

Vale S.A.
Form 6-K
October 26, 2017
[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

October, 2017

Vale S.A.

**Avenida das Américas, No. 700
22640-100 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.

Edgar Filing: Vale S.A. - Form 6-K

(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

Interim Financial Statements

September 30, 2017

BRGAAP in R\$ (English)

Table of Contents

Vale S.A. Interim Financial Statements

Contents

	Page
<u>Report on the review of the quarterly information - ITR</u>	3
<u>Consolidated and Parent Company Income Statement</u>	5
<u>Consolidated and Parent Company Statement of Comprehensive Income</u>	7
<u>Consolidated and Parent Company Statement of Cash Flows</u>	8
<u>Consolidated and Parent Company Statement of Financial Position</u>	10
<u>Consolidated Statement of Changes in Equity</u>	11
<u>Consolidated and Parent Company Value Added Statement</u>	12
<u>Selected Notes to the Interim Financial Statements</u>	13
<u>1. Corporate information</u>	13
<u>2. Basis for preparation of the interim financial statements</u>	13
<u>3. Information by business segment and by geographic area</u>	14
<u>4. Special events occurred during the period</u>	18
<u>5. Costs and expenses by nature</u>	20
<u>6. Financial result</u>	21
<u>7. Income taxes</u>	21
<u>8. Basic and diluted earnings per share</u>	23
<u>9. Accounts receivable</u>	23
<u>10. Inventories</u>	24
<u>11. Other financial assets and liabilities</u>	24
<u>12. Non-current assets and liabilities held for sale and discontinued operations</u>	24
<u>13. Acquisitions and divestitures</u>	25
<u>14. Investments in associates and joint ventures</u>	26
<u>15. Intangibles</u>	28
<u>16. Property, plant and equipment</u>	28
<u>17. Loans, borrowings, cash and cash equivalents and financial investments</u>	29
<u>18. Liabilities related to associates and joint ventures</u>	32
<u>19. Financial instruments classification</u>	35
<u>20. Fair value estimate</u>	36
<u>21. Derivative financial instruments</u>	37
<u>22. Provisions</u>	41
<u>23. Litigation</u>	42
<u>24. Employee postretirement obligations</u>	43
<u>25. Stockholders' equity</u>	44
<u>26. Related parties</u>	45
<u>27. Commitments</u>	46
<u>28. Parent Company information (individual interim information)</u>	47
<u>29. Additional information about derivatives financial instruments</u>	51

Table of Contents

KPMG Auditores Independentes	Central Tel	55 (21) 2207-9400
Rua do Passeio, 38 Setor 2 17º andar	Fax	55 (21) 2207-9000
20021-290 - Rio de Janeiro, RJ - Brasil	Internet	www.kpmg.com.br

Report on the review of quarterly information - ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil, rules of the CVM and of the International Financial Reporting Standards - IFRS)

To

The Board of Directors and Stockholders of

Vale S.A.

Rio de Janeiro - RJ

Introduction

1. We have reviewed the interim accounting information, individual and consolidated, of Vale S.A. (the Company), identified as Parent Company and Consolidated, respectively, included in the quarterly information form - ITR for the quarter ended September 30, 2017, which comprises the individual and consolidated balance sheet as of September 30, 2017 and the respective statements of income and comprehensive income for three and nine month periods ended on September 30, 2017, the individual and consolidated statements of changes in equity for the nine-month period and the individual statment of cash flows for the nine-month period and the consolidated statement of cash flows for the three and nine month periods then ended, including the explanatory notes.

2. The Company`s Management is responsible for the preparation of these interim accounting information in accordance with the CPC 21(R1) *Demonstração Intermediária* and the IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of quarterly information - ITR. Our responsibility is to express our conclusion on this interim accounting information based on our review.

Scope of the review

3. We conducted our review in accordance with Brazilian and International Interim Information Review Standards (*NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* 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 the management responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly less than an audit conducted in accordance with auditing standards and, accordingly, it did not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. Therefore, we do not express an audit opinion.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative (KPMG International), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.

Table of Contents

Conclusion on the interim accounting information

4. Based on our review, we are not aware of any fact that might lead us to believe that the individual and consolidated interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by the IASB, applicable to the preparation of the quarterly review - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Statements of added value

5. The individual and consolidated statements of value added for the quarter ended September 30, 2017, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether these statements were reconciliated to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added were not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Rio de Janeiro, October 25, 2017

KPMG Auditores Independentes

CRC SP-014428/O-6 F-RJ

(Original report in Portuguese signed by)

Manuel Fernandes Rodrigues de Sousa

Accountant CRC RJ-052428/O-2

Table of Contents**Income Statement**

In millions of Brazilian Reais, except earnings per share data

	Notes	Consolidated			
		Three-month period ended September 30,		Nine-month period ended September 30,	
		2017	2016 (i)	2017	2016 (i)
Continuing operations					
Net operating revenue	3(c)	28,600	21,831	78,705	63,981
Cost of goods sold and services rendered	5(a)	(17,099)	(14,100)	(48,426)	(44,271)
Gross profit		11,501	7,731	30,279	19,710
Operating expenses					
Selling and administrative expenses	5(b)	(409)	(444)	(1,223)	(1,309)
Research and evaluation expenses		(285)	(258)	(748)	(726)
Pre operating and operational stoppage		(265)	(377)	(915)	(1,144)
Other operating revenues (expenses), net	5(c)	(484)	218	(1,002)	(426)
		(1,443)	(861)	(3,888)	(3,605)
Impairment and other results on non-current assets	13 and 16	(532)	(110)	345	(338)
Operating income		9,526	6,760	26,736	15,767
Financial income	6	4,838	1,187	9,327	26,113
Financial expenses	6	(4,084)	(4,578)	(14,808)	(17,763)
Equity results in associates and joint ventures	14	367	144	509	1,386
Impairment and other results in associates and joint ventures	18	(78)	(106)	(379)	(4,105)
Income before income taxes		10,569	3,407	21,385	21,398
Income taxes					
	7				
Current tax		(1,654)	(203)	(3,461)	(2,895)
Deferred tax		(1,407)	(1,211)	(1,660)	(6,516)
		(3,061)	(1,414)	(5,121)	(9,411)
Net income from continuing operations		7,508	1,993	16,264	11,987
Net income attributable to noncontrolling interests		19	37	166	88
Net income from continuing operations attributable to Vale's stockholders		7,489	1,956	16,098	11,899
Discontinued operations					
	12				
Loss from discontinued operations		(338)	(127)	(983)	(154)
Net income attributable to noncontrolling interests		8	(13)	21	7
Loss from discontinued operations attributable to Vale's stockholders		(346)	(114)	(1,004)	(161)

Edgar Filing: Vale S.A. - Form 6-K

Net income	7,170	1,866	15,281	11,833
Net income attributable to noncontrolling interests	27	24	187	95
Net income attributable to Vale's stockholders	7,143	1,842	15,094	11,738
Earnings per share attributable to Vale's stockholders:				
Basic and diluted earnings per share (restated in note 4):				
	8			
Preferred share (R\$)	1.38	0.35	2.92	2.27
Common share (R\$)	1.38	0.35	2.92	2.27

(i) Period restated according to Note 12.

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

Table of Contents**Income Statement**

In millions of Brazilian Reais, except earnings per share data

	Parent company		Parent company	
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Continuing operations				
Net operating revenue	14,369	11,941	47,033	32,315
Cost of goods sold and services rendered	(8,335)	(7,552)	(24,424)	(21,599)
Gross profit	6,034	4,389	22,609	10,716
Operating expenses				
Selling and administrative expenses	(229)	(265)	(690)	(754)
Research and evaluation expenses	(171)	(162)	(444)	(417)
Pre operating and operational stoppage	(256)	(167)	(660)	(506)
Equity results from subsidiaries	3,224	1,288	4,840	4,745
Other operating expenses, net	(438)	(312)	(523)	(830)
	2,130	382	2,523	2,238
Impairment and other results on non-current assets	(258)		(326)	
Operating income	7,906	4,771	24,806	12,954
Financial income	4,278	1,296	7,793	25,006
Financial expenses	(3,169)	(4,464)	(12,848)	(17,122)
Equity results in associates and joint ventures	367	144	509	1,386
Impairment and other results in associates and joint ventures	(78)	(106)	(370)	(4,105)
Income before income taxes	9,304	1,641	19,890	18,119
Income taxes				
Current tax	(1,278)	137	(2,344)	(2,161)
Deferred tax	(537)	178	(1,448)	(4,059)
	(1,815)	315	(3,792)	(6,220)
Net income from continuing operations	7,489	1,956	16,098	11,899
Discontinued operations				
Loss from discontinued operations	(346)	(114)	(1,004)	(161)
Net income	7,143	1,842	15,094	11,738

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

Table of Contents**Statement of Comprehensive Income**

In millions of Brazilian Reais

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Net income	7,170	1,866	15,281	11,833
Other comprehensive income:				
Items that will not be reclassified subsequently to the income statement				
Retirement benefit obligations	200	(128)	(826)	(1,100)
Tax recognized within other comprehensive income	(58)	43	253	340
Total items that will not be reclassified subsequently to the income statement	142	(85)	(573)	(760)
Items that may be reclassified subsequently to the income statement				
Cumulative translation adjustments	(2,260)	787	96	(13,435)
Cash flow hedge				23
Net investments hedge	935		515	
Equity results in associates and joint ventures, net of taxes				16
Transfer of realized results to net income, net of taxes				(276)
Tax recognized within other comprehensive income	(582)	55	(686)	(470)
Total of items that may be reclassified subsequently to the income statement	(1,907)	842	(75)	(14,142)
Total comprehensive income (loss)	5,405	2,623	14,633	(3,069)
Comprehensive income (loss) attributable to noncontrolling interests	(118)	66	74	(835)
Comprehensive income (loss) attributable to Vale's stockholders	5,523	2,557	14,559	(2,234)

	Parent company			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Net income	7,143	1,842	15,094	11,738
Other comprehensive income:				
Items that will not be reclassified subsequently to the income statement				
Retirement benefit obligations	(40)	(26)	(80)	(66)
Tax recognized within other comprehensive income	14	10	27	23
Equity results in subsidiaries, associates and joint ventures, net of taxes	168	(69)	(520)	(717)
	142	(85)	(573)	(760)

Total items that will not be reclassified subsequently to the income statement**Items that may be reclassified subsequently to the income statement**

Cumulative translation adjustments	(2,378)	800	(301)	(12,972)
Net investments hedge	935		515	
Equity results in associates and joint ventures, net of taxes				26
Transfer of realized results to net income, net of taxes				(266)
Tax recognized within other comprehensive income	(319)		(176)	
Total of items that may be reclassified subsequently to the income statement	(1,762)	800	38	(13,212)
Total comprehensive income (loss)	5,523	2,557	14,559	(2,234)

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

Table of Contents**Statement of Cash Flows**

In millions of Brazilian Reais

	Consolidated			
	Three-month period ended September 30, 2017	2016 (i)	Nine-month period ended September 30, 2017	2016 (i)
Cash flow from operating activities:				
Income before income taxes from continuing operations	10,569	3,407	21,385	21,398
Continuing operations adjustments for:				
Equity results in associates and joint ventures	(367)	(144)	(509)	(1,386)
Impairment and other results on non-current assets	532	110	(345)	338
Impairment and other results in associates and joint ventures	78		379	3,999
Depreciation, amortization and depletion	2,916	2,766	8,674	8,764
Financial results, net	(754)	3,391	5,481	(8,350)
Changes in assets and liabilities:				
Accounts receivable	(3,075)	405	3,420	(2,854)
Inventories	(173)	(249)	(1,488)	(308)
Suppliers and contractors	113	1,425	1,162	1,464
Provision - Payroll, related charges and others remunerations	632	(51)	539	85
Deferred revenue - Gold stream		1,683		1,683
Other assets and liabilities, net	(855)	(2,342)	(2,824)	(1,222)
	9,616	10,401	35,874	23,611
Interest on loans and borrowings paid	(1,289)	(1,377)	(4,235)	(4,511)
Derivatives paid, net	(361)	(619)	(714)	(3,831)
Interest on participative stockholders debentures paid			(221)	(117)
Income taxes	(282)	(384)	(1,539)	(1,242)
Income taxes - Settlement program	(393)	(362)	(1,159)	(1,056)
Net cash provided by operating activities from continuing operations	7,291	7,659	28,006	12,854
Net cash provided by operating activities from discontinued operations	275	150	238	282
Net cash provided by operating activities	7,566	7,809	28,244	13,136
Cash flow from investing activities:				
Financial investments redeemed (invested)	(124)	227	(176)	181
Loans and advances - Net receipts (payments) (note 18)	(324)	(396)	(1,059)	(401)
Additions to investments	(217)	(14)	(223)	(837)
Additions to property, plant and equipment and intangible	(2,713)	(3,719)	(9,052)	(12,998)
Proceeds from disposal of assets and investments (note 13)	624	1,053	2,266	1,140
Dividends received from associates and joint ventures	64	1	330	406
Others investments activities	7	160	(95)	12
Proceeds from gold stream transaction		885		885
Net cash used in investing activities from continuing operations	(2,683)	(1,803)	(8,009)	(11,612)
	(224)	(348)	(684)	(741)

Edgar Filing: Vale S.A. - Form 6-K

Net cash used in investing activities from discontinued operations

Net cash used in investing activities (2,907) (2,151) (8,693) (12,353)

Cash flow from financing activities:

Loans and borrowings

Additions 1,115 5,092 5,654 23,046

Repayments (8,895) (6,430) (18,327) (17,364)

Transactions with stockholders:

Dividends and interest on capital attributed to stockholders (4,660)

Dividends and interest on capital paid to noncontrolling interest (372) (433) (395) (702)

Transactions with noncontrolling stockholders (note 13) (305) (69)

Net cash provided by (used in) financing activities from continuing operations (8,152) (1,771) (18,033) 4,911

Net cash used in financing activities from discontinued operations (107) (29) (108) (45)

Net cash provided by (used in) financing activities (8,259) (1,800) (18,141) 4,866

Increase (decrease) in cash and cash equivalents (3,600) 3,858 1,410 5,649

Cash and cash equivalents in the beginning of the period 18,922 13,377 13,891 14,022

Effect of exchange rate changes on cash and cash equivalents (380) 193 (315) (2,243)

Effects of disposals of subsidiaries and merger, net on cash and cash equivalents 7 (37)

Cash and cash equivalents at end of the period 14,949 17,428 14,949 17,428

Non-cash transactions:

Additions to property, plant and equipment - capitalized loans and borrowing costs 351 556 938 1,995

(i) Period restated according to Note 12.

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

Table of Contents**Statement of Cash Flows****In millions of Brazilian Reais**

	Parent company Nine-month period ended September 30,	
	2017	2016
Cash flow from operating activities:		
Income before income taxes from continuing operations	19,890	18,119
Equity results in associates, subsidiaries and joint ventures	(5,349)	(6,131)
Results on measurement or sale of non-current assets	326	
Impairment and other results in associates and joint ventures	370	4,105
Depreciation, amortization and depletion	4,124	3,717
Financial results, net	5,055	(7,884)
Changes in assets and liabilities:		
Accounts receivable	13,517	4,634
Inventories	(346)	87
Suppliers and contractors	81	333
Provision - Payroll, related charges and others remunerations	483	153
Other assets and liabilities, net	80	320
	38,231	17,453
Interest on loans and borrowings paid	(4,311)	(4,185)
Derivatives paid, net	(439)	(790)
Interest on participative stockholders debentures paid	(221)	(117)
Dividends received from interest on capital and associates	1,602	186
Income taxes	(735)	(60)
Income taxes - Settlement program	(1,136)	(1,035)
Net cash provided by operating activities	32,991	11,452
Cash flow from investing activities:		
Financial investments redeemed (invested)	(195)	(34)
Loans and advances - Net receipts (payments)	(482)	(341)
Additions to investments	(1,205)	(1,334)
Additions to property, plant and equipment and intangible	(6,306)	(9,070)
Proceeds from disposal of assets and investments	21	115
Dividends and interest on capital received from associates and joint ventures	300	403
Others investments activities	(87)	
Net cash used in investing activities	(7,954)	(10,261)
Cash flow from financing activities:		
Loans and borrowings		
Additions	7,875	11,590
Repayments	(26,114)	(12,803)
Transactions with stockholders:		
Dividends attributed to stockholders	(4,660)	
Net cash used in financing activities	(22,899)	(1,213)

Edgar Filing: Vale S.A. - Form 6-K

Increase (decrease) in cash and cash equivalents	2,138	(22)
Cash and cash equivalents in the beginning of the period	1,203	518
Effects of disposals of subsidiaries and merger, net on cash and cash equivalents	7	
Cash and cash equivalents at end of the period	3,348	496
Non-cash transactions:		
Additions to property, plant and equipment - capitalized loans and borrowing costs	938	827

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

Table of Contents**Statement of Financial Position****In millions of Brazilian Reais**

		Consolidated		Parent company	
	Notes	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Assets					
Current assets					
Cash and cash equivalents	17	14,949	13,891	3,348	1,203
Accounts receivable	9	8,592	11,937	12,156	26,223
Other financial assets	11	7,144	1,184	906	1,231
Inventories	10	12,934	10,913	4,429	3,982
Prepaid income taxes		1,054	518	894	312
Recoverable taxes		3,564	5,296	2,068	3,962
Others		1,068	1,814	393	406
		49,305	45,553	24,194	37,319
Non-current assets held for sale	12	13,700	27,994	8,406	8,936
		63,005	73,547	32,600	46,255
Non-current assets					
Judicial deposits	23(c)	6,352	3,135	5,933	2,681
Other financial assets	11	10,333	2,046	1,873	2,178
Prepaid income taxes		1,707	1,718		
Recoverable taxes		2,062	2,368	1,933	2,223
Deferred income taxes	7(a)	21,069	23,931	13,703	15,299
Others		980	894	698	618
		42,503	34,092	24,140	22,999
Investments	14	12,214	12,046	114,435	107,539
Intangibles	15	27,405	22,395	13,109	11,314
Property, plant and equipment	16	178,296	180,616	102,253	102,056
		260,418	249,149	253,937	243,908
Total assets		323,423	322,696	286,537	290,163
Liabilities					
Current liabilities					
Suppliers and contractors		12,712	11,830	7,431	7,116
Loans and borrowings	17	5,824	5,410	4,533	4,171
Other financial liabilities	11	2,008	3,539	5,045	10,845
Taxes payable	7(c)	2,312	2,144	1,935	1,883
Provision for income taxes		979	556		
Liabilities related to associates and joint ventures	18	954	951	954	951
Provisions	22	3,793	3,103	2,200	1,792
Dividends and interest on capital			2,602		2,602
Others		1,782	2,921	1,751	353
		30,364	33,056	23,849	29,713

Edgar Filing: Vale S.A. - Form 6-K

Liabilities associated with non-current assets held for sale	12	3,590	3,554		
		33,954	36,610	23,849	29,713
Non-current liabilities					
Loans and borrowings	17	75,878	90,154	35,661	47,877
Other financial liabilities	11	9,385	6,932	56,607	59,681
Taxes payable	7(c)	16,374	16,170	16,046	15,838
Deferred income taxes	7(a)	5,081	5,540		
Provisions	22	21,783	18,730	6,626	4,396
Liabilities related to associates and joint ventures	18	2,296	2,560	2,296	2,560
Deferred revenue - Gold stream		6,090	6,811		
Others		5,351	5,487	2,892	2,857
		142,238	152,384	120,128	133,209
Total liabilities		176,192	188,994	143,977	162,922
Stockholders equity	25				
Equity attributable to Vale's stockholders		142,560	127,241	142,560	127,241
Equity attributable to noncontrolling interests		4,671	6,461		
Total stockholders equity		147,231	133,702	142,560	127,241
Total liabilities and stockholders equity		323,423	322,696	286,537	290,163

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

Table of Contents**Statement of Changes in Equity**

In millions of Brazilian Reais

	Share capital	Results on conversion of shares	Capital reserves	Results from operation with noncontrolling interest	Profit reserves	Treasury stocks	Unrealized fair value gain (losses)	Cumulative translation adjustments	Retained earnings	Equity attributable to Vale's stockholders	Equity attributable to noncontrolling interests
Balance at December 31, 2016	77,300	50		(1,870)	13,698	(2,746)	(3,739)	44,548		127,241	6,411
Net income									15,094	15,094	
Other comprehensive income:											
Retirement benefit obligations							(573)			(573)	
Net investments hedge (note 17 (vi))								339		339	
Translation adjustments							72	(373)		(301)	(1,000)
Transactions with stockholders:											
Dividends and interest on capital of Vale's stockholders					(2,064)					(2,064)	
Dividends of noncontrolling interest											(3,000)
Acquisitions and disposal of noncontrolling interest (note 13)				(868)						(868)	(1,600)
Capitalization of noncontrolling interest advances											1,000
Merger of Valepar - Note 4			3,692							3,692	
Balance at September 30, 2017	77,300	50	3,692	(2,738)	11,634	(2,746)	(4,240)	44,514	15,094	142,560	4,611

Edgar Filing: Vale S.A. - Form 6-K

	Share capital	Results on conversion of shares	Capital reserves	Results from operation with noncontrolling interest	Profit reserves	Treasury stocks	Unrealized fair value gain (losses)	Cumulative translation adjustments	Retained earnings	Equity attributable to Vale s stockholders	Equity attributable to noncontrolling interests
Balance at December 31, 2015	77,300	50		(1,881)	3,846	(2,746)	(3,873)	58,464		131,160	8,2
Net income									11,738	11,738	
Other comprehensive income:											
Retirement benefit obligations							(760)			(760)	
Cash flow hedge							26			26	
Translation adjustments							420	(13,658)		(13,238)	(9
Transactions with stockholders:											
Dividends of noncontrolling interest											(6
Acquisitions and disposal of noncontrolling interest (note 13)				8						8	
Capitalization of noncontrolling interest advances											
Balance at September 30, 2016	77,300	50		(1,873)	3,846	(2,746)	(4,187)	44,806	11,738	128,934	6,8

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

Table of Contents**Value Added Statement**

In millions of Brazilian Reais

Generation of value added from continuing operations	Consolidated		Parent company	
	2017	Nine-month period ended September 30, 2016 (i)	2017	2016
Gross revenue				
Revenue from products and services	79,771	64,911	47,793	32,841
Results on measurement or sale of non-current assets	345	(604)	(326)	(266)
Revenue from the construction of own assets	4,657	10,107	4,165	7,921
Allowance for doubtful accounts	(19)	(9)	6	(2)
Other revenues	396	1,237	313	315
Less:				
Acquisition of products	(1,483)	(1,264)	(516)	(572)
Material, service and maintenance	(19,353)	(22,380)	(12,183)	(14,576)
Oil and gas	(3,015)	(3,140)	(2,074)	(2,029)
Energy	(2,226)	(1,733)	(1,057)	(757)
Freight	(7,374)	(6,052)	(81)	(49)
Impairment of non-current assets and other results	(379)	(3,839)	(370)	(3,839)
Impairment of discontinued operations			(1,004)	(161)
Other costs and expenses	(4,582)	(4,828)	(763)	(1,315)
Gross value added	46,738	32,406	33,903	17,511
Depreciation, amortization and depletion	(8,674)	(8,764)	(4,124)	(3,717)
Net value added	38,064	23,642	29,779	13,794
Received from third parties:				
Equity results from entities	509	1,386	4,345	5,970
Equity results from discontinued operations			1,004	161
Financial income	1,054	432	302	241
Monetary and exchange variation of assets	(276)	(6,526)	(404)	(6,461)
Total value added from continuing operations to be distributed	39,351	18,934	35,026	13,705
Value added from discontinued operations to be distributed	482	1,985		
Total value added to be distributed	39,833	20,919	35,026	13,705
Personnel	5,502	5,481	2,648	2,141
Taxes and contributions	5,559	4,883	5,390	4,911
Current income tax	3,461	2,895	2,344	2,161
Deferred income tax	1,660	6,516	1,448	4,059
Financial expense (excludes capitalized interest)	6,866	3,559	6,335	4,415
Monetary and exchange variation of liabilities	(798)	(17,380)	(1,424)	(18,020)
Other remunerations of third party funds	1,841	1,154	3,191	2,300
Reinvested net income	15,094	11,738	15,094	11,738
Net income attributable to noncontrolling interest	166	88		
Distributed value added from continuing operations	39,351	18,934	35,026	13,705
Distributed value added from discontinued operations	482	1,985		

Distributed value added	39,833	20,919	35,026	13,705
--------------------------------	---------------	---------------	---------------	---------------

(i) Period restated according to Note 12.

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

Table of Contents

Selected Notes to the Interim Financial Statements

Expressed in millions of Brazilian Reais, unless otherwise stated

1. Corporate information

Vale S.A. (the Parent Company) is a public company headquartered in the city of Rio de Janeiro, Brazil with securities traded on the stock exchanges of São Paulo B3 S.A. (Vale3 and Vale5), New York - NYSE (VALE and VALE.P), Paris - NYSE Euronext (Vale3 and Vale5) and Madrid LATIBEX (XVALO and XVALP).

Vale S.A. and its direct and indirect subsidiaries (Vale or Company) are global producers of iron ore and iron ore pellets, key raw materials for steelmaking, and producers of nickel, which is used to produce stainless steel and metal alloys employed in the production of several products. The Company also produces copper, metallurgical and thermal coal, manganese ore, ferroalloys, platinum group metals, gold, silver and cobalt. The information by segment is presented in note 3.

2. Basis for preparation of the interim financial statements

a) Statement of compliance

The condensed consolidated and individual interim financial statements of the Company (interim financial statements) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as implemented in Brazil by the Brazilian Accountant Pronouncements Committee (CPC), approved by the Brazilian Securities Exchange Commission (CVM) and by the Brazilian Federal Accounting Council (CFC). All relevant information from its own interim financial statements, and only this information, are being presented and correspond to those used by the Company s Management. The consolidated interim financial statements present the accounts of the Company.

The selected notes of the Parent Company are presented in a summarized form in note 28.

b) Basis of presentation

Edgar Filing: Vale S.A. - Form 6-K

The interim financial statements have been prepared under the historical cost convention as adjusted to reflect: (i) the fair value of financial instruments measured at fair value through the income statement or available-for-sale financial instruments measured at fair value through the statement of comprehensive income; and (ii) impairment of assets.

The accounting practices, accounting estimates and judgments, risk management and measurement methods are the same as those adopted when preparing the financial statements for the year ended December 31, 2016. The accounting policy for recognizing and measuring income taxes in the interim period is described in note 7. These interim financial statements were prepared 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, 2016.

The consolidated comparative information for the periods ended September 30, 2016 was restated for the purposes of applying IFRS 5 Non-current assets held for sale and discontinued operations after approval by the Board of Directors of the sale of the fertilizers assets, as presented in Note 12. Also earnings per share were restated as disclosed in note 4.

The interim financial statements of the Company and its associates and joint ventures 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 interim financial statements are presented in R\$.

The exchange rates used by the Company for major currencies to translate its operations for R\$ are as follows:

	Closing rate		Average rate for the		Average rate for the	
	September 30, 2017	December 31, 2016	Three-month period ended September 30, 2017	Three-month period ended September 30, 2016	Nine-month period ended September 30, 2017	Nine-month period ended September 30, 2016
US Dollar (US\$)	3.1680	3.2591	3.1639	3.2460	3.1750	3.5450
Canadian dollar (CAD)	2.5334	2.4258	2.5235	2.4881	2.4319	2.6802
Australian dollar (AUD)	2.4837	2.3560	2.4969	2.4616	2.4320	2.6273
Euro (EUR or)	3.7430	3.4384	3.7162	3.6232	3.5392	3.9549

Table of Contents

Subsequent events were evaluated through October 25, 2017, which is the date the interim financial statements were approved by the Board of Directors.

c) **Accounting standards issued but not yet effective**

The standards and interpretations issued by IASB relevant to the Company but not yet effective are the same as those applicable when preparing the financial statements for the year ended December 31, 2016.

3. **Information by business segment and by geographic area**

The information presented to the Executive Board on the performance of each segment is derived from the accounting records, adjusted for reallocations between segments.

a) **Adjusted LAJIDA (EBITDA)**

Adjusted LAJIDA (EBITDA) is used by management to support the decision making process for segments. The definition of adjusted LAJIDA (EBITDA) for the Company is the operating income or loss excluding (i) the depreciation, depletion and amortization, (ii) results on measurement or sales of non-current assets, (iii) impairment, (iv) onerous contracts and plus (v) dividends received and interest from associates and joint ventures.

	Consolidated						Adjusted LAJIDA (EBITDA)
	Three-month period ended September 30, 2017						
Net operating revenue	Cost of goods sold and services rendered	Sales, administrative and other operating expenses	Research and evaluation	Pre operating and operational stoppage	Dividends received and interest from associates and joint ventures		
Ferrous minerals							
Iron ore	16,212	(6,584)	(282)	(72)	(148)	3	9,129
Iron ore Pellets	4,556	(2,320)	(68)	(16)	(6)		2,146
Ferroalloys and manganese	416	(223)	(12)		2		183
Other ferrous products and	368	(243)	(5)	(1)	(1)	38	156

Edgar Filing: Vale S.A. - Form 6-K

services	21,552	(9,370)	(367)	(89)	(153)	41	11,614
Coal	1,137	(1,164)	(25)	(14)		212	146
Base metals							
Nickel and other products	3,688	(2,788)	(141)	(42)	(1)		716
Copper	1,881	(781)	(27)	(17)			1,056
	5,569	(3,569)	(168)	(59)	(1)		1,772
Others	342	(248)	(274)	(123)	(2)	23	(282)
Total of continuing operations	28,600	(14,351)	(834)	(285)	(156)	276	13,250
Discontinued operations (Fertilizers)	1,685	(1,554)	(74)	(12)	(11)		34
Total	30,285	(15,905)	(908)	(297)	(167)	276	13,284

Table of Contents

Consolidated Three-month period ended September 30, 2016							
	Net operating revenue	Cost of goods sold and services rendered	Sales, administrative and other operating expenses	Research and evaluation	Pre operating and operational stoppage	Dividends received and interest from associates and joint ventures	Adjusted LAJIDA (EBITDA)
Ferrous minerals							
Iron ore	12,275	(5,347)	(254)	(81)	(131)	1	6,463
Iron ore Pellets	3,217	(1,662)	(27)	(13)	(16)		1,499
Ferroalloys and manganese	245	(205)	(18)		(10)		12
Other ferrous products and services	358	(226)	(1)	(1)	(3)		127
	16,095	(7,440)	(300)	(95)	(160)	1	8,101
Coal	530	(509)	20	(11)	(42)		(12)
Base metals							
Nickel and other products	3,763	(2,573)	(89)	(67)	(86)		948
Copper	1,365	(825)	(8)	(6)			526
Other base metals products			481				481
	5,128	(3,398)	384	(73)	(86)		1,955
Others	78	(190)	(215)	(79)	(1)		(407)
Total of continuing operations	21,831	(11,537)	(111)	(258)	(289)	1	9,637
Discontinued operations (Fertilizers)	1,941	(1,627)	(90)	(17)	(15)		192
Total	23,772	(13,164)	(201)	(275)	(304)	1	9,829

Consolidated Nine-month period ended September 30, 2017							
	Net operating revenue	Cost of goods sold and services rendered	Sales, administrative and other operating expenses	Research and evaluation	Pre operating and operational stoppage	Dividends received and interest from associates and joint ventures	Adjusted LAJIDA (EBITDA)
Ferrous minerals							
Iron ore	42,841	(17,945)	(578)	(195)	(405)	3	23,721
Iron ore Pellets	13,426	(6,663)	(137)	(42)	(14)	119	6,689
Ferroalloys and manganese	1,062	(620)	(26)		(10)		406
Other ferrous products and services	1,157	(728)	22	(4)	(2)	38	483
	58,486	(25,956)	(719)	(241)	(431)	160	31,299
Coal	3,701	(2,923)	(97)	(35)	(15)	212	843

Edgar Filing: Vale S.A. - Form 6-K

Base metals

Nickel and other products	10,497	(8,140)	(375)	(107)	(158)		1,717
Copper	4,967	(2,296)	(51)	(29)			2,591
	15,464	(10,436)	(426)	(136)	(158)		4,308
Others	1,054	(962)	(761)	(336)	(8)	170	(843)
Total of continuing operations	78,705	(40,277)	(2,003)	(748)	(612)	542	35,607
Discontinued operations (Fertilizers)	4,138	(3,814)	(187)	(26)	(78)		33
Total	82,843	(44,091)	(2,190)	(774)	(690)	542	35,640

Table of Contents

	Consolidated						Adjusted LAJIDA (EBITDA)
	Nine-month period ended September 30, 2016						
	Net operating revenue	Cost of goods sold and services rendered	Sales, administrative and other operating expenses	Research and evaluation	Pre operating and operational stoppage	Dividends received and interest from associates and joint ventures	
Ferrous minerals							
Iron ore	35,726	(16,151)	(1,379)	(180)	(376)	1	17,641
Iron ore Pellets	9,184	(4,971)	(153)	(27)	(61)	213	4,185
Ferroalloys and manganese	641	(566)	(9)		(31)		35
Other ferrous products and services	1,061	(680)	9	(4)	(9)		377
	46,612	(22,368)	(1,532)	(211)	(477)	214	22,238
Coal	1,640	(2,476)	184	(29)	(80)		(761)
Base metals							
Nickel and other products	11,328	(8,267)	(194)	(200)	(299)	1	2,369
Copper	4,129	(2,404)	(33)	(12)			1,680
Other base metals products			481				481
	15,457	(10,671)	254	(212)	(299)	1	4,530
Others	272	(555)	(362)	(276)	(2)	191	(732)
Total of continuing operations	63,981	(36,070)	(1,456)	(728)	(858)	406	25,275
Discontinued operations (Fertilizers)	5,061	(4,156)	(234)	(55)	(46)	10	580
Total	69,042	(40,226)	(1,690)	(783)	(904)	416	25,855

Adjusted LAJIDA (EBITDA) is reconciled to net income (loss) as follows:

From Continuing operations

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Net income from continuing operations	7,508	1,993	16,264	11,987
Depreciation, depletion and amortization	2,916	2,766	8,674	8,764
Income taxes	3,061	1,414	5,121	9,411

Edgar Filing: Vale S.A. - Form 6-K

Financial results, net	(754)	3,391	5,481	(8,350)
LAJIDA (EBITDA)	12,731	9,564	35,540	21,812

Items to reconciled LAJIDA (EBITDA) adjusted

Impairment and other results on non-current assets	532	110	(345)	338
Equity results in associates and joint ventures	(367)	(144)	(509)	(1,386)
Impairment and other results in associates and joint ventures	78	106	379	4,105
Dividends received and interest from associates and joint ventures	276	1	542	406
Adjusted LAJIDA (EBITDA) from continuing operations	13,250	9,637	35,607	25,275

From Discontinued operations

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Loss from discontinued operations	(338)	(127)	(983)	(154)
Depreciation, depletion and amortization		361	3	930
Income taxes	(324)	(59)	(912)	(113)
Financial results, net	4	22	30	(83)
LAJIDA (EBITDA)	(658)	197	(1,862)	580

Items to reconciled LAJIDA (EBITDA) adjusted

Equity results in associates and joint ventures	(1)	(5)	(3)	(10)
Impairment of non-current assets (note 12a)	693		1,898	
Dividends received and interest from associates and joint ventures				10
Adjusted LAJIDA (EBITDA) from discontinued operations	34	192	33	580

Table of Contentsb) **Assets by segment**

	Consolidated						
	September 30, 2017			Three-month period ended		September 30, 2017	
	Product inventory	Investments in associates and joint ventures	Property, plant and equipment and intangible (i)	Additions to property, plant and equipment and intangible (ii)	Depreciation, depletion and amortization (iii)	Additions to property, plant and equipment and intangible (ii)	Depreciation, depletion and amortization (iii)
Ferrous minerals	5,566	6,479	118,353	1,745	1,442	6,338	4,126
Coal	466	965	5,443	44	178	268	745
Base metals	3,571	41	74,940	914	1,257	2,390	3,734
Others	75	4,729	6,965	10	39	56	69
Total	9,678	12,214	205,701	2,713	2,916	9,052	8,674

	Consolidated						
	December 31, 2016			Three-month period ended		September 30, 2016	
	Product inventory	Investments in associates and joint ventures	Property, plant and equipment and intangible (i)	Additions to property, plant and equipment and intangible (ii)	Depreciation, depletion and amortization (iii)	Additions to property, plant and equipment and intangible (ii)	Depreciation, depletion and amortization (iii)
Ferrous minerals	3,697	5,894	113,526	2,586	1,301	8,855	3,979
Coal	412	929	6,216	494	133	1,574	283
Base metals	3,617	40	76,173	595	1,308	2,465	4,439
Others	7	5,183	7,096	44	24	104	63
Total	7,733	12,046	203,011	3,719	2,766	12,998	8,764

(i) Goodwill is allocated mainly in ferrous minerals and base metals segments in the amount of R\$7,133 and R\$6,210 in September 30, 2017 and R\$4,060 and R\$5,981 in December 31, 2016, respectively.

(ii) Includes only cash effect.

(iii) Refers to amounts recognized in the income statement.

c) **Net operating revenue by geographic area**

	Consolidated				
	Three-month period ended September 30, 2017				
	Ferrous minerals	Coal	Base metals	Others	Total
Americas, except United States and Brazil	435		780	46	1,261

Edgar Filing: Vale S.A. - Form 6-K

United States of America	261		769	81	1,111
Europe	2,401	131	1,922		4,454
Middle East/Africa/Oceania	1,671	176	12		1,859
Japan	1,901	109	320		2,330
China	11,630		432		12,062
Asia, except Japan and China	1,184	634	1,225		3,043
Brazil	2,069	87	109	215	2,480
Net operating revenue	21,552	1,137	5,569	342	28,600

	Consolidated				
	Three-month period ended September 30, 2016				
	Ferrous minerals	Coal	Base metals	Others	Total
Americas, except United States and Brazil	260		986		1,246
United States of America	177		597		774
Europe	2,028	180	1,448		3,656
Middle East/Africa/Oceania	1,083	43	14		1,140
Japan	1,207	56	302		1,565
China	8,827	53	557		9,437
Asia, except Japan and China	930	198	1,083		2,211
Brazil	1,583		141	78	1,802
Net operating revenue	16,095	530	5,128	78	21,831

Table of Contents

	Consolidated				
	Nine-month period ended September 30, 2017				
	Ferrous minerals	Coal	Base metals	Others	Total
Americas, except United States and Brazil	1,322		2,345	220	3,887
United States of America	819		1,962	263	3,044
Europe	7,399	773	5,183	96	13,451
Middle East/Africa/Oceania	4,157	456	30		4,643
Japan	4,540	355	886		5,781
China	31,156		1,213		32,369
Asia, except Japan and China	2,943	1,740	3,467		8,150
Brazil	6,150	377	378	475	7,380
Net operating revenue	58,486	3,701	15,464	1,054	78,705

	Consolidated				
	Nine-month period ended September 30, 2016				
	Ferrous minerals	Coal	Base metals	Others	Total
Americas, except United States and Brazil	875	50	3,054		3,979
United States of America	493		1,887	14	2,394
Europe	5,996	283	4,818		11,097
Middle East/Africa/Oceania	2,720	195	62		2,977
Japan	3,260	303	762		4,325
China	26,514	172	1,566		28,252
Asia, except Japan and China	2,334	637	2,947		5,918
Brazil	4,420		361	258	5,039
Net operating revenue	46,612	1,640	15,457	272	63,981

4. Special events occurred during the period

At the General Extraordinary Shareholders Meeting, held on June 27, 2017, was approved the corporate reorganization of the Company proposed by Valepar (Controlling shareholder), with the purpose of enabling Vale to be listed at B3 S.A. Novo Mercado, the highest standard of corporate governance in Brazil, and Vale becoming a company with no controlling shareholder. The Proposal approved the following:

(i) Voluntary conversion of Vale class A preferred share into common share, based on the conversion rate of 0.9342 common shares for each Vale class A preferred share;

(ii) Amendment of Vale's bylaws, so as to adjust it to B3 S.A. Novo Mercado segment rules so Vale may be effectively listed on such special segment;

Edgar Filing: Vale S.A. - Form 6-K

(iii) The merger of Valepar into Vale at an exchange ratio that increased by 10% the number of shares held by the shareholders of Valepar compared to their indirect interest in Vale prior to the merger.

The items from (i) to (iii) above were considered a series of indivisible and interdependent steps, whose effectiveness was subject to the successful performance of the other steps and the voluntary conversion by at least 54.09% of class A preferred shares.

a) Voluntary conversion and merger of Valepar S.A.

On August 11, 2017, the Voluntary Conversion date expired and an aggregate of 1,660,581,830 preferred shares (excluding treasury shares), corresponding to 84.4% of the total outstanding preferred shares, were converted.

At the Extraordinary shareholders meeting of Valepar S.A, held on August 14, 2017, the merger of Valepar with and into Vale was approved. Therefore, Valepar ceases to exist and, consequently, Valepar's shareholders hold direct interests in Vale and received 1.2065 Vale common shares for each Valepar share held by them. As a result, Vale issued 173,543,667 new common shares, all registered and without par value, in favor of Valepar's shareholders, which now own a total of 1,908,980,340 Vale common shares. There were no changes in the amounts of share capital. The Company's shareholding structure is shown in note 25.

On the date of the merger, August 14, 2017, based on the accounting appraisal report, Valepar's net assets amounting to R\$3,692 were incorporated in Vale's shareholders' equity as capital reserve.

Table of Contents

The Company's policy choice for combination of business where companies are under common control requires that assets and liabilities are reflected at the carrying amount.

The impacts arising from the Merger in the Company's assets and liabilities are as follows:

	August 14, 2017
Current assets	77
Judicial deposits (note 23(c))	3,034
Intangible (note 15)	3,073
Current liabilities	64
Provisions for litigation (note 23(a))	2,013
Taxes payable (note 7)	415
Net assets	3,692

b) Shareholding structure

After the conversion of the shares and merger of Valepar, the stockholders' equity is represented by 5,304,684,600 shares, of which 4,910,512,212 common shares, 87,032,292 common treasury shares and 307,140,096 preferred shares, with no change in the amounts of share capital.

	Share position before conversion	Voluntary conversion	Issue of new shares	Share position after conversion
Shares outstanding				
ON Common shares	3,185,653,000	1,551,315,545	173,543,667	4,910,512,212
PNA Preferred shares	1,967,721,926	(1,660,581,830)		307,140,096
	5,153,374,926	(109,266,285)	173,543,667	5,217,652,308
Shares in treasury				
ON Common shares	31,535,402	55,496,890		87,032,292
PNA Preferred shares	59,405,792	(59,405,792)		
Total issued shares	5,244,316,120	(113,175,187)	173,543,667	5,304,684,600

The calculation of basic and diluted earnings per share considered, retrospectively, the changes described above. The comparative information for the periods ended September 30, 2016 was restated, as presented in note 8.

Edgar Filing: Vale S.A. - Form 6-K

At the Extraordinary shareholders meeting and at the Special shareholders meeting, held on October 18, 2017 (subsequent event), preferred shareholders approved the conversion of all Class A preferred shares into common shares of the Company, in the proportion of 0.9342 common share for each class A preferred share.

During the period from October 20, 2017 until November 21, 2017, inclusive, the shareholders holding Vale's Class A preferred shares dissenting with regard to the resolution of the Special Meeting, will have the right to withdraw from the Company, receiving R\$24.26 per share which is the equivalent of Vale shareholders' equity per share at December 31, 2016.

Management bodies may call a shareholders general meeting to reconsider the resolution in function of the volume of the withdrawal exercised.

c) **Shareholders Agreement**

On the date of the merger of Valepar into Vale, August 14, 2017, the former Controlling Shareholders of Valepar executed a new shareholders agreement (Vale Agreement) that binds only 20% of the totality of Vale's common shares issued by Vale, and will be in force until November 9, 2020, with no provision for renewal.

For 6 months from the date of entry into force of the Vale Agreement, the Shareholders will be obligated not to transfer, by any means, either directly or indirectly, Vale shares they receive as a result of the implementation of the Proposal (Lock-Up), except for (i) the transfer of Vale's shares by the Shareholders to their affiliates and their current shareholders, provided that such transferred shares shall remain subject to the Lock-Up, and (ii) the transfer of shares held by the Shareholders prior to the merger of Valepar.

Table of Contents5. **Costs and expenses by nature**a) **Cost of goods sold and services rendered**

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Personnel	1,785	1,593	5,297	5,204
Materials and services	3,382	2,467	8,732	8,169
Fuel oil and gas	1,047	995	3,013	3,137
Maintenance	2,457	2,282	7,157	6,832
Energy	778	584	2,201	1,727
Acquisition of products	456	430	1,483	1,267
Depreciation and depletion	2,748	2,563	8,149	8,201
Freight	2,808	2,000	7,374	6,052
Others	1,638	1,186	5,020	3,682
Total	17,099	14,100	48,426	44,271
Cost of goods sold	16,606	13,661	46,993	43,005
Cost of services rendered	493	439	1,433	1,266
Total	17,099	14,100	48,426	44,271

b) **Selling and administrative expenses**

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Personnel	179	183	546	556
Services	54	55	153	165
Depreciation and amortization	59	115	221	314
Taxes and rents	16	11	43	35
Selling expenses	50	32	156	96
Others	51	48	104	143
Total	409	444	1,223	1,309

c) **Others operational expenses (incomes), net**

Edgar Filing: Vale S.A. - Form 6-K

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Provision for litigation	187	99	280	417
Profit sharing program	107	36	328	70
Disposals (reversals) of materials and inventories	23	(29)	43	(61)
Others	167	(324)	351	
Total	484	(218)	1,002	426

Table of Contents**6. Financial result**

	Consolidated			
	Three-month period ended September 30, 2017	2016	Nine-month period ended September 30, 2017	2016
Financial expenses				
Loans and borrowings gross interest	(1,317)	(1,511)	(4,343)	(4,702)
Capitalized loans and borrowing costs	351	556	938	1,995
Derivative financial instruments	(459)	(329)	(1,311)	(1,132)
Indexation and exchange rate variation (a)	(1,018)	(1,956)	(4,894)	(9,829)
Participative stockholders debentures	(233)	(155)	(1,814)	(918)
Expenses of REFIS	(296)	(466)	(1,038)	(1,368)
Others	(1,112)	(717)	(2,346)	(1,809)
	(4,084)	(4,578)	(14,808)	(17,763)
Financial income				
Short-term investments	164	8	441	242
Derivative financial instruments	1,625	196	2,857	4,998
Indexation and exchange rate variation (b)	2,730	888	5,416	20,683
Others	319	95	613	190
	4,838	1,187	9,327	26,113
Financial results, net	754	(3,391)	(5,481)	8,350
Summary of indexation and exchange rate variation				
Loans and borrowings	2,175	(1,034)	1,421	18,067
Others	(463)	(34)	(899)	(7,213)
Net (a) + (b)	1,712	(1,068)	522	10,854

As from January 1, 2017, the Company applies net investment hedge accounting in foreign operation. For more information see note 17.

7. Income taxes**a) Deferred income tax assets and liabilities**

Changes in deferred tax are as follows:

Edgar Filing: Vale S.A. - Form 6-K

	Assets	Consolidated Liabilities	Total
Balance at December 31, 2016	23,931	5,540	18,391
Effect in income statement	(2,022)	(362)	(1,660)
Translation adjustment	(201)	109	(310)
Other comprehensive income	(639)	(206)	(433)
Balance at September 30, 2017	21,069	5,081	15,988

	Assets	Consolidated Liabilities	Total
Balance at December 31, 2015	30,867	6,520	24,347
Effect in income statement	(6,417)	99	(6,516)
Transfers between asset and liabilities	(14)	(14)	
Translation adjustment	(1,793)	(886)	(907)
Other comprehensive income	(409)	(279)	(130)
Balance at September 30, 2016	22,234	5,440	16,794

Table of Contents**b) Income tax reconciliation Income statement**

The total amount presented as income taxes in the income statement is reconciled to the rate established by law, as follows:

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Income before income taxes	10,569	3,407	21,385	21,398
Income taxes at statutory rates - 34%	(3,594)	(1,158)	(7,271)	(7,275)
Adjustments that affect the basis of taxes:				
Income tax benefit from interest on stockholders' equity	397		1,190	
Tax incentives	415	269	976	616
Equity results	125	24	174	455
Unrecognized tax losses of the period	(557)	(540)	(1,409)	(1,831)
Gain on sale of subsidiaries (note 13)			548	
Others	153	(9)	671	(1,376)
Income taxes	(3,061)	(1,414)	(5,121)	(9,411)

Income tax expense is recognized at an amount determined by the estimated tax rate, adjusted for the tax effect of certain items recognized in full in the interim period. Therefore, the effective tax rate in the interim financial statement may differ from management's estimate of the effective tax rate for the annual financial statement.

c) Income taxes - Settlement program (REFIS)

In 2013, the Company elected to participate in the REFIS, a federal tax settlement program, to settle most of the claims related to the collection of income tax and social contribution on equity gains of foreign subsidiaries and associates from 2003 to 2012.

At September 30, 2017, the balance of R\$17,957 (R\$1,583 as current and R\$16,374 as non-current) is due in 133 remaining monthly installments, bearing interest at the SELIC rate of 8.25% per year and at December 31, 2016, the balance of R\$17,662 (R\$1,492 as current and R\$16,170 as non-current) was due in 142 remaining monthly installments.

Table of Contents**8. Basic and diluted earnings per share**

The values of basic and diluted earnings per share are presented below. The weighted average number of shares was recalculated retrospectively, considering the conversion of class A preferred share into common shares, as mentioned in note 4.

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Basic and diluted earnings per share from continuing operations:				
Income available to preferred stockholders	1,616	422	5,242	3,875
Income available to common stockholders	5,873	1,534	10,856	8,024
Total	7,489	1,956	16,098	11,899
Basic and diluted loss per share from discontinued operations:				
Loss available to preferred stockholders	(75)	(25)	(327)	(52)
Loss available to common stockholders	(271)	(89)	(677)	(109)
Total	(346)	(114)	(1,004)	(161)
Basic and diluted earnings per share:				
Income available to preferred stockholders	1,541	397	4,915	3,823
Income available to common stockholders	5,602	1,445	10,179	7,915
Total	7,143	1,842	15,094	11,738
Thousands of shares				
Weighted average number of shares outstanding preferred shares	1,119,381	1,119,381	1,681,834	1,681,834
Weighted average number of shares outstanding common shares	4,066,831	4,066,831	3,482,607	3,482,607
Total	5,186,212	5,186,212	5,164,441	5,164,441
Basic and diluted earnings per share from continuing operations:				
Preferred share (R\$)	1.45	0.37	3.11	2.30
Common share (R\$)	1.45	0.37	3.11	2.30
Basic and diluted loss per share from discontinued operations:				
Preferred share (R\$)	(0.07)	(0.02)	(0.19)	(0.03)
Common share (R\$)	(0.07)	(0.02)	(0.19)	(0.03)
Basic and diluted earnings per share:				
Preferred share (R\$)	1.38	0.35	2.92	2.27
Common share (R\$)	1.38	0.35	2.92	2.27

Edgar Filing: Vale S.A. - Form 6-K

The Company does not have dilutive potential shares outstanding that could result in dilution of earnings (loss) per share.

9. **Accounts receivable**

	Consolidated	
	September 30, 2017	December 31, 2016
Trade receivables	8,798	12,131
Impairment of trade receivables	(206)	(194)
	8,592	11,937
Trade receivables related to the steel sector - %	83.46%	83.44%

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Impairment of trade receivables recorded in the income statement	(5)	(7)	(19)	(15)

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

Table of Contents**10. Inventories**

	Consolidated	
	September 30, 2017	December 31, 2016
Product inventory	9,678	7,733
Consumable inventory	3,256	3,180
Total	12,934	10,913

Product inventories by segments are presented in note 3(b).

11. Other financial assets and liabilities

	Consolidated			
	Current		Non-Current	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Other financial assets				
Financial investments	17	59		
Loans			487	587
Derivative financial instruments (note 21)	430	892	1,389	1,454
Related parties (note 26)	6,697	233	8,457	5
	7,144	1,184	10,333	2,046
Other financial liabilities				
Derivative financial instruments (note 21)	400	1,349	2,153	3,991
Related parties (note 26)	1,608	2,190	3,113	415
Participative stockholders' debentures			4,119	2,526
	2,008	3,539	9,385	6,932

12. Non-current assets and liabilities held for sale and discontinued operations

	September 30, 2017			Consolidated			December 31, 2016		
	Fertilizers assets	Shipping assets	Total	Fertilizers assets	Nacala	Shipping assets	Total		
Assets									
Accounts receivable	231		231	279	21		300		
Inventories	1,108		1,108	1,261	7		1,268		

Edgar Filing: Vale S.A. - Form 6-K

Other current assets	569		569	348	370		718
Investments in associates and joint ventures	298		298	295			295
Property, plant and equipment and Intangible	7,671	580	8,251	8,779	13,246	1,164	23,189
Other non-current assets	3,243		3,243	2,216	8		2,224
Total assets	13,120	580	13,700	13,178	13,652	1,164	27,994
Liabilities							
Suppliers and contractors	821		821	913	134		1,047
Other current liabilities	702		702	626	44		670
Other non-current liabilities	2,067		2,067	1,821	16		1,837
Total liabilities	3,590		3,590	3,360	194		3,554
Net non-current assets held for sale	9,530	580	10,110	9,818	13,458	1,164	24,440

a) **Discontinued operations (Fertilizers assets)**

In December 2016, the Company entered into an agreement with The Mosaic Company (Mosaic) to sell (i) the phosphate assets located in Brazil, except those mainly related to nitrogen assets located in Cubatão (Brazil); (ii) the control of Compañía Minera Miski Mayo S.A.C., in Peru; (iii) the potassium assets located in Brazil; and (iv) the potash projects in Canada. The fertilizer segment, including Cubatão, is presented as a discontinued operation and the related assets and liabilities were classified as assets and liabilities held for sale.

In December 2016, the agreed transaction price was R\$7,920 (US\$2.5 billion), of which R\$3,960 (US\$1.25 billion) will be paid in cash and 42.3 million common shares to be issued by Mosaic, which at the agreement signature date represented R\$3,960 (US\$1.25 billion), around 11% of Mosaic's total outstanding common shares.

The net asset of the fertilizer segment was adjusted to reflect the fair value less cost to sell and a loss of R\$1,898 was recognized in the income statement as Impairment of non-current assets from discontinued operations for the nine-month period ended September 30, 2017, mainly due to the decline in the Mosaic stock prices.

Table of Contents

The result and the cash flow of discontinued operations of the Fertilizer segment for the periods ended September 30, 2017 are presented as follows, and includes the comparative restated periods ended September 30, 2016, as described in note 3(b).

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Discontinued operations				
Net operating revenue	1,685	1,941	4,138	5,061
Cost of goods sold and services rendered	(1,554)	(1,982)	(3,814)	(5,069)
Operating expenses	(97)	(128)	(294)	(352)
Impairment of non-current assets	(693)		(1,898)	
Operating loss	(659)	(169)	(1,868)	(360)
Financial Results, net	(4)	(22)	(30)	83
Equity results in associates and joint ventures	1	5	3	10
Loss before income taxes	(662)	(186)	(1,895)	(267)
Income taxes	324	59	912	113
Loss from discontinued operations	(338)	(127)	(983)	(154)
Net income (loss) attributable to noncontrolling interests	8	(13)	21	7
Loss attributable to Vale's stockholders	(346)	(114)	(1,004)	(161)

	Consolidated			
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2017	2016	2017	2016
Discontinued operations				
Cash flow from operating activities				
Loss before income taxes	(662)	(186)	(1,895)	(267)
Adjustments:				
Equity results in associates and joint ventures	(1)	(5)	(3)	(10)
Depreciation, amortization and depletion		361	3	930
Impairment of non-current assets	693		1,898	
Increase (decrease) in assets and liabilities	245	(20)	235	(371)
Net cash provided by operating activities	275	150	238	282
Cash flow from investing activities				
Additions to property, plant and equipment	(226)	(338)	(686)	(737)
Others	2	(10)	2	(4)
Net cash used in investing activities	(224)	(348)	(684)	(741)
Cash flow from financing activities				
Loans and borrowings				
Repayments	(107)	(29)	(108)	(45)
Net cash used in financing activities	(107)	(29)	(108)	(45)
Net cash used in discontinued operations	(56)	(227)	(554)	(504)

The spin-off of the nitrogen assets located in Cubatão from the remaining Vale Fertilizantes' assets was concluded in July 2017. The completion of this milestone was one of the requirements for the conclusion of the transaction which is expected to be completed before the end of 2017 and, still, is subject to the fulfillment of usual precedent conditions, including other operational and regulatory matters.

13. Acquisitions and divestitures

a) Coal - Nacala Logistic Corridor

In December 2014 and as amended in November 2016, the Company signed an agreement with Mitsui & Co., Ltd. (Mitsui) to transfer 50% of its stake of 66.7% in Nacala Logistic Corridor, which comprises entities that holds railroads and port concessions located in Mozambique and Malawi. Also, Mitsui committed to acquire 15% participation in the entity that owns Vale Moçambique, which holds the Moatize Coal Project.

In March 2017, the transaction was concluded, and a consideration of R\$2,186 (US\$690 million) was received by Vale. After the completion of the transaction, the Company (i) holds 81% of Vale Moçambique and retains the control of the Moatize Coal Project and (ii) shares control of the Nacala Logistic Corridor structure (Nacala BV), with Mitsui.

Nacala Logistic Corridor is in negotiations for a project finance, which the completion is expected to occur during the course of 2017. Upon the completion an additional amount of R\$181 (US\$57 million) will be paid by Mitsui. Mitsui has certain rights, based on the execution of the project finance, to sell their participation in the Moatize Coal Project and Nacala BV, back to Vale, at original amounts and the same number of shares. The fair value of these put options is non-significant.

Table of Contents

As a consequence of sharing control of Nacala BV, the Company:

(i) derecognized the assets and liabilities classified as held for sale in the total amount of R\$13,130 (US\$4,144 million), from which R\$12,874 (US\$4,063 million) refers to property, plant and equipment and intangibles;

(ii) derecognized R\$44 (US\$14 million) related to cash and cash equivalents;

(iii) recognized a gain of R\$1,576 (US\$504 million) in the income statement related to the sale and the re-measurement at fair value, of its remaining interest at Nacala BV based on the consideration received;

(iv) reclassified the gain related to the cumulative translation adjustments on to income statements in the amount of R\$34 (US\$11 million);

The result of the transaction regarding the assets from Nacala's corridor was recognized in the income statement as Impairment and other results on non-current assets .

The results of the transaction with the Moatize Coal Project was recognized in Results from operation with noncontrolling interest in the amount of R\$329 (US\$105 million), directly in Stockholders' Equity.

The consideration received was recognized in the statement of cash flows in Proceeds from disposal of assets and investments in the amount of R\$1,387 (US\$435 million) and Transactions with noncontrolling stockholders in the amount of R\$799 (US\$255 million).

Due to the deconsolidation of Nacala Logistic Corridor, Vale has after the transaction, outstanding loan balances with Nacala BV and Pangea Emirates Ltd stated as Related parties, as described in note 26. The use of proceeds of the project finance is expected to settle part of this debt.

b) Floating Transfer Stations (FTS)

In June 2017, the Company completed the sale of one of its Floating Transfer Stations in Philippines in the amount of R\$49. In this transaction, Vale recognized a loss of R\$180 as Impairment and other results on non-current assets .

c) Shipping assets

In August 2017, the Company concluded the sale of two Very Large Ore Carriers (VLOC s) for R\$561, which were recognized as Non-current assets and liabilities held for sale and discontinued operations .

14. Investments in associates and joint ventures

a) Changes during the period

Changes in investments in associates and joint ventures are as follows:

	Consolidated					
	Associates	2017 Joint ventures	Total	Associates	2016 Joint ventures	Total
Balance at January 1st,	4,683	7,363	12,046	5,166	6,315	11,481
Additions (i)	2	286	288	2	854	856
Disposals				(14)		(14)
Translation adjustment	(24)	(20)	(44)	(257)	(103)	(360)
Equity results in income statement	150	359	509	191	1,195	1,386
Equity results from discontinued operations				10		10
Equity results in statement of comprehensive income		(541)	(541)			
Dividends declared (ii)	(134)	(290)	(424)	(92)	(327)	(419)
Others		380	380	1	(33)	(32)
Balance at September 30,	4,677	7,537	12,214	5,007	7,901	12,908

(i) Refers to the Coal and Other segments in the amounts of R\$237 and R\$51, respectively, on September 30, 2017.

(ii) The Company received the amount of R\$191 during the nine-month period ended September 30, 2017 related to dividends declared in 2017.

The investments by segments are presented in note 3(b).

Table of Contents**Investments in associates and joint ventures (continued)**

Associates and joint ventures	% ownership	% voting capital	Consolidated									
			Investments in associates and joint ventures		Equity results in the income statement				Dividends received			
			September 30, 2017	December 31, 2016	Three-month period ended September 30, 2017	Three-month period ended September 30, 2016	Three-month period ended September 30, 2017	Three-month period ended September 30, 2016	Three-month period ended September 30, 2017	Three-month period ended September 30, 2016		
Ferrous minerals												
Baovale Mineração S.A. Companhia Coreano-Brasileira de Pelotização	50.00	50.00	103	86	5	15	17	26				
Companhia Hispano-Brasileira de Pelotização (i)	50.89	51.00	270	191	28	13	96	35		18	65	
Companhia Ítalo-Brasileira de Pelotização (i)	50.90	51.00	288	223	28	16	91	38		54	33	
Companhia Nipo-Brasileira de Pelotização (i)	51.00	51.11	521	353	69	30	214	62		47	71	
MRS Logística S.A.	48.16	46.75	1,732	1,592	70	55	188	174				
VLI S.A.	37.60	37.60	3,207	3,158	53	51	74	106	37		37	
Zhuhai YPM Pellet Co.	25.00	25.00	71	70								
			6,479	5,894	288	188	793	482	37		156	214
Coal												
Henan Longyu Energy Resources Co., Ltd.	25.00	25.00	965	929	11	3	62	(32)				
			965	929	11	3	62	(32)				
Base metals												
Korea Nickel Corp.	25.00	25.00	41	40	1	1	2	(5)				
			41	40	1	1	2	(5)				
Others												
Aliança Geração de Energia S.A. (i)	55.00	55.00	1,890	1,896	10	34	57	112	27		63	79
Aliança Norte Energia Participações S.A. (i)	51.00	51.00	530	483	(12)	7	(1)					