

PLN '000	Dec 31 2009	Dec 31 2008
Finished products	776,413	702,673
Semi-finished products and work in progress	310,380	235,541
Goods for resale	177,779	121,487
Materials	1,758,572	1,387,546
<b>Net inventories</b>	<b>3,023,144</b>	<b>2,447,247</b>
<b>Impairment Losses on Inventories</b>		

PLN '000	Dec 31 2009	Dec 31 2008
Finished products	2,259	122,129
Semi-finished products and work in progress	173	4,178
Goods for resale	29	35,060
Materials	6,790	55,698
<b>Total impairment losses on inventories</b>	<b>9,251</b>	<b>217,065</b>

During the year ended December 31st 2009, the Company recognised impairment losses on inventories in the amount of PLN 2,624 thousand (December 31st 2008: PLN 215,285 thousand) and reversed impairment losses on inventories in the amount of PLN 210,438 thousand (December 31st 2008: PLN 18,285 thousand).

As at December 31st 2009, the carrying value of inventories measured at cost stood at PLN 3,011,463 thousand. The value of inventories measured at net realisable value was PLN 11,681 thousand (as at December 31st 2008: PLN 1,679,091 thousand and PLN 768,156 thousand respectively).

As at December 31st 2009, the value of inventories serving as collateral for the financial liabilities of Grupa LOTOS S.A. amounted to PLN 2,758,999 thousand (as at December 31st 2008: PLN 2,097,148 thousand).

## Mandatory Stocks of Liquid Fuels

In 2008 – 2009, Grupa LOTOS S.A. complied with the new regulations applicable to mandatory stocks which were introduced by virtue of the Act on Stocks of Crude Oil, Petroleum Products and Natural Gas, as well as on the Rules to be Followed in the Event of a Threat to National Fuel Security or a Disruption on the Petroleum Market, dated February 16th 2007 (Dz.U. of 2007, No. 52, item 343, dated March 23rd 2007), as amended. The new regulations became effective on April 7th 2007.

The mandatory stocks include crude oil, petroleum products (liquid fuels) and [LPG](#). The Act on Stocks of Crude Oil, Petroleum Products and Natural Gas, as well as on the Rules to be Followed in the Event of a Threat to National Fuel Security or a Disruption on the Petroleum Market, dated February 16th 2007 (Dz.U. of 2007, No. 52, item 343, dated March 23rd 2007), as amended, has defined the basis for calculation of the required amount of mandatory stocks as well as for identification of the entities subject to the requirement to increase mandatory stocks to 73 days in 2007 and to 76 days from 2008 onwards (does not apply to [LPG](#)).

Detailed rules are set forth in the following regulations of the Minister of Economy, effective as of May 25th 2007:

- Regulation concerning the detailed list of commodities and petroleum products included in the intervention stocks, dated April 24th 2007 (Dz. U. No. 81 item 546), as amended,
- Regulation concerning the detailed procedure for creation and maintenance of mandatory stocks of crude oil or fuels and determining their amount, dated April 24th 2007 (Dz. U. No. 81 item 547), as amended,
- Regulation concerning the register of producers and traders obliged to create and maintain mandatory stocks of crude oil or fuels, dated April 24th 2007 (Dz. U. No. 81 item 548),
- Regulation concerning the detailed procedure for the reduction of the amount of mandatory stocks of crude oil or fuels, dated April 24th 2007 (Dz. U. No. 81 item 549).

The gross value of mandatory stocks created on the basis of the above regulations is as follows:

PLN '000	Dec 31 2009	Dec 31 2008
Mandatory stocks	2,196,965	1,679,925

*This is a translation of a document originally issued in Polish*