

## 17. Inventories

	Dec 31 2016	Dec 31 2015
Finished goods	833,602	863,428
Semi-finished products and work in progress	431,699	319,533
Merchandise	149,236	116,801
Materials	1,919,054	1,936,054
<b>Total</b>	<b>3,333,591</b>	<b>3,235,816</b>
including inventories measured at:		
cost	3,309,542	493,696
net realisable value	24,049	2,742,120

Inventories are measured at the lower of cost or cost less write-downs to net realisable value less costs to sell.

In H1 2016, the Group reversed PLN 262,680 thousand of write-downs on inventories of crude oil and refining products, which had been recognised in 2015 due to changes in quoted prices of crude oil and refining products. The write-downs in 2015 had been made to bring the value of the inventories as at December 31st 2015 to their net realisable value. As at December 31st 2016, inventories of crude oil and refining products were carried at cost.

As at December 31st 2016, inventories securing liabilities under bank borrowings were valued at PLN 2,801,263 thousand (December 31st 2015: PLN 2,734,698 thousand).

### 17.1 Change in inventory write-downs

	2016	2015
<b>At beginning of period</b>	<b>267,695</b>	<b>453,409</b>
Recognised	18,582	267,840
Exchange differences on translating foreign operations	33	21
Used	(1,281)	(328)
Reversed	(282,972)	(453,247)
<b>At end of period</b>	<b>2,057</b>	<b>267,695</b>

The effect of revaluation of inventories is taken to cost of sales.

The Notes to the consolidated financial statements are an integral part of the statements.  
(This is a translation of a document originally issued in Polish)