

Vale S.A.
Form 6-K
May 06, 2011

Table of Contents

**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**

For the quarterly period ended June 30, 2010

**May 2011
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 Form 40-F

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

(Check One) Yes No

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

(Check One) Yes No

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

(Check One) Yes No

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

Table of Contents

Financial Statements March 31, 2011
BR GAAP/IFRS
Filed at CVM, SEC and SFC on 05/05/2011
Gerência Geral de Controladoria GECOL

Vale S.A.
INDEX TO THE INTERIM FINANCIAL STATEMENTS

	Page
<u>Balance Sheet as of March 31, 2011 and December 31, 2010 for the consolidated and parent company</u>	4
<u>Statement of Income for the three-months periods ended March 31, 2011 and March 31, 2010 for the consolidated and parent company</u>	6
<u>Statement of Comprehensive Income for the three-months periods ended March 31, 2011 and March 31, 2010 for the consolidated and parent company</u>	7
<u>Statement of Changes in Stockholder s Equity for the three-months periods ended March 31, 2011 and March 31, 2010 for the consolidated and parent company</u>	8
<u>Cash Flow Statement for the three-months periods ended March 31, 2011 and March 31, 2010 for the consolidated and parent company</u>	9
<u>Statement of Added Value for the three-months periods ended March 31, 2011 and March 31, 2010 for the consolidated and parent company</u>	10
<u>Notes to the Interim Financial Statements</u>	11

Table of Contents

(A free translation from the original in Portuguese)

Review Report of Independent Accountants

To the Board of Directors and Shareholders
Vale S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Vale S.A., for the quarter ended March 31, 2011, comprising the balance sheet and the statements of income, comprehensive income, changes in equity and cash flows, for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Table of Contents

**Conclusion on the parent
company interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information.

Other matters

**Interim statements
of value added**

We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2011, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) and are considered supplementary information under IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not properly prepared, in all material respects, in relation to the interim accounting information taken as a whole.

Rio de Janeiro, May 5, 2011.

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 F RJ

Marcos Donizete Panassol

Contador CRC 1SP155975/O-8 S RJ

Table of Contents

(A free translation from the original in Portuguese)

Balance Sheet**Balances as of****In thousands of reais**

	Notes	March 31, 2011 (unaudited)	Consolidated December 31, 2010	March 31, 2011 (unaudited)	Parent Company December 31, 2010
Assets					
Current assets					
Cash and cash equivalents	7	19,138,882	13,468,958	10,126,446	4,823,377
Short-term investments	8	869,017	2,987,497		
Derivatives at fair value	23	168,448	87,270	76,394	36,701
Financial assets available for sale		15,522	20,897		
Accounts receivable	9	12,629,803	13,962,306	13,852,977	18,378,124
Related parties	27	185,829	90,166	2,168,941	1,123,183
Inventories	10	8,310,415	7,592,024	2,441,332	2,316,971
Recoverable taxes	12	2,926,240	2,795,557	2,013,802	1,960,606
Advances to suppliers		616,970	318,002	221,872	273,414
Others		1,366,498	1,070,123	62,551	178,655
		46,227,624	42,392,800	30,964,315	29,091,031
Assets held for sale		341,369	11,875,931		
		46,568,993	54,268,731	30,964,315	29,091,031
Non-current assets					
Related parties	27	15,807	8,032	1,930,346	1,936,328
Loans and financing agreements to receive		499,396	274,464	168,162	163,775
Prepaid expenses		422,445	254,366		
Judicial deposits	17	3,133,748	3,062,337	2,367,482	2,312,465
Deferred income tax and social contribution	18	2,597,279	2,439,984	1,978,313	1,788,980
Recoverable taxes	12	766,036	612,384	130,817	124,834
Derivatives at fair value	23	763,006	501,722	450,348	284,127
Reinvestment tax incentive		540,240	239,269	540,240	239,269
Accounts receivable on realized assets held for sale		651,480			
Others		654,965	695,638	282,473	283,180
		10,044,402	8,088,196	7,848,181	7,132,958
Investments	13	9,963,231	3,944,565	97,089,292	92,111,361
Intangible assets	14	18,735,518	18,273,788	13,528,217	13,563,108
	15	132,008,067	130,086,834	46,052,365	44,461,771

Property, plant and
equipment, net

170,751,218 **160,393,383** **164,518,055** **157,269,198**

Total assets

217,320,211 **214,662,114** **195,482,370** **186,360,229**

4

Table of Contents

(A free translation from the original in Portuguese)

Balance Sheet

Balance as of	In thousands of reais, except number of shares			
	(Continued)			
		Consolidated	Parent Company	
		December	December	
		31,	31,	
		March 31,	March 31,	
Notes	2011	2010	2011	2010
	(unaudited)		(unaudited)	
Liabilities and stockholders equity				
Current liabilities				
Suppliers and contractors	6,739,356	5,803,709	2,843,389	2,863,317
Payroll and related charges	1,316,791	1,965,833	775,666	1,270,360
Derivatives at fair value	23 40,687	92,182		
Current portion of long-term debt	16 2,699,585	4,866,399	565,856	616,153
Short-term debt	16 967,773	1,144,470		
Related parties	27 34,319	24,251	5,540,320	5,325,746
Taxes payable and royalties	442,636	441,609	168,173	203,723
Provision for income taxes	1,191,578	1,309,630	570,238	413,985
Employee postretirement benefits obligations	328,357	311,093	194,856	175,564
Provision for asset retirement obligations	17 115,200	128,281	40,016	44,427
Dividends and interest on capital	6,435,079	8,104,037	6,435,079	8,104,037
Others	1,529,723	1,852,688	731,808	705,227
	21,841,084	26,044,182	17,865,401	19,722,539
Liabilities directly associated with assets held for sale	121,809	5,339,989		
	21,962,893	31,384,171	17,865,401	19,722,539
Non-current liabilities				
Derivatives at fair value	23 99,426	102,680		
Long-term debt	16 37,625,077	37,779,484	16,010,429	15,907,762
Related parties	27 236	3,362	26,748,541	27,597,237
Employee postretirement benefits obligations	3,194,009	3,224,893	442,688	503,639
Provisions for contingencies	17 3,712,180	3,712,341	2,129,772	2,107,773
Deferred income tax and social contribution	18 14,115,012	12,947,141	4,616,911	3,574,271
Provision for asset retirement obligations	17 2,400,036	2,463,154	794,384	760,838
Stockholders Debentures	2,258,268	2,139,923	2,258,268	2,139,923

Redeemable non-controlling interest	1,054,951	1,186,334		
Others	3,913,103	3,391,768	1,917,881	1,928,244
	68,372,298	66,951,080	54,918,874	54,519,687
Stockholders equity	22			
Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2010 - 2,108,579,618) issued	19,650,141	19,650,141	19,650,141	19,650,141
Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2010 - 3,256,724,482) issued	30,349,859	30,349,859	30,349,859	30,349,859
Mandatorily convertible notes common shares	440,663	445,095	440,663	445,095
Mandatorily convertible notes preferred shares	984,809	996,481	984,809	996,481
Treasury stock - 99,649,562 (2010 - 99,646,571) preferred and 47,375,394 (2010 - 47,375,394) common shares	(4,826,127)	(4,826,127)	(4,826,127)	(4,826,127)
Results from operations with non-controlling stockholders	685,035	685,035	685,035	685,035
Results in the translation/issuance of shares	1,867,210	1,867,210	1,867,210	1,867,210
Valuation adjustment	(15,554)	(25,383)	(15,554)	(25,383)
Cumulative translation adjustments	(10,216,841)	(9,512,225)	(10,216,841)	(9,512,225)
Retained earnings	83,778,900	72,487,917	83,778,900	72,487,917
Total company stockholders equity	122,698,095	112,118,003	122,698,095	112,118,003
Non-controlling interests	4,286,925	4,208,860	-	-
Total stockholders equity	126,985,020	116,326,863	122,698,095	112,118,003
Total liabilities and stockholders equity	217,320,211	214,662,114	195,482,370	186,360,229

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

Table of Contents

(A free translation from the original in Portuguese)

Statement of Income

Period ended in (unaudited)		In thousands of reais, except as otherwise stated			
	Notes	March 31, 2011	Consolidated March 31, 2010	Parent Company March 31, 2011	Parent Company March 31, 2010
Net operating revenue		22,985,283	12,583,322	13,542,978	6,630,537
Cost of goods solds and services rendered	25	(9,513,771)	(6,635,200)	(4,677,964)	(3,671,422)
Gross profit		13,471,512	5,948,122	8,865,014	2,959,115
Operating (expenses) income					
Selling and administrative expenses	25	(756,054)	(565,487)	(369,354)	(306,196)
Research and development expenses	25	(573,537)	(313,642)	(278,875)	(211,946)
Other operating expenses, net	25	(715,832)	(1,044,443)	(156,179)	(356,582)
Equity results from subsidiaries				2,871,370	2,365,423
Realized gain on assets available for sales (equity results on the parent company)		2,492,175		2,492,175	
		446,752	(1,923,572)	4,559,137	1,490,699
Operating profit		13,918,264	4,024,550	13,424,151	4,449,814
Financial income	25	881,069	435,379	438,057	140,064
Financial expenses	25	(1,148,952)	(1,772,079)	(1,076,157)	(1,717,310)
Equity results from associates	13	17,674	7,214	17,674	7,214
Income before income tax and social contribution		13,668,055	2,695,064	12,803,725	2,879,782
Current		(2,756,574)	(511,930)	(1,715,474)	(339,064)
Deferred		289,406	865,377	202,732	563,074
Income tax and social contribution	18	(2,467,168)	353,447	(1,512,742)	224,010

Income from continuing operations	11,200,887	3,048,511	11,290,983	3,103,792
Results on discontinued operations		(224,448)		(224,448)
Net income of the period	11,200,887	2,824,063	11,290,983	2,879,344
Net loss attributable to non-controlling interests	(90,096)	(55,281)		
Net income attributable to the Company's stockholders	11,290,983	2,879,344		
Basic earnings per share:				
Continuing operations				
Preferred share	2,12	0.58	2,12	0.58
Common share	2,12	0.58	2,12	0.58
Discontinued operations				
Preferred share		(0.04)		(0.04)
Common share		(0.04)		(0.04)
Diluted earnings per share:				
Continuing operations				
Preferred share	2.36	0.58	2.36	0.58
Common share	2.36	0.58	2.36	0.58
Discontinued operations				
Preferred share		(0.04)		(0.04)
Common share		(0.04)		(0.04)

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

Table of Contents

(A free translation from the original in Portuguese)

Statement of Comprehensive Income

Period ended in (unaudited)

In thousands of reais

	Notes	Consolidated March 31, 2011	Consolidated March 31, 2010	Parent Company March 31, 2011	Parent Company March 31, 2010
Net income of the period		11,200,887	2,824,063	11,290,983	2,879,344
Other comprehensive income					
Cumulative translation adjustments		(721,473)	1,407,181	(704,616)	1,401,656
Unrealized gain (loss) on available-for-sale securities					
Gross balance as of the period/year end		(813)	11,434	(813)	11,434
Tax (expense) benefit			(8,219)		(8,219)
		(813)	3,215	(813)	3,215
Cash flow hedge					
Gross balance as of the period/year end		25,885	18,159	24,041	10,053
Tax (expense) benefit		(14,043)	(46,530)	(13,399)	(46,530)
		11,842	(28,371)	10,642	(36,477)
Total comprehensive income of the period	23	10,490,443	4,206,088	10,596,196	4,247,738
Net income attributable to non-controlling interests		(105,753)	(41,650)		
Net income attributable to the Company's stockholders		10,596,196	4,247,738		

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

Table of Contents

(A free translation from the original in Portuguese)

Statement of Changes in Stockholders' Equity

Period ended in (unaudited)

In thousands of reais

Transaction	cost of capital increase	Mandatorily convertible notes	revenue reserves	Treasury stock	Valuation adjustment	Income from operations with non-controlling stockholders	Cumulative translation adjustment	retained earnings	Parent company stockholders' equity	com stock in
Capital	17,434,193	(160,771)	4,587,011	49,272,210	(2,470,698)	81,485	(8,886,380)	5,901,065	95,758,115	4,
								2,879,344	2,879,344	
					(36,477)				(36,477)	
					3,215				3,215	
							1,401,656		1,401,656	
Capital	17,434,193	(160,771)	4,587,011	49,272,210	(2,470,698)	48,223	(7,484,724)	8,780,409	100,005,853	4,
	10,000,000	1,867,210	1,441,576	72,487,917	(4,826,127)	(25,383)	685,035	(9,512,225)	112,118,003	4,
								11,290,983	11,290,983	
		(16,104)							(16,104)	
					10,642				10,642	

(813)

(813)

(704,616)

(704,616)

50,000,000 1,867,210 1,425,472 72,487,917 (4,826,127) (15,554) 685,035 (10,216,841) 11,290,983 122,698,095 4,

(I) period adjusted by new accounting pronouncements.

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

8

Table of Contents

(A free translation from the original in Portuguese)

Statement of Cash Flows**Period ended in (unaudited)****In thousands of reais**

	Notes	March 31, 2011	Consolidated March 31, 2010	March 31, 2011	Parent Company March 31, 2010
Cash flows from operating activities:					
Net income of the period		11,200,887	2,824,063	11,290,983	2,879,344
Adjustments to reconcile net income to cash from operations					
Results of equity investments		(17,674)	(7,214)	(2,889,044)	(2,372,637)
Realized gain on assets held for sale		(2,492,175)		(2,492,175)	
Results from discontinued operations			224,448		112,505
Depreciation, amortization and depletion		1,599,038	1,360,305	468,702	493,250
Deferred income tax and social contribution		(289,406)	(865,377)	(202,732)	(563,074)
Monetary and exchange rate changes, net		494,186	(188,341)	(596,370)	775,063
Loss on disposal of property, plant and equipment		301,520	193,717	100,402	175,877
Net unrealized losses (gains) on derivatives	23	(353,552)	403,663	(166,505)	78,256
Dividends / interest on capital received				639,919	91,240
Others		(48,436)	241,578	54,356	397,842
Decrease (increase) in assets:					
Accounts receivable from customers		288,935	(1,482,069)	4,525,153	(335,683)
Inventories		(1,290,119)	(435,710)	(69,360)	(5,591)
Recoverable taxes		(128,747)	(10,019)	(59,178)	68,004
Others		451,967	566,784	(47,465)	51,938
Increase (decrease) in liabilities:					
Suppliers and contractors		338,243	146,025	539,055	34,690
Payroll and related charges		(624,001)	(521,208)	(494,694)	(379,525)
Taxes and contributions		527,374	(157,723)	1,108,449	164,101
Others		895,920	172,205	264,810	181,093
Net cash provided by operating activities		10,853,960	2,465,127	11,974,306	1,846,693

Cash flows from investing activities:

Short-term investments	2,118,480	6,503,263		
Loans and advances receivable	(289,200)	16,560	(1,095,454)	91,408
Guarantees and deposits	(49,550)	(82,619)	(34,097)	(188,026)
Additions to investments	(103,411)	(50,000)	(561,044)	(538,033)
Additions to property, plant and equipment	(4,892,203)	(3,354,333)	(2,460,494)	(1,376,505)
Proceeds from disposal of investments held for sale	1,794,985			

Net cash provided by (used in) investing activities

	(1,420,899)	3,032,871	(4,151,089)	(2,011,156)
--	--------------------	------------------	--------------------	--------------------

Cash flows from financing activities:**Short-term debt**

Additions	1,564,302	3,075,770	1,014,250	379,444
Repayments	(1,640,278)	(3,106,801)	(2,457,767)	(779,760)

Long-term debt

Additions	959,071	2,005,499	1,300,306	1,815,921
Repayments	(2,926,045)	(463,330)	(706,837)	(165,212)
Dividends and interest on capital paid to stockholders	(1,670,100)	(2,227)	(1,670,100)	

Net cash provided by (used in) financing activities

	(3,713,050)	1,508,911	(2,520,148)	1,250,393
--	--------------------	------------------	--------------------	------------------

Increase (decrease) in cash and cash equivalents	5,720,011	7,006,909	5,303,069	1,085,930
Cash and cash equivalents of cash, beginning of the period	13,468,958	13,220,598	4,823,377	1,249,980
Effect of exchange rate changes on cash and cash equivalents	(50,087)	39,364		
Initial cash in new consolidated subsidiary				8

Cash and cash equivalents, end of the period

7	19,138,882	20,266,871	10,126,446	2,335,918
---	-------------------	-------------------	-------------------	------------------

Cash paid during the period for:

Short-term interest	(6,134)	(7,816)	(2,476)	(1,660)
Long-term interest	(581,255)	(448,669)	(558,467)	(185,960)
Income tax and social contribution	(1,697,264)	(251,890)	(3,103,414)	

Non-cash transactions:

Additions to property, plant and equipment interest capitalization	(63,498)	(83,002)	(27,616)	(26,791)
Transfer of advance for future capital increase to investments			(334,756)	(321,500)

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

Table of Contents

(A free translation from the original in Portuguese.)

Statement of Added Value**Period ended in (unaudited)****In thousands of reais**

	March 31, 2011	Consolidated March 31, 2010	March 31, 2011	Parent company March 31, 2010
Generation of added value				
Gross revenue				
Revenue from products and services	23,573,306	13,029,349	13,916,246	6,971,347
Gain on realization of assets available for sale	2,492,175		2,492,175	
Revenue from the construction of own assets	4,088,559	3,211,819	2,479,986	1,385,397
Allowance for doubtful accounts	11,893	(6,597)	14,907	(5,098)
Less:				
Acquisition of products	(557,382)	(413,160)	(586,826)	(256,792)
Outsourced services	(2,857,576)	(1,691,695)	(1,699,685)	(1,098,966)
Materials	(4,743,680)	(4,727,239)	(2,510,274)	(2,490,098)
Fuel oil and gas	(981,365)	(773,598)	(470,005)	(316,569)
Energy	(510,274)	(445,504)	(205,913)	(217,480)
Other costs (expenses)	(2,247,993)	(2,009,716)	(789,180)	(943,381)
Gross added value	18,267,663	6,173,659	12,641,431	3,028,360
Depreciation, amortization and depletion	(1,599,038)	(1,360,305)	(468,702)	(493,250)
Net added value	16,668,625	4,813,354	12,172,729	2,535,110
Financial revenue	748,064	103,151	403,762	40,405
Equity results	17,674	7,214	2,889,044	2,260,694
Total added value to be distributed	17,434,363	4,923,719	15,465,535	4,836,209
Personnel	1,698,685	1,123,241	892,790	629,504
Taxes, rates and contribution	1,051,676	(109,989)	727,158	(66,280)
Current income tax	2,756,574	511,930	1,715,474	339,064
Deferred income tax	(289,406)	(865,377)	(202,732)	(563,074)
Remuneration on third party's capital	1,067,857	1,261,691	956,797	837,491
Monetary and exchange rates changes, net	(51,910)	178,160	85,065	780,160
Net income attributable to the company's stockholders	11,290,983	2,879,344	11,290,983	2,879,344
Net income (loss) attributable to non-controlling interest	(90,096)	(55,281)		