

MobileSmith, Inc.  
Form 8-K  
February 07, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): February 7, 2018

MOBILESMITH, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-32634                      95-4439334  
(Commission File Number) (IRS Employer Identification No.)

5400 Trinity Rd., Suite 208                      27607  
Raleigh, North Carolina  
(Address of Principal Executive Offices) (Zip Code)

855-516-2413

(Registrant's Telephone Number, Including Area  
Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

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Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



Item 8.01 Other events.

On February 1, 2018 the Board of Directors of MobileSmith Inc. (the "Company") adopted new audit committee and compensation committee charters establishing audit and compensation committees and appointed independent Board members to the newly formed committees.

Board members Robert Smith, Ray Hemmig and Ronen Shviki were appointed to the Audit Committee with Robert Smith as Audit Committee Chairman. Board members Robert Smith, Ray Hemmig and Ronen Shviki were appointed to the Compensation Committee with Ray Hemmig as Compensation Committee Chairman.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Charter of the Audit Committee of the Board of Directors of MobileSmith Inc.

99.2 Charter of the Compensation Committee of the Board of Directors of MobileSmith Inc.



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Company Name

Date: February 7, 2018 By: /s/ Gleb Mikhailov

Gleb Mikhailov

Chief Financial Officer



ction of 14.1% compared to the previous year. The average realization price was US\$ 70.60 per ton compared with US\$ 84.90 in 2005 and US\$ 75.85 in 2004.

In the last quarter of 2006 208,000 tons of manganese ore were sold, 14.8% less than in the same period in 2005. In 4Q06 the average price of manganese ore was US\$ 72.12 per ton, slightly lower than 3Q06 and 4Q05 prices, US\$ 75.89 and US\$ 73.77 per ton respectively.

Sales of ferroalloys totaled 522,000 tons, against 529,000 tons in 2005. The average price in 2006, US\$ 886.97 per ton, was slightly higher than 2005, of US\$ 846.88.

Shipments of ferroalloys in 4Q06 at 121,000 tons, were similar to the amount sold in the same period during the previous year, 119,000 tons. The average price was equal to US\$ 1,090.91, 19.1% above 3Q06 and 49.2% above 4Q05. The average price of alloys has been improving each quarter, with an increase 76.4% in relation to the minimum recorded in the last 24 months, US\$ 618.32 in 3Q05.

Revenue from ferrous minerals iron ore, pellets, manganese and ferroalloys were US\$ 12.569 billion in 2006, an increase of 25.1% over 2005, when they

**Table of Contents**

reached US\$ 10.050 billion. The price increases explain 71.9% of the variation in revenue, the rest being due to greater volumes shipped.

Revenues with iron ore amounted to US\$ 10.027 billion, pellets US\$ 1.907 billion, operation services for the Tubarão pellet plants US\$ 72 million, manganese ore US\$ 55 million and ferroalloys US\$ 463 million.

The adjusted EBIT margin was 47.3% against 49.7% in 2005, influenced by lower margins in the manganese and ferro-alloy sales in 2006.

Adjusted EBITDA totaled US\$ 6.758 billion in 2006, 22.3% above 2005, creating a new annual record.

**FERROUS MINERALS**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>2006</b>
Adjusted EBIT margin (%)	48.0	51.8	43.4	49.7	47.3
Adjusted EBITDA (US\$ million)	1,595	2,168	1,668	5,528	6,758

**Non-ferrous minerals the nickel effect**

Revenues from sales of non-ferrous minerals nickel, copper, kaolin, potash, platinum group metals, precious metals and cobalt totaled US\$ 3.924 billion, a landmark for the Company, which, with the acquisition of CVRD Inco, became one of the world's major players in base metals market.

The consolidation of CVRD Inco contributed US\$ 2.802 billion to the increase of US\$ 3.239 billion in non-ferrous revenues between 2005 and 2006.

Revenues with nickel amounted to US\$ 2.360 billion, copper US\$ 1.079 billion, kaolin US\$ 218 million and potash US\$ 143 million.

The adjusted EBIT margin was 23.1%, against 23.7% for 2005. Excluding the extraordinary item related to the accounting adjustment for CVRD Inco inventories, the operational margin for non-ferrous business would be 47.3%.

Adjusted EBITDA amounted to US\$ 1.175 billion in 2006, almost five times as much as in 2005, of US\$ 238 million.

The consolidation of CVRD Inco contributed US\$ 534 million to cash flow generation in the non-ferrous area.

Sales of refined nickel in 4Q06 reached 73,800 tons, with an average sale price of US\$ 31,982 per ton (US\$ 14.51 per pound), with revenues of US\$ 2.360 billion.

In 4Q06, the unit cash cost of refined nickel production, before the by-product credits, was US\$ 3.38 per pound, and US\$ 2.07 per pound after the calculation of these credits.

In pro forma terms, CVRD nickel production amounted to 250,600 tons in 2006, making us the world's largest nickel producer.

CVRD sold 169,000 tons of copper in 2006, with 81,000 tons being sold in 4Q06. Excluding the CVRD Inco consolidation, 2006 sales would be 128,000 tons of copper in concentrate produced at Sossego, with a 7.3% increase.

The average price for copper concentrate, of US\$ 1,824 per ton, in 2006 doubled in relation to 2005, of US\$ 982, reflecting higher prices for the metal.

The average price in 4Q06, of US\$ 1,386 per ton, showed a drop of 40.6% in relation to 3Q06, of US\$ 2,333. This decline was due to lower LME copper prices

**Table of Contents**

and the methodology of pricing for copper concentrate shipments, which involves lagged adjustments in relation to the effective shipment date.

Revenues with sales of copper reached US\$ 483 million in 4Q06 and US\$ 1.079 billion in 2006, with US\$ 300 million coming from the CVRD Inco consolidation. Excluding this effect, copper revenues in 2006 would still be 99.2% above 2005 revenues, of US\$ 391 million, and 39.7% more comparing 4Q06 with 4Q05 (US\$ 131 million).

The volume of kaolin sold in 2006, 1.323 million tons, was 8.6% above 2005, creating a new sales record.

In 4Q06, CVRD sold 414 thousand tons, a new quarterly record, compared with 355 thousand tons the year before.

The average price of kaolin showed a rise of 13.4%, going from US\$ 145.32 per ton in 2005 to US\$ 164.78 per ton. In 4Q06 the average price was equal to US\$ 169.08 per ton, 17.7% above 4Q05 levels, of US\$ 143.66.

Revenues, standing at US\$ 218 million in 2006, were 23.2% above 2005. In 4Q06 revenues totaled US\$ 70 million, as compared with US\$ 51 million in 4Q05 and US\$ 53 million in 3Q06.

Potash sales in 2006 rose to 733,000 tons, an annual record, with a 14.5% increase in relation to 2005. The conclusion of the project to increase the nominal production capacity of Taquari-Vassouras to 850,000 tons permitted a growth in sales in 2006.

The average sale price reached US\$ 195.09 per ton, a reduction of 16.2% compared with 2005.

In 4Q06, CVRD sold 218,000 tons of potash, up 23.9% on 4Q05, at an average price of US\$ 197.25 per ton.

In 2006, revenues with shipments of potash were US\$ 143 million, in line with US\$ 149 million obtained the year before. Sales of potash added US\$ 43 million to Company revenues in 4Q06, compared with US\$ 41 million in 4Q05.

In 4Q06 and 2006, sales of platinum group metals (PGMs) and precious metals (gold and silver), by-products of our nickel operations in Canada, added US\$ 105 million to the Company's total revenues. Sales of platinum produced a revenue of US\$ 51 million while cobalt sales reached US\$ 19 million.

**NON FERROUS MINERALS**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>2006</b>
Adjusted EBIT margin (%)	26.4	53.2	16.5	23.7	23.1
Adjusted EBITDA (US\$ million)	79	235	691	238	1,175

**Aluminum record shipments and cash flow generation**

Alumina sales in 2006 amounted to 3.221 million tons, an increase of 76.2% compared with the 1.828 million realized in 2005. This increase was made possible by the expansion of the Barcarena refinery. With the start of operations of stages 4 and 5 in 1H06 its nominal production capacity was increased to 4.3 million tons of alumina per year. It is worth emphasizing that the consolidation of Valesul had a

**Table of Contents**

negative impact on alumina sales, since the shipments from Alunorte to Valesul were cancelled.

The average price obtained of US\$ 343.99 per ton represents an increase of 18.4% compared with the US\$ 290.48 per ton obtained in 2005. Revenues with alumina reached US\$ 1.108 billion in 2006, as against US\$ 531 million in 2005. Sales of primary aluminum, at 485 thousand tons in 2006, were a record, surpassing the previous record, dating from 2005, by 38 thousand tons.

The average price of aluminum in 2006, at US\$ 2,558.76 per ton, represents a 39.0% increase over the previous year. Revenues were US\$ 1.241 billion, a growth of 50.3% over the US\$ 823 million generated in 2005.

Revenues from sales of bauxite, alumina and aluminum in 2006 reached US\$ 2.381 billion, compared with US\$ 1.408 billion in 2005.

In 2006, the adjusted EBIT margin for the aluminum chain products was 39.5%, 78 base points above the margin achieved in 2005, of 31.7%.

Adjusted EBITDA was US\$ 1.079 billion in 2006, almost double the year before, of US\$ 557 million.

**ALUMINUM**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>2006</b>
Adjusted EBIT margin (%)	30.7	35.1	38.2	31.7	39.5
Adjusted EBITDA (US\$ million)	122	266	268	557	1,079

**Logistics services increase in operational margin**

The CVRD railroads Carajás, Vitória a Minas and Centro-Atlântica transported 26.714 billion ntk of general cargo for clients in 2006, in line with 2005 levels of 26.885 billion ntk. The main cargos transported were inputs and products of the steel industry, 45.1%, agricultural products, mainly soy beans, sugar and fertilizers, 38.3%; fuel, 7.2% and building materials and forestry products, 6.4%.

For the second consecutive year, problems with grain and steel production in Brazil have limited demand growth for logistics services.

CVRD's ports and maritime terminals handled 29.745 million tons of general cargo, compared with 30.681 million tons in 2005.

Logistics services generated revenues of US\$ 1.376 billion in 2006, a 13.2% increase over 2005.

Rail transportation of general cargo produced revenues of US\$ 1.011 billion, port services, US\$ 237 million, and coastal shipping and port support services US\$ 128 million.

The adjusted EBIT margin was 28.9%, an increase on that obtained in 2005, of 22.4%.

Adjusted EBITDA reached US\$ 512 million in 2006, 23.4% above the 2005 value, of US\$ 414 million.

**Table of Contents****LOGISTICS**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>2006</b>
Adjusted EBIT margin (%)	8.6	31.3	33.5	22.4	28.9
Adjusted EBITDA (US\$ million)	80	142	155	414	512

**VOLUME SOLD, PRICES AND REVENUES**  
**VOLUME SOLD: MINERALS AND METALS**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>%</b>	<b>2006</b>	<b>000 tons</b>
							<b>%</b>
Iron ore	59,150	66,185	63,972	226,679	88.8	250,667	90.8
Pellets	8,579	7,252	7,143	28,492	11.2	25,354	9.2
<b>Total</b>	<b>67,729</b>	<b>73,437</b>	<b>71,115</b>	<b>255,171</b>	<b>100.0</b>	<b>276,021</b>	<b>100.0</b>

**VOLUME SOLD: MINERALS AND METALS**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>000 tons</b>
					<b>2006</b>
Manganese ore	244	224	208	907	779
Ferroalloys	119	131	121	529	522
Nickel			73		73
Copper	34	36	81	119	169
Kaolin	355	283	414	1,218	1,323
Potash	176	291	218	640	733
Precious metals (1,000 oz) <sup>4</sup>			664		664
PGMs (1,000 oz)			120		120
Cobalt			1		1
Aluminum	116	141	120	447	485
Alumina	441	829	1,021	1,828	3,221
Bauxite	700	158	210	1,904	952

**IRON ORE AND PELLET SALES BY REGION**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>%</b>	<b>2006</b>	<b>000 tons</b>
							<b>%</b>
Americas	<b>18,641</b>	<b>19,415</b>	<b>18,974</b>	<b>73,191</b>	<b>28.7</b>	<b>73,937</b>	<b>26.8</b>
Brazil	14,243	15,139	15,206	57,599	22.6	58,918	21.3
Steel mills and pig iron producers	9,191	9,392	9,375	36,023	14.1	36,448	13.2
Pellet JVs	5,052	5,747	5,831	21,576	8.5	22,470	8.1
USA	1,710	998	1,197	4,947	1.9	4,432	1.6
Others	2,688	3,278	2,571	10,645	4.2	10,587	3.8
<b>Asia</b>	<b>29,396</b>	<b>32,946</b>	<b>31,425</b>	<b>97,099</b>	<b>38.1</b>	<b>123,326</b>	<b>44.7</b>
China	17,252	19,956	18,580	54,157	21.2	75,673	27.4
Japan	6,542	7,588	7,715	24,814	9.7	27,921	10.1
South Korea	3,726	2,878	2,675	10,065	3.9	10,530	3.8
Others	1,876	2,524	2,455	8,063	3.2	9,202	3.3
<b>Europe</b>	<b>16,856</b>	<b>18,019</b>	<b>17,768</b>	<b>73,159</b>	<b>28.7</b>	<b>68,334</b>	<b>24.8</b>

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Germany	5,758	5,633	5,873	24,164	9.5	22,043	8.0
France	3,034	3,320	3,042	11,285	4.4	11,198	4.1
Belgium	2,005	1,680	1,576	7,652	3.0	6,590	2.4
Italy	832	2,463	2,188	8,815	3.5	8,058	2.9
Others	5,227	4,923	5,089	21,243	8.3	20,445	7.4
<b>Rest of the World</b>	<b>2,836</b>	<b>3,057</b>	<b>2,948</b>	<b>11,722</b>	<b>4.6</b>	<b>10,424</b>	<b>3.8</b>
<b>Total</b>	<b>67,729</b>	<b>73,437</b>	<b>71,115</b>	<b>255,171</b>	<b>100.0</b>	<b>276,021</b>	<b>100.0</b>

<sup>4</sup> Gold and silver.

20

**Table of Contents****LOGISTICS SERVICES GENERAL CARGO**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>2006</b>
Railroads (million ntk)	5,999	7,321	6,249	26,885	26,714

**AVERAGE PRICES REALIZED**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>US\$/ton 2006</b>
Iron ore	35.08	43.95	41.38	32.63	40.00
Pellets	72.62	75.98	73.64	70.79	75.21
Manganese	73.77	75.89	72.12	84.90	70.60
Ferro alloys	731.09	916.03	1,090.91	846.88	886.97
Nickel			31,981.53		31,981.53
Copper			7,317.07		7,317.07
Copper concentrate	1,169.64	2,333.33	1,386.36	982.41	1,824.36
Kaolin	143.66	187.28	169.08	145.32	164.78
Potash	232.95	189.00	197.25	232.81	195.09
Platinum (US\$/oz)			1,115.59		1,115.59
Cobalt (US\$/lb)			14.93		14.93
Aluminum	1,870.69	2,567.38	2,725.00	1,841.16	2,558.76
Alumina	315.19	326.90	331.05	290.48	343.99
Bauxite	30.00	25.32	38.10	28.36	30.46

**GROSS REVENUE BY PRODUCT**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>%</b>	<b>2006</b>	<b>%</b>
<b>Ferrous minerals</b>	<b>2,832</b>	<b>3,626</b>	<b>3,353</b>	<b>10,050</b>	<b>75.0</b>	<b>12,569</b>	<b>61.7</b>
Iron ore	2,075	2,909	2,647	7,396	55.2	10,027	49.2
Pellet plant operation services	21	19	18	66	0.5	72	0.4
Pellets	623	551	526	2,017	15.0	1,907	9.4
Manganese ore	18	17	15	77	0.6	55	0.3
Ferroalloys	87	120	132	448	5.5	463	2.3
Others	8	10	15	46	0.3	45	0.2
<b>Non ferrous minerals</b>	<b>223</b>	<b>388</b>	<b>3,080</b>	<b>717</b>	<b>5.3</b>	<b>3,924</b>	<b>19.3</b>
Nickel			2,360			2,360	11.6
Copper	131	280	483	391	2.9	1,079	5.3
Kaolin	51	53	70	177	1.3	218	1.1
Potash	41	55	43	149	1.1	143	0.7
Precious metals <sup>4</sup>			18			18	0.1
PGMs			87			87	0.4
Cobalt			19			19	0.1
<b>Aluminum products</b>	<b>377</b>	<b>638</b>	<b>674</b>	<b>1,408</b>	<b>10.5</b>	<b>2,381</b>	<b>11.7</b>
Aluminum	217	363	328	823	6.1	1,244	6.1
Alumina	139	271	338	531	4.0	1,108	5.4
Bauxite	21	4	8	54	0.4	29	0.1

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<b>Logistics services</b>	<b>309</b>	<b>383</b>	<b>342</b>	<b>1,216</b>	<b>9.1</b>	<b>1,376</b>	<b>6.8</b>
Railroads	223	278	247	881	6.6	1,011	5.0
Ports	50	67	63	204	1.5	237	1.2
Shipping	36	38	32	131	1.0	128	0.6
<b>Others</b>	<b>5</b>	<b>31</b>	<b>45</b>	<b>14</b>	<b>0.1</b>	<b>113</b>	<b>0.6</b>
<b>Total</b>	<b>3,746</b>	<b>5,066</b>	<b>7,494</b>	<b>13,405</b>	<b>100.0</b>	<b>20,363</b>	<b>100.0</b>

---

21

**Table of Contents****PROFITABILITY AND CASH FLOW****ADJUSTED EBIT MARGIN BY BUSINESS AREA**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>2006</b>
Ferrous minerals	48.0%	51.8%	43.4%	49.7%	47.3%
Non ferrous minerals	26.4%	53.2%	16.5%	23.7%	23.1%
Aluminum	30.7%	35.1%	38.2%	31.7%	39.5%
Logistics	8.6%	31.3%	33.5%	22.4%	28.9%
<b>Total</b>	<b>40.6%</b>	<b>46.3%</b>	<b>29.8%</b>	<b>42.5%</b>	<b>38.9%</b>

**ADJUSTED EBITDA BY BUSINESS AREA**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>%</b>	<b>2006</b>	<b>%</b>
Ferrous minerals	1,595	2,168	1,668	5,528	84.5	6,758	73.9
Non-ferrous minerals	79	235	692	238	3.6	1,175	12.8
Logistics	80	142	155	414	6.3	512	5.6
Aluminum	122	266	268	557	8.5	1,079	11.8
Others	(96)	(89)	(159)	(197)	-3.0	(374)	-4.1
<b>Total</b>	<b>1,780</b>	<b>2,722</b>	<b>2,623</b>	<b>6,540</b>	<b>100.0</b>	<b>9,150</b>	<b>100.0</b>

US\$ million

**INVESTMENTS**

In 2006, the Company invested US\$ 26.0 billion, of which US\$ 3.241 billion in organic growth US\$ 2.765 billion in projects and US\$ 476 million in R&D US\$ 1.259 billion in stay-in-business and US\$ 21.5 billion in acquisitions. CVRD realized four acquisitions last year: Inco (US\$ 19.0 billion)<sup>5</sup>, Caemi (US\$ 2.4 billion), Rio Verde Mineração (US\$ 47 million) and Valesul (US\$ 27.5 million)<sup>6</sup>.

For further details about 2006 investments and budget capex for 2007, please access the press release of January 26, 2006 on our website [www.cvr.com.br](http://www.cvr.com.br), in the Investor Relations section.

**CONFERENCE CALL AND WEBCAST**

CVRD will hold a conference call and webcast on March 8, at 12:00 midday Rio de Janeiro time, 10:00 am US Eastern Standard Time, 3:00 pm UK time. Instructions for participation will be available on the website [www.cvr.com.br](http://www.cvr.com.br), under Investor Relations. A recording will be available on CVRD's site for 90 days from March 8.

**FINANCIAL INDICATORS OF NON-CONSOLIDATED COMPANIES**

For selected financial indicators of the main companies not consolidated, see CVRD quarterly financial statements on [www.cvr.com.br](http://www.cvr.com.br), under Investor Relations.

<sup>5</sup> The US\$ 19.0 billion invested on the acquisition of Inco comprehends the price of US\$ 17.8 billion plus its net debt of US\$ 1.2 billion. US\$ 15.8 billion were paid to

Inco  
shareholders in  
2006 and US\$  
2.0 billion were  
disbursed in  
2007.

- 6 Rio Verde  
Mineração is an  
iron ore  
producer in the  
State of Minas  
Gerais. CVRD  
acquired 46% of  
Valesul for US\$  
27.5 million  
becoming sole  
owner.

**Table of Contents****INCOME STATEMENTS**

	US\$ million				
	4Q05	3Q06	4Q06	2005	2006
Gross operating revenues	3,746	5,066	7,494	13,405	20,363
Taxes	(148)	(214)	(181)	(613)	(712)
<b>Net operating revenue</b>	<b>3,598</b>	<b>4,852</b>	<b>7,313</b>	<b>12,792</b>	<b>19,651</b>
Cost of goods sold	(1,829)	(2,181)	(4,387)	(6,229)	(10,147)
<b>Gross profit</b>	<b>1,769</b>	<b>2,671</b>	<b>2,926</b>	<b>6,563</b>	<b>9,504</b>
Gross margin (%)	49.2	55.0	40.0	51.3	48.4
Selling, general and administrative expenses	(175)	(167)	(269)	(583)	(816)
Research and development expenses	(85)	(134)	(175)	(277)	(481)
Employee profit-sharing	(32)	(34)	(148)	(97)	(245)
Others	(16)	(88)	(154)	(174)	(325)
<b>Operating profit</b>	<b>1,461</b>	<b>2,248</b>	<b>2,180</b>	<b>5,432</b>	<b>7,637</b>
Financial revenues	31	59	181	123	327
Financial expenses	(201)	(172)	(708)	(560)	(1,338)
Monetary variation	(166)	38	204	299	529
Gains on sale of affiliates		16	311	126	674
Tax and social contribution (Current)	(92)	(419)	(314)	(754)	(1,134)
Tax and social contribution (Deferred)	36	71	(237)	(126)	(298)
Equity income and provision for losses	213	187	183	760	710
Minority shareholding participation	(86)	(124)	(227)	(459)	(579)
<b>Net earnings</b>	<b>1,196</b>	<b>1,904</b>	<b>1,573</b>	<b>4,841</b>	<b>6,528</b>
<b>Earnings per share (US\$)</b>	<b>0.52</b>	<b>0.79</b>	<b>0.65</b>	<b>2.10</b>	<b>2.69</b>

**BALANCE SHEET**

	12/31/05	09/30/06	US\$ million 12/31/06
<b>Assets</b>			
Current	4,775	7,579	12,940
Long-term	2,031	2,852	7,654
Fixed	15,838	21,117	40,021
<b>Total</b>	<b>22,644</b>	<b>31,548</b>	<b>60,615</b>
<b>Liabilities</b>			
Current	3,325	3,854	7,312
Long term	7,342	8,814	33,854
Shareholders equity	11,977	18,880	19,449
Paid-up capital	6,366	8,617	8,617
Reserves	5,611	10,263	10,832
<b>Total</b>	<b>22,644</b>	<b>31,548</b>	<b>60,615</b>

23

**Table of Contents**

CASH FLOW	US\$ million				
	4Q05	3Q06	4Q06	2005	2006
Cash flows from operating activities:					
Net income	1.196	1.904	1.573	4.841	6.528
Adjustments to reconcile net income with cash provided by operating activities:					
Depreciation, depletion and amortization	183	232	379	619	997
Dividends received	136	242	64	489	516
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(213)	(187)	(183)	(760)	(710)
Deferred income taxes	(36)	(71)	237	126	298
Provisions for contingencies	18	23	(7)	27	48
Impairment of property, plant and equipment	0	11	57	26	106
Gain on sale of investment		(16)	(311)	(126)	(674)
Foreign exchange and monetary losses	235	25	(576)	(237)	(917)
Net unrealized derivative losses	126	(75)	122	101	143
Minority interest	86	124	227	459	579
Net interest payable	14	(55)	79	62	36
Others	(62)	(10)	(116)	(159)	(141)
Decrease (increase) in assets:					
Accounts receivable	(133)	(291)	37	(416)	(438)
Inventories	(24)	34	865	(138)	859
Others	63	10	124	(639)	(12)
Increase (decrease) in liabilities:					
Suppliers	113	28	189	279	(47)
Payroll and related charges	40	47	(72)	40	(86)
Income Tax	(229)	112	(25)	413	84
Others	3	88	180	154	63
<b>Net cash provided by operating activities</b>	<b>1.516</b>	<b>2.175</b>	<b>2.843</b>	<b>5.161</b>	<b>7.232</b>
Cash flows from investing activities:					
Loans and advances receivable	63	26	(59)	88	(23)
Guarantees and deposits	(7)	(26)	(17)	(59)	(78)
Additions to investments	(12)	(57)	(46)	(103)	(107)
Additions to property, plant and equipment	(1.237)	(834)	(1.781)	(3.977)	(4.431)
Proceeds from disposals of investment			405	126	837
Proceeds from disposals of property, plant and equipment	12	11		16	49
Net cash used to acquire subsidiaries	(737)	(6)	(13.195)	(737)	(13.201)
<b>Net cash used in investing activities</b>	<b>(1.918)</b>	<b>(886)</b>	<b>(14.693)</b>	<b>(4.646)</b>	<b>(16.954)</b>
Cash flows from financing activities:					
Short-term debt, net issuances (repayments)	(129)	213	481	(86)	679
Loans	3	(18)	(22)	(33)	(40)
Long-term debt	1.386	12	20.644	1.772	22.007
Equities in Treasury		(276)			(301)
Repayment of long-term debt	(140)	(206)	(6.908)	(884)	(7.635)

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Interest attributed to shareholders	(800)	0	(650)	(1300)	(1,300)
Dividends to minority interest	0	(37)	(9)	0	(65)
<b>Net cash used in financing activities</b>	<b>320</b>	<b>(312)</b>	<b>13,536</b>	<b>(531)</b>	<b>13,345</b>
Increase (decrease) in cash and cash equivalents	(82)	977	1,686	(16)	3,623
Effect of exchange rate changes on cash and cash equivalents	(112)	20	(129)	(192)	(216)
Cash and cash equivalents, beginning of period	1,235	1,894	2,891	1,249	1,041
<b>Cash and cash equivalents, end of period</b>	<b>1,041</b>	<b>2,891</b>	<b>4,448</b>	<b>1,041</b>	<b>4,448</b>
Cash paid during the period for:					
Interest on short-term debt	(8)	(2)	(1)	(9)	(9)
Interest on long-term debt	(55)	(146)	(252)	(243)	(565)
Income tax	(29)	(247)	(121)	(481)	(586)
Non-cash transactions					
Income tax paid with credits	(52)	(34)	(30)	(86)	(126)
Interest capitalized	(65)	(56)	(25)	(161)	(151)

24

**Table of Contents****APPENDIX**

Reconciliation between US GAAP and non-GAAP information

**(a) Adjusted EBIT**

	US\$ million				
	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>2006</b>
Net operational revenue	3,598	4,852	7,313	12,792	19,651
Cost of goods sold	(1,829)	(2,181)	(4,387)	(6,229)	(10,147)
Sales, general and administrative expenses	(175)	(167)	(269)	(583)	(816)
Research and development	(85)	(134)	(175)	(277)	(481)
Other operational expenses	(48)	(122)	(302)	(271)	(570)
<b>Adjusted EBIT</b>	<b>1,461</b>	<b>2,248</b>	<b>2,180</b>	<b>5,432</b>	<b>7,637</b>

**(b) Adjusted EBITDA**

EBITDA defines profit or loss before interest, tax, depreciation and amortization. CVRD uses the term *adjusted EBITDA* to reflect exclusion, also, of: monetary variations; equity income from the profit or loss of affiliated companies and joint ventures, less the dividends received from them; provisions for losses on investments; adjustments for changes in accounting practices; minority interests; and non-recurrent expenses. However our adjusted EBITDA is not the measure defined as EBITDA under US GAAP, and may possibly not be comparable with indicators with the same name reported by other companies. Adjusted EBITDA should not be considered as a substitute for operational profit or as a better measure of liquidity than operational cash flow, which are calculated in accordance with GAAP. CVRD provides its adjusted EBITDA to give additional information about its capacity to pay debt, carry out investments and cover working capital needs. The following table shows the reconciliation between adjusted EBITDA and operational cash flow, in accordance with its statement of changes in financial position:

**RECONCILIATION BETWEEN ADJUSTED EBITDA AND OPERATIONAL CASH FLOW**

	US\$ million				
	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>	<b>2005</b>	<b>2006</b>
<b>Operational cash flow</b>	1,516	2,175	2,843	5,161	7,232
Income tax	92	419	314	754	1,133
FX and monetary losses	(69)	(63)	372	(62)	388
Financial expenses	30	168	448	249	975
Net working capital	167	(28)	(1,298)	307	(423)
Other	44	51	56	131	(155)
<b>Adjusted EBITDA</b>	<b>1,780</b>	<b>2,722</b>	<b>2,623</b>	<b>6,540</b>	<b>9,150</b>

**Table of Contents****(c) Net debt****RECONCILIATION BETWEEN GROSS DEBT AND NET DEBT**

			US\$ million
	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>
Gross debt	5,010	5,870	22,581
Cash and cash equivalents	1,041	2,891	4,448
Net debt	3,969	2,979	18,122

**(d) Total debt / Adjusted LTM EBITDA**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>
Total debt / Adjusted LTM EBITDA (x)	0.77	0.71	2.00 <sub>3</sub>
Total debt / LTM operational cash flow (x)	0.97	0.99	3.12

**(e) Adjusted LTM EBITDA / LTM interest payments**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>
Adjusted LTM EBITDA / LTM interest payments (x)	25.95	21.63	15.94
LTM operational profit / LTM interest payments (x)	21.56	18.02	13.30

**(f) Total debt/Enterprise value**

	<b>4Q05</b>	<b>3Q06</b>	<b>4Q06</b>
Total debt /EV(%)	10.04	11.06	25.67
Total debt / total assets (%)	22.13	18.61	37.24
<i>Enterprise value = Market capitalization + Net debt</i>			

**IMPORTANT INFORMATION**

This release may include statements that present the Company's management's expectations on future events or future results. All statements based on future expectations and not on historical facts involve various risks and uncertainties. The Company cannot guarantee that such statements will be realized in fact. Such risks and uncertainties include factors in relation to: the Brazilian and Canadian economies and capital markets, which are volatile and may be affected by developments in other countries; the iron ore and nickel businesses and their dependence on the steel industry, which is cyclical by nature; and the highly competitive nature of the industries in which CVRD operates. To obtain additional information on factors which could give rise to results different from those indicated by the Company, please consult the reports filed with the Brazilian Securities Commission (CVM - *Comissão de Valores Mobiliários*) and the US Securities and Exchange Commission (SEC), including CVRD's most recent Form 20F Annual Report.

**Table of Contents**

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA VALE DO RIO DOCE  
(Registrant)

Date: January 30, 2007

By: /s/ Roberto Castello Branco

Roberto Castello Branco  
Director of Investor Relations