BR GAAP

Companhia Vale do Rio Doce

BOVESPA: VALE3, VALE5
NYSE: RIO, RIOPR
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PERFORMANCE OF COMPANHIA VALE DO RIO DOCE IN 2003

The financial and operational information contained in this press release, except otherwise indicated, was calculated in accordance with generally accepted accounting principles in Brazil (BR GAAP). As specifically indicated throughout the text, this information either refers to the financial statements of the Parent Company or the Consolidated financial statements. In the case of the Consolidated financial statements, in accordance with BR GAAP, the companies that are consolidated are those in which CVRD has effective control or shared control, as defined through a formal shareholders agreement. In the case of those companies in which CVRD holds definitive control, consolidation is carried out on a 100% basis, the difference between this figure and the percentage stake held by CVRD in the capital of a given subsidiary being discounted at the "minority interests" line. The main subsidiaries of CVRD are: Caemi, Alunorte, RDM, RDME, RDMN, Urucum Mineração, Pará Pigmentos, Docenave, Ferrovia Centro-Atlântica (FCA), Rio Doce Europa, Itaco, CVRD Overseas and Rio Doce International Finance. In the case of those companies where control is shared, the consolidation is carried out in proportion to the size of the stake that CVRD holds in the capital of each company. The main companies in which CVRD has shared control are: Albras, MRN, Valesul, Kobrasco, Nibrasco, Hispanobras, Itabrasco, GIIC and Samarco.

2003 - A RECORD YEAR

Rio de Janeiro, March 24, 2004 – Companhia Vale do Rio Doce obtained net earnings of R$ 4.509 billion in 2003, the equivalent of R$ 11.75 per share, the highest in the Company's history. This result was more than double of that reported in 2002 and 47.8% higher than the previous record achieved in 2001 of R$3.051 billion.

Consolidated cash generated, as measured by EBITDA (earnings before interest tax depreciation and amortization), amounted to R$ 7.765 billion, another record. EBITDA in 2003 showed an increase of 17.5% relative to 2002.

Return on equity (ROE) amounted to 30.2%, compared to 16% in 2002.

Various other records were beaten in 2003:

- Consolidated gross revenues amounted to R$ 20.219 billion, an increase of 32.4% on that reported in the previous year, of R$15.267 billion.

- Revenues from exports amounted to US$ 3.952 billion, representing a rise of 24.6%, compared to exports generated of US$ 3.173 billion in 2002.

- The Company's net exports (exports minus imports), totaled US$ 3.422 billion, accounting for 13.8% of Brazil's trade surplus in 2003.

- Sales volume of iron ore and pellets amounted to 186.812 million tons, an increase of 14.0% in relation to 2002.

- The sales of alumina made by Alunorte, of 2.275 million tons, represented a rise of 42.9% compared to 2002.

- Sales volume of manganese ferro-alloys of 512,000 tons, compared to 466,000 tons in 2002.

- Sales of kaolin totaled 731,000 tons, compared to 451,000 in 2002.

- The volume of general cargo transported for third parties by the railroads of CVRD (Vitória a Minas Railroad - EFVM, Carajás Railroad - EFC and Centro-Atlantic Railroad - FCA) totaled 26.3 billion net ton kilometers (ntk), an increase of 5.1% compared to 2002.

- Capital expenditure amounted to US$1.8 billion, carried out by CVRD Parent Company.

The good results reported by CVRD are due to the considerable increase in global demand for ore and metals, and the Company's strong commitment to the generation of shareholder value. This implies consistent execution of business strategy, with efforts being concentrated on maximizing the performance of existing assets, using discipline in the allocation of capital to organic growth projects and acquisitions and in cost of capital reduction.

The Company's cash generation has allowed it to finance its growth initiatives, each evaluated according to their own merit, and distribute a good level of dividends to its shareholders.

In 2003, the first year that saw implementation of the Dividend Policy, dividends of R$5.04 per share were paid, amounting to R$ 1.930 billion, compared to R$ 1.807 billion, or R$4.99 per share, in 2002.

The dividends distributed by CVRD in 2003 resulted in a dividend yield of 3.4% in US dollars. In the period from 1999 to 2003, the average dividend yield for the shares of CVRD amounted to 5.6%, the highest of the world's largest global mining and metals companies. Total shareholder return, measured in US dollars, amounted to 93.7% in 2003, the annual average for the period 1999-2003 being 40.2%.

In January 2004, Company's management proposed to its Board the payment of a minimum dividend for 2004, of US$ 1.43 per share, a total of US$ 550 million. The value proposed is consistent with the expected behavior of free cash flow, while maintaining CVRD's prudent levels of financial leverage.

The Parent Company carried out investments of US$ 1,819.2 million in 2003, R$ 502 million of which was spent on acquisitions. Expenditure on mineral exploration totaled US$ 69 million, with expenditure on projects amounting to US$ 784 million. Of the main projects carried out, of particular note were: the 14 million ton expansion in iron ore production capacity at Carajás, the completion of Pier III at Ponta da Madeira maritime terminal, the purchase of 101 locomotives and 2,986 wagons for the transport of iron ore and general cargo, and the development of the Sossego copper mine, which will begin operations in July 2004.

Performance highlights by the Parent Company in the fourth quarter of 2003

- Record gross revenues of R$ 2.877 billion.

- Record volume of iron ore and pellets shipments, of 44.8 million tons.
- EBITDA of R$ 1.239 billion, 8.9% lower than in 4Q02.
- Net earnings of R$ 792 million, R$ 2.06 per share, compared to R$1.541 billion reported in 4Q02.

RECENT RELEVANT EVENTS

In the last few months, negotiations were concluded which have important implications for CVRD's iron ore businesses. At the same time, the Company reinforced its commitment to good corporate governance practice and continued the streamlining of its operational structure. A 30-year bond was issued in the global capital markets and the substantial capex budget for 2004 has been approved.

- **Iron ore and pellet reference prices for 2004**

For the fourth year running, the Company led the process of price negotiations with the world's largest steel companies.

In January 2004, CVRD concluded negotiations with its clients for the setting of iron ore reference prices for the year 2004, resulting in an average increase of 18%, compared to those prices practiced in 2003.

In February, new pellet reference prices were implemented with the Company's clients, showing an average increase of 19%.

- **Long-term iron ore supply contracts**

In December, CVRD and Shanghai Baosteel Group Corporation (Baosteel), China's largest steel producer, signed a long-term contract for the supply of iron ore for a period of 10 years, from 2006 to 2016. This contract is in addition to that signed in October 2001, and determines that iron ore shipments made by CVRD will increase annually to satisfy the growing requirements of Baosteel, reaching 14 million tons a year from 2010. Given that the earlier contract already makes provision for annual shipments of 6 million tons, CVRD's sales of iron ore to Baosteel should reach 20 million tons from 2010 onwards.

In February 2004, CVRD signed another two important iron ore supply contracts. The contract with Corus, one of Europe's main steel companies, was extended for a period of 10 years and makes provision for the sale of 10 million tons a year, which will therefore mean that CVRD will become Corus' largest iron ore supplier. Currently, CVRD supplies approximately 5 million tons a year to Corus.

The contract with Arcelor, the world's largest steel producer, makes provision for the shipment of 20 million tons a year of iron ore fines and lumps for its plants in Europe, up to 2009. Neither the sale of pellets produced by Hispanobras – a Brazilian joint-venture between CVRD and Arcelor, nor CVRD's sale of iron ore and pellets to Arcelor's steelworks in Brazil, form part of this contract.

Long-term contracts result in closer relationships between the Company and its clients, providing them with guaranteed supplies of high-quality iron ore and pellets, while at the same time making it possible to develop solutions that create value for the steelmakers.

- **Steel slab project**

On February 2004, CVRD and Baosteel signed contracts with engineering companies to carry out a feasibility study for a joint-venture to build and operate an integrated steel plant in São Luís, in the state of Maranhão, for the production of 3.7 million tons of steel slabs a year. Preliminary estimates are for the plant to begin operations in 2007.

CVRD's strategic objective is to promote the development of semi-finished steel projects in Brazil, which show a clear comparative advantage in the production of these products, with a view to leveraging the Company's sales of iron ore and pellets. The Company may take minority shareholdings in these enterprises.

- **Corporate Governance**

In December, CVRD joined Bovespa’s “Program of Differentiated Corporate Governance Practices”, formally committing itself to following good corporate governance practices. This represented another demonstration of the Company's commitment to a transparent management model, ensuring that a balanced picture is presented to its shareholders, providing quick and efficient disclosure of information, as well as reflecting CVRD's respect for the rights of its investors.

- **Simplification of operational structure**

Continuing the process of simplifying its operational structure, in December CVRD absorbed the following companies into the Parent Company: Rio Doce Geologia e Mineração S.A. – Docegeo (Docegeo), Mineração Serra do Sossego S.A. (MSS), Vale do Rio Doce Alumínio S.A. – Aluvale (Aluvale) and Mineração Vera Cruz S.A. (MVC).

The object of this process is to reduce costs and increase transparency.

- **Issue of debt**

In January 2004, CVRD issued a 30-year US$ 500 million bond - CVRD 2034 . This issue is the longest-dated debt ever issued by a Brazilian company in international capital markets.

CVRD 2034 represents pure credit of the Company, being rated Ba2 by Moody´s Investor Service. The issue was placed in the market with a return to investor of 8.35% a year, 336 basis points over the yield offered by US Treasury bonds of similar duration.

- **Investment program for 2004**

In January, the Company announced an investment program of US$ 1.536 billion for 2004, with expenditure on growth – mineral exploration and projects, of US$ 1.075 billion, and “stay-in-business capex” – maintenance, modernization, environmental protection, and information technology – of US$ 461 million.

The amount allocated to greenfield and brownfield projects totaled US$ 1.011 billion. The most important initiatives involve: expanding production capacity of iron ore, bauxite, alumina and potash, completion of the Sossego copper project, starting development of project 118, power generation and the purchase of locomotives and wagons for the transport of iron ore and general cargo.

Investments in mineral exploration are estimated at US$ 78 million.

BUSINESS OUTLOOK

China continued to exercise a predominant influence in the minerals and metals markets in 2003. Demand for steel grew by 25%, having been satisfied through an increase of 21.2% in its domestic production – being the first time that a country has exceeded production of 200 million tons of crude steel a year – supplemented by importing 38 million tons of steel products. China's external purchases of refined copper were up by 17%, those of copper concentrate by 28% and those of alumina by 21%.

Global seaborne trade iron ore grew at an extraordinary rate in 2003 - 10.3% - totaling 537.1 million tons, an increase of 50 million tons in relation to the previous year — the largest expansion in seaborne trade ever. China was responsible for 72% of this increase, its imports expanding by 112 million tons in 2002 to 148 million last year. Western Europe increased its purchases by 5 million tons, Japan by 4 million - from 126 million to 130 million tons - the United States by 2 million and Argentina by 2 million.

The strong Chinese demand has altered the dynamics in the global iron ore market. In the last five years, seaborne trade has grown by an average rate of 5.2%, Chinese imports rising by 23.4% a year, accounting for 80% – 96 million tons – of the increase seen in the period. During the nineties, seaborne trade increased at a slower pace, averaging 3% a year between 1992 and 1999.

For 2004, we are estimating an increase in seaborne trade of 7.1%, which corresponds to an additional volume of approximately 40 million tons. This is likely to keep the iron ore industry working at full capacity, while at the same time maintaining existing pressure on the logistics system: railroads, ports and maritime transport. Demand for manganese and ferro-alloys, whose behavior is correlated to that of iron ore, is therefore likely to continue buoyant.

In the first two months in 2004, China imported 31.6 million tons of iron ore, an increase of 36.7%, compared to the same period in the previous year.

The combination of the synchronized recovery in the global economy, together with this performance by China, has without doubt contributed to maintaining buoyant demand for ores and metals. This effect, allied to the obstacles to short-term growth apparent in the supply of mineral products, suggests a relatively long upcycle in the sector, similar to that which occurred in the second half of the eighties.

In the case of China, there has been unprecedented growth in the demand for mineral and metals products, which has had significant implications on their price behavior in relation to those of manufactured products. The gains in productivity obtained from the revolution in information technology and China's emergence as a low-cost manufacturing platform for industrial products, as well as a large consumer of ores and metals, will tend to provoke a long-lasting change in relative prices.

Thus, in contrast to what has happened until recently, it is very likely that ore and metal prices will cease to exercise a deflationary effect on the global economy.

On the supply side, the mining and metals industry reacted to the Asian financial crisis of 1997 by cutting investment in capacity expansion and mineral exploration. We estimate that growth capex dropped by almost 50% in nominal terms, between 1997 and 2002.

Finally, the depreciation in the US dollar has a favorable effect on metals prices, particularly gold, copper and aluminum.

We believe that there is a structural imbalance between the demand and supply of various products, among which are: iron ore, alumina, and copper concentrate, which is impossible to correct in the short term. As a consequence, the medium-term scenario is likely to have a positive influence on the performance of CVRD, whose operational and investment costs are low.

The restrictions which are being applied by the Chinese government to the construction of steel plants and aluminum smelters, are not capable of reversing the current trend, only serving to alleviate the acute shortage of raw materials which would result from an excessive volume of investments.

The growth performance seen by CVRD's logistics services has seen relatively little correlation with Brazil's GDP growth, due to the existence of considerable pent-up demand. Continued expansion will tend to depend increasingly on investment in rolling stock, in order to enable existing demand to be met. The Company is making significant investments in logistics, with the recapitalization of FCA, and the recent orders placed for thousands of wagons and more than one hundred locomotives.

Agricultural production in Brazil has been expanding rapidly in the past few years, due to, among other factors, the growing use of fertilizer, whose consumption has increased at an average annual rate of 6%. With this, Brazil has been transformed into the world's fourth-largest consumer of this agricultural input. Consequently there is a strong demand for potash, a raw material used in the production of fertilizer, whose consumption amounted to 6.7 million tons in 2003. CVRD, Brazil's only producer of potash, is only capable of meeting 10% of the domestic demand, even with Taquari-Vassouras operating at above nominal capacity.

For 2004, the IBGE is predicting that Brazil's harvest will expand by 8%, therefore expected to reach 132 million tons - so signaling buoyant conditions for the potash market.

PERFORMANCE IN 2003 – CONSOLIDATED RESULT

SELECTED FINANCIAL INDICATORS - CONSOLIDATED		
		R$ million
	2002	2003
Gross Operating Revenues	15,267	20,219
Gross Margin (%)	47.9%	43.5%
Net Earnings	2,043	4,509
Net Earnings per Share (R$)	5.32	11.75
EBITDA	6,609	7,765
EBITDA Margin (%)	45.0%	39.9%
Operating Cash Flow	7,534	6,477
ROE (annualized) (%)	16.0%	30.2%
Exports (US$ million)	3,173	3,952
Gross Debt	14,706	14,096
Net Debt	10,435	12,004
Gross Debt / EBITDA	2.23	1.82

ROE= return on shareholders' equity = annualized net earnings in the quarter /shareholders' equity

- **Sales volumes and revenues**

In 2003, the volumes sold of almost all CVRD's products showed an increase on the previous year. The only exceptions were gold, due to the exhaustion of the Igarapé Bahia mine in June 2002 and the sale of the last mine in operation, Fazenda Brasileiro, and potash, which despite the record production of 658,000 tons, saw a drop in 2003, available stock being draw-down in 2002, so inflating the comparison in that year.

Once again, iron ore and pellet sales reached record levels, totaling 186.8 million tons, an increase of 14% compared to the previous year. Shipments of iron ore amounted to 154.2 million tons, and those of pellets, 32.6 million tons, respective increases of 14% and 13.6%, compared to the previous year.

Sales of manganese ore – 885,000 tons, and ferro-alloys – 512,000 tons, each saw a rise of 33.1% and 9.9%, respectively.

Sales of kaolin, of 731,000 tons, were up 62.1% compared to 2002, as a result of sales efforts, which included the diversification of products manufactured by PPSA and the 100% consolidation of Caemi, and consequently CADAM, from September 2003.

In the area of aluminum, we obtained record sales for all types of products.

Shipments of bauxite produced by MRN amounted to 14,120,000 tons, up 42.2% in relation to the previous year. Sales of alumina, produced by the Alunorte refinery totaled 2,275,000 tons, an increase of 42.9% compared to 2002. MRN and Alunorte saw their capacity expansion projects completed in April 2003.

Albras sold 434,000 tons of primary aluminum, which exceeded its nominal production capacity of 406,000 tons, thanks to operational improvements which allowed it to produce 432,000 tons in 2003. Valesul sold 98,000 tons of aluminum products, operating at full capacity.

The volume of general cargo transported for clients on our railroads - EFVM, EFC and FCA - amounted to 26.3 billion net ton kilometers (ntk), an increase of 5.1% in relation to 2002. About 42% of cargo transported consisted of raw materials (pig iron and coal) and products for the steel industry, and 31% of agricultural products, principally soybean, soybean meal, sugar, and fertilizer. To meet the strong demand for general cargo transportation, the Company purchased an additional 57 locomotives and 926 wagons.

SALES VOLUME * - CONSOLIDATED		
		thousand tons
	2002	2003
Iron Ore	135,187	154,172
Pellets	28,729	32,640
Manganese	665	885
Ferro Alloys	466	512
Gold (troy oz)	331,479	61,763
Potash	731	674
Kaolin	451	731
Port Services	27,288	28,743
Bauxite	2.862	4,326
Alumina	1,126	2,214
Aluminum	257	284

* volumes attributable to CVRD according to BR GAAP consolidation.

GENERAL CARGO RAILROAD TRANSPORTATION - CONSOLIDATED					
					million ntk
	4Q02	3Q03	4Q03	2002	2003
EFVM	2,968	3,497	3,233	11,561	12,768
EFC	819	1,077	808	3,172	3,534
FCA	2,568	2,797	2,361	10,294	9,993
Total	**6,355**	**7,371**	**6,402**	**25,027**	**26,295**

Gross consolidated revenues amounted to R$ 20.219 billion, 32.4% higher than those generated in 2002, of R$15.267 billion. Gross margin narrowed, from 47.9% to 43.5%, basically due to fuel price increases and a rise in electricity tariffs, the greater volume of iron ore purchased from third parties and also the 100% consolidation of Caemi and FCA, from September 2003, these companies having lower margins than those of CVRD.

Of the total revenues, 54.8% derived from the sale of iron ore and pellets, which generated R$ 11.089 billion, up 27.9% on the previous year. Iron ore revenues amounted to R$ 7.743 billion and pellet revenues, R$ 3.346 billion.

Revenues from logistics services, of R$ 2.134 billion, showed an increase of 48.7% in relation to 2002, representing 10.6% of CVRD's total revenues. This revenue expansion was due to the higher volume transported and greater productivity from rolling stock.

CVRD's railroads – EFVM, EFC and FCA – have been improving their energy efficiency, consuming less fuel and thus reducing costs and environmental impact. EFC reduced its consumption of diesel per thousand gross ton-kilometers to 1.38 liters, 10% less than in 2001. EFVM and FCA reached historic lows of 2.30 and 7.64 liters, respectively, in the year.

The revenues generated by the aluminum businesses, of R$ 2,858 million, were up 61.7% in relation to the previous year, due to higher volumes and prices.

GROSS REVENUES - CONSOLIDATED				
				R$ million
	2002	%	2003	%
Iron Ore and Pellets	**8,673**	**56.8%**	**11,089**	**54.8%**
Iron Ore	5,987	39.2%	7,743	38.3%
Pellets	2,686	17.6%	3,346	16.5%
Pelletizing Plants Operation Services	**55**	**0.4%**	**68**	**0.3%**
Logistics	**1,435**	**9.4%**	**2,134**	**10.6%**
Railroads	1,101	7.2%	1,700	8.4%
Ports	334	2.2%	434	2.1%
Gold	**280**	**1.8%**	**71**	**0.4%**
Steel Products	**1,713**	**11.2%**	**2,217**	**11.0%**
Aluminum	**1,767**	**11.6%**	**2,858**	**14.1%**
Manganese and Ferro-Alloys	**845**	**5.5%**	**1,098**	**5.4%**
Potash	**272**	**1.8%**	**289**	**1.4%**
Kaolin	**179**	**1.2%**	**320**	**1.6%**
Others	**48**	**0.3%**	**75**	**0.4%**
Total	**15,267**	**100.0%**	**20,219**	**100.0%**

- **Record net earnings– R$ 4.5 billion**

CVRD obtained net earnings of R$ 4.509 billion in 2003, the highest in its history. This represented an increase of 120.7% on 2002, R$ 2.466 billion in absolute terms.

The achievement of this milestone was largely a result of two factors: an increase of R$ 4.765 billion in net operating revenues and of R$ 3.152 billion in monetary variation.

The effect of the Real's 18.2% appreciation against the US dollar between December 31, 2002 and December 31, 2003, on the Company's foreign currency-denominated debt, resulted in a monetary variation gain of R$ 721 million in 2003, compared to losses of R$ 2.431 billion in 2002.

On the other hand, the cost of goods sold (COGS) increased by 43.7%, R$ 3.339 billion. Part of this increase was due to the 100% consolidation of Caemi and FCA from September 2003 into the Parent Company, and also by the fact that Alunorte had been wholly consolidated for all of last year, compared to just six months in 2002.

The changes in the principle components that make up COGS were mainly affected by general acceleration in the Company's business rhythm, as well as a number of price increases, this being particularly marked in the case of fuel oil. The following increases were recorded:

a) Expenditure on fuel oil and gas of R$ 551 million.

b) Expenditure on material, of R$ 699 million.

c) Cost of outsourced services, of R$ 605 million, inflated by the full consolidation of Caemi, which hires MRS to carry its iron ore.

d) Cost of electricity, of R$ 281 million.

e) Goodwill amortization of R$ 65 million, basically due to the goodwill amortization associated with Ferteco, which was absorbed into CVRD

f) R$ 813 million in products purchased, as a consequence of the greater volumes of iron ore purchased from third parties, as well as larger volumes of bauxite to meet the growth in alumina production.

COGS BREAKDOWN - CONSOLIDATED				
				R$ million
	2002	%	2003	%
Personnel	973	12.7%	1,190	10.8%
Material	1,053	13.8%	1,752	15.9%
Fuel Oil and Gases	850	11.1%	1,401	12.8%
Outsourced Services	1,108	14.5%	1,713	15.6%
Energy	567	7.4%	848	7.7%
Acquisition of products and tolling	1,401	18.3%	2,214	20.2%
Depreciation and Exhaustion	945	12.4%	1,010	9.2%
Goodwill amortization	101	1.3%	166	1.5%
Others	648	8.5%	691	6.3%
Total	**7,646**	**100.0%**	**10,985**	**100.0%**

A provision of R$ 898 million was made for the payment of income tax and social contribution in 2003, compared to the tax credit of R$ 634 million in 2002. This difference is due to the significant increase in taxable earnings and a lowering in tax incentives.

- **Cash generation – R$7.8 billion**

EBITDA generated in 2003 amounted to R$ 7.765 billion, 17.5% higher than the figure of R$ 6.609 billion reported in 2002. It should be pointed out that EBITDA in 2002 was revised from R$ 6.857 billion to R$ 6.609 billion, to reflect the new calculation methodology adopted since 1Q03. This just involved elimination of the effects of events considered to be non-recurring, in line with the specific regulations issued by the *US Securities and Exchange Commission (SEC)*.

As well as the increase of R$ 1,426 million seen between 2002 and 2003 in gross profit, EBITDA in 2003 was boosted by an additional R$ 151 million worth of depreciation and amortization, and R$ 21 million in additional dividends received from non-consolidated companies. On the other hand, there was an increase of R$ 172 million in sales and administrative expenses, and an additional R$ 101 million spent on research and development. The adjustment for non-recurring items in 2002 amounted to R$ 233 million, while in 2003 this was only R$ 88 million. Most of this difference was explained by the write-down of gold assets in 2002, due to the closure of the Igarapé Bahia mine, of R$ 147 million, considered to be non-recurring.

Of the total EBITDA, 69.1% was generated from ferrous mineral businesses, 14.1% from the aluminum business, 8.9% from logistics, 5.8% from steel, 1.6% from non-ferrous mineral businesses and 0.5% by other areas.

FINANCIAL STATEMENT – CONSOLIDATED		
		R$ million
	2002	2003
Gross Operating Revenues	**15,267**	**20,219**
Taxes	(589)	(776)
Net Operating Revenues	**14,678**	**19,443**
Cost of Goods Sold	(7,646)	(10,985)
Gross Earnings	**7,032**	**8,458**
Gross Margin (%)	47.9%	43.5%
Operational Expenses	**(1,790)**	**(2,087)**
Sales	(228)	(289)
Administratives	(681)	(792)
Research and Development	(148)	(249)
Other Operational Expenses	(733)	(757)
Result from Shareholdings	**(473)**	**(540)**
Equity Income	50	209
Goodwill Amortization	(523)	(612)
Provision for Losses	-	29
Others	-	(166)
Financial Result	**(3,481)**	**(254)**
Financial Expenses	(1,445)	(1,237)
Financial Revenues	395	262
Monetary Variation	(2,431)	721
Operating Profit	**1,288**	**5,577**
Result of Discontinued Operations	-	174
Change in Accounting Method	-	(91)
Income Tax and Social Contribution	634	(898)
Minority Interest	121	(253)
Net Earnings	**2,043**	**4,509**

BALANCE SHEET - CONSOLIDATED		
		R$ million
	12/31/2002	12/31/2003
Assets		
Current	10,878	8,559
Long Term	3,333	3,826
Fixed	19,255	24,707
Total	**33,466**	**37,092**
Liabilities		
Current	6,793	7,579
Long Term	13,576	13,419
Others	346	1,154
Shareholders' Equity	12,751	14,940
Paid-up Capital	5,000	6,300
Reserves	7,751	8,640
Total	**33,466**	**37,092**

PARENT COMPANY RESULT IN 4Q03

SELECTED FINANCIAL INDICATORS – PARENT COMPANY

R$ million

	4Q02	3Q03	4Q03	2002	2003
Gross Operating Revenues	2,786	2,766	2,877	8,570	10,367
Gross Margin (%)	52.1	49.6	44.7	49.8	46.5
EBITDA	1,360	1,506	1,239	3,974	4,877
EBITDA Margin (%)	50.9	56.2	44.3	48.3	48.7
Net Earnings	1,541	1,278	792	2,043	4,509
ROE (annualized) (%)	48.3	35.2	21.2	16.0	30.2
Investments (US$ million) *	218.9	831.0	400.6	748.0	1,819.3

*including acquisitions

ROE = return on equity = net earnings / equity

The Parent Company's gross revenues in 4Q03 amounted to R$ 2.877 billion, up 3.3% and 4.0%, respectively, compared to 4Q02 and 3Q03. Iron ore and pellets generated 84.5% of these revenues, logistics services 11.3%, potash 2.5% and others 1.7%.

Gross margin narrowed from 49.6% in 3Q03 to 44.7% in 4Q03, basically due to the incorporation of Ferteco, which has lower margins than CVRD, as well as an increase in personnel costs.

SALES VOLUMES - PARENT COMPANY

thousand tons

	4Q02	3Q03	4Q03	2002	2003
Iron Ore and Pellets	39,424	40,297	44,797	146,342	157,913
Iron Ore	34,557	35,430	38,134	129,893	136,973
Fines	26,997	31,597	33,263	115,329	122,018
Lumps	7,560	3,833	4,871	14,564	14,955
Pellets	4,867	4,867	6,663	16,449	20,940
Gold (troy ounce)	40,671	14,211	2,026	331,511	61,763
Potash	203	198	169	731	674
Port Services	7,634	6,515	5,761	27,165	25,311

IRON ORE AND PELLETS SALES - PARENT COMPANY					
					million tons
DESTINATION	4Q02	3Q03	4Q03	2002	2003
ASIA					
China	3.9	7.1	6.4	17.5	23.7
South Korea	1.9	1.7	2.0	7.1	7.0
Philippines	0.8	0.6	0.7	2.6	2.3
Japan	4.3	4.1	4.0	16.3	16.1
Taiwan	0.8	0.5	0.5	2.1	1.9
Total	**11.7**	**14.0**	**13.6**	**45.6**	**51.0**
EUROPE					
Germany	4.3	4.4	5.2	14.7	15.9
Spain	0.7	0.4	1.0	2.9	3.1
France	1.6	1.7	2.3	5.8	7.7
Italy	1.2	1.2	1.3	5.2	4.9
United Kingdom	0.4	0.6	0.9	2.3	2.6
Others	3.7	3.6	4.7	13.4	14.3
Total	**11.9**	**11.9**	**15.4**	**44.3**	**48.5**
THE AMERICAS					
Argentina	0.7	0.7	0.9	2.3	3.2
United States	0.7	1.0	0.7	3.8	3.5
Other	0.9	0.7	0.9	2.4	3.0
Total	**2.3**	**2.4**	**2.5**	**8.5**	**9.7**
Others					
Bahrein	0.5	1.0	0.8	2.4	2.7
Others	1.6	0.5	1.5	4.3	5.0
Total	**2.1**	**1.5**	**2.3**	**6.7**	**7.7**
TOTAL	**28.0**	**29.8**	**33.8**	**105.1**	**116.9**
DOMESTIC MARKET	4Q02	3Q03	4Q03	2002	2003
Steel Mills	6.0	5.7	6.4	22.3	21.8
Pelletizing Joint Ventures	5.3	4.7	4.6	18.9	19.2
Total	**11.3**	**10.4**	**11.0**	**41.2**	**41.0**
TOTAL	**39.3**	**40.2**	**44.8**	**146.3**	**157.9**

GENERAL CARGO RAILROAD TRANSPORTATION – PARENT COMPANY					
					million ntk
	4Q02	3Q03	4Q03	2002	2003
Vitória a Minas Railroad	2,968	3,497	3,233	11,561	12,768
Carajás Railroad	819	1,077	808	3,172	3,534
Total	**3,787**	**4,574**	**4,041**	**14,733**	**16,302**

GROSS REVENUES BY PRODUCT – PARENT COMPANY										
										R$ million
	4Q02	%	3Q03	%	4Q03	%	2002	%	2003	%
Iron Ore	**1,764**	**63.3**	**1,777**	**64.2**	**1,808**	**62.8**	**5,322**	**62.1**	**6,492**	**62.6**
Domestic Market	463	16.6	410	14.8	373	13.0	1,390	16.2	1,558	15.0
Export Market	1,301	46.7	1,367	49.4	1,435	49.9	3,932	45.9	4,935	47.6
Pellets	**515**	**18.5**	**488**	**17.6**	**623**	**21.7**	**1,400**	**16.3**	**1,982**	**19.1**
Domestic Market	77	2.8	87	3.2	120	4.2	230	2.7	361	3.5
Export Market	438	15.7	400	14.5	503	17.5	1,169	13.6	1,621	15.6
Pelletizing Plants Operation Services	**32**	**1.1**	**36**	**1.3**	**41**	**1.4**	**105**	**1.2**	**137**	**1.3**
Railroad Transport	**249**	**8.9**	**281**	**10.2**	**249**	**8.7**	**881**	**10.3**	**1,059**	**10.2**
Port Services	**78**	**2.8**	**78**	**2.8**	**77**	**2.7**	**261**	**3.1**	**307**	**3.0**
Potash	**91**	**3.3**	**81**	**2.9**	**73**	**2.5**	**272**	**3.2**	**290**	**2.8**
Gold	**48**	**1.7**	**16**	**0.6**	**3**	**0.1**	**280**	**3.3**	**71**	**0.7**
Others	**9**	**0.3**	**10**	**0.4**	**3**	**0.1**	**49**	**0.6**	**28**	**0.3**
Total	**2,786**	**100.0**	**2,766**	**100.0**	**2,877**	**100.0**	**8,570**	**100.0**	**10,366**	**100.0**

Net earnings by the Parent Company fell from R$ 1.278 billion in 3Q03 to R$ 792 million in 4Q03.

The equity income result (result from shareholdings) was the principle reason for the drop in earnings, down R$ 338 million from the previous quarter. Itaco's result fell by R$ 117 million, and that of Florestas Rio Doce, by R$ 44 million, both due to the effect of the variation in the Real/Dollar exchange rate on foreign currency-denominated assets. An increase of R$ 116 million was made to the provision for losses at CFN, due to its sale; there also being a R$ 50 million drop in profits at FCA, and a drop of R$ 27 million in profits at Docenave.

RESULTS OF EQUITY INVESTMENTS - BY BUSINESS AREA - PARENT COMPANY					
					R$ million
Business Area	4Q02	3Q03	4Q03	2002	2003
Ferrous Minerals	**(52)**	**202**	**204**	**1,561**	**463**
Iron Ore and Pellets	(143)	158	5	1,331	194
Manganese and Ferro-Alloys	91	44	199	230	270
Non-Ferrous Minerals	**24**	**(26)**	**(49)**	**(64)**	**(24)**
Logistics	**(98)**	**9**	**(145)**	**(384)**	**(355)**
Steel	**119**	**135**	**86**	**302**	**301**
Aluminum	**459**	**130**	**93**	**76**	**712**
Others	**(40)**	**37**	**(40)**	**73**	**24**
Total	**412**	**487**	**149**	**1,564**	**1,122**

The other item which contributed to this drop in profits was the increase of R$ 197 million in COGS, of which R$ 140 million referred to the impact of absorbing Ferteco into CVRD.

COGS BREAKDOWN - PARENT COMPANY										
										R$ million
	4Q02	%	3Q03	%	4Q03	%	2002	%	2003	%
Personnel	123	9.6	144	10.7	185	12.0	513	12.4	572	10.7
Material	272	21.2	214	15.8	243	15.7	636	15.4	874	16.3
Fuel Oil and Gases	111	8.7	162	12.0	180	11.6	392	9.5	636	11.9
Contracted Services	142	11.1	229	17.0	300	19.4	552	13.4	839	15.7
Energy	31	2.4	43	3.2	51	3.3	121	2.9	151	2.8
Acquisition of products	388	30.3	294	21.8	249	16.1	1,039	25.1	1,192	22.3
Depreciation and Exhaustion	153	11.9	185	13.7	230	14.9	634	15.3	720	13.4
Others	61	4.8	80	5.9	110	7.1	246	6.0	373	7.0
Total	**1,281**	**100.0**	**1,351**	**100.0**	**1,548**	**100.0**	**4,133**	**100.0**	**5,357**	**100.0**

The net financial result was down by R$ 104 million, principally due to increased financial expenses of R$ 44 million, associated with labor, civil and tax contingencies, and a drop of R$ 34 million in derivative gains.

The "Other Expenses" line, which was impacted positively in 3Q03 by a capital gain of R$ 63 million from the sale of the Fazenda Brasileiro gold mine, was up by R$ 65 million in 4Q03.

Added to this, we also saw an increase of R$ 31 million in expenditure on research and development and R$ 27 million in administrative expenses, this last being explained by personnel training expenses and staff benefits.

These negative effects on the Company's earnings were partially offset by an increase of R$ 119 million in net revenues and by an improvement of R$ 116 million in monetary variation.

EBITDA generated by the Parent Company in 4Q03 amounted to R$ 1.239 billion, 17.7% less than in the previous quarter. The main reasons of this being the rise of R$ 197 million in COGS, only partially offset by the increase of R$ 119 million in revenues; a drop of R$ 110 million in the amount of dividends received from subsidiaries and affiliates; and the increase of R$ 65 million at the "Other Operational Expenses" line.

EBITDA margin narrowed from 56.2% in 3Q03 to 44.3% in 4Q03.

EBITDA CALCULATION					
					R$ million
	4Q02	3Q03	4Q03	2002	2003
Net Operating Revenues	2,672	2,679	2,798	8,237	10,013
COGS	(1,281)	(1,351)	(1,548)	(4,133)	(5,357)
Sales Expenses	(79)	(56)	(64)	(186)	(217)
Administrative Expenses	(98)	(97)	(124)	(374)	(406)
Research & Development	(47)	(64)	(95)	(147)	(233)
Other Operational Expenses	(138)	(9)	(74)	(382)	(320)
EBIT	**1,029**	**1,102**	**893**	**3,015**	**3,480**
Depreciation and Amortization	150	192	244	659	759
Dividends Received	34	212	102	154	602
Adjustments for Non-Recurring Items (asset write-off)	147	-	-	147	36
EBITDA	**1,360**	**1,506**	**1,239**	**3,975**	**4,877**

The Parent Company's annual gross revenue increased by 21.0% between 2002 and 2003, amounting to R$ 10.367 billion. This increase was due basically to an increase in volume sold and a rise in the price of iron ore and pellets, as well as an increase in the price of rail transport.

EBITDA increased from R$ 3.975 billion in 2002 to R$ 4.877 billion in 2003, an increase of 22.7%, basically due to a rise of R$ 1.776 million in net revenues and an increase of R$ 448 million in dividends received, partially offset by a rise of R$ 1.224 billion in COGS. EBITDA margin widened from 48.2% in 2002, to 48.7% in 2003.

FINANCIAL STATEMENT - PARENT COMPANY					
					R$ million
	4Q02	3Q03	4Q03	2002	2003
Gross Operating Revenues	2,786	2,766	2,877	8,570	10,367
Taxes	(114)	(87)	(79)	(333)	(354)
Net Operating Revenues	**2,672**	**2,679**	**2,798**	**8,237**	**10,013**
Cost of Goods Sold	(1,281)	(1,351)	(1,548)	(4,133)	(5,357)
Gross Earnings	**1,391**	**1,328**	**1,250**	**4,104**	**4,656**
Gross Margin (%)	52.1	49.6	44.7	49.8	46.5
Result from Shareholdings	**412**	**487**	**149**	**1,564**	**1,122**
Equity Income	472	246	417	2,461	1,450
Goodwill Amortization	(194)	(113)	(114)	(472)	(503)
Provision for Losses	134	354	(154)	(425)	175
Others	-	-	-	-	-
Operational Expenses	**(362)**	**(226)**	**(357)**	**(1,089)**	**(1,176)**
Sales	(79)	(56)	(64)	(186)	(217)
Administrative	(98)	(97)	(124)	(374)	(406)
Research and Development	(47)	(64)	(95)	(147)	(233)
Other Operational Expenses	(138)	(9)	(74)	(382)	(320)
Financial Result	**598**	**(273)**	**(261)**	**(3,226)**	**394**
Financial Expenses	(73)	(145)	(240)	(961)	(733)
Financial Revenues	45	60	51	205	222
Monetary Variation	626	(188)	(72)	(2,470)	905
Operating Profit	**2,039**	**1,316**	**781**	**1,353**	**4,996**
Income Tax and Social Contribution	(498)	(38)	11	690	(487)
Net Earnings	**1,541**	**1,278**	**792**	**2,043**	**4,509**
Earnings per share (R$)	**4.01**	**3.33**	**2.06**	**5.32**	**11.75**

BALANCE SHEET - PARENT COMPANY			
			R$ million
	12/31/02	09/30/03	12/31/03
Asset			
Current	4,346	5,617	4,009
Long Term	3,167	2,646	2,689
Fixed	19,321	22,177	23,603
Total	**26,834**	**30,440**	**30,301**
Liabilities			
Current	4,218	6,392	5,249
Long Term	9,865	9,515	10,112
Shareholders' Equity	12,751	14,533	14,940
Paid-up Capital	5,000	6,300	6,300
Reserves	7,751	8,233	8,640
Total	**26,834**	**30,440**	**30,301**

INVESTMENTS – PROMOTING GROWTH

- **Capital expenditure in 2003**

During the year 2003, CVRD carried out investments of US$ 1.819 billion. Of this total, US$ 853 million was spent on items for promoting growth (*growth capex*) for the Company, US$ 464 million on maintaining existing operations (*stay-in-business capex*) and US$ 502 million on acquisitions.

Without doubt, 2003 was an important year due to the development of a series of projects which have already begun – expansion of MRN and Module 3 of Alunorte, and those which shortly will add to cash generation and produce a higher return for shareholders, such as the Sossego project and the expansion project at Carajás. The acquisition of Caemi, a holder of world class assets, was carried out on terms which provide strong potential for the creation of value.

Growth capex consisted of US$ 784 million on projects and US$ 69 million dedicated to mineral exploration.

The main investment projects were as follows:

- US$ 61.0 million on increasing annual production capacity at the Carajás iron ore mine by 14 million tons. The enlarging of capacity at Carajás, which will be producing 70 million tons in 2004, was completed almost 12 months ahead of the original schedule, reflecting CVRD's high degree of flexibility in implementing its projects.

- US$ 27.7 million on development of the Fábrica Nova and Brucutu mines, located in the Southern System, whose first phases will enter into operation in 2005 and 2006, respectively, adding a total of 22 million tons a year of iron ore to CVRD's production capacity.

- US$ 9.9 million on the construction of Pier III at Ponta da Madeira, which entered into operation at the end of 2003. The pier is being used for the shipment of iron ore and pellets, supporting the expansion to production capacity at Carajás.

- US$ 329 million on the Sossego copper mine project, which is already beginning its ramp-up process, with commercial production at full capacity scheduled for July 2004. Sossego is the only copper greenfield project to enter into operation in 2004.

- US$ 28.4 million in the expansion of capacity at the Taquari-Vassouras potash mine, from the current 600,000 tons a year, to 850,000 tons, whose completion is scheduled for the end of the first half of 2005.

- US$ 156 million on the purchase of 1,860 wagons and 44 locomotives for the transport of iron ore, and 57 locomotives and 1,126 wagons for the transport of general cargo: 101 locomotives and 2,986 wagons in all. Of this total, 77 locomotives and 2,022 wagons have already been delivered by the manufacturers and incorporated into CVRD's railroad fleet.

- US$ 17.5 million on the construction of the Candonga hydroelectric plant, where work is practically at the completion stage, scheduled to begin operations in 2004.

- US$ 19.6 million on the construction of the Aimorés hydroelectric plant, scheduled to enter into service in 2004.

US$ 69 million was invested in mineral exploration, US$ 50 million being spent by CVRD and US$ 19 million being invested by the BNDES, in accordance with the Mineral Risk Contract, signed in 1997. Of this total, 63% was spent on prospecting in the Carajás mineral province, where we are principally searching for copper, nickel, gold, platinum metals group and manganese. 19% of this total was invested in other areas of Brazil, particularly in prospecting for kaolin and bauxite in the east of state of Pará; prospecting for copper, in the states of Ceara and Paraíba; and nickel in the states of Piaui, Goias and São Paulo. The remaining 18% was spent on prospecting for mineral deposits outside Brazil, the Company having established mineral prospecting offices in Peru and Chile, where the search is for copper and gold, and in Gabon, where the search is for manganese.

Expenditure on acquisitions consisted of purchasing full control in Rana, now Rio Doce Manganese Norway, a producer of ferromanganese alloys, for US$ 17.6 million; purchasing shares of CST for US$ 57.8 million, which increased CVRD’s stake in this steel company from 22.85% to 28.02%; and 50% of the ordinary shares and 40% of the preferred shares of Caemi, for US$ 426.4 million. After this acquisition, CVRD has ended up with control of Caemi, owning 100% of its voting capital and 40% of its preferred shares, corresponding to 60.2% of Caemi’s total capital.

- **Capital expenditure budget for 2004**

Total investment of US$ 1.536 billion has been budgeted for 2004, consisting of *growth capex* – mineral exploration and projects – of US$ 1.075 billion, and *stay-in-business capex* – maintenance, modernization, environmental protection and information technology – of US$ 461 million.

The amount allocated to greenfield and brownfield projects is US$ 1.011 billion. The most important initiatives are dedicated to expanding production capacity of iron ore, bauxite, alumina and potash, the completion of the Sossego copper project, starting development for Project 118, power generation and the purchase of wagons and locomotives for the transport of iron ore and general cargo.

The projects under development will add to CVRD's annual production capacity over the next few years: 73 million tons a year of iron ore, 4.5 million tons of bauxite, 1.8 million tons of alumina, 250,000 tons of potash and 185,000 tons of copper. The cost of investment per ton of capacity for all these projects is very competitive, being therefore capable of generating considerable value for CVRD's shareholders.

With the operational start-up of the Candonga and Aimorés hydroelectric plants in 2004, additional electricity generating capacity will be added of 119 MW. This, together with that produced by the hydroelectric plants already in service, Igarapava, Porto Estrela and Funil, will make it possible for the Company to supply, from its own energy sources, all electricity demand in the Southern System (iron ore mines, the Vitória to Minas Railroad, and the port and pellets plants at Tubarão) and part of the demand from the copper mines at Carajás.

The purchase of 88 locomotives and 3,178 wagons will enable CVRD to increase the size of its railroad fleet – from 744 locomotives and 30,473 wagons at the end of 2003 – sufficiently to be able to transport the additional iron ore being produced, as well as expanding logistics services to customers. Most of the investment in rolling stock will be dedicated to the transport of general cargo, with the scheduled purchase of 82 locomotives and 1,921 wagons.

CVRD's mineral exploration program, budgeted at US$ 78 million for 2004, is of a “multi-commodity” nature, involving at least seven different minerals, as well as being of global coverage. Despite the fact that 77.1% of the expenditure planned will be dedicated to prospecting in Brazil – 41.6% of the total in the Carajás mineral province – there are significant exploration efforts being made in South America (Peru and Chile), Africa (Gabon and Mozambique) and Asia (Mongolia and China), as well as opportunities that are being evaluated in various other countries.

- **Divestitures**

CVRD sold the following assets in 2003:

(i) ships, owned by *Docenave*, for US$ 36 million, due to the strategic decision to leave the transoceanic freight business;

(ii) the *Fazenda Brasileiro* gold mine, for R$ 63 million – due to its being close to exhaustion;

(iii) the stake in *Fosfértil*, for R$ 240 million, since this was a portfolio investment.

CONFERENCE CALL/ WEBCAST

On Thursday, March 25, CVRD will hold a conference call and webcast at 2 pm Rio de Janeiro time – 12 noon US Eastern Time and 5 pm UK time – to present 2003 results. For access instructions, see the Investor Relations section of CVRD’s website, www.cvrd.com.br. The webcast and a conference call playback will be available on the site for 90 days after the event.
