Regulatory announcement no 69/2005 dated 14 November 2005

Impact of LIFO valuation of inventories on the financial results for PKN ORLEN in Q3 2005 and the nine months to end-September 2005.

Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN"), Central Europe's largest downstream oil company, can now outline the impact of the LIFO method of valuation of inventories on the unconsolidated financial results of PKN ORLEN, and also the consolidated financial results of the PKN ORLEN Capital Group for Q3 2005 and the nine months to end-September 2005.

PKN ORLEN and the PKN ORLEN Capital Group apply a method of inventory valuation based on the weighted average manufacturing cost or purchase price. Such a valuation method causes a delay in transferring the effects of oil price increases or decreases to the prices of the final products. The valuation is therefore positively affected when crude oil prices increase and negatively affected when oil prices decrease. The application of the LIFO method to inventory valuation causes current production to be valued on the basis of the current price of purchased crude oil. In light of the above increasing crude oil prices thus have a negative effect, and falling crude oil prices a positive effect on the results compared to the case when the weighted average method is applied. These trends are obviously most apparent when crude oil prices show significant movement. The crude oil price increase during Q3 2005 was significantly higher than in Q3 2004. Therefore the (negative) correction due to the LIFO valuation in the year 2005 is clearly higher.

The assumptions used for the above LIFO estimates are the same as those used for previously published LIFO estimates. These assumptions were published in the current report no 29, dated 21st May 2001.

Estimates of gross and net income (after deferred taxation), assuming LIFO valuation of inventories, for PKN ORLEN and for PKN ORLEN Capital Group under International Financial Reporting Standards (IFRS) in comparison to applied method of inventory valuation based on the weighted average manufacturing cost or purchase price are as follows (PLN m):

	Q3 2005 assuming method of inventory valuation according to the weighted average manufacturing cost or purchase price	Q3 2005 assuming LIFO valuation of inventories	After Q3 2005 assuming method of inventory valuation according to the weighted average manufacturing cost or purchase price	After Q3 2005 assuming LIFO valuation of inventories	Q3 2004 assuming method of inventory valuation according to the weighted average manufacturing cost or purchase price	Q3 2004 assuming LIFO valuation of inventories	After Q3 2004 assuming method of inventory valuation according to the weighted average manufacturing cost or purchase price	After Q3 2004 assuming LIFO valuation of inventories
Unconsolidated gross profit	997 302	545 089	2 650 808	1 517 000	918 594	782 431	2 018 073	1 581 390
Unconsolidated net profit	813 359	447 066	2 124 810	1 206 426	739 135	628 843	1 625 253	1 271 540
Consolidated gross profit	1 266 645	815 429	5 002 944	3 876 264	1 066 923	936 787	2 202 624	1 761 651
Consolidated net profit	980 165	614 680	4 309 813	3 397 202	832 792	727 382	1 707 908	1 350 720

Management Board
PKN ORLEN S.A.