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.

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

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 o No x

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

(Check One) Yes o No x

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 o No x

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

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Interim Financial Statements

June 30, 2014

IFRS

Filed with the CVM, SEC and HKEx on

July 31, 2014

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Vale S.A.

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Report of independent registered public accounting firm

To the Board of Directors and Stockholders of

Vale S.A.

Rio de Janeiro - RJ

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. (the Company) and its subsidiaries as of June 30, 2014 and the related condensed statements of income, of comprehensive income and cash flows for the three-month and six-month periods ended on June 30, 2014 and the condensed consolidated statement of changes in stockholders equity for the six-month period then ended. These condensed consolidated financial statements are responsibility of Company s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express an audit opinion.

Based on our review, we are not aware of any material modification that should be made to the condensed consolidated financial statements referred above for them to be in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements of the Company as of and for the year ended December 31, 2013 and the condensed consolidated financial statement of the Company for the quarters ended March 31, 2014 and 2013 and June 30, 2013 presented for comparison purposes, were audited and reviewed, respectively, by other independent auditors, who issued an unqualified reports dated February 26, 2014, April 30, 2014, April 24, 2013 and August 7, 2013, respectively.

/S/KPMG Auditores Independentes

July 30, 2014

Rio de Janeiro - Brazil

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Condensed Consolidated Balance Sheet

In millions of United States Dollars

	Notes	June 30, 2014 (unaudited)	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents	7	7,065	5,321
Derivative financial instruments	23	229	201
Accounts receivable	8	4,170	5,703
Related parties	30	690	261
Inventories	9	4,986	4,125
Prepaid income taxes		1,015	2,375
Recoverable taxes	10	1,788	1,579
Advances to suppliers		229	125
Receivable from sale of investment	6(c)	908	
Others		737	921
		21,817	**20,611**
Non-current assets held for sale and discontinued operation	6	759	3,766
		22,576	**24,377**
Non-current assets			
Related parties	30	105	108
Loans and financing agreements receivable		237	241
Judicial deposits	17	1,632	1,490
Recoverable income taxes		421	384
Deferred income taxes	19	4,390	4,523
Recoverable taxes	10	358	285
Derivative financial instruments	23	198	140
Deposit on incentive and reinvestment		214	191
Others		790	738
		8,345	**8,100**
Investments	11	5,108	3,584
Intangible assets, net	12	7,213	6,871
Property, plant and equipment, net	13	85,509	81,665
		106,175	**100,220**
Total		**128,751**	**124,597**

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Condensed Consolidated Balance Sheet

In millions of United States Dollars

(continued)

	Notes	June 30, 2014 (unaudited)	December 31, 2013
Liabilities			
Current liabilities			
Suppliers and contractors		3,727	3,772
Payroll and related charges		1,027	1,386
Derivative financial instruments	23	423	238
Loans and financing	15	1,801	1,775
Related parties	30	219	205
Income Taxes Settlement Program	18	525	470
Taxes and royalties payable		592	327
Provision for income taxes		327	378
Employee postretirement obligations	20	103	97
Asset retirement obligations	16	162	96
Others		622	420
		9,528	**9,164**
Liabilities directly associated with non-current assets held for sale and discontinued operation	6		448
		9,528	**9,612**
Non-current liabilities			
Derivative financial instruments	23	954	1,492
Loans and financing	15	28,061	27,670
Related parties	30	177	5
Employee postretirement obligations	20	2,042	2,198
Provisions for litigation	17	1,501	1,276
Income Taxes Settlement Program	18	6,994	6,507
Deferred income taxes	19	3,363	3,228
Asset retirement obligations	16	2,709	2,548
Stockholders Debentures	29(b)	2,182	1,775
Redeemable noncontrolling interest		284	276
Gold stream transaction	28	1,463	1,497
Others		1,141	1,577
		50,871	**50,049**
Total liabilities		**60,399**	**59,661**
Stockholders equity	24		
		23,089	22,907

Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,027,127,718 (2,108,579,618 in 2013) issued		
Common stock - 3,600,000,000 no-par-value shares authorized and 3,217,188,402 (3,256,724,482 in 2013) issued	38,525	37,671
Treasury stock - 59,405,792 (140,857,692 in 2013) preferred and 31,535,402 (71,071,482 in 2013) common shares	(1,477)	(4,477)
Results from operations with noncontrolling stockholders	(400)	(400)
Results on conversion of shares	(152)	(152)
Unrealized fair value gain (losses)	(1,113)	(1,202)
Cumulative translation adjustments	(21,486)	(20,588)
Retained earnings and revenue reserves	30,118	29,566
Total company stockholders equity	**67,104**	**63,325**
Noncontrolling interests	1,248	1,611
Total stockholders equity	**68,352**	**64,936**
Total liabilities and stockholders equity	**128,751**	**124,597**

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

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Condensed Consolidated Statement of Income

In millions of United States Dollars, except as otherwise stated

		(unaudited)			
		Three-month period ended		**Six-month period ended**	
	Notes	**June 30, 2014**	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Continuing operations					
Net operating revenue	25	9,902	10,663	19,405	21,309
Cost of goods sold and services rendered	26	(6,081)	(5,917)	(11,671)	(11,321)
Gross profit		**3,821**	**4,746**	**7,734**	**9,988**
Operating (expenses) income					
Selling and administrative expenses	26	(237)	(312)	(519)	(664)
Research and evaluation expenses		(160)	(156)	(305)	(327)
Pre operating and stoppage operation		(264)	(462)	(512)	(837)
Other operating expenses, net	26	(165)	(232)	(382)	(367)
		(826)	**(1,162)**	**(1,718)**	**(2,195)**
Impairment of non-current assets	14	(774)		(774)	
Operating income		**2,221**	**3,584**	**5,242**	**7,793**
Financial income	27	1,208	850	2,547	1,476
Financial expenses	27	(1,267)	(4,179)	(2,457)	(5,151)
Equity results from associates and joint ventures	11	244	53	439	225
Results on sale of investments from associates and joint ventures		(18)		(18)	
Net income before income taxes		**2,388**	**308**	**5,753**	**4,343**
Income taxes	19				
Current tax		(551)	(253)	(1,479)	(1,348)
Deferred tax		(452)	324	(513)	492
		(1,003)	**71**	**(1,992)**	**(856)**
Income from continuing operations		**1,385**	**379**	**3,761**	**3,487**
Loss attributable to noncontrolling interests		(43)	(34)	(182)	(91)
Net income attributable to the Company s stockholders		**1,428**	**413**	**3,943**	**3,578**
Discontinued Operations					
Loss from discontinued operations			11		(45)
Loss attributable to the Company s stockholders			**11**		**(45)**
Net income		**1,385**	**390**	**3,761**	**3,442**

Loss attributable to noncontrolling interests		(43)	(34)	(182)	(91)
Net income attributable to the Company s stockholders		**1,428**	**424**	**3,943**	**3,533**
Earnings per share attributable to the Company s stockholders:	24				
Basic and diluted earnings per share:					
Preferred share		0.28	0.09	0.77	0.69
Common share		0.28	0.09	0.77	0.69

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

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Condensed Consolidated Statement of Comprehensive Income

In millions of United States Dollars

	(unaudited)			
	Three-month period ended		**Six-month period ended**	
	June 30, 2014	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Net income	**1,385**	**390**	**3,761**	**3,442**
Other comprehensive income				
Item that will not be reclassified subsequently to income				
Cumulative translation adjustments	**1,887**	**(7,557)**	**4,198**	**(6,621)**
Retirement benefit obligations				
Gross balance for the period	82	(185)	106	(157)
Effect of taxes	(18)	61	(21)	58
Equity results from associates and joint ventures, net taxes			1	
	64	**(124)**	**86**	**(99)**
Total items that will not be reclassified subsequently to income	**1,951**	**(7,681)**	**4,284**	**(6,720)**
Item that will be reclassified subsequently to income				
Cumulative translation adjustments				
Gross balance for the period	**(608)**	**3,820**	**(2,373)**	**2,658**
Unrealized results on available-for-sale investments				
Gross balance for the period		**(81)**		**(286)**
Cash flow hedge				
Gross balance for the period	69	(52)	65	(117)
Effect of taxes	(7)	10	(4)	15
Equity results from associates and joint ventures, net taxes	3	(5)	3	(2)
Transfer of realized results to income, net of taxes	(15)	(17)	(31)	
	50	**(64)**	**33**	**(104)**
Total of items that will be reclassified subsequently to income	**(558)**	**3,675**	**(2,340)**	**2,268**
Total comprehensive income	**2,778**	**(3,616)**	**5,705**	**(1,010)**
Comprehensive income attributable to noncontrolling interests	(33)	(87)	(174)	(146)

Comprehensive income attributable to the Company s stockholders	**2,811**	**(3,529)**	**5,879**	**(864)**

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

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Condensed Consolidated Statement of Changes in Stockholders Equity

In millions of United States Dollars

						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 stockholder s equity**	**Noncontrolling stockholders interests**	**Total stockholde equity**
December 31, 2012	**60,578**	**(152)**	**(400)**	**38,389**	**(4,477)**	**(2,044)**	**(18,663)**	**8**	**73,239**	**1,588**	**74,8**
Net income of the period								**3,533**	**3,533**	**(91)**	**3,4**
Other comprehensive income:											
Retirement benefit obligations						(99)			(99)		(
Cash flow hedge						(104)			(104)		(1
Unrealized fair value results						(286)			(286)		(2
Translation adjustments				(3,205)		104	(680)	(127)	(3,908)	(55)	(3,9
Contribution and distribution to stockholders:											
Capitalization of noncontrolling stockholders advances										10	
Redeemable noncontrolling stockholders interest										33	
Dividends to noncontrolling stockholders										(41)	(
Dividends and interest on capital to Company s stockholders								(2,250)	(2,250)		(2,2

June 30, 2013 (unaudited)	**60,578**	**(152)**	**(400)**	**35,184**	**(4,477)**	**(2,429)**	**(19,343)**	**1,164**	**70,125**	**1,444**	**71,5**
December 31, 2013	**60,578**	**(152)**	**(400)**	**29,566**	**(4,477)**	**(1,202)**	**(20,588)**		**63,325**	**1,611**	**64,9**
Net income of the period								**3,943**	**3,943**	**(182)**	**3,7**
Other comprehensive income:											
Retirement benefit obligations						86			86		
Cash flow hedge						33			33		
Translation adjustments				2,561		(30)	(898)	184	1,817	8	1,8
Contribution and distribution to stockholders:											
Acquisitions and disposal of noncontrolling stockholders										(248)	(2
Capitalization of reserves	1,036			(1,036)							
Capitalization of noncontrolling stockholders advances										65	
Cancellation of treasury stock				(3,000)	3,000						
Dividends to noncontrolling stockholders										(6)	
Dividends and interest on capital to Company s stockholders								(2,100)	(2,100)		(2,1
June 30, 2014 (unaudited)	**61,614**	**(152)**	**(400)**	**28,091**	**(1,477)**	**(1,113)**	**(21,486)**	**2,027**	**67,104**	**1,248**	**68,3**

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

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Condensed Consolidated Statement of Cash Flow

In millions of United States Dollars

	(unaudited)			
	Three-month period ended		**Six-month period ended**	
	June 30, 2014	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**
Cash flow from continuing operating activities:				
Net income from continuing operations	1,385	379	3,761	3,487
Adjustments to reconcile net income with cash from continuing operations				
Equity results from associates and joint ventures	(244)	(53)	(439)	(225)
Results on sale investments from associates and joint controlled entities	18		18	
Loss on disposal of property, plant and equipment	168	69	295	147
Impairment on non-current assets	774		774	
Depreciation, amortization and depletion	901	1,042	1,927	2,049
Deferred income taxes	452	(324)	513	(492)
Foreign exchange and indexation, net	(163)	827	(474)	506
Unrealized derivative losses, net	(282)	1,054	(477)	1,045
Stockholders Debentures	268	82	290	249
Other	(20)	55	(10)	6
Decrease (increase) in assets:				
Accounts receivable	(28)	999	1,794	1,420
Inventories	211	436	(600)	87
Recoverable taxes	413	(177)	1,178	(143)
Other	65	(64)	118	124
Increase (decrease) in liabilities:				
Suppliers and contractors	72	235	92	(105)
Payroll and related charges	205	193	(389)	(449)
Taxes and contributions	187	93	(21)	76
Gold stream transaction				1,319
Other	213	62	328	(230)
Net cash provided by operating activities from continuing operations	**4,595**	**4,908**	**8,678**	**8,871**
Net cash provided by (used in) operating activities from discontinued operations		29		(66)
Net cash provided by operating activities	**4,595**	**4,937**	**8,678**	**8,805**
Cash flow from continuing investing activities:				
Short-term investments		155	1	(166)
Loans and advances	165	(85)	68	(61)
Guarantees and deposits	(16)	(18)	(48)	(42)
Additions to investments	(76)	(23)	(197)	(205)
	(2,712)	(3,115)	(5,095)	(6,463)

Additions to property, plant and equipment and intangible assets				
Dividends and interest on capital received from associates and joint ventures	208	272	219	272
Proceeds from disposal of assets\ Investments	317		317	95
Proceeds from Gold stream transaction				581
Net cash used in investing activities from continuing operations	**(2,114)**	**(2,814)**	**(4,735)**	**(5,989)**
Net cash used in investing activities from discontinued operations		(277)		(476)
Net cash used in investing activities	**(2,114)**	**(3,091)**	**(4,735)**	**(6,465)**
Cash flow from continuing financing activities:				
Financial institutions - Loans and financing				
Loans and financing				
Additions	10	939	661	1,068
Repayments	(237)	(588)	(531)	(1,012)
Repayments to stockholders:				
Dividends and interest on capital paid to stockholders	(2,100)	(2,250)	(2,100)	(2,250)
Dividends and interest on capital attributed to noncontrolling interest		(10)		(10)
Net cash used in financing activities from continuing operations	**(2,327)**	**(1,909)**	**(1,970)**	**(2,204)**
Net cash provided by financing activities from discontinued operations		87		87
Net cash used in used in financing activities	**(2,327)**	**(1,822)**	**(1,970)**	**(2,117)**
Increase in cash and cash equivalents	154	24	1,973	223
Cash and cash equivalents of cash, beginning of the period	7,182	6,042	5,321	5,832
Effect of exchange rate changes on cash and cash equivalents	(271)	(179)	(229)	(168)
Cash and cash equivalents, end of the period	**7,065**	**5,887**	**7,065**	**5,887**
Cash paid during the period for (i):				
Interest on loans and financing	(345)	(361)	(798)	(1,535)
Income taxes	(67)	(354)	(226)	(2,405)
Non-cash transactions:				
Additions to property, plant and equipment - interest capitalization	178	40	193	157

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

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 United States Dollars, 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 condensed consolidated interim financial statements of the Company (Interim Financial Statements) have been prepared in accordance with the IAS 34 of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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. 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$). For presentation purposes, these condensed consolidated Interim financial statements are presented in United States Dollars (USD or US$) because in our understanding this is the way international investors analyze our interim financial statements in order to take their decisions.

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.

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 date 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.

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

	Exchange rates used for conversions in Brazilian Reais			
	Exchange rate as of		Average rate for the Three-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 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 concludes that hedge accounting does not terminate or expire when a derivative financial instrument replaces its original counterparty to become the new counterparty to each of the parties as a 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). 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.

b) 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 Amortization 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 the 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.

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.

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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 held for sale and discontinued operations

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

	June 30, 2014 (unaudited)			December 31, 2013		
	Energy	**Vale Florestar**	**Total**	**General Cargo - Logistic**	**Energy**	**Total**
Assets held for sale and discontinued operation						
Accounts receivable				141		141
Other current assets				271		271
Investments	92	80	172		79	79
Intangible, net				1,687		1,687
Property, plant and equipment, net	587		587	1,027	561	1,588
Total assets	**679**	**80**	**759**	**3,126**	**640**	**3,766**
Liabilities associated with assets held for sale and discontinued operation						
Suppliers and contractors				85		85
Payroll and related charges				61		61
Other current liabilities				112		112
Other non-current liabilities				190		190
Total liabilities				**448**		**448**
Assets and liabilities from discontinued operation	**679**	**80**	**759**	**2,678**	**640**	**3,318**

a) Vale Florestar

In June 2014, Vale informed 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 US$93.

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

The loss on this transaction, of US$18 was recorded in the income statement in the line Results on sale of investments from associates and join controlled entities .

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 stake of 9% is Norte Energia S.A.(Norte Energia), the company in charge of the construction, operation and exploration of the Belo Monte Hydroelectric (Belo Monte) facility , 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 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.

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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 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% of stake in VLI capital to Mitsui & Co and to Fundo de Garantia de tempo de Serviço (FGTS) for the amount of US$1,197 of , which US$896 was settled through capital contribution directly in VLI. The amount of 26,5% to be received of the Brookfield Asset Management, on amount of US$908, is recorded on our Balance Sheet as Receivable from sale of investment , awaiting approvals from the relevant government agencies.

7. Cash and Cash Equivalents

	June 30, 2014 (unaudited)	December 31, 2013
Cash and bank deposits	2,465	1,558
Short-term investments	4,600	3,763
	7,065	**5,321**

Cash and cash equivalents includes cash, immediately reedemable deposits 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

	June 30, 2014 (unaudited)	December 31, 2013
Denominated in BRL	876	509
Denominated in other currencies, mainly US$	3,388	5,283
	4,264	**5,792**
Allowance for credit losses	(94)	(89)

	4,170	**5,703**

Accounts receivable related to the steel sector represented 80.73% and 79.70% of total receivable on June 30, 2014 and December 31, 2013, respectively.

No individual customer represents over 10% of receivables or revenues.

The estimated losses related to accounts receivable recorded in the Statement of Income in three-month period ended on June 30, 2014 and June 30, 2013 totaled US$21 and US$18 and six-month period ended totaled US$(2) and US$23, respectively. Write-offs in three-month period ended at June 30, 2014 and June 30, 2013 totaled US$44 and US$9 and six-month period ended totaled US$0 and US$20.

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9. Inventories

Inventories are comprised as follows:

	June 30, 2014 (unaudited)	December 31, 2013
Inventories of products		
Bulk Material		
Iron ore	1,111	646
Pellets	120	88
Manganese and ferroalloys	87	75
	1,318	**809**
Coal	245	318
	1,563	**1,127**
Base Metals		
Nickel and other products	1,618	1,398
Copper	33	23
	1,651	**1,421**
Fertilizers		
Potash	7	8
Phosphates	340	313
Nitrogen	20	19
	367	**340**
Others products	**5**	**8**
Total of inventories of products	**3,586**	**2,896**
Inventories of material supplies	**1,400**	**1,229**
Total	**4,986**	**4,125**

On June 30, 2014 and December 31, 2013 balances included a provision to adjust inventories at market value for nickel in the amount of US$0 and US$14, respectively; manganese in the amount of US$1 and US$1, respectively; and coal in the amount of US$149 and US$117, respectively.

	(unaudited)			
	Three-month period ended		Six-month period ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Inventories of products				
Balance at beginning of the period	**3,446**	**3,863**	**2,896**	**3,597**
Production/acquisition	5,327	5,132	10,680	9,933
Transfer from inventory of materials supplies	816	1,014	1,626	1,973

Cost of goods sold	(6,081)	(6,223)	(11,671)	(11,943)
Provision/ reversal of the write-off of lower cost or market value adjustment (a)	(17)	21	(150)	(102)
Translation adjustments	95	(358)	205	(317)
Net effect of discontinued operation in the period		293		601
Balance at end of the period	**3,586**	**3,742**	**3,586**	**3,742**

(a) Includes provision for market value adjustments

	(unaudited)			
	Three-month period ended		Six-month period ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Inventory of materials supplies				
Balance at beginning of the period	**1,308**	**1,529**	**1,229**	**1,455**
Acquisition	871	664	1,711	1,872
Transfer to inventories of products	(816)	(1,014)	(1,626)	(1,973)
Translation adjustments	37	(105)	86	(97)
Net effect of discontinued operation in the period		204		21
Balance at end of the period	**1,400**	**1,278**	**1,400**	**1,278**

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10. Recoverable Taxes

	June 30, 2014 (unaudited)	December 31, 2013
Value-added tax	1,341	1,129
Brazilian Federal Contributions	760	680
Others	45	55
Total	**2,146**	**1,864**
Current	1,788	1,579
Non-current	358	285
Total	**2,146**	**1,864**

11. Investments

The changes of investments in associates and joint ventures are as follow:

	(unaudited)			
	Three-month period ended		Six-month period ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Balance at beginning of the period	**5,315**	**6,402**	**3,584**	**6,384**
Additions	68	91	189	273
Transfer - Control acquisition			79	
Translation adjustment for the period	115	(311)	236	(419)
Equity results	244	53	439	225
Equity on other comprehensive income		(5)	2	(206)
Dividends declared	(536)	(518)	(578)	(545)
Transfers to held for sale/ financial instruments - investments (a)	(98)	(1,937)	(98)	(1,937)
Transfers from held for sale (b)			1,255	
Balance at end of the period	**5,108**	**3,775**	**5,108**	**3,775**

(a) The transfers to held for sale refers to investments in Vale Florestar of US$98 in 2014 and refers to investments en Hydro of US$1,937 in 2013.

(b) The transfers from held for sale refers to investments in VLI of US$1,255.

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Investments (Continued)

					Investments		Equity results (unaudited)				
					As of		Three-month period ended		Six-month period ended		Th
Entities	**Location**	**Relationship**	**% ownership**	**% voting capital**	**June 30, 2014 (unaudited)**	**December 31, 2013**	**June 30, 2014**	**June 30, 2013**	**June 30, 2014**	**June 30, 2013**	**Jun**
Bulk Material											
Iron Ore and pellets											
Baovale Mineração S.A. - BAOVALE	Brazil	Joint venture	50.00	50.00	23	24			1	3	
Companhia Nipo-Brasileira de Pelotização - NIBRASCO (c)	Brazil	Joint Venture	51.00	51.11	179	159	21	3	34	5	
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS (c)	Brazil	Joint Venture	50.89	51.00	85	83	5	2	8	(2)	
Companhia Coreano-Brasileira de Pelotização - KOBRASCO	Brazil	Joint Venture	50.00	50.00	95	91	8	3	16	4	
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO (c)	Brazil	Joint Venture	50.90	51.00	68	62	4		8		
MRS Logística S.A. (f)	Brazil	Joint Venture	47.59	46.75	590	564	21	23	35	36	
Minas da Serra Geral S.A. - MSG	Brazil	Joint Venture	50.00	50.00	23	22	(2)		(1)	1	
Samarco Mineração S.A. (d)	Brazil	Joint Venture	50.00	50.00	365	437	177	71	351	232	
Tecnored Desenvolvimento Tecnológico S.A. (b), (h)	Brazil					38		(3)	(1)	(5)	
Zhuhai YPM Pellet Co	China	Associate	25.00	25.00	25	25					
					1,453	**1,505**	**234**	**99**	**451**	**274**	
Coal											
Henan Longyu Energy Resources CO., LTD.	China	Associate	25.00	25.00	376	357	8	12	20	21	
					376	**357**	**8**	**12**	**20**	**21**	
Base Metals											
Copper											
Teal Minerals Incorporated	Zambia	Associate	50.00	50.00	217	228	(7)	(3)	(12)	(6)	

Nickel										
Korea Nickel Corp	Korea	Associate	25.00	25.00	21	22				(1)
Others										
General Cargo Logistic										
VLI S.A. (e)	Brazil	Associate	37.61	37.61	1,307		19		19	
Bauxite										
Mineração Rio Grande do Norte S.A. - MRN	Brazil	Associate	40.00	40.00	116	111	2	1	8	3
Steel										
California Steel Industries, INC	USA	Joint Venture	50.00	50.00	187	181	6	4	8	10
CSP- Companhia Siderúrgica do PECEM (g)	Brazil	Joint Venture	50.00	50.00	911	686	(6)	(2)	(9)	(3)
Thyssenkrupp CSA Companhia Siderúrgica do Atlântico	Brazil	Associate	26.87	26.87	317	321	(10)	(46)	(28)	(53)
					1,415	**1,188**	**(10)**	**(44)**	**(29)**	**(46)**
Other associates and joint ventures										
Norte Energia S.A.	Brazil	Joint Venture	4.59	4.59	95	83				
Vale Soluções em Energia S.A.	Brazil	Joint Venture	53.13	53.13	36		(1)		(11)	
LOG-IN - Logística Intermodal S/A (a)	Brazil	Associate								4
Others					72	90	(1)	(12)	(7)	(24)
					203	**173**	**(2)**	**(12)**	**(18)**	**(20)**
					5,108	**3,584**	**244**	**53**	**439**	**225**

(a) Company sold in December 2013;

(b) Investment balance includes the amounts of advances for future capital increase;

(c) Although Vale held majority of the voting interest of investees accounted for under the equity method, we do not consolidate due to existing veto rights held by noncontrolling shareholders prevents consolidation;

(d) Main data of Samarco in 2014: total Assets US$6,558, Liabilities US$5,828, Operational Result US$730, Financial Result US$145, Income tax US$(175);

(e) Considering the updated interest after the transaction conclusion and the respective shareholders agreement, as described in Note 6.

(f) Main data of MRS in 2014: Total Assets US$3,077, Liabilities US$1,837, Operational Result US$142, Financial Result US$(27), Income tax US$(40);

(g) Pre-operational stage; and

(h) Consolidated since March 2014.

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12. Intangible Assets

	June 30, 2014 (unaudited)			December 31, 2013		
	Cost	Amortization	Net	Cost	Amortization	Net
Indefinite useful life						
Goodwill	4,285		4,285	4,140		4,140
Finite useful life						
Concessions and subconcessions	3,580	(1,436)	2,144	3,099	(1,192)	1,907
Right of use	333	(92)	241	328	(75)	253
Others	1,382	(839)	543	1,295	(724)	571
	5,295	**(2,367)**	**2,928**	**4,722**	**(1,991)**	**2,731**
Total	**9,580**	**(2,367)**	**7,213**	**8,862**	**(1,991)**	**6,871**

Rights of use refers basically to the usufruct contract entered into with noncontrolling stockholders to use the shares of Empreendimentos Brasileiros de Mineração S.A. (owner of MBR shares) and intangible assets identified in business combination of Vale Canada. The amortization of the right of use will expire in 2037 and Vale Canada s intangible will end in September 2046. The concessions and sub-concessions refer to the agreements with the Brazilian government for the exploration and the development of ports and railways.

The table below shows the changes of intangible assets during the period:

	Three-month period ended (unaudited)				
	Goodwill	Concessions and Sub-concessions	Right of use	Others	Total
Balance on March 31, 2013	**4,600**	**3,887**	**294**	**527**	**9,308**
Additions		120		69	189
Disposals		(3)		(2)	(5)
Amortization		(46)	(6)	(29)	(81)
Translation adjustments	(304)	(373)	(14)	(52)	(743)
Net effect of discontinued operation in the period		23			23
Balance on June 30, 2013	**4,296**	**3,608**	**274**	**513**	**8,691**
Balance on March 31, 2014	**4,176**	**2,116**	**241**	**561**	**7,094**
Additions		77		1	78
Disposals					
Amortization		(106)	(1)	(35)	(142)
Translation adjustments	109	57	1	16	183
Balance on June 30, 2014	**4,285**	**2,144**	**241**	**543**	**7,213**

	Six-month period ended				
	Goodwill	Concessions and Sub-concessions	Right of use	Others	Total
Balance on December 31, 2012	**4,603**	**3,757**	**302**	**549**	**9,211**
Additions		245		77	322
Disposals		(5)		(2)	(7)
Amortization		(92)	(11)	(66)	(169)
Translation adjustments	(307)	(329)	(17)	(45)	(698)
Net effect of discontinued operation in the period		32			32
Balance on June 30, 2013 (unaudited)	**4,296**	**3,608**	**274**	**513**	**8,691**
Balance on December 31, 2013	**4,140**	**1,907**	**253**	**571**	**6,871**
Additions		261		6	267
Disposals		(3)			(3)
Amortization		(151)	(8)	(49)	(208)
Translation adjustments	145	130	(4)	15	286
Balance on June 30, 2014 (unaudited)	**4,285**	**2,144**	**241**	**543**	**7,213**

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13. Property, plant and equipment

	June 30, 2014 (unaudited)			December 31, 2013		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Land	1,163		1,163	945		945
Buildings	10,796	(2,529)	8,267	9,916	(2,131)	7,785
Facilities	17,708	(5,316)	12,392	15,659	(4,722)	10,937
Computer equipment	697	(489)	208	679	(496)	183
Mineral properties	22,152	(5,804)	16,348	21,603	(5,327)	16,276
Others	29,043	(9,266)	19,777	27,149	(8,409)	18,740
Construction in progress	27,354		27,354	26,799		26,799
	108,913	**(23,404)**	**85,509**	**102,750**	**(21,085)**	**81,665**

	Three-month period ended (unaudited)							
	Land	Building	Facilities	Computer equipment	Mineral properties	Others	Constructions in progress	Total
Balance on March 31, 2013	**866**	**6,384**	**11,754**	**368**	**17,442**	**18,492**	**31,315**	**86,621**
Additions (i)							2,966	2,966
Disposals			(12)			(17)	(34)	(63)
Depreciation and amortization		(62)	(233)	(19)	(200)	(315)		(829)
Translation adjustments	(112)	(541)	(863)	(179)	(470)	(916)	(2,125)	(5,206)
Transfers	162	514	292	31	45	565	(1,609)	
Net effect of discontinued operation in the period						134	(86)	48
Balance on June 30, 2013	**916**	**6,295**	**10,938**	**201**	**16,817**	**17,943**	**30,427**	**83,537**
Balance on March 31, 2014	**1,103**	**8,184**	**12,514**	**237**	**16,198**	**19,289**	**26,237**	**83,762**
Additions (i)							2,812	2,812
Disposals		(38)		(1)	(30)	(2)	(97)	(168)
Depreciation and amortization		(207)	(47)	(15)	(171)	(379)		(819)
Impairment			(1)		(767)	(2)	(4)	(774)
Translation adjustments	27	54	(490)	(25)	135	(19)	1,014	696
Transfers	33	274	416	12	983	890	(2,608)	
Balance on June 30, 2014	**1,163**	**8,267**	**12,392**	**208**	**16,348**	**19,777**	**27,354**	**85,509**

	Six-month period ended							
	Land	Building	Facilities	Computer equipment	Mineral properties	Others	Constructions in progress	Total
Balance on December 31, 2012	**676**	**6,093**	**11,756**	**376**	**18,867**	**18,178**	**28,936**	**84,882**

Additions (i)							6,376	6,376
Disposals			(49)	(1)	(31)	(18)	(49)	(148)
Depreciation and amortization		(123)	(449)	(39)	(444)	(929)		(1,984)
Translation adjustments	(106)	(507)	(820)	(177)	(1,048)	(919)	(2,042)	(5,619)
Transfers	346	832	500	43	(527)	1,382	(2,576)	
Net effect of discontinued operation in the period				(1)		249	(218)	30
Balance on June 30, 2013 (unaudited)	**916**	**6,295**	**10,938**	**201**	**16,817**	**17,943**	**30,427**	**83,537**
Balance on December 31, 2013	**945**	**7,785**	**10,937**	**183**	**16,276**	**18,740**	**26,799**	**81,665**
Additions (i)							5,021	5,021
Disposals		(48)	(2)	(3)	(90)	(33)	(116)	(292)
Depreciation and amortization		(283)	(314)	(29)	(393)	(854)		(1,873)
Impairment			(1)		(767)	(2)	(4)	(774)
Translation adjustments	127	246	(377)	(2)	39	499	1,230	1,762
Transfers	91	567	2,149	59	1,283	1,427	(5,576)	
Balance on June 30, 2014 (unaudited)	**1,163**	**8,267**	**12,392**	**208**	**16,348**	**19,777**	**27,354**	**85,509**

(i) Total amount of Capital Expenditures recognized as addition of construction in progress for the three-month period ended on June 30, 2014 and June 30, 2013 corresponds to US$1,596 and US$2,338 and six-month period ended on June 30, 2014 and June 30, 2013 corresponds to US$3,327 and US$5,063, respectively.

Property, plant and equipment (net book value) pledged as guarantees for judicial claims on June 30, 2014 and December 31, 2013 corresponds to US$76 and US$77, respectively.

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14. Impairment

The Company has identified evidence of impairment in relation to certain operations as follows:

Coal mine Integra

In May 2014, the Company announced that is taking the necessary steps to place its Integra Mine Complex in Australia into care and maintenance since the operation is not economically feasible under current market conditions. As a consequence we recognized an impairment of US$274.

Guinea Iron ore projects

Our 51%-owned subsidiary VBG-Vale BSGR Limited (VBG) holds iron ore concession rights in Simandou South (Zogota) and iron ore exploration permits in Simandou North (Blocks 1 & 2) in Guinea. On April 25, 2014 the government of Guinea revoked VBG S mining concessions, based on the recommendation of a technical committee established pursuant to Guinean legislation. The decision is based on the allegations of fraudulent conduct in connection with the acquisition of licenses by BSGR (Vale´s current partner in VBG) more than one year before Vale had made any investment in VBG. The decision does not indicate any involvement by Vale and therefore does not prohibit Vale to participate in any reallocation of the mining titles.

Vale is actively considering its legal rights towards the Guinean Government and its partner at VBG and addressing options to guarantee the value of both the investments made in Guinea project development as well as the initial investment made in the VBG. Considering the uncertainties in this process for the recoverable of the initial payment related to the acquisition of our participation in VBG, in the amount of US$500, the Company recognized an impairment of this initial payment. The Company will continue to reassess the net value of the investments depending on the development of the negotiations with Guinea Government.

15. Loans and Financing

a) Total debt

	Current liabilities		Non-current liabilities
	June 30, 2014	December 31, 2013	