Vale S.A.
Form 6-K
April 02, 2018

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

March 2018

Vale S.A.

Avenida das Américas, No. 700 Bloco 8, Sala 218
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.)

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

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

(Check One) Yes o No x

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

(Check One) Yes o No x

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

(Check One) Yes o No x

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

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Financial Statements

December 31, 2017

BRGAAP in R$ (English)

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Vale S.A. Financial Statements

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KPMG Auditores Independentes

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Independent auditor s report on the financial statements

To The Stockholders, Board Members and Management of

Vale S.A.

Rio de Janeiro - RJ

Opinion

We have audited the individual and consolidated financial statements of Vale S.A. (the Company), identified as Parent Company and Consolidated, respectively, which comprise the individual and consolidated balance sheet as of December 31, 2017, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information. In our opinion, the aforementioned financial statements present fairly, in all material respects, the individual and consolidated financial position of Vale S.A. as of December 31, 2017, and of its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board - IASB.

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the individual and consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements of Ethics Standards Boards for Accountants and Professional Standard issued by Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment - Individual and consolidated financial statements

As per Notes 17,18 and 19 to the financial statements

Matter

The assessment with respect to the recoverability of property, plant and equipment (PP&E), intangible assets and goodwill, and definition of Cash-Generating Units (CGUs) encompasses significant judgments concerning factors related to the level of future production, commodities price, production cost and economic assumptions such as discount rates, inflation rates and exchange rates of the countries where the Company operates. Due to the materiality of PP&E, intangible assets and goodwill, and to the level of uncertainty for determining the related impairment, which may impact the value of those assets in the individual and consolidated financial statements and the value of the investment recorded under the equity pick-up method in the parent company s financial statements, we considered this subject as a significant matter for the audit.

Our procedures included, among others:

- Design, implementation and operating effectiveness testing of the relevant internal controls on the valuation of the Company s assets, including those aimed at identifying the need for recording or reversing impairment;
- Assessment of the Company s assumptions and estimates to determine the recoverable value of its assets, including the ones related to production, production cost, capital investments, discount rates and exchange rates;
- Assessment of the definition and identification criteria for Cash-Generating Units (CGUs);

- Assessment, with the support of our specialists in economic and financial assumptions, of the cash flow forecast, reasonableness and consistency of the assumptions used in the preparation of the cash flow forecasts and comparison of those assumptions with market information. Based on our knowledge of the Company and Industry, preparation of sensitivity analysis;

- Arithmetic checking of the economic models regarding future cash flows and forecast results, combining them with accounting information and management reports and approved business plans; and

- Appropriateness assessment of the disclosure in relation to the testing of the value in use and the comparison of the latter with the fair value, net of costs to sell, in the applicable cases.

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Based on the evidence obtained through the summarized procedures above, we considered acceptable the balances presented for property, plant and equipment, intangible assets and goodwill, as well as the respective disclosures in the accompanying notes, in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2017.

2. Asset Retirement Obligation (ARO) - Individual and consolidated financial statements

As per Notes 25 and 26 to the financial statements

Matter

As a result of its operations, the Company incurs in obligations to restore and rehabilitate the environment on retiring the areas. The areas and environment rehabilitation is required by the combination of both the legislation in force and the Company s policies. Estimating costs related to those future activities requires considerable judgment in relation to factors such as how long a certain area will be used, the time required to rehabilitate and certain economic assumptions such as the discount rate and foreign currency exchange rates. Due to the relevance of the asset retirement obligations and the level of uncertainty for the determination of its estimate, which may impact the amount of this provision in the individual and consolidated financial statements and the amount of the investment recorded under the equity pick-up method in the financial statements of the parent company, we consider this subject as a significant matter for the audit.

Our procedures included, among others:

- Design, implementation and operating effectiveness testing of the relevant internal controls related to the determination of estimates for the asset retirement obligation provision to restore and rehabilitate areas commercially exploited by the Company;

- Analysis of assumptions used, including the base cost of the areas to be left, inflation rates, discount rates and risk rates;

- Analysis of the provision movement for the year related to the retired, restored/rehabilitated areas, and the relevant environmental obligation, aiming at verifying the primary inputs such as costs, inflation and discount rates, as well as an approved retirement plan; and

- Evaluate, with the support of our corporate finance specialists, the reasonableness and consistency of the assumptions used in preparation of the estimative of the asset retirement obligation provision in the areas commercially exploited by the Company;

- Arithmetic review of the estimative results, comparing them with the accounting information and management reports; and

- Appropriateness assessment of the disclosure in relation to the obligations to rehabilitate the environment on retiring the areas.

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Based on the evidence obtained through the procedures described above, we considered acceptable the balance of the asset retirement obligation provision to restore and rehabilitate areas commercially exploited by the Company, in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2017.

3. Income taxes - Individual and consolidated financial statements

As per Note 8 to the financial statements.

Matter

The Company has operations in various countries, each one with its own taxation regime. The nature of the Company s activities triggers various tax liabilities, including tax on income, and social contributions. The nature of the Company s commodities export operations also create complexities related to international transfer pricing issues. Applying tax legislation is a complex and highly specialized activity, which requires judgment for the assessment of tax exposure estimates and for quantification of contingent liabilities. Due to the level of uncertainty and judgment involved in determining this estimate that may impact the amount recorded in the individual and consolidated financial statements and the amount of the investment recorded under the equity pick-up method in the parent company s financial statements, we consider this subject as a significant matter for the audit.

Our procedures included, among others:

- Design, implementation and operating effectiveness testing of the relevant internal controls related to the determination of estimates for recording the amounts of provisions for taxes and contributions payable and taxes to be offset by the Company;

- With the support of our specialists from the tax department, we assess the criteria used for determining and paying taxes and contributions and the assumptions used by the Company to determine the provisions and amounts disclosed as tax exposure and contingencies;

- We compare the assumptions used by the Company with the tax legislation applicable to each jurisdiction, and in relation to market practices and assessments performed by ourselves, based on our knowledge of and experience in the Company s operations in the use of the aforementioned legislation and on applicable precedents and sentences; and

- Assessment of the appropriateness of the Company s disclosures, particularly disclosures regarding current and deferred taxes and contributions and possible tax exposure.

Based on the evidence obtained through the summarized procedures above, we considered acceptable the balance of deferred taxes and contributions payable on income in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2017.

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4. Provisions for litigation and disclosures of contingent liabilities - Individual and consolidated financial statements

As per Note 27 to the financial statements

Matter

The Company is a party (as defendant) to various litigation of tax, civil and labor nature deriving from the ordinary course of its activities. The measurement, accounting recognition of a provision, and the disclosures of Provisions and Contingent Liabilities, related to the aforementioned litigation, require judgment from the Company s professionals and from its legal advisors with respect to the integrity of the existing cases, the appropriateness of the provisions recorded and their corresponding disclosures. Due to the materiality, complexity and judgment involved in the assessment and measurement of the Provisions and Contingent Liabilities, which may impact the amount recorded in the individual and consolidated financial statements and the amount of the investment recorded under the equity pick-up method in the financial statements of the parent company and, the disclosures of contingent liabilities, we consider this subject as a significant matter for the audit.

Our procedures included, among others:

- Design, implementation and operating effectiveness testing of the internal control related to the determination of estimates for recording the amounts in accordance with the loss prognosis for the lawsuits;

- Assessment of the sufficiency of provisions recognized and the amount of contingent liabilities disclosed, by means of analysis of criteria and assumptions used for measuring amounts recorded as provision and/or amounts disclosed, and took into account the assessments prepared by the Company s internal and external legal advisors, and comparison with the existing precedents;

- Assess the analysis of chances of loss regarding existing documentation and information related to the principal proceedings and complaints involving the Company through external confirmation of balances with their internal and external legal advisors;

- Assessment of the appropriateness of the Company s disclosures in relation to lawsuits provision and contingent liabilities.

Based on the evidence obtained through the procedures summarized above, we considered acceptable the balances of the provision for litigation and disclosures of contingent liabilities in the context of the individual and consolidated financial statements taken as a whole for the year ended December 31, 2017.

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5. Financial Instruments - Individual and consolidated financial statements

As per Notes 22, 23, 24 and 33 to the financial statements.

Matter

The Company contracts financial instruments which much be measured and assessed at their fair value - including derivative financial instruments, forward operations, swap operations, futures operations and zero cost-collars - as a strategy to hedge equity. Additionally, beginning on January 1st, 2017, the Company adopted hedge accounting for investments in foreign operations, designating its foreign currency loans as an instrument in a hedge transaction for its net investments in foreign operations, in order to mitigate exchange rate risk in its individual and consolidated financial statements.Estimating the fair value of financial instruments not traded on active markets requires considerable judgment from the Company when determining prices or parameters and assumptions such as the classification of fair value hierarchy, discount rates for calculating present value, taking the existing market conditions into account as of the reporting date. Due to the materiality, complexity and judgment involved in assessing and measuring the financial instruments, whether derivative financial instruments or not, which may impact the amount recorded in the individual and consolidated financial statements and the amount of the investment recorded under the equity pick-up method in the financial statements of the parent company, we consider this subject as a significant matter for the audit.

Our procedures included, among others:

- Design, implementation and operating effectiveness testing of the relevant internal controls related to the process of identifying and valuing financial instruments;

- We tested the models developed by the Company, with the support of our specialists in financial instruments, to determine fair values and reasonableness of data, parameters and information included in the pricing models used, recalculated the amount of operations, and compared the assumptions used to determine fair values with similar operations performed in the marketplace;

- With support of our specialists, we obtained an understanding of the hedge strategies adopted by the Company including those related to hedge accounting for net investments in foreign operations. We evaluated the adequacy of the documentation prepared by the Company that supports the designation as hedge accounting, specifically the formal designations containing the descriptions of all strategies and methodologies used to measure effectiveness. We also recalculated the effectiveness test of prospective and retrospective coverage prepared by the Company. In addition, we compared the amounts measured with those presented in the note disclosures.

- Assessment of the appropriateness of the Company s disclosures, regarding sensitivity analyses, interest rate risk and foreign exchange risk, and the classification of instruments, among others.

Based on the evidence obtained through the procedures described above, we considered acceptable the balances of financial instruments including hedge accounting for net investments in foreign operations, in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2017.

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Other Information - Statement of Added Value

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2017, prepared under the responsibility of the Company s management, and presented as supplementary information for IFRS purposes, was submitted for the auditing procedures jointly with audit of the Company s financial statements. For the purposes of forming our opinion, we evaluate whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria as defined in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, this statement of value added have been properly prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and is consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the auditor s report

Management is responsible for the other information, which comprises the Management report.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Management Report, we are required to report that fact. We have nothing to report regarding this matter.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) , and for such internal control as management determines is necessary to enable the preparation of individual and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company s and its subsidiaries financial reporting process.

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Auditors responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the (consolidated) financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors report unless law or regulation precludes public disclosure about the matter, or, when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, February 27, 2018

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

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Income Statement

In millions of Brazilian reais, except earnings per share data

		Year ended December 31				
			Consolidated		Parent company	
	Notes	2017	2016	2015	2017	2016
Continuing operations						
Net operating revenue	3(d)	108,532	94,633	78,057	64,037	46,424
Cost of goods sold and services rendered	5(a)	(67,257)	(61,143)	(62,780)	(33,327)	(29,663)
Gross profit		**41,275**	**33,490**	**15,277**	**30,710**	**16,761**
Operating (expenses) income						
Selling and administrative expenses	5(b)	(1,697)	(1,755)	(2,009)	(959)	(1,021)
Research and evaluation expenses		(1,086)	(1,098)	(1,326)	(679)	(677)
Pre operating and operational stoppage		(1,317)	(1,570)	(3,127)	(941)	(684)
Equity results from subsidiaries					5,277	6,503
Other operating expenses, net	5(c)	(1,338)	(937)	(588)	(893)	(1,166)
		(5,438)	**(5,360)**	**(7,050)**	**1,805**	**2,955**
Impairment and other results on non-current assets	15, 18 and 19	(1,025)	(4,168)	(33,893)	(549)	205
Operating income (loss)		**34,812**	**23,962**	**(25,666)**	**31,966**	**19,921**
Financial income	6	11,074	27,657	25,968	8,864	25,656
Financial expenses	6	(20,724)	(21,355)	(62,021)	(18,225)	(19,900)
Equity results in associates and joint ventures	15	302	1,111	(1,526)	302	1,111
Impairment and other results in associates and joint ventures	15, 19 and 21	(579)	(4,353)	(1,431)	(579)	(4,233)
Income (loss) before income taxes		**24,885**	**27,022**	**(64,676)**	**22,328**	**22,555**
Income taxes	8					
Current tax		(2,664)	(3,307)	(1,148)	(1,158)	(2,186)
Deferred tax		(1,943)	(6,260)	20,487	(957)	(2,908)
		(4,607)	**(9,567)**	**19,339**	**(2,115)**	**(5,094)**
Net income (loss) from continuing operations		**20,278**	**17,455**	**(45,337)**	**20,213**	**17,461**
Net income (loss) attributable to noncontrolling interests		65	(6)	(1,815)		
Net income (loss) from continuing operations attributable to Vale s stockholders		**20,213**	**17,461**	**(43,522)**	**20,213**	**17,461**
Discontinued operations	14					
Loss from discontinued operations		(2,608)	(4,159)	(660)	(2,586)	(4,150)
Net income (loss) attributable to noncontrolling interests		(22)	(9)	31		
Loss from discontinued operations attributable to Vale s stockholders		**(2,586)**	**(4,150)**	**(691)**	**(2,586)**	**(4,150)**

Net income (loss)		**17,670**	**13,296**	**(45,997)**	**17,627**	**13,311**
Net income (loss) attributable to noncontrolling interests		43	(15)	(1,784)		
Net income (loss) attributable to Vale s stockholders		**17,627**	**13,311**	**(44,213)**	**17,627**	**13,311**
Earnings (loss) per share attributable to Vale s stockholders:						
Basic and diluted earnings (loss) per share (restated):	9					
Common share (R$)		3.39	2.56	(8.51)	3.39	2.56

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

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Statement of Comprehensive Income

In millions of Brazilian reais

	Year ended December 31				
	Consolidated			Parent company	
	2017	2016	2015	2017	2016
Net income (loss)	**17,670**	**13,296**	**(45,997)**	**17,627**	**13,311**
Other comprehensive income (loss):					
Items that will not be reclassified subsequently to the income statement					
Retirement benefit obligations	(164)	(266)	257	(125)	(107)
Equity results in associates and joint ventures				(39)	(156)
Total items that will not be reclassified subsequently to the income statement, net of tax	**(164)**	**(266)**	**257**	**(164)**	**(263)**
Items that may be reclassified subsequently to the income statement					
Translation adjustments	3,337	(14,188)	35,944	3,309	(13,283)
Cash flow hedge		20	2,632		
Net investments hedge	(310)	4	2	(310)	
Equity results in associates and joint ventures		16	(17)		30
Transfer of realized results to net income	(34)	(276)	(1,157)		(266)
Total of items that may be reclassified subsequently to the income statement, net of tax	**2,993**	**(14,424)**	**37,404**	**2,999**	**(13,519)**
Total comprehensive income (loss)	**20,499**	**(1,394)**	**(8,336)**	**20,462**	**(471)**
Comprehensive income (loss) attributable to noncontrolling interests	37	(923)	(252)		
Comprehensive income (loss) attributable to Vale s stockholders	**20,462**	**(471)**	**(8,084)**		
From continuing operations	20,568	(13)	(8,439)		
From discontinued operations	(106)	(458)	355		
	20,462	**(471)**	**(8,084)**		

Items above are stated net of tax and the related taxes are disclosed in note 8.

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

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Statement of Cash Flows

In millions of Brazilian reais

	Year ended December 31				
	Consolidated			Parent company	
	2017	**2016**	**2015**	**2017**	**2016**
Cash flow from operating activities:					
Income (loss) before income taxes from continuing operations	24,885	27,022	(64,676)	22,328	22,555
Continuing operations adjustments for:					
Equity results in investees	(302)	(1,111)	1,526	(5,579)	(7,614)
Impairment and other results on non-current assets	1,025	4,168	33,893	549	(205)
Impairment and other results in associates and joint ventures	587	4,353	1,431	579	4,233
Depreciation, amortization and depletion	11,842	12,107	12,450	5,604	5,209
Financial results, net	9,650	(6,302)	36,053	9,361	(5,756)
Changes in assets and liabilities:					
Accounts receivable	3,983	(9,863)	5,212	15,301	4,503
Inventories	(1,030)	616	(749)	(612)	(135)
Suppliers and contractors	691	768	2,143	670	243
Provision - Payroll, related charges and others remunerations	1,236	435	(1,713)	980	714
Other taxes assets and liabilities, net	(976)	(371)	(687)	(514)	(227)
Deferred revenue - Gold stream		1,683	1,670		
Other assets and liabilities, net	(1,734)	2,225	(896)	677	(1,923)
	49,857	**35,730**	**25,657**	**49,344**	**21,597**
Interest on loans and borrowings paid	(5,373)	(5,894)	(4,812)	(5,911)	(5,905)
Derivatives paid, net	(763)	(5,604)	(3,771)	(577)	(2,215)
Interest on participative stockholders debentures paid	(428)	(268)	(209)	(428)	(268)
Income taxes	(1,763)	(1,401)	(1,790)	(824)	(69)
Income taxes - Settlement program	(1,559)	(1,426)	(1,284)	(1,527)	(1,397)
Net cash provided by operating activities from continuing operations	**39,971**	**21,137**	**13,791**	**40,077**	**11,743**
Cash flow from investing activities:					
Financial investments redeemed (invested)	(256)	45	932	(255)	15
Loans and advances - net receipts (payments) (note 21)	(1,421)	(698)	(34)	(8,037)	3,069
Guarantees and deposits - net receipts (payments)	(150)	(141)	(246)	(143)	(127)
Additions to investments	(292)	(875)	(332)	(1,895)	(1,918)
Additions to property, plant and equipment and intangible	(12,236)	(17,343)	(26,931)	(8,413)	(11,494)
Proceeds from disposal of assets and investments (note 15)	2,926	1,785	5,211	23	169
Dividends and interest on capital received from associates and joint ventures	739	669	1,064	2,645	1,591
Proceeds from gold stream transaction		885	1,156		
Net cash used in investing activities from continuing operations	**(10,690)**	**(15,673)**	**(19,180)**	**(16,075)**	**(8,695)**

Cash flow from financing activities:					
Loans and borrowings					
Additions	6,223	25,667	16,603	2,014	10,126
Repayments	(28,878)	(26,630)	(9,949)	(21,058)	(11,651)
Transactions with stockholders:					
Dividends and interest on capital attributed to stockholders	(4,667)	(857)	(5,026)	(4,667)	(857)
Dividends and interest on capital paid to noncontrolling interest	(404)	(972)	(46)		
Transactions with noncontrolling stockholders (note 15)	(305)	(69)	3,875		19
Net cash provided by (used in) financing activities from continuing operations	**(28,031)**	**(2,861)**	**5,457**	**(23,711)**	**(2,363)**
Net cash provided by (used in) discontinued operations (note 14)	**(817)**	**(527)**	**785**		
Increase in cash and cash equivalents	**433**	**2,076**	**853**	**291**	**685**
Cash and cash equivalents in the beginning of the period	13,891	14,022	10,555	1,203	518
Effect of exchange rate changes on cash and cash equivalents	38	(2,207)	2,614		
Effects of disposals of subsidiaries and merger, net on cash and cash equivalents	(44)			382	
Cash and cash equivalents at end of the period	**14,318**	**13,891**	**14,022**	**1,876**	**1,203**
Non-cash transactions:					
Additions to property, plant and equipment - capitalized loans and borrowing costs	1,179	2,291	2,531	1,176	1,679

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

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Statement of Financial Position

In millions of Brazilian reais

		Consolidated		Parent company	
	Notes	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Assets					
Current assets					
Cash and cash equivalents	20	14,318	13,891	1,876	1,203
Accounts receivable	10	8,602	11,937	9,560	26,223
Other financial assets	13	6,689	951	409	665
Inventories	11	12,987	10,913	4,601	3,982
Prepaid income taxes		2,584	518	2,378	312
Recoverable taxes	12	3,876	5,296	2,091	3,962
Others		1,780	2,047	1,542	972
		50,836	**45,553**	**22,457**	**37,319**
Non-current assets held for sale	14	11,865	27,994	7,082	8,936
		62,701	**73,547**	**29,539**	**46,255**
Non-current assets					
Judicial deposits	27(c)	6,571	3,135	6,110	2,681
Other financial assets	13	10,690	2,041	1,865	2,178
Prepaid income taxes		1,754	1,718		
Recoverable taxes	12	2,109	2,368	2,062	2,223
Deferred income taxes	8(a)	21,959	23,931	14,200	15,299
Others		882	899	810	618
		43,965	**34,092**	**25,047**	**22,999**
Investments	15	11,802	12,046	117,387	107,539
Intangibles	17	28,094	22,395	13,471	11,314
Property, plant and equipment	18	181,535	180,616	102,978	102,056
		265,396	**249,149**	**258,883**	**243,908**
Total assets		**328,097**	**322,696**	**288,422**	**290,163**
Liabilities					
Current liabilities					
Suppliers and contractors		13,367	11,830	7,503	7,116
Loans and borrowings	20	5,633	5,410	4,378	4,171
Other financial liabilities	13	1,237	2,499	4,413	9,956
Taxes payable	8(d)	2,307	2,144	1,991	1,883
Provision for income taxes		1,175	556		
Liabilities related to associates and joint ventures	21	1,080	951	1,080	951
Provisions	25	4,610	3,103	2,904	1,792
Dividends and interest on capital	29(d)	4,742	2,660	4,439	2,602
Others		5,307	3,903	2,552	1,242
		39,458	**33,056**	**29,260**	**29,713**
Liabilities associated with non-current assets held for sale	14	3,899	3,554		

		43,357	**36,610**	**29,260**	**29,713**
Non-current liabilities					
Loans and borrowings	20	68,759	90,154	28,966	47,877
Other financial liabilities	13	9,575	6,804	54,955	56,802
Taxes payable	8(d)	16,176	16,170	15,853	15,838
Deferred income taxes	8(a)	5,687	5,540		
Provisions	25	23,243	18,730	6,900	4,396
Liabilities related to associates and joint ventures	21	2,216	2,560	2,216	2,560
Deferred revenue - Gold stream		6,117	6,811		
Others		4,861	5,615	6,514	5,736
		136,634	**152,384**	**115,404**	**133,209**
Total liabilities		**179,991**	**188,994**	**144,664**	**162,922**
Stockholders equity	29				
Equity attributable to Vale s stockholders		143,758	127,241	143,758	127,241
Equity attributable to noncontrolling interests		4,348	6,461		
Total stockholders equity		**148,106**	**133,702**	**143,758**	**127,241**
Total liabilities and stockholders equity		**328,097**	**322,696**	**288,422**	**290,163**

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

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Statement of Changes in Equity

In millions of Brazilian reais

	Share capital	Results on conversion of shares	Capital reserve	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	Equ attribut noncont inter
Balance at December 31, 2014	**77,300**	**50**		**(970)**	**53,085**	**(2,746)**	**(4,553)**	**24,248**		**146,414**	
Loss									**(44,213)**	**(44,213)**	
Other comprehensive income:											
Retirement benefit obligations							260			260	
Cash flow hedge							1,458			1,458	
Available-for-sale financial instruments							2			2	
Translation adjustments							(1,040)	35,449		34,409	
Transactions with stockholders:											
Dividends and interest on capital of Vale s stockholders					(5,026)					(5,026)	
Dividends of noncontrolling interest											
Acquisitions and disposal of noncontrolling interest (note 15)				(911)				(1,233)		(2,144)	
Capitalization of noncontrolling interest advances											
Appropriation to undistributed retained earnings					(44,213)				44,213		
Balance at December 31, 2015	**77,300**	**50**		**(1,881)**	**3,846**	**(2,746)**	**(3,873)**	**58,464**		**131,160**	
									13,311	**13,311**	

Net income (loss)									
Other comprehensive income:									
Retirement benefit obligations						(263)			(263)
Cash flow hedge						26			26
Available-for-sale financial instruments						4			4
Translation adjustments						367	(13,916)		(13,549)
Transactions with stockholders:									
Dividends and interest on capital of Vale s stockholders								(3,459)	(3,459)
Dividends of noncontrolling interest									
Acquisitions and disposal of noncontrolling interest (note 15)			11						11
Capitalization of noncontrolling interest advances									
Appropriation to undistributed retained earnings				9,852				(9,852)	
Balance at December 31, 2016	**77,300**	**50**	**(1,870)**	**13,698**	**(2,746)**	**(3,739)**	**44,548**		**127,241**
Net income								**17,627**	**17,627**
Other comprehensive income:									
Retirement benefit obligations						(164)			(164)
Net investments hedge (note 24b)							(310)		(310)
Translation adjustments						(9)	3,318		3,309
Transactions with stockholders:									
Dividends and interest on capital of Vale s stockholders				(2,065)				(4,721)	(6,786)
Dividends of noncontrolling interest									
Acquisitions and disposal of noncontrolling interest (note 15)			(793)						(793)

Capitalization of noncontrolling interest advances										
Appropriation to undistributed retained earnings					12,906				(12,906)	
Merger of Valepar (note 29)			3,634							3,634
Balance at December 31, 2017	**77,300**	**50**	**3,634**	**(2,663)**	**24,539**	**(2,746)**	**(3,912)**	**47,556**		**143,758**

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

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Value Added Statement

In millions of Brazilian Reais

	Year ended December 31			
	Consolidated		Parent company	
	2017	2016	2017	2016
Generation of value added from continuing operations				
Gross revenue				
Revenue from products and services	110,007	95,915	65,049	47,173
Results on measurement or sale of non-current assets	(1,706)	(1,074)	(549)	(597)
Revenue from the construction of own assets	6,449	12,721	5,857	10,185
Allowance for doubtful accounts	(14)	(9)	4	(3)
Other revenues	663	1,459	419	387
Less:				
Acquisition of products	(1,728)	(1,758)	(652)	(821)
Material, service and maintenance	(27,022)	(29,819)	(16,796)	(19,328)
Oil and gas	(4,199)	(4,284)	(2,872)	(2,720)
Energy	(3,108)	(2,414)	(1,470)	(1,040)
Freight	(10,717)	(8,641)	(106)	(71)
Impairment of non-current assets and others results	102	(7,447)	(579)	(3,431)
Other costs and expenses	(7,681)	(12,118)	(3,027)	(1,390)
Gross value added	**61,046**	**42,531**	**45,278**	**28,344**
Depreciation, amortization and depletion	(11,842)	(12,107)	(5,604)	(5,209)
Net value added	**49,204**	**30,424**	**39,674**	**23,135**
Received from third parties				
Equity results from entities	302	1,111	5,945	6,754
Equity results from descontinued operations			(2,952)	(3,290)
Financial income	1,532	606	364	345
Monetary and exchange variation of assets	500	(6,791)	443	(6,398)
Total value added from continuing operations to be distributed	**51,538**	**25,350**	**43,474**	**20,546**
Value added from discontinued operations to be distributed	1,534	2,439		
Total value added to be distributed	**53,072**	**27,789**	**43,474**	**20,546**
Personnel	7,673	7,699	3,702	3,082
Taxes and contributions	6,553	4,835	6,528	7,124
Current income tax	2,664	3,307	1,158	2,186
Deferred income tax	1,943	6,260	957	2,908
Financial expense (excludes capitalized interest)	11,325	10,169	8,483	9,987
Monetary and exchange variation of liabilities	2,630	(17,610)	1,950	(17,807)
Other remunerations of third party funds	1,058	(2,615)	3,069	(245)
Reinvested net income (absorbed loss)	17,627	13,311	17,627	13,311
Net income (loss) attributable to noncontrolling interest	65	(6)		
Distributed value added from continuing operations	**51,538**	**25,350**	**43,474**	**20,546**
Distributed value added from discontinued operations	1,534	2,439		
Distributed value added	**53,072**	**27,789**	**43,474**	**20,546**

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

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Notes to the 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), New York - NYSE (VALE), Paris - NYSE Euronext (Vale3) and Madrid - LATIBEX (XVALO).

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.

On December 22, 2017 after the conversion of the class A preferred shares into common shares, the Company migrated to the special listing segment of B3 S.A. (Novo Mercado), and became a company with no defined controlling shareholder (further details in the notes 4 and 29). As of this date, Vale s common shares are traded in the Novo Mercado.

2. Basis for preparation of the financial statements

a) Statement of compliance

The consolidated and individual financial statements of the Company (financial statements) have been prepared and are being presented 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 financial statements, and only this information, are being presented and correspond to those used by the Company s Management.

b) Basis of presentation

The 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 income statement or available-for-sale financial instruments measured at fair value through the statement of comprehensive income; and (ii) impairment of assets.

The issue of these financial statements was authorized by the Board of Directors on February 27, 2018.

c) Consolidation and investments

The financial statements reflect the assets, liabilities and transactions of the Parent Company and its direct and indirect controlled entities (subsidiaries). These subsidiaries are consolidated when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to direct the significant activities of the investee. The Company also consolidates subsidiaries that Vale does not own the majority of the voting capital, but has control through other means, such as a stockholder s agreement. Intercompany balances and transactions, which include unrealized profits, are eliminated.

The entities over which the Company has joint control (joint ventures) or significant influence, but not control (associates) are presented in note 15. Those investments are accounted for using the equity method. For interests in joint arrangements not classified as joint ventures (joint operations), the Company recognizes its share of assets, liabilities and net income.

Unrealized gains on downstream or upstream transactions between the Company and its associates and joint ventures are eliminated fully or proportionately to the Company s interest.

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The material consolidated entities in each business segment are as follows:

	Location	Main activity/Business	% Ownership	% Voting capital	% Noncontrolling interest
Direct and indirect subsidiaries					
Companhia Portuária da Baía de Sepetiba	Brazil	Iron ore	100.0%	100.0%	0.0%
Mineração Corumbaense Reunida S.A.	Brazil	Iron ore and manganese	100.0%	100.0%	0.0%
Minerações Brasileiras Reunidas S.A. (MBR)	Brazil	Iron ore	62.5%	98.3%	37.5%
Salobo Metais S.A.	Brazil	Copper	100.0%	100.0%	0.0%
PT Vale Indonesia	Indonesia	Nickel	59.2%	59.2%	40.8%
Vale International Holdings GmbH	Austria	Holding and research	100.0%	100.0%	0.0%
Vale Canada Limited	Canada	Nickel	100.0%	100.0%	0.0%
Vale International S.A.	Switzerland	Trading and holding	100.0%	100.0%	0.0%
Vale Malaysia Minerals Sdn.Bhd.	Malaysia	Iron ore	100.0%	100.0%	0.0%
Vale Manganês S.A.	Brazil	Manganese and ferroalloys	100.0%	100.0%	0.0%
Vale Moçambique S.A.	Mozambique	Coal	81.0%	81.0%	19.0%
Vale Nouvelle Caledonie S.A.S.	New Caledonia	Nickel	95.0%	95.0%	5.0%
Vale Oman Distribution Center LLC	Oman	Iron ore and pelletizing	100.0%	100.0%	0.0%
Vale Oman Pelletizing Company LLC	Oman	Pelletizing	70.0%	70.0%	30.0%

Investments held by investors in Vale s subsidiaries are classified as noncontrolling interests. The Company treats transactions with noncontrolling interests as transactions with equity owners of the Company as described in note 16.

For purchases from noncontrolling interests, the difference between any consideration paid and the proportion acquired of the carrying value of net assets of the subsidiary is recorded in stockholders equity. Gains or losses on disposals to noncontrolling interest are also directly recorded in stockholders equity in Results from operation with noncontrolling interest .

As explained in note 14, the Fertilizer Segment is presented as discontinued operations, which includes the following subsidiaries:

	Location	Main activity/Business	% Ownership	% Voting capital	% Noncontrolling interest
Direct and indirect subsidiaries					
Compañia Minera Miski Mayo S.A.C.	Peru	Fertilizers	40.0%	51.0%	60.0%

Vale Fertilizantes S.A.	Brazil	Fertilizers	100.0%	100.0%	0.0%
Vale Cubatão Fertilizantes Ltda	Brazil	Fertilizers	100.0%	100.0%	0.0%

d) Functional currency and presentation currency

The 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 (R$). For presentation purposes, these financial statements are presented in Brazilian Reais.

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the transaction date. The foreign exchange gains and losses resulting from the translation at the exchange rates prevailing at the end of the year are recognized in the income statement as financial income or expense . The exceptions are transactions for which gains and losses are recognized in the statement of comprehensive income.

The income statement and statement of financial position of the subsidiaries for which the functional currency is different from the presentation currency are translated into the presentation currency as follows: (i) assets, liabilities and stockholders equity, except for the components described in item (iii) are translated at the closing rate at the statement of financial position date; (ii) income and expenses are translated at the average exchange rates, except for specific significant transactions that, are translated at the rate at the transaction date and; (iii) capital, capital reserves and treasury stock are translated at the rate at each transaction date. All resulting exchange differences are recognized directly in the comprehensive income as translation adjustments . When a foreign operation is partially disposed of or sold, foreign exchanges differences that were recognized in equity are recognized in the income of statement.

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The exchange rates used by the Company to translate its foreign operations are as follows:

	Closing rate			Average rate for the year ended		
	2017	2016	2015	2017	2016	2015
US Dollar (US$)	3.3080	3.2591	3.9048	3.1925	3.4833	3.3387
Canadian dollar (CAD)	2.6344	2.4258	2.8171	2.4618	2.6280	2.6020
Australian dollar (AUD)	2.5849	2.3560	2.8532	2.4474	2.5876	2.4979
Euro (EUR or)	3.9693	3.4384	4.2504	3.6088	3.8543	3.6999

e) Significant accounting policies

Significant and relevant accounting policies for the understanding of the recognition and measurement basis used on the preparation of these financial statements were included in the respective notes. The accounting policies applied in the preparation of these financial statements are consistent with those adopted and disclosed in the financial statements of prior years.

The Company has not early adopted any standards and interpretations that have been issued or amended but are not yet effective for the year ended December 31, 2017.

The following new accounting standards were issued by IASB, but are not yet effective for 2017. The Company has performed an assessment on the Company s financial statements and the current expected impacts are detailed below:

- IFRS 9 Financial instrument - In July 2014, the IASB issued the final version of IFRS 9 that replaces IAS 39 Financial Instruments: Recognition and Measurement. This standard addresses the classification and measurement of financial assets and liabilities, new impairment model and new rules for hedge accounting. This standard shall apply for annual periods beginning on or after January 1, 2018. The Company has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

- Classification and measurement - IFRS 9 establishes a new approach to determine whether a financial asset should be measured at amortized cost or fair value, based on the cash flow characteristics and the business model in which an asset is held. The Company does not currently expect the impact of these changes to be significant.

- Impairment - IFRS 9 requires expected credit loss impairment model for accounts receivables measured at amortized cost, on either a 12-month or the lifetime basis, rather than only incurred credit losses as is the case under IAS 39. Given that Vale s account receivables are short-term in nature and considering its credit rating and risk management policies in place, the Company does not expect these changes will have a significant impact on its financial statements.

- Hedge accounting - the changes in IFRS 9 relating to hedge accounting will have no impact as the Company does not currently apply cash flow or fair value hedge accounting. The Company currently applies the net investment hedge, which there is no changes introduced by this new standard.

- **IFRS 15 Revenue from Contracts with Customers** - In May 2014, the IASB issued IFRS 15, which replaces IAS 18 Revenues and the related interpretations. IFRS 15 introduces the five-step model for revenue recognition from contracts with customers. The new standard is based on the core principle that revenue is recognized when the control of a good or service transfers to a customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard shall apply for annual periods beginning on or after January 1, 2018.

The Company will adopt this new standard on the required effective date using the modified retrospective method. Accordingly, the Company will not be required to restate the comparative figures.

During 2017, the Company performed a detailed assessment of IFRS 15, based on the contractual arrangements across the Company s main revenue streams. The result of this assessment and the impacts identified in relation to the IFRS 15 first adoption are summarized as follows:

Vale s revenue is predominantly derived from commodities sales, where the point of recognition is dependent on the sales arrangement, which is governed by parameters established by the International Commercial Terms (Incoterms). There will be no significant impact on the timing of commodities revenue recognition under IFRS 15, since usually the transfer of risks and rewards and the transfer of control under the sales contracts are at the same point in time.

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However, a significant proportion of Vale s sales are under CFR (Cost and Freight) or CIF (Cost, Insurance and Freight) Incoterms, in which the Company is responsible for providing shipping services after the date that Vale transfers control of the goods to the customers. Currently, the revenue from shipping services are recognized upon loading, as well as the related costs, and are not considered a separate service under IAS 18.

Under IFRS 15, the provision of shipping services for CFR and CIF contracts will be a distinct service and, therefore, a separate performance obligation to which a proportion of the transaction price should be allocated and recognized over time as the shipping services are provided. The impact on the timing of revenue recognition of the proportion allocated to the shipping service is deemed not significant to the Company s year-end results. Therefore, such revenue will not be presented separately in the Company s financial statements.

The accounting treatment for contracts with provisional pricing features that are currently considered as an embedded derivative in accordance with IAS 39 - Financial Instruments, shall remain unmodified in accordance with IFRS 15 and IFRS 9 - Financial Instruments. In addition, IFRS 15 introduces a new disclosure requirement for the provisional prices impact on the financial statements. When applicable, systems and processes will be amended to allow the disclosure of this information in the Company s financial statements.

IFRS 15 also requires the Company to treat deferred revenue related to the gold stream transaction as variable and, therefore must be adjusted each time there is a change in the underlying production profile. The Company does not expect to record a significant adjustment upon transition to this new standard.

- **IFRS 16 Lease** - In January 2016, the IASB issued IFRS 16, which replaces IAS 17 Leases and related interpretations. The IFRS 16 set forth that the lessee must recognize all leases on the statement of financial position, as the distinction between operating and finance leases is removed. The standard provides certain exemptions from recognizing leases on the statement of financial position, including where the underlying asset is of low value or the lease term is 12 months or less. Under the new standard, the Company will be required to recognize right of use lease assets and lease liabilities on the statement of financial position. Liabilities are measured based on the present value of future lease payments over the lease term. The right of use lease asset generally reflects the lease liability. This standard shall apply for annual periods beginning on or after January 1, 2019.

The Company has commenced the qualitative analysis of its main contracts and will continue to assess the quantitative potential effect of IFRS 16 during 2018, which depends on the decision regarding the transition method and the use of practical expedients and/or exemptions. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Company s income statement.

The information on the main operating leases is presented in note 31.

f) Critical accounting estimates and judgments

The preparation of financial statements requires the use of certain critical accounting estimates and the application of judgment by management in applying the Company s accounting policies. These estimates are based on the experience, best knowledge, information available at the statement of financial position date and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in facts and circumstances may lead to the revision of these estimates. Actual future results may differ from the estimates.

The significant estimates and judgments applied by Company in the preparation of these financial statements are as follows:

Note	Significant estimates and judgments
7	Deferred revenue - Gold stream transaction
8	Deferred income taxes
15	Consolidation
18	Mineral reserves and mine useful life
19	Impairment of non-current assets
21	Liabilities related to associates and joint ventures
23	Fair values estimate
26	Asset retirement obligation
27	Litigation
28	Employee postretirement obligations

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3. Information by business segment and by geographic area

The Company operated five reportable segments during this year: Ferrous Minerals, Coal, Base Metals, Fertilizers (presented as discontinued operations) and Others. The segments are aligned with products and reflect the structure used by Management to evaluate Company performance. The responsible bodies for making operational decisions, allocating resources and evaluating performance are the Executive Boards and the Board of Directors. The performance of the operating segments is assessed based on a measure of adjusted LAJIDA (EBITDA).

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

The main activities of the operating segments are as follows:

Ferrous minerals - Ferrous minerals comprises the production and extraction of iron ore, iron ore pellets and its logistic services (railroads, ports and terminals), manganese, ferroalloys and others ferrous products and services.

Coal - Coal comprises the extraction of metallurgical and thermal coal and its logistic services (railroads, ports and terminals).

Base metals - Base metals include the production and extraction of non-ferrous minerals, and are presented as nickel and its by-products (ferro-nickel, copper, gold, precious metals and others) and copper (copper concentrated).

Fertilizers (Discontinued operations) - Fertilizers include the production of the three major groups of nutrients (potash, phosphate and nitrogen) and other fertilizers products. The group of assets related to this segment is classified as Non-current assets and liabilities associated with non-current assets held for sale (note 14).

Others - Other comprises sales and expenses of other products, services, research and evaluation, investments in joint ventures and associates of other business and contingencies not directly related to the core business.

a) Adjusted LAJIDA (EBITDA)

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 Year ended December 31, 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	59,206	(25,438)	(911)	(281)	(576)	100	32,100
Iron ore Pellets	18,043	(9,191)	(208)	(62)	(23)	263	8,822
Ferroalloys and manganese	1,501	(890)	(38)		(12)		561
Other ferrous products and services	1,541	(978)	18	(6)	(2)	63	636
	80,291	**(36,497)**	**(1,139)**	**(349)**	**(613)**	**426**	**42,119**
Coal	**5,003**	**(4,326)**	**(142)**	**(45)**	**(14)**	**574**	**1,050**
Base metals							
Nickel and other products	14,914	(10,985)	(484)	(155)	(238)		3,052
Copper	7,052	(3,126)	(86)	(43)			3,797
	21,966	**(14,111)**	**(570)**	**(198)**	**(238)**		**6,849**
Others	**1,272**	**(1,197)**	**(892)**	**(494)**	**(28)**	**313**	**(1,026)**
Total of continuing operations	**108,532**	**(56,131)**	**(2,743)**	**(1,086)**	**(893)**	**1,313**	**48,992**
Discontinued operations (Fertilizers)	**5,572**	**(5,124)**	**(327)**	**(39)**	**(80)**	**10**	12
Total	**114,104**	**(61,255)**	**(3,070)**	**(1,125)**	**(973)**	**1,323**	**49,004**

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	Consolidated Year ended December 31, 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	54,187	(22,817)	(1,712)	(308)	(521)	35	28,864
Iron ore Pellets	13,198	(6,932)	(251)	(45)	(77)	359	6,252
Ferroalloys and manganese	1,031	(793)	(11)	(1)	(39)		187
Other ferrous products and services	1,513	(933)	(26)	(5)	(12)		537
	69,929	**(31,475)**	**(2,000)**	**(359)**	**(649)**	**394**	**35,840**
Coal	**2,882**	**(3,090)**	**150**	**(50)**	**(137)**		**(245**