



## MECHEL REPORTS THE 1H 2016 FINANCIAL RESULTS

**Revenue – 130.2 bln rubles, Consolidated EBITDA\* - 25.7 bln rubles**  
**Net profit, attributable to shareholders of Mechel PAO – 8.3 bln rubles**

**Moscow, Russia – August 29, 2016 – Mechel PAO (MICEX: MTLR, NYSE: MTL), a leading Russian mining and steel group, announces financial results for the 1H 2016.**

Mechel PAO’s Chief Executive Officer Oleg Korzhov commented on the 1H 2016 results:

“If you compare the results of this year’s first six months with the same period of the previous year, you can see similar production volumes and revenue. Nevertheless, the company’s financial results have changed for the better — Mechel showed an increase in its operating profit by 23% to 17.2 billion rubles, net profit of 8.3 billion rubles and restoration of our cash flows.

“A number of external and internal factors had their positive impact on the company’s results. The beginning of spring brought a revival of steelmaking commodities export markets and the domestic steel market. Product prices demonstrated growth compared to the minimums reached at the end of the previous year and at the beginning of this year. The market situation prompted a growth of the company’s operating profit and improvement of its financial results. In this period we completed restructuring of our loans with Russian state banks, which enabled us to balance our financial payments. Also in late June we completed the deal on selling 49% in the Elga project to Gazprombank, which allowed us to source repayment of loans in the amount of 32.9 billion rubles and overdue interest payments from the previous periods.

“Currently we see a weaker activity on the metals market, which is offset by a major growth of spot prices for hard coking coal, and that will enable us to retain the Group’s profitability as a whole.”

### **Consolidated Results For The 1H 2016**

<b>Mln rubles</b>	<b>1H’ 16</b>	<b>1H’ 15</b>	<b>%</b>
<b>Revenue</b> from external customers	130,197	130,334	0%
<b>Operating profit</b>	17,200	13,945	23%
<b>EBITDA</b>	25,721	23,602	9%
<b>EBITDA, margin</b>	20%	18%	
<b>Net profit (loss)</b> attributable to shareholders of Mechel PAO	8,300	(16,746)	

### **Mining Segment**

Mechel Mining Management Company OOO’s Chief Executive Officer Pavel Shtark noted:

“In late 2015, the metallurgical coal market reached its minimum. Despite the positive trends which appeared in 1Q2016, the overall price level in this period was significantly lower than the previous year’s. In the first and second quarters of this year, contract prices for hard coking coal were \$81 and \$84 per tonne, while in the first and second quarters of 2015 those prices were \$117 and \$109.5 per tonne. The decrease of sales of several types of products as market demand weakened in 1Q2016, had an additional negative impact on the division’s revenue. Nevertheless, optimization of

EBITDA\* - Adjusted EBITDA. Please find the calculation of the Adjusted EBITDA and other non-IFRS measures used here and hereafter in Attachment A.

our costs structure enabled us, despite a drop in revenue and prices, to increase the division's EBITDA by 10% to 14.4 billion rubles, while the EBITDA margin went from 23% to 26% year-on-year.

“It is worth noting that by mid-summer the level of prices for Australian coal returned to the early 2015 level. Limited supply of imported coal in China became the chief factor for growth. Also, due to strong rains in eastern and southern China shipping within the country became complicated, and consumers became more active in buying imported raw materials. Record low levels of commodity stock in Chinese ports and storages also contribute to increased demand. As of now, spot prices for Australian hard coking coal reached \$128 per tonne, which should uphold the trend for a quarterly increase in contract prices.”

<b>Mln rubles</b>	<b>1H' 16</b>	<b>1H' 15</b>	<b>%</b>
<b>Revenue</b> from external customers	40,059	43,168	-7%
<b>Revenue</b> inter-segment	14,711	13,309	11%
<b>EBITDA</b>	14,438	13,139	10%
<b>EBITDA, margin</b>	26%	23%	

### **Steel Segment**

Mechel-Steel Management Company OOO's Chief Executive Officer Andrey Ponomarev noted:

“For the second year in a row, the year's first two quarters demonstrate a radically different market situation. The previous year began with an upsurge in demand and prices for construction product range affected by the devaluation of the ruble. After that, the heightened demand was calmed, prices went down and stayed low by the end of 1H2015. In late 2015 and early 2016, prices were at their minimum, but then, as export prices and steel deficit on local markets grew, prices for the division's products also increased.

“Despite mixed market dynamics in each quarter, average prices for each half-year were the same. Increased sales, particularly of rebar and other types of long products, resulted in growth of revenue by 5%. Comparable growth of costs allowed us to retain EBITDA margin flat.

“Prices on the steel market are currently being adjusted downwards. The division's future operational results will be less volatile due to the change in the sales structure through this year's planned increase of the Chelyabinsk Metallurgical Plant's universal rolling mill capacity utilization to 60%, as well as the growth in production of high-quality steel grades at the group's facilities.”

<b>Mln rubles</b>	<b>1H' 16</b>	<b>1H' 15</b>	<b>%</b>
<b>Revenue</b> from external customers	77,604	73,644	5%
<b>Revenue</b> inter-segment	3,619	3,392	7%
<b>EBITDA</b>	9,520	9,413	1%
<b>EBITDA, margin</b>	12%	12%	

### **Power Segment**

Mechel-Energo OOO's Chief Executive Officer Petr Pashnin noted:

“The division continues to demonstrate positive financial results. Despite a minor decrease in revenue, which was partly due to additional repairs and reconstruction of our generating facilities, our operational efficiency enabled us to improve our financial results.”

<b>Mln rubles</b>	<b>1H' 16</b>	<b>1H' 15</b>	<b>%</b>
<b>Revenue</b> from external customers	12,535	13,523	-7%
<b>Revenue</b> inter-segment	7,899	7,467	6%
<b>EBITDA</b>	2,014	1,339	50%
<b>EBITDA, margin</b>	10%	6%	

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The management of Mechel will host a conference call today at 18:00 p.m. Moscow time (4:00 p.m. London time, 11 a.m. New York time) to review Mechel's financial results and comment on current operations. The call may be accessed via the Internet at <http://www.mechel.com>, under the Investor Relations section.

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Mechel is one of the leading Russian companies. Its business includes three operating segments: mining, steel and power. Mechel unites producers of coal, iron ore concentrate, steel, rolled products, ferroalloys, hardware, heat and electric power. Mechel products are marketed domestically and internationally.

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*Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Mechel, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements. We refer you to the documents Mechel files from time to time with the U.S. Securities and Exchange Commission, including our Form 20-F. These documents contain and identify important factors, including those contained in the section captioned "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in our Form 20-F, that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the achievement of anticipated levels of profitability, growth, cost and synergy of our recent acquisitions, the impact of competitive pricing, the ability to obtain necessary regulatory approvals and licenses, the impact of developments in the Russian economic, political and legal environment, volatility in stock markets or in the price of our shares or ADRs, financial risk management and the impact of general business and global economic conditions.*

## Attachments to the 1H 2016 Earnings Press Release

### Attachment A

*Non-IFRS financial measures.* This press release includes financial information prepared in accordance with International Financial Reporting Standards, or IFRS, as well as other financial measures referred to as non-IFRS. The non-IFRS financial measures should be considered in addition to, but not as a substitute for the information prepared in accordance with IFRS.

Adjusted EBITDA (EBITDA) represents net profit or loss before Depreciation, depletion and amortization, Foreign exchange (gain) loss, net, Finance costs, including fines and penalties on overdue loans and borrowings and finance leases payments, Finance income, Net result on the disposal of non-current assets, Impairment of goodwill and other non-current assets, Allowance for doubtful accounts, Write-offs of inventories to net realisable value, Loss (profit) after tax from discontinued operations, net, Net result on the disposal of subsidiaries, Income (loss) attributable to non-controlling interests, Income tax (benefit) expense, Pension service cost and actuarial loss, other expenses, Fines and penalties and Gain on write-off of accounts payable with expired legal term. Adjusted EBITDA margin is defined as adjusted EBITDA as a percentage of our Revenue. Our adjusted EBITDA may not be similar to EBITDA measures of other companies. Adjusted EBITDA is not a measurement under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our interim condensed consolidated statement of profit (loss). We believe that our adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions and other investments and our ability to incur and service debt. While interest expenses, depreciation, depletion and amortization are considered operating expenses under IFRS, these expenses primarily represent the non-cash current period allocation of costs associated with non-current assets acquired or constructed in prior periods. Our adjusted EBITDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the metals and mining industry.

Adjusted net profit (loss) represents net profit (loss) before Impairment of goodwill and other non-current assets, Loss (profit) after tax from discontinued operations, net, Net result on the disposal of subsidiaries, Effect on net loss attributable to non-controlling interests, Foreign exchange (gain) loss, net, Pension service cost and actuarial loss, other expenses, Fines and penalties and, Gain on write-off of accounts payable with expired legal term. Our adjusted net profit (loss) may not be similar to adjusted net profit (loss) measures of other companies. Adjusted net profit (loss) is not a measurement under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our interim condensed consolidated statement of profit (loss). We believe that our adjusted net profit (loss) provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations. While impairment of goodwill and other non-current assets is considered operating expenses under IFRS, these expenses represent the non-cash current period allocation of costs associated with assets acquired or constructed in prior periods. Our adjusted net profit (loss) calculation is used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the metals and mining industry.

Our calculations of Net debt, excluding fines and penalties on overdue amounts \*\*\* and trade working capital are presented below:

<b>Mln rubles</b>	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.06.2015</b>
Short-term borrowings and current portion of long-term debt	410,334	444,199	371,596
Interest payable	16,246	27,269	17,454
Long-term debt	8,235	4,308	885
less Cash and cash equivalents	(2,822)	(3,079)	(2,500)
<b>Net debt, excluding finance lease liabilities, fines and penalties on overdue amounts</b>	<b>431,993</b>	<b>472,697</b>	<b>387,435</b>
Finance lease liabilities, current portion	12,676	13,507	15,474
Finance lease liabilities, non-current portion	102	481	56
<b>Net debt, excluding fines and penalties on overdue amounts</b>	<b>444,771</b>	<b>486,685</b>	<b>402,965</b>
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<b>Mln rubles</b>	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.06.2015</b>
Trade and other receivables	19,979	16,013	19,781
Inventories	35,354	35,189	32,528
Other current assets	9,159	8,191	8,849
Income tax receivables	400	603	554
<b>Trade current assets</b>	<b>64,892</b>	<b>59,996</b>	<b>61,712</b>
Trade and other payables	50,162	54,602	58,889
Advances received	3,385	3,492	3,843
Provisions and other current liabilities	2,396	2,558	1,836
Tax payable other than income tax	10,373	8,034	9,730
Income tax payable	4,342	5,549	6,269
<b>Trade current liabilities</b>	<b>70,658</b>	<b>74,235</b>	<b>80,567</b>
<b>Trade working capital</b>	<b>(5,766)</b>	<b>(14,239)</b>	<b>(18,855)</b>

EBITDA can be reconciled to our interim condensed consolidated statement of profit (loss) as follows:

\*\*\* Calculations of Net debt could differ from indicators calculated in accordance with loan agreements upon dependence on definitions in such agreements.

<i>Mln rubles</i>	Consolidated Results		Mining Segment ****		Steel Segment ****		Power Segment ****	
	6m 2016	6m 2015	6m 2016	6m 2015	6m 2016	6m 2015	6m 2016	6m 2015
<b>Net profit (loss) attributable to shareholders of Mechel PAO</b>	<b>8,300</b>	<b>(16,746)</b>	<b>250</b>	<b>(5,095)</b>	<b>7,629</b>	<b>(11,254)</b>	<b>669</b>	<b>(110)</b>
<i>Add:</i>								
Depreciation, depletion and amortization	6,566	6,818	3,788	4,147	2,603	2,475	175	196
Foreign exchange (gain) loss, net	(17,442)	(1,806)	(10,009)	(2,722)	(7,358)	927	(76)	(11)
Finance costs, including fines and penalties on overdue loans and borrowings and finance leases payments	29,800	32,675	22,150	18,108	8,153	14,008	587	1,224
Finance income	(3,887)	(77)	(3,551)	(527)	(1,337)	(188)	(89)	(24)
Net result on the disposal of non-current assets, impairment of goodwill and other non-current assets, allowance for doubtful accounts and write-offs of inventories to net realisable value	1,230	2,054	331	670	360	1,177	540	206
Loss (profit) after tax from discontinued operations, net	244	(598)	(41)	(701)	270	88	15	15
Net result on the disposal of subsidiaries	(55)	1	-	-	(55)	1	-	-
Income (loss) attributable to non-controlling interests	862	820	273	385	465	454	125	(19)
Income tax (benefit) expense	(630)	242	821	(1,162)	(1,510)	1,556	59	(152)
Pension service cost and actuarial loss, other expenses	83	83	61	61	21	20	1	3
Fines and penalties	668	273	366	(25)	295	287	8	11
Gain on write-off of accounts payable with expired legal term	(18)	(137)	-	-	(18)	(137)	-	-
<b>EBITDA</b>	<b>25,721</b>	<b>23,602</b>	<b>14,438</b>	<b>13,139</b>	<b>9,520</b>	<b>9,413</b>	<b>2,014</b>	<b>1,339</b>
<b>EBITDA, margin</b>	<b>20%</b>	<b>18%</b>	<b>26%</b>	<b>23%</b>	<b>12%</b>	<b>12%</b>	<b>10%</b>	<b>6%</b>

<i>Mln rubles</i>	6m 2016	6m 2015	6m 2016	6m 2015	6m 2016	6m 2015	6m 2016	6m 2015
<b>Net profit (loss) attributable to shareholders of Mechel PAO</b>	<b>8,300</b>	<b>(16,746)</b>	<b>250</b>	<b>(5,095)</b>	<b>7,629</b>	<b>(11,254)</b>	<b>669</b>	<b>(110)</b>
<i>Add:</i>								
Loss (profit) after tax from discontinued operations, net	244	(598)	(41)	(701)	270	88	15	15
Net result on the disposal of subsidiaries	(55)	1	-	-	(55)	1	-	-
Effect on loss attributable to non-controlling interests	(40)	(14)	-	-	(40)	(14)	-	-
Foreign exchange (gain) loss, net	(17,442)	(1,806)	(10,009)	(2,722)	(7,358)	927	(76)	(11)
Pension service cost and actuarial loss, other expenses	83	83	61	61	21	20	1	3
Fines and penalties	668	273	366	(25)	295	287	8	11
Gain on write-off of accounts payable with expired legal term	(18)	(137)	-	-	(18)	(137)	-	-
<b>Net (loss) profit, net of income tax</b>	<b>(8,260)</b>	<b>(18,994)</b>	<b>(9,374)</b>	<b>(8,482)</b>	<b>745</b>	<b>(10,083)</b>	<b>618</b>	<b>(91)</b>
<b>Operating profit</b>	<b>17,200</b>	<b>13,945</b>	<b>9,858</b>	<b>8,048</b>	<b>6,284</b>	<b>5,270</b>	<b>1,307</b>	<b>916</b>
<i>Add:</i>								
Loss on write-off of property, plant and equipment	121	99	109	38	13	61	-	-
Pension service cost and actuarial loss, other expenses	83	83	61	61	21	20	1	3
Fines and penalties	668	273	366	(25)	295	287	8	11
<b>Adjusted operating profit</b>	<b>18,072</b>	<b>14,400</b>	<b>10,393</b>	<b>8,122</b>	<b>6,612</b>	<b>5,637</b>	<b>1,316</b>	<b>930</b>
**** including inter-segment operations								

EBITDA\* - Adjusted EBITDA. Please find the calculation of the Adjusted EBITDA and other non-IFRS measures used here and hereafter in Attachment A.

## Attachment B

### Interim condensed consolidated statement of financial position

(All amounts are in millions of Russian rubles)

	June 30, 2016 (unaudited)	December 31, 2015*****
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,822	3,079
Trade and other receivables	19,979	16,013
Inventories	35,354	35,189
Income tax receivables	400	603
Other current financial assets	17	45
Other current assets	9,159	8,191
<b>Total current assets</b>	<b>67,731</b>	<b>63,120</b>
<b>Non-current assets</b>		
Property, plant and equipment	210,687	215,844
Mineral licenses	37,593	38,517
Non-current financial assets	166	194
Investments in associates	295	284
Deferred tax assets	1,364	1,492
Goodwill	21,311	21,378
Other non-current assets	1,036	1,243
<b>Total non-current assets</b>	<b>272,452</b>	<b>278,952</b>
<b>Total assets</b>	<b>340,183</b>	<b>342,072</b>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Interest-bearing loans and borrowings, including Interest payable, fines and penalties on overdue amounts of RUB 36,111 million and RUB 47,475 million as of June 30, 2016 and December 31, 2015	446,445	491,674
Trade and other payables	50,162	54,602
Advances received	3,385	3,492
Provisions	2,365	2,532
Pension obligations	1,120	1,120
Finance lease liabilities	12,676	13,507
Income tax payable	4,342	5,549
Tax payable other than income tax	10,373	8,034
Other current liabilities	31	26
<b>Total current liabilities</b>	<b>530,899</b>	<b>580,536</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	8,235	4,308
Provisions	3,604	3,439
Pension obligations	3,654	3,746
Finance lease liabilities	102	481
Deferred tax liabilities	10,749	11,090
Other non-current liabilities	171	189
Income tax payable	-	137
<b>Total non-current liabilities</b>	<b>26,515</b>	<b>23,390</b>
<b>Total liabilities</b>	<b>557,414</b>	<b>603,926</b>
<b>Equity</b>		
Common shares	4,163	4,163
Preferred shares	833	833
Additional paid-in capital and other reserves	18,598	28,322
Accumulated other comprehensive income	1,579	445
Accumulated deficit	(293,232)	(301,565)
<b>Equity attributable to equity shareholders of Mechel PAO</b>	<b>(268,059)</b>	<b>(267,802)</b>
Non-controlling interests	50,828	5,948
<b>Total equity</b>	<b>(217,231)</b>	<b>(261,854)</b>
<b>Total equity and liabilities</b>	<b>340,183</b>	<b>342,072</b>

## Interim condensed consolidated statement of profit (loss) and other comprehensive income (loss)

(All amounts are in millions of Russian rubles)

	6 months ended June 30,	
	2016 (unaudited)	2015 (unaudited)
<b>Continuing operations</b>		
Revenue	130,197	130,334
Cost of goods sold	(72,175)	(77,007)
<b>Gross profit</b>	<b>58,022</b>	<b>53,327</b>
Selling and distribution expenses	(28,167)	(26,636)
Loss on write-off of property, plant and equipment	(121)	(99)
Allowance for doubtful accounts	(543)	(1,022)
Taxes other than income taxes	(3,168)	(2,856)
Administrative and other operating expenses	(9,100)	(8,829)
Other operating income	277	60
<b>Total selling, distribution and operating expenses, net</b>	<b>(40,822)</b>	<b>(39,382)</b>
<b>Operating profit</b>	<b>17,200</b>	<b>13,945</b>
Finance income	3,887	77
Finance costs including fines and penalties on overdue loans and borrowings and finance leases payments of RUB 4,567 million, RUB 10,658 million for the periods ended June 30, 2016 and 2015	(29,800)	(32,675)
Foreign exchange gain (loss), net	17,442	1,806
Share of profit of associates	16	12
Other income	168	554
Other expenses	(137)	(1)
<b>Total other income and (expense), net</b>	<b>(8,424)</b>	<b>(30,227)</b>
<b>Profit (loss) before tax from continuing operations</b>	<b>8,776</b>	<b>(16,282)</b>
Income tax benefit (expense)	630	(242)
<b>Profit (loss) from continuing operations</b>	<b>9,406</b>	<b>(16,524)</b>
<b>Discontinued operations</b>		
(Loss) profit after tax from discontinued operations, net	(244)	598
<b>Profit (loss) for the period</b>	<b>9,162</b>	<b>(15,926)</b>
<b>Attributable to:</b>		
Equity holders of the parent	8,300	(16,746)
Non-controlling interests	862	820
<b>Other comprehensive income</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax:</i>	1,077	3,442
Exchange differences on translation of foreign operations	1,085	3,434
Net (loss) gain on available for sale financial assets	(8)	8
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of income tax:</i>	-	7
Re-measurement gain on defined benefit plans	-	7
<b>Other comprehensive income for the period, net of tax</b>	<b>1,077</b>	<b>3,449</b>
<b>Total comprehensive income (loss), net of tax</b>	<b>10,239</b>	<b>(12,477)</b>
<b>Attributable to:</b>		
Equity holders of the parent	9,377	(13,297)
Non-controlling interests	862	820

## Interim condensed consolidated statement of Cash Flows

(All amounts are in millions of Russian rubles, unless stated otherwise)

	<b>6 months ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
	(unaudited)	(unaudited)
<b>Cash Flows from Operating Activities</b>		
Net profit (loss)	9,162	(15,926)
Loss (profit) from discontinued operations, net of income tax	244	(598)
<b>Net profit (loss) from continuing operations</b>	<b>9,406</b>	<b>(16,524)</b>
<u>Adjustments to reconcile net profit (loss) from continuing operations to net cash provided by operating activities:</u>		
Depreciation	5,745	6,072
Depletion and amortization	822	746
Foreign exchange (gain) loss, net	(17,442)	(1,806)
Deferred income taxes	(252)	337
Allowance for doubtful accounts	543	1,022
Write-off of accounts receivable	210	83
Write-off of inventories to net realisable value	386	962
Revision in estimated cash flows of rehabilitation provision	(12)	(15)
Loss on write-off of property, plant and equipment	121	99
Loss (gain) on sale of property, plant and equipment	10	(30)
Gain on write-off of accounts payable with expired legal term	(16)	(137)
Pension service cost and actuarial loss, other expenses	83	83
Finance income	(3,887)	(77)
Finance costs, including fines and penalties on overdue loans and borrowings and finance leases payments	29,800	32,675
Other	72	559
<u>Changes in working capital items:</u>		
Trade and other receivables	(5,247)	(355)
Inventories	(1,714)	2,292
Trade and other payables	1,318	495
Advances received	65	(186)
Taxes payable and other current liabilities	1,090	(260)
Other current assets	(973)	(77)
Income tax paid	(545)	(779)
Net operating cash flows of discontinued operations	(306)	(338)
<b>Net cash provided by operating activities</b>	<b>19,277</b>	<b>24,842</b>
<b>Cash Flows from Investing Activities</b>		
Monthly installments for acquisition of DEMP	(2,652)	(2,694)
Proceeds from disposal of securities	-	143
Loans issued and other investments	(11)	(2)
Interest received	1	25
Proceeds from disposal of subsidiaries	13	62
Proceeds from disposal of Bluestone	-	101
Proceeds from loans issued	28	7
Proceeds from disposals of property, plant and equipment	97	244
Purchases of property, plant and equipment	(989)	(2,265)
Interest paid, capitalized	(243)	(478)
<b>Net cash used in investing activities</b>	<b>(3,756)</b>	<b>(4,857)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	4,140	2,137
Repayment of borrowings	(36,071)	(7,227)
Interest paid	(17,203)	(15,412)
Dividends paid to noncontrolling interest	-	(1)
Disposal of noncontrolling interest in subsidiaries	34,300	-

Repayment of obligations under finance lease	(968)	(849)
<b>Net cash used in financing activities</b>	<b>(15,802)</b>	<b>(21,352)</b>
Effect of exchange rate changes on cash and cash equivalents	12	(36)
<b>Net decrease in cash and cash equivalents</b>	<b>(269)</b>	<b>(1,403)</b>
Cash and cash equivalents at beginning of period	3,079	3,983
<b>Cash and cash equivalents net of overdrafts at beginning of period</b>	<b>891</b>	<b>1,344</b>
Cash and cash equivalents at end of period	2,822	2,500
<b>Cash and cash equivalents net of overdrafts at end of period</b>	<b>622</b>	<b>(59)</b>

\*\*\*\*\*there were certain reclassifications to conform with the current period presentation