from 1.6 million to 2.4 million tons, and an increase in bauxite production capacity at Mineração Rio do Norte from 11.0 to 16.3 million tons per year were concluded this year.

At the end of July the Board of Directors of Alunorte, a subsidiary of CVRD, approved the construction of stages 4 and 5, which will increase capacity from 2.4 million to 4.2 million tons a year with an estimated investment of US$ 583 million. The new modules will use bauxite produced in Paragominas, a wholly owned CVRD mine in the state of Pará, currently under development. Both the mine and the expansion of the refinery are expected to begin operations in the first quarter of 2006.

The European Commission has authorized CVRD's proposal to acquire control of CAEMI, the world's fourth largest producer of iron ore. After the conclusion of the transaction to buy 50% of the ordinary shares and 40% of the preferred shares of CAEMI for US$ 426.4 million, CVRD will hold 60.2% of this company's total capital, consolidating the group's global leadership in the iron ore market. CAEMI's results will be consolidated into the Company's financial statements in US GAAP (generally accepted accounting principles in the United States) starting in 3Q03.

Another important step in the ferrous mining business will be the consolidation of Ferteco into CVRD in 3Q03, allowing the extraction of further synergies between the two companies.

Divestiture

As part of the strategic directive for the divestment of assets that have no synergies with the Company's core businesses, the sale of two Docenave ships for US$ 36 million was finalised, resulting in an accounting profit of R$ 8 million. With the completion of this transaction, just three ships from Docenave's long haul fleet remain to be sold.

An agreement was signed with Yamana Resources Inc. for the purchase and sale of the Fazenda Brasileiro gold mine for US$ 20.9 million. CVRD continues to invest in mineral exploration aimed at discovering new gold deposits. On the other hand, with the exception of 118, all the Company's copper projects will produce gold as a by-product.

Financial Management

The Company successfully concluded two transactions in the international capital markets, raising a total of US$ 550 million.

The first involved the issue of notes backed by export receivables of iron ore and pellets amounting to US$ 250 million with a term of 10 years, a duration of 5.38 years, a grace period of two years, bearing a coupon of 4.43% p.a. payable quarterly and yield to maturity of 4.48% p.a. The issue received a guarantee from MBIA Insurance Corporation and obtained ratings of Aaa from Moody's, AAA from Standard & Poors and AAA from Fitch Ratings.

The second operation involved the issuance of a US$ 300 million unsecured bond for a term of 10 years, a duration of 6.77 years, carrying a coupon of 9.00% p.a. paid semi-annually, with an yield to maturity of 9.25% p.a. This issue had various characteristics that gave it all the hallmarks of success.

Firstly, it obtained a rating of Ba2 from Moody's, 3 notches higher than that awarded to Brazil's sovereign debt, B2. For the first time, a private-sector Brazilian company obtained a higher credit rating than the country itself.

Secondly, it had the longest term of any unsecured bond issued by a private-sector Brazilian company.

Thirdly, it is also the first time ever that a private-sector Brazilian company placed a bond issue offering a lower yield than the comparable securities issued by the sovereign. CVRD 2013 was placed with investors at a yield of 9.250% p.a., while the Brazil Global 2013 was trading at a yield of 12.582%.

The terms obtained for the two issues reflect the recognition by the global capital markets of CVRD's excellent credit quality. At the same time, the transactions are consistent with the Company's financial objective: lengthening the duration of its debt, and reducing refinancing risk, at the lowest cost available given the prevailing market conditions.

The operations were concluded in July and August 2003, and, therefore, will only be reflected in the 3Q03 financial statements.

SHORT-TERM OUTLOOK

Demand for iron ore has been extraordinary, greatly exceeding the expectations that prevailed at the beginning of this year. There are indications that the global seaborne iron ore market is facing its strongest demand pressure in the last 20 years.

In the first half of 2003, Chinese imports grew 42% in relation to the same period last year, reaching 72.5 million tons. This figure is already higher than the Chinese imports for the whole of 2000, which totalled 70 million tons. China has surpassed Japan as the world's largest importer of iron ore, given that imports to that country, although up by 5.4%, amounted to 66.4 million tons in 1H03.

Global production of crude steel, according to statistics from the International Iron and Steel Institute (IISI), increased by 8.2% in 1H03 compared to 1H02, with growth of 1.9% in the European Union, 3% in the United States, 5.2% in Japan, 2% in South Korea and 21% in China – which consequently has been the main driving force in the demand for iron ore. According to industry specialists, it is likely that global steel production in 2003 will reach around 950 million tons, which would mean a jump of 100 million tons from the level two years ago. This expansion in production has obviously translated into a substantial increase in demand for iron ore.

After a brief period of decline, between February and June this year, steel prices, according to the CRU steel price index, picked up in July. The differential in seaborne freight rates between Brazil-Asia and Australia-Asia has shown a modest increase of about US$ 8.50 per ton, indicating the strength of demand for iron ore and pellets, given that Asian countries - basically China, Japan, Taiwan and South Korea - account for approximately 65% of global seaborne imports.

The performance of the Chinese economy has been directly influenced by investments in infrastructure, foreign direct investment flows, exports of manufactured products and an increase in consumer spending on durable goods, especially cars. The growth in these various components explains why China is currently responsible for around 17% of the world's copper and aluminium consumption, 21% of global steel consumption and 23.3% of global seaborne imports of iron ore, and why growth in the Chinese economy causes a considerable impact on ore and metal markets.

The epidemic of Severe Acute Respiratory Syndrome (SARS) has been overcome and its impact on the performance of the Chinese economy seems to have been relatively small, with GDP growth slowing from 9.9% in 1Q03 to 6.7% in 2Q03. Therefore, GDP in that country is expected to continue to grow in the second half of this year at a similar rate to that seen in 1H03, of 8.2%, with a gradual convergence to 7% a year, with favourable repercussions on demand for minerals and metals.

Recent statistics on the behaviour of leading indicators are showing encouraging signs of a recovery in the global economy. GDP in the USA, which has led global economic growth since the mid Nineties, recorded growth rate of 2.4% a year in 2Q03, compared to estimates of 1.5% and annualised expansion rates of only 1.4% in each of the two previous quarters. This provoked an immediate reaction in the commodity markets: the price of copper rose to its highest level in the last 24 months and aluminium prices returned to levels last seen in March 2002. More vigorous global economic growth is expected in the next few quarters, which without doubt improves the outlook for the mining and metals markets.

Bearing in mind the plans to significantly expand steel production in China, it is likely that the current imbalance between the demand and supply of iron ore will persist for the next 18 months, despite capacity expansion projects in Brazil and Australia.

The alumina market has also been experiencing an imbalance between demand and supply, given that global consumption has been growing faster than production since the beginning of 2002. This process, principally due to a significant growth in imports into China, which in 1H03 amounted to 2.56 million tons compared to 1.9 million for the year 2000 as a whole, has caused a sharp rise in prices. On the spot market the alumina price has reached approximately 21% of the aluminium price on the London Metal Exchange (LME), compared to 11% on average for 2002.

The expected trend in global demand for alumina over the next few years is likely to mean continued supply pressure, which will tend to benefit players such as CVRD, which are investing in capacity expansion projects at an extremely competitive cost.

The rise in Brazil's exports, the increase in the Company's fleet of locomotives and wagons and the launching of new services for clients, are factors which lead us to be optimistic with regard to the cash generation capacity of CVRD's logistics businesses over the next 18 to 24 months.

FOCUS ON COST REDUCTION

In parallel to its routine controls and investments in power generation, CVRD has been developing various specific cost reduction initiatives. Among these, are the efforts to shorten the wagon turnaround cycle, reduce the consumption of fuel on the railroads, restructuring in the procurement department, the replacement of fuel oil by natural gas in the pellet plants, and the use of electricity and other fuels in the generation of steam in the alumina refinery.

One aim, for example, is to shorten the average time taken for an iron ore wagon for the journey to and from the mine and the port. Achieving this target would generate significant productivity gains, permitting the transportation of larger volumes of iron ore with less investment in equipment.

Alunorte is achieving the flexibility to, at any time, choose the cheapest energy source to generate the steam and to calcinate alumina.

The company is making greater use of auctions for the purchase of equipment via Quadrem, the global portal for the mining and metals industry. Processes and procedures are being revised, the register of suppliers is being reorganised and a ERP system (Enterprise Resource Planning) is being introduced, measures which will permit a cut in costs and make procurement more efficient.

The effects of these initiatives should materialize over the next few quarters..

REVENUES AND SALES VOLUME

Shipments of iron ore and pellets in 2Q03, of 36.428 million tons, did not show any increase in relation to 2Q02 and 1Q03. Sales in 1H03 amounted to 72.819 million tons compared to 69.993 million in 1H02, an increase of 4%.

CVRD has been operating at full capacity, expecting only modest sales growth this year. The pattern seen in rising demurrage costs mirrors the pressure of demand on production capacity and the Company's iron ore shipments: in 2Q03 this item amounted to of R$ 37 million, compared to R$ 19 million in 2Q02.

By the same token, during 2Q03 1.792 million tons of iron ore were purchased from smaller mining companies located at the iron ore quadrangle, in the State of Minas Gerais, bringing the total amount bought in 1H03 to 3.261 million tons.

However, as we have previously mentioned, the capacity expansion at Carajás is scheduled to come on stream in 1Q04. This, combined with the completion of Pier III at the maritime terminal of Ponta da Madeira due in the same quarter, the investments in locomotives and wagons, as well as the investment in decreasing ship loading time at the port of Tubarão, will place CVRD in a better position to exploit the increased global demand for iron ore of and pellets.

Iron ore fines accounted for 79.6% of shipments in 2Q03, lumps 8.5% and pellets 11.9%. The drop in pellet sales, from 5.084 million tons in 1Q03 to 4.326 million tons in 2Q03, is only due to temporary shipment scheduling.

Export markets accounted for approximately 74% of iron ore and pellet shipments in 2Q03, while 13% went to pelletizing joint ventures and 13% to customers in the domestic market. China, with 4.8 million tons, was the main export market for iron ore and pellets, accounting for 17.8% of the volume sold in the external markets. Japan was the next largest importer, with 4.1 million tons, followed by Germany with 2.8 million, France with 2.3 million and South Korea with 1.7 million. Asia accounted for 43.5% of exports, and Europe 39.4%.

Sales of potash totalled 149,000 tons, down 22.4% in relation to 2Q02. The Taquari-Vassouras mine operated slightly above its nominal capacity of 600,000 tons a year. In 2002 the sale of 731,000 tons was made possible by significantly drawing down on inventory. Potash is another area where the Company is facing excess demand, however CVRD is undertaking an investment to increase production capacity at the mine to 850,000 tons which has expected start up for the middle of 2005.

General cargo transported by the railroads – EFVM and EFC – amounted to 4.298 billion ntk, which set a new quarterly record, being an increase of 17.6% on 2Q02 and up 26.8% compared to 1Q03. Cargo handling for clients in CVRD's ports and maritime terminals amounted to 7.411 million tons, an increase of 5.8% on 2Q02 and up 31.8% on 1Q03.

A large part of the performance in logistics services can be explained by the Company's exploitation of opportunities provided by agricultural production, specially grains, a segment in which CVRD ships approximately 15% of the harvest destined for the export market, and by increased Brazilian steel production, up 8.4% in 1H03. Various initiatives in the process of being introduced, or already implemented, are enabling the Company to take advantage of growth potential in this line of business. Of particular note are contracts for the transport of soya, sugar for export, the launching of express train services, the development of new services for the transport of steel products and the fact that the Company has started to provide logistics management services for the industrial installations of various large Brazilian companies and multinationals.

All these initiatives, combined with the larger number of locomotives and wagons, mean that we can look forward to continuing expansion in CVRD's logistics activities.

SALES VOLUME			
			‘000 tons
	2Q 02	1Q 03	2Q 03
Iron ore and pellets	36,330	36,391	36,428
Iron Ore	32,289	31,307	32,102
Fines	28,648	28,157	29,001
Lumps	3,641	3,150	3,101
Pellets	4,041	5,084	4,326
Gold (troy ounce)	111,854	25,753	19,773
Potash	192	158	149
Port Services	7,007	5,624	7,411

RAILROAD TRANSPORTATION OF GENERAL CARGO			
			million ntk
	2Q 02	1Q 03	2Q 03
Vitória a Minas Railroad	2,807	2,727	3,311
Carajás Railroad	848	662	987
Total	**3,655**	**3,389**	**4,298**

IRON ORE AND PELLET SALES - PARENT COMPANY			
			million tons
DESTINATION	2Q 02	1Q 03	2Q 03
ASIA			
China	5.0	5.4	4.8
South Korea	1.1	1.6	1.7
Philippines	0.5	0.4	0.6
Japan	4.3	3.9	4.1
Taiwan	0.4	0.4	0.5
Total	**11.3**	**11.7**	**11.7**
EUROPE			
Germany	3.4	3.5	2.8
Spain	0.7	0.8	0.9
France	1.5	1.4	2.3
Italy	2.2	1.2	1.2
United Kingdom	0.4	0.5	0.6
Others	3.2	**3.2**	2.8
Total	**11.4**	**10.6**	**10.6**
THE AMERICAS			
Argentina	0.6	0.8	0.8
United States	1.0	1.0	0.8
Other	0.5	0.8	0.6
Total	**2.1**	**2.6**	**2.2**
Others			
Bahrein	0.5	0.5	0.4
Others	0.7	1.0	2.0
Total	**1.2**	**1.5**	**2.4**
TOTAL	**26.0**	**26.4**	**26.9**
DOMESTIC MARKET	2Q 02	**1Q 03**	2Q 03
Steel mills	5.7	5.1	4.6
Pelletizing joint ventures	4.6	5.0	4.8
Total	**10.3**	**10.1**	**9.4**
TOTAL	**36.3**	**36.5**	**36.3**

The Company's gross operating revenues amounted to R$ 2.206 billion in 2Q03, 83% of which was either denominated in, or indexed to, the US dollar. This was 19.7% higher than in 2Q02, but represented a drop of 12.4% in relation to 1Q03 due to the 16.9% appreciation of the Real.

Revenues obtained from sale of iron ore amounted to R$ 1.355 billion – 61.4% of the total - an increase of 21.3% compared to 2Q02, but down 12.8% in relation to 1Q03. Pellet sales generated revenues of R$ 375 million in 2Q03 – 17.0% of total revenue - an increase of 40.5% in relation to 2Q02 but down 24.4% on 1Q03, which was caused by volatility in the exchange rate and a drop in the volume shipped. In addition, revenues from services provided in the operation of the five pelletizing plants of the joint ventures at Tubarão amounted to R$ 32 million compared to R$ 23 million in 2Q02 and R$ 29 million in 1Q03.

Gross revenue from logistics services, of R$ 354 million, showed an increase of 30.1% on 2Q03 and were up 8.3% on 1Q03. The largest sources of revenue generation were the steel industry, representing 40% and agriculture with 30%.

Intermodal transport, although accounting for a very small percentage of the total - less than 5% of revenues generated by the transportation of general cargo - is the most dynamic segment, having seen a sixfold increase in revenue generation between 2Q02 and 2Q03. The focus of intermodal transport is on the shipmenet of cargo between industrial plants and distribution centres, using express trains and coastal shipping.

As a consequence of the drop in production, with the closure of the Igarapé Bahia mine and the Fazenda Brasileiro mine nearing exhaustion, revenues from gold sales amounted to just R$ 20 million, compared to R$ 89 million in 2Q02 and R$ 32 million in 1Q03. Potash sales, of R$ 63 million in 2Q03, were lower than those in 1Q03, of R$ 73 million as a result of exchange rate effects and a small drop in volume shipped from 158,000 to 149,000 tons.

GROSS REVENUES BY PRODUCT

million R$

	2Q 02	%	1Q 03	%	2Q 03	%
Iron Ore	**1,118**	**60.6**	**1,553**	**61.7**	**1,355**	**61.4**
Domestic Market	294	26.3	411	26.5	364	26.9
Export Market	824	73.7	1,142	73.5	991	73.1
Pellets	**267**	**14.5**	**496**	**19.7**	**375**	**17.0**
Domestic Market	48	17.9	90	18.1	64	17.0
Export Market	219	82.1	406	81.9	311	83.0
Railroad Transport	**204**	**11.1**	**259**	**10.3**	**270**	**12.2**
Port Services	**67**	**3.7**	**68**	**2.7**	**84**	**3.8**
Potash	**62**	**3.4**	**73**	**2.9**	**63**	**2.9**
Gold	**89**	**4.8**	**32**	**1.3**	**20**	**0.9**
Pelletizing Plants Operation Services	**23**	**1.2**	**29**	**1.1**	**32**	**1.5**
Others	**13**	**0.7**	**8**	**0.3**	**8**	**0.3**
Total	**1,843**	**100**	**2,518**	**100**	**2,206**	**100**

EARNINGS OF R$ 1.275 BILLION

Net earnings in 2Q03 amounted to R$ 1.275 billion, compared to the figure of R$ 85 million posted in 2Q02 and R$ 1.164 billion in 1Q03.

Factors behind the increase in earnings in relation to 2Q02

The significant growth in earnings in relation to 2Q02's result is due in large part to the significant impact of the exchange rate on the Company's net debt denominated in foreign currency. In 2Q02, due to the 22.4% appreciation of the US dollar against the Real, monetary variation caused a drop in profit of R$ 1.013 billion. In 2Q03, with the depreciation of the US dollar, these variations combined to boost profits by R$ 885 million. Furthermore, the increase of R$ 357 million in net operating revenues contributed to the good result in 2Q03.

The most significant factors that negatively affected net earnings in 2Q03 were: the increase of R$245 million in the cost of goods sold (COGS), the drop of R$256 million in the results from shareholdings, and the increase of R$532 million in the provision for the payment of income tax and social contribution.

The increase in COGS was caused by a rise in the cost of material of R$ 91 million, an increase of R$ 66 million in the cost of fuel oil and gases due to the increase in oil product prices, and greater spending on contracted services, up R$ 51 million. It should be pointed out that the rise in material costs is the result of changes in maintenance provision criteria adopted from 2H02.

The result from shareholdings amounted to R$ 151 million in 2Q03, compared to R$ 407 million in 2Q02. Subsidiaries and affiliates in the aluminum segment contributed with R$ 267 million, while logistics companies produced a negative result of R$ 178 million.

Albras posted profit of R$ 246.7 million in 2Q03, Alunorte R$ 151.4 million and MRN, R$ 75.2 million. In 2Q03 Alunorte's sales amounted to 537,000 tons of alumina, already reflecting the production ramp-up in module 3.

Companies in the ferrous minerals segment – iron ore, pellets, manganese and ferro-alloys – generated earnings of only R$ 7 million for the Parent Company. Monetary losses of R$239 million, due to the appreciation in the Real, experienced by subsidiaries abroad, partially offset the good performance of companies such as Samarco, which posted earnings of R$ 71 million, Ferteco with R$ 68 million, Kobrasco, R$ 18 million and GIIC, R$ 10 million. RDMN posted earnings of R$ 9 million, obtained through the sale of unconsumed electricity during the period when it was adapting its plant for the production of manganese alloys.

In the logistics area, the negative result was influenced by accounting adjustments made at FCA. As well as the amortization of goodwill of R$ 115 million and provision for losses of R$ 96 million.

Bearing in mind the future consolidation of FCA in CVRD's financial statements, it has sought to adapt its accounting procedures to those used by the Company and in line with the best international practices. In this way, there was a change in the way leasing and railway concessions were accounted for, which resulted in a negative accounting affect of some R$ 211 million, without any effect on cash flow.

In 2Q03 a provision of R$ 259 million for the payment of income tax and social was made, compared to the figure of R$ 200 million in 1Q03. The significant increase in taxation is a consequence of growth in taxable earnings being out of phase with the capacity for generating tax credits through the payment of interest on shareholder's equity.

RESULT FROM SHAREHOLDINGS BY BUSINESS AREA			
			million R$
Business Area	2Q 02	1Q 03	2Q 03
Ferrous Minerals			
Iron Ore and pellets	532	34	(3)
Manganese and Ferro-alloys	41	16	10
Non-ferrous Minerals	(40)	24	27
Logistics	(58)	(40)	(178)
Steel	57	65	15
Aluminum	(127)	221	267
Others	1	15	12
Total	**407**	**335**	**151**

COGS BREAKDOWN						
						million R$
	2Q 02	%	1Q 03	%	2Q 03	%
Personnel	130	13.5	120	9.6	124	10.2
Material	115	11.9	211	16.9	206	17.0
Fuel Oil and Gases	90	9.3	139	11.2	156	12.9
Energy	30	3.1	24	1.9	33	2.7
Contracted Services	118	12.2	123	9.9	169	14.0
Acquisition of products	250	25.9	386	31.0	263	21.7
Depreciation and Exhaustion	160	16.6	150	12.0	155	12.8
Others	73	7.5	93	7.5	106	8.7
Total	**966**	**100.0**	**1,248**	**100.0**	**1,211**	**100.0**

BEHAVIOR OF EBITDA

EBITDA generation amounted to R$983 million in 2Q03, an increase of 28.3% in relation to 2Q02, but lower than the figure of R$ 1.148 billion recorded in 1Q03. EBITDA margin amounted to 46.4%, higher than that posted in 2Q02, of 43.5% and slightly less than the 47.5% recorded in 1Q03.

EBITDA growth in relation to 2Q02

The main factors behind the increase in EBITDA in 2Q03 compared to 2Q02 were: (a) growth in net operating revenues of R$ 357 million; (b) an increase in dividends received from subsidiaries and affiliates of around R$ 133 million, which totalled R$ 185 million in 2Q03; (c) an adjustment for non-recurring items of R$ 36 million; and (d) a drop in administrative expenses of R$ 9 million.

In 2Q03, CVRD (Parent Company) received dividends from Samarco, of R$ 64.2 million, R$ 38.2 million from Florestas Rio Doce, R$ 26.4 million from Docenave, R$ 26.3 million from Aluvale, R$ 14.5 million from Urucum Mineração, R$ 5.6 million from Fosfértil, and R$ 9.9 million from various other companies.

An amount of R$36 million of pre-operational expenses for the São Luís pelletizing plant was booked as other operational expenses, being of a non-recurring nature. As this expense is a one time event, it is characterised as non recurring. Consequently, the EBITDA was adjusted in this amount.

Factors adversely affecting EBITDA growth were: a R$ 245 million increase in COGS and a rise of R$ 56 million in other operational expenses. This latter was determined principally by an increase of R$ 37 million in the provision for employee profit-sharing.

EBITDA CALCULATION			
			R$ million
	2Q 02	1Q 03	2Q 03
Net Operating Revenues	1,762	2,417	2,119
COGS	(966)	(1,248)	(1,211)
Sales Expenses	(35)	(52)	(45)
Administrative Expenses	(106)	(89)	(97)
Research & Development	(31)	(38)	(36)
Other Operational Expenses	(75)	(106)	(131)
EBIT	**548**	**884**	**600**
Depreciation and Amortization	166	161	163
Dividends Received	52	102	185
Adjustments for Non-recurring Items (asset write-off)	-	-	36
EBITDA	**766**	**1,148**	**983**

FINANCIAL STATEMENTS			
			million R$
	2Q 02	1Q 03	2Q 03
Gross Operating Revenues	1,843	2,518	2,206
Taxes	(82)	(101)	(87)
Net Operating Revenues	**1,762**	**2,417**	**2,119**
Cost of Goods Sold	(966)	(1,248)	(1.211)
Gross Earnings	**796**	**1,169**	**908**
Gross Margin (%)	45.2	48.4	42.9
Result from Shareholdings	**407**	**335**	**151**
Equity Income	626	419	370
Goodwill Amortization	(104)	(93)	(185)
Provision for Losses	(115)	10	(35)
Operating Expenses	**(247)**	**(285)**	**(308)**
Selling	(35)	(52)	(45)
Administrative	(106)	(89)	(97)
Research and Development	(31)	(38)	(36)
Other Operational Expenses	(75)	(106)	(131)
Financial Result	**(1,143)**	**145**	**783**
Financial Expenses	(190)	(185)	(164)
Financial Revenues	60	50	61
Monetary Variation	(1,013)	280	885
Operating Profit	**(187)**	**1,364**	**1,534**
Income Tax and Social Contribution	272	(200)	(259)
Net Earnings	**85**	**1,164**	**1,275**
Earnings per share (R$)	**0.22**	**3.03**	**3.32**

BALANCE SHEET			
			million R$
	2Q 02	1Q 03	2Q 03
Asset			
Current	4,552	4,787	4,127
Realisable Long Term	3,241	3,045	2,894
Fixed	17,032	20,080	20,774
Total	**24,825**	**27,913**	**27,796**
Liabilities			
Current	4,167	4,629	5,297
Demandable Long Term	8,532	9,991	8,310
Shareholders' Equity	12,126	13,293	14,188
Paid-up Capital	5,000	5,000	6,300
Reserves	7,126	8,293	7,888
Total	**24,825**	**27,913**	**27,796**

INVESTMENTS

Capital expenditure by CVRD in 2Q03 amounted to US$ 389.7 million, totalling US$ 587.6 million for the first half of the year.

US$ 189.3 million were spent on projects – 48.6% of the capital expenditure total - US$ 9.4 million being on iron ore mining in the Southern System, US$ 23.8 million on iron ore mining in the Northern System and US$ 41.5 million on logistics. US$ 87.5 million were allocated to the Sossego copper project and US$ 6.9 million to expanding the Taquari - Vassouras potash mine.

The main projects are detailed below:

Área	Project	Investment carried out in 1Q03	Investment carried out in 2Q03	Status
Ferrous Minerals	Enlarging iron ore production capacity in the Northern System	US$ 6.1 million	US$ 7.7 million	It is expected that the Northern System will be operating with a production capacity of 70 million tons in 1Q04, therefore managing to accelerate the expansion in production by approximately 12 months. Investment in the project is estimated at US$ 144.4 million, involving expenditure on the mine, railroad and port.
	Pier III of the Ponta da Madeira Maritime Terminal (PMMT)	US$ 2.1 million	US$ 2.8 million	Completion expected for January 2004. Project implementation is proceeding according to schedule and capex is estimated at US$ 33.3 million. Pier III will have a loading capacity of 18 million tons a year, enlarging the capacity of PMMT to 74 million tons a year.
	Brucutu iron ore mine – Southern System	US$ 146,000	US$ 296,000	First phase due for completion by 2006, when the mine will have a production capacity of 12 million tons a year. Works are proceeding according to schedule. Total investment is estimated at US$ 219.9 million, of which US$ 19.7 million is programmed for 2003.
	Fábrica Nova iron ore mine – Southern System	US$ 637,000	US$ 2.5 million	Completion estimated for 2005. 3.7% of the investment has already been carried out, and work is proceeding according to schedule. The Fábrica Nova mine is likely to have a capacity of 10 million tons a year by 2005, reaching 15 million by 2009. Total capital expenditure is budgeted at US$ 84.4 million, with programmed spending of US$ 39.6 million for 2003.
Non Ferrous Minerals	Sossego copper mine	US$ 40.5 million	US$ 87.5 million	Completion estimated for first half 2004. 55% of the total investment in the project has already been carried out, 78% of the undertaking having been completed. The first tests should begin in 3Q03. The project is slightly ahead of schedule.
	Expansion of Taquari – Vassouras Potash Mine	US$ 4.0 million	US$ 6.9 million	Completion estimated for mid 2005. 26% of the investment total for the project has been carried out. The project is on schedule. After the expansion, the mine's capacity will have been enlarged to 850,000 tons a year.
Logistics	Purchase of locomotives and wagons	US$ 18.9 million	US$ 35.3 million	Of the 2,010 wagons and 77 locomotives which will be purchased by the end of 2003, the Company has already received 950 wagons and 44 locomotives. Part of this equipment will be for the transport of general cargo and part for iron ore. 33.3% of the total investment estimated at US$ 162.9 million has already been made.
	Praia Mole MaritimeTerminal (Phases I & II)	US$ 707,000	US$ 1.5 million	Phase I was completed in April 2003. After the completion of Phase II (scheduled for 2Q04) the terminal's handling capacity will be 14.5 million tons a year. Total investment is budgeted at US$ 20.9 million.
Power Generation	Aimorés Hydroelectric Plant	US$ 6.4 million	US$ 7.6 million	Full operation postponed to October 2004, in view of the delay in the relocation of a local community, due to questions of legal nature. The construction of the plant is proceeding on schedule. The plant itself will be completed within the original timetable, but will not be able to generate electricity as the water reservoir will not be full.
	Candonga Hydroelectric plant	US$ 6.7 million	US$ 5.4 million	Completion scheduled for November 2003. 90% of the project's total estimated investment of US$ 40.1 million, has already been carried out. Implementation of the project is proceeding as scheduled.

Expenditure on maintenance and environmental protection in 2Q03 amounted to US$47.4 million, representing 12.1% of the total.

Capital infusions amounted to US$ 79.9 million – 20.5% of the total invested – for CFN, FCA, Celmar, Compañia Minera Andino Brasileira (CMAB) and Compañia Minera Latino Americana (CMLA). CMAB and CMLA being mineral exploration companies located in Chile and Peru, respectively. The injection into Celmar went to pay off loans.

The purchase of shares issued by CST, amounting to US$ 58 million, accounted for 14.9% of the investment made in the quarter.

Expenditure on mineral exploration and technological research amounted to US$ 8.6 million. US$ 6.5 million were spent on information technology, US$ 3 million of which was on the implementation of the ERP system.

Of the total invested in 2Q03, the non-ferrous mineral area accounted for 26.8%, logistics 20.3% and the ferrous minerals division, 18.1%.

INVESTMENTS - 2Q03					
By business area	**US$ million**	**%**	**By category**	**US$ million**	**%**
Ferrous Minerals	70.7	18.1%	Capital infusions	79.9	20.5%
Logistics	79.1	20.3%	Maintenance &Environmental Protection	47.4	12.1%
Non-ferrous Minerals	104.4	26.8%	Projects	189.3	48.6%
Power Generation	16.0	4.1%	Mineral Exploration and Technological Research	8.6	2.2%
Others	119.4	30.7%	Information Technology	6.5	1.7%
			Acquisitions	58.0	14.9%
Total	**389.7**	**100%**	**Total**	**389.7**	**100%**

IRON ORE AND PELLETS – FINANCIAL INDICATORS - NOT REVIEWED			
			million R$
HISPANOBRAS	**2Q 02**	**1Q 03**	**2Q 03**
Quantity Sold (‘000 tons)	836	905	890
Export Markets	356	268	625
Domestic Market	480	637	265
Average Price (US$/ton)	31.56	29.75	36.33
Net Revenues	59	94	93
Cost of Goods Sold	(56)	(81)	(85)
Net Financial Result	6	(4)	(7)
Net Earnings	2	4	8
Gross Margin (%)	5.1	13.8	8.6
EBITDA	-	14	17
EBITDA Margin (%)	-	14.9	18.3
NIBRASCO	**2Q 02**	**1Q 03**	**2Q 03**
Quantity Sold (‘000 tons)	2,257	1,800	1,847
Export Markets	686	469	513
Domestic Market	1,571	1,331	1,334
Average Price (US$/ton)	31.36	27.75	27.03
Net Revenues	164	175	147
Cost of Goods Sold	(144)	(167)	(153)
Net Financial Result	(4)	1	2
Net Earnings	6	3	(5)
Gross Margin (%)	12.2	4.6	(4.1)
EBITDA	19	10	(3)
EBITDA Margin (%)	11.6	5.7	(2.0)
Gross Debt (US$ million)	4	3	2
- Short Term	2	2	2
- Long Term	2	1	-
ITABRASCO	**2Q 02**	**1Q 03**	**2Q 03**
Quantity Sold (‘000 tons)	702	813	843
Export Markets	533	306	778
Domestic Market	169	507	65
Average Price (US$/ton)	28.30	29.54	35.25
Net Revenues	50	86	91
Cost of Goods Sold	(48)	(73)	(76)
Net Financial Result	9	(3)	(5)
Net Earnings	5	3	6
Gross Margin (%)	4.0	15.1	16.5
EBITDA	-	10	13
EBITDA Margin (%)	-	11.6	14.3
Gross Debt (US$ million)			
- Short Term	17	5	-

IRON ORE AND PELLETS – FINANCIAL INDICATORS - NOT REVIEWED			
			million R$
KOBRASCO	2Q 02	1Q 03	2Q 03
Quantity Sold ('000 tons)	1,012	1,134	1,128
Export Markets	534	453	667
Domestic Market	478	681	461
Average Price (US$/ton)	29.30	30.39	30.35
Net Revenues	72	117	102
Cost of Goods Sold	(67)	(94)	(88)
Net Financial Result	(78)	18	50
Net Earnings	(49)	18	35
Gross Margin (%)	6.9	19.7	13.7
EBITDA	5	16	8
EBITDA Margin (%)	6.9	13.7	7.8
Gross Debt (US$ million)			
- Long Term	143	124	102
SAMARCO	2Q 02	1Q 03	2Q 03
Quantity Sold ('000 tons)	3,436	3,988	4,277
Average Price (US$/ton)	28.78	27.59	30.98
Net Revenues	239	361	371
Cost of Goods Sold	(115)	(163)	(166)
Net Financial Result	(95)	-	25
Net Earnings	(19)	139	142
Gross Margin (%)	51.9	54.8	55.3
EBITDA	105	197	131
EBITDA Margin (%)	43.9	54.6	35.3
Gross Debt (US$ million)	267	179	188
- Short Term	180	123	138
- Long Term	87	56	50

IRON ORE AND PELLETS – FINANCIAL INDICATORS - NOT REVIEWED			
			million R$
FERTECO	**2Q 02**	**1Q 03**	**2Q 03**
Quantity Sold (‘000 tons)	3,545	4,879	4,426
Export Market – Iron Ore	2,713	3,503	2,917
Domestic Market - Iron Ore	832	1.376	1.509
Average Price (US$/ton)	14.70	13.87	13.67
	-	-	-
Quantity Sold (‘000 tons)	1,234	856	1,175
Export Market - Pellets	736	358	514
Domestic Market - Pellets	498	498	661
Average Price (US$/ton)	27.05	29.62	31.82
Net Revenues	195	311	299
Cost of Goods Sold	(128)	(181)	(150)
Net Financial Result	(44)	(8)	7
Net Earnings	(10)	89	111
Gross Margin (%)	34.4	41.8	49.8
EBITDA	63	123	158
EBITDA Margin (%)	32.3	39.5	52.8
Gross Debt (US$ million)	146	92	77
- Short Term	58	10	-
- Long Term	88	82	77
GIIC* (US$ ‘000)	**2Q 02**	**1Q 03**	**2Q 03**
Quantity Sold (‘000 tons)	676	772	1,178
Export Market	676	772	1,178
Average Price (US$/ton)	40.30	41.00	43.30
Net Revenues	77	100	140
Cost of Goods Sold	(67)	(78)	(106)
Net Financial Result	-	(1)	(1)
Net Earnings	6	12	20
Gross Margin (%)	13.0	22.0	24.3
EBITDA	8	16	24
EBITDA Margin (%)	10.4	16.0	17.1
Gross Debt (US$ million)			
- Long Term	40	35	35

* Financial indicators calculated according to the standards of the IASC (International Accounting Standards Committee)

MANGANESE AND FERRO-ALLOYS – FINANCIAL INDICATORS - NOT REVIEWED			
			million R$
SIBRA (Consolidated)	2Q 02	1Q 03	2Q 03
Quantity Sold - Ferro Alloys (‘000 tons)	78	67	79
Export Market	39	30	40
Domestic Market	39	37	38
Average Price (US$/ton)	445.72	536.68	606.47
Quantity Sold - Manganese (‘000 tons)	247	241	382
Export Market	212	147	306
Domestic Market	35	94	76
Average Price (US$/ton)	46.32	42.65	42.93
Net Revenues	106	142	171
Cost of Goods Sold	(69)	(84)	(93)
Net Financial Result	(4)	(11)	(19)
Net Earnings	22	18	25
Gross Margin (%)	34.9	40.8	45.6
EBITDA	34	41	57
EBITDA Margin (%)	32.1	28.9	33.3
Gross Debt (US$ million)	46	57	64
- Short Term	28	37	25
- Long Term	18	20	39

ALUMINUM – FINANCIAL INDICATORS – ADJUSTED AND NOT REVIEWED			
			million R$
MRN	**2Q 02**	**1Q 03**	**2Q 03**
Quantity Sold (‘000 tons)	2,611	2,196	3,512
Export Markets	790	711	958
Domestic Market	1,821	1,485	2,554
Average Price (US$/ton)	18.34	19.23	18.98
Net Revenues	111	140	184
Cost of Goods Sold	(61)	(69)	(89)
Net Financial Result	(32)	-	(11)
Net Earnings	8	59	75
Gross Margin (%)	45.0	50.7	51.6
EBITDA	59	80	124
EBITDA Margin (%)	53.2	57.1	67.4
Gross Debt (US$ million)	109	113	199
- Short Term	19	44	134
- Long Term	90	69	65
ALUNORTE	**2Q 02**	**1Q 03**	**2Q 03**
Quantity Sold (‘000 tons)	410	490	537
Export Market	175	289	303
Domestic Market	235	201	234
Average Price (US$/ton)	165.72	172.03	173.68
Net Revenues	174	292	273
Cost of Goods Sold	(134)	(218)	(218)
Net Financial Result	(198)	44	137
Net Earnings	(142)	102	151
Gross Margin (%)	23.0	25.3	20.1
EBITDA	49	83	68
EBITDA Margin (%)	28.2	28.4	24.9
Gross Debt (US$ million)			
- Long Term	455	482	494
ALBRAS	**2Q 02**	**1Q 03**	**2Q 03**
Quantity Sold (‘000 tons)	110	103	106
Export Market	108	99	102
Domestic Market	2	4	4
Average Price (US$/ton)	1,332.13	1,337.98	1,326.07
Net Revenues	366	480	423
Cost of Goods Sold	(223)	(285)	(271)
Net Financial Result	(332)	64	176
Net Earnings	(186)	223	247
Gross Margin (%)	39.1	40.6	35.9
EBITDA	150	196	157
EBITDA Margin (%)	41.0	40.8	37.1
Gross Debt (US$ million)	556	451	400
- Short Term	49	-	-
- Long Term	507	451	400

ALUMINUM – FINANCIAL INDICATORS – ADJUSTED AND NOT REVIEWED			
			million R$
VALESUL	2Q 02	1Q 03	2Q 03
Quantity Sold ('000 tons)	24	19	24
Export Market	12	9	15
Domestic Market	12	10	9
Average Price (US$/ton)	1,663.20	1,730.60	1,685.83
Net Revenues	93	108	112
Cost of Goods Sold	(72)	(69)	(89)
Net Financial Result	1	-	-
Net Earnings	15	27	3
Gross Margin (%)	22.6	36.1	20.5
EBITDA	23	35	14
EBITDA Margin (%)	24.7	32.4	12.5
Gross Debt (US$ million)	2	2	2
- Short Term	1	1	1
- Long Term	1	1	1