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FOR IMMEDIATE RELEASE

OIL REFINERIES ANNOUNCES RESULTS FOR SECOND QUARTER & FIRST HALF 2011

Net Income for the first half of 2011 totaled \$24 million compared with \$29 million in the same period last year

- *Net income for the quarter totaled \$18 million compared with \$32 million in the second quarter last year.*
- *Adjusted consolidated EBITDA of \$83 million for the first half of 2011, compared with \$113 million in the same period last year.*
- *Adjusted consolidated EBITDA of \$28 million in the second quarter of 2011, compared with \$80 million in the first quarter of 2010*
- *EBITDA in Petrochemical segment of \$47 million in the second quarter of 2011, similar with the second quarter of 2010*
- *Adjusted refining margin in the first half of 2011 at USD/bbl 2.6, compared with USD/bbl 1.1 average Reuter's quoted Mediterranean Ural Cracking Margin*

Haifa, Israel, August 15, 2011 – Oil Refineries Ltd. (TASE: ORL.TA) (hereinafter “the Company,” “ORL”), Israel's largest integrated refining and petrochemical group, announced today its financial results for the second quarter and first half ending June 30, 2011. Results are reported in US Dollars and under International Financial Reporting Standards (IFRS).

Mr. Pinhas Buchris, CEO of Oil Refineries: “The sharp rise in crude oil prices in international markets, which reached record levels not seen since the global crash in 2008, eroded ORL’s refining margins during the quarter. Despite this, our first half margins outperformed the benchmark margin for the same period, which has been the case for the past 12 months. In the petrochemical segment we saw a significant increase in polymer sales, which can be attributed to the Company’s ability to swiftly identify the potential demand in this market and its decision to merge with CAOL. The agreement with “Tethys Sea” Group for additional natural gas supplies has also proven itself as a sound economic and environmental step. This additional supply agreement allowed the company to quickly switch over to natural gas with a continuous and reliable supply, thus enabling the Company to meet the requirement of reducing emissions. This step also enabled ORL to save on its energy expenditures, having previously used fuel oil to power its facilities, and savings were already demonstrated towards the end of the second quarter.”

Mr. Yossi Rosen, Chairman of the Board of Oil Refineries: “As a result of our completing our goal to create company-wide synergies, we have currently set the refinery's utilization and the product slate at its most profitable configuration, maximizing benefits across all the sectors of the Company. Likewise, the Company is continuing with the construction of the hydrocracker, which is expected to start commissioning by mid-2012, and which will contribute significantly to improving our refining margins, bettering our facilities’ capabilities and flexibility, and reducing the impact of the oil price volatility on the Company. Indeed, the instability in the global economy and frequent oil price fluctuations cause instability in refining margins. ORL is working to create conditions to reduce production costs in order to better cope with the continuing fall of refining margins, at least until the operation of hydrocracker, which is expected to improve the Company’s results and balance out the volatility and declining refining margins.”

Note: The start of 2011 saw a wave of political instability and riots in various Middle Eastern countries, including Libya, which is one of the world's major oil producers. This unrest caused world crude oil prices to reach a record high of over \$125 a barrel in April of this year. Later, in May, prices began to fall due to weak macroeconomic data from the U.S. and Europe, declining oil demand in OECD countries, as well as the strengthening dollar. In June, the decline continued, following the U.S. decision to release about 60 million barrels of crude oil and petroleum products from its strategic stock. In July, after the reporting period, crude oil prices returned to the price level seen before the U.S. strategic stock release, while the lack of supplies from Libya supporting the high prices. Throughout this period political instability continued in the Arab countries thus hindering, to some extent, any additional decline. Another event that affected world markets was the earthquake and tsunami in Japan. This event paralyzed refining capacity by over 1 million barrels per day and significantly impacted the petrochemical products production in the region. As noted, this reporting period was marked by a further increase in crude oil prices reaching its highest levels in April of this year since the collapse in late 2008. Brent crude oil traded at the end of the reporting period at a cost of about \$111 a barrel. Since the end of the reporting period, and particularly during August, fluctuations in crude oil prices have continued. Brent crude oil prices dipped and then increased to, as of today, to \$108 a barrel, not far off its end June levels, despite the market fluctuations.

FIRST HALF 2011 (\$ millions)

| | Operating Profit | | EBITDA | |
|------------------------------------|------------------|-------|--------|-------|
| | H1/11 | H1/10 | H1/11 | H1/10 |
| Refining Segment Adjusted | (26) | 28 | (1) | 47 |
| Petrochemicals Segment - Polymers | 49 | 31 | 72 | 55 |
| Petrochemicals Segment - Aromatics | 12 | 13 | 16 | 16 |
| Petrochemicals Segment - Lube-Oils | 7 | 5 | 8 | 6 |
| Trade Segment | (12) | (8) | (12) | (8) |
| Adjustments | 1 | (3) | 1 | (3) |
| Total | 31 | 66 | 83 | 113 |

Quantity refined declined in the first half of 2011 by about 353 thousand tons, compared with the same period last year. In the fourth quarter of 2010, the Company shut down some its facilities in

order to carry out periodic maintenance and the Company went back to full production during the first quarter of 2011. The utilization rate during the reporting period stood at 86%, compared with a higher rate in the same period last year. This can be attributed to the decision to optimize production capacity taking current market conditions into consideration.

Adjusted refining margin in H1 2011 totaled USD/bbl 2.6, compared with the average Mediterranean Ural Cracking Margin quoted by Reuters of USD/bbl 1.1. Adjusted refining margin for the first half of 2010 totaled USD/bbl 3.9, compared with the average margin of USD/bbl 3.5.

It should be noted that there are differences between the Company's refining margin and the benchmark margin, including the crude oil composition (with the Company also refining crude oil types that are not Urals), the composition and quality of products produced by ORL, and the difference caused by the fact that the quoted margin takes into account same day buying and selling, in which there is a time gap in between the purchase date of raw materials and the sale date of the finished products. So while comparing the Benchmark margin with the Company's margin may provide some understanding about the development of the Company's margins, it does not constitute an accurate measure in evaluate the Company's margins in the short term.

Adjusted consolidated EBITDA in H1 2011 totaled \$83 million, compared with \$113 million in the same period last year.

Financing expenses in the first half of 2011 totaled \$48 million, compared with \$8 million in the same period last year. The rise is attributed to an increase in debt and interest rates along with a decline in income from traded securities.

Consolidated net income for the first half of 2011 totaled \$24 million, compared with \$29 million in the same period last year.

SECOND QUARTER 2011 (*\$ millions*)

Adjusted refining margin in Q2 2011 totaled USD/bbl 1.3, compared with the average Mediterranean Ural Cracking Margin quoted by Reuters of USD/bbl 1.6. Adjusted refining margin for the second quarter of 2010 totaled USD/bbl 4.6, compared with the average margin of USD/bbl 3.5.

Adjusted consolidated EBITDA in Q2 2011 totaled \$28 million, compared with \$80 million in the same quarter last year.

Financing expenses in the second quarter of 2011 totaled \$24 million, compared with \$4 million in the same quarter last year.

Consolidated net income for the second quarter of 2011 totaled \$18 million, compared with \$32 million in the same quarter last year.

Key Developments in the First Half 2011

- During the reporting period, the Company completed its connection to the national natural gas system, and has started using natural gas in its facilities. Oil Refineries signed an agreement with "Tethys Sea" Group for the purchase of natural gas totaling about 1.2 BCM for itself and ORL's subsidiaries. This was signed in addition to the gas supply agreement with Egypt and done so in light of the repeated sabotage of gas lines in the Egyptian natural gas transmission system, which

supplies gas to, among others, EMG, and this continuously harmed EMG's ability to supply natural gas.

- In order to leverage potential synergies, the Company decided to invest about \$45 million for the production of polymers using existing raw materials already available in the refinery. The expected return of this investment is estimated at \$ 30 million per year. Likewise, the Company decided also to invest \$60 million for expanding the production capacity of propylene, which is expected to yield a return of about \$50 million a year.
- The Company's Board of Directors announced the appointment of Brigadier General (res.) Pinhas Buchris as CEO of the new ORL, replacing Yashar Ben Mordechai who decided to resign from his post. Mr. Buchris assumed his post on May 1, 2011 after completing and overlapping period with the outgoing CEO.
- The Company's Board of Directors announced the appointment of Ido Rosolio as Deputy CEO and CEO of the Refining Segment, replacing Hanan Kalchuk who resigned from his post. Mr. Rosolio assumed his post on July1, 2011.

ADDITIONAL ANNOUNCEMENTS

The Company announced its decision regarding two non-extraordinary transaction in which a controlling shareholder of the Company has a personal interest, as follows:

- Agreement with ZIM Integrated Shipping Services for the sale of fuel oil.
- Agreement with OPC Rotem regarding the purchase of electricity.

A convenience translation of the announcement will be available on the Company's website the week of August 22, 2011.

Also a convenience translation of the State of Corporation's Liabilities by Due Date as at June 30, 2011 will be available on the Company's website the week of August 22, 2011.

CONFERENCE CALL

The Company will also be hosting a conference call today, August 15, 2011, at 14:00 UK time, 9:00 ET, 6:00 PST and 16:00 Israeli Time.

On the call, management will present a **presentation** reviewing the second quarter and second half 2011 highlights and industry trends. The presentation is available for download from the Company's website www.orl.co.il: Investor Relations > Financial Reports.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Numbers:

1-888-407-2553

UK Dial-in Number: 0-800-917-5108

Israel Dial-in Number: 03-918-0610

International Dial-in Number: +972-3-918-0610

at: 14:00 UK Time, 9:00 ET, 6:00 PT, 16:00 Israel time. A replay of the call will be available after the call on the Company's website at www.orl.co.il.

The conference call will be accompanied by a presentation available for download from the Company's website, www.orl.co.il, under investor relations.

ABOUT OIL REFINERIES LTD.

Oil Refineries Ltd. (ORL), located in the bay area of the city of Haifa, operates Israel's largest integrated refining and petrochemical group. It is one of the leading refineries in the Eastern Mediterranean area and integrates, on-site, petrochemical businesses. ORL runs sophisticated and state-of-the-art industrial facilities with a refining capacity of 9.8 million tons of crude oil per year and a Nelson Complexity Index of 7.4, providing a variety of quality products used in industrial operation, transportation, private consumption, agriculture and infrastructure. The Company's petrochemical sector produces Polymers (through its ownership of Carmel Olefins Ltd), Aromatics (through its ownership of Gadiv Petrochemical Industries Ltd), and Lube-Oils (through its ownership of Haifa Basic Oils Ltd). The Company's shares are listed on the Tel Aviv Stock Exchange under the ticker ORL. For additional information please visit www.orl.co.il.

ORL is controlled by the Israel Corporation Ltd. and Israel Petrochemical Enterprises Ltd., both public companies whose shares are traded on the Tel Aviv Stock Exchange.

The above noted in this release includes forward-looking statements based on Company data, as well as Company plans and estimations based on this data. The activity, results and other data may be substantially different in reality given uncertainty and various risks, including those discussed under risk factors in the Company's financial statements and Director's reports.

Condensed Consolidated Interim Statement of Financial Position
USD thousands

| | June 30, 2011 | June 30, 2010 | December 31, 2010 |
|--|--------------------------|--------------------------|------------------------------|
| | (Unaudited) | | (Audited) |
| Current assets | | | |
| Cash and cash equivalents | 14,419 | 19,272 | 6,704 |
| Deposits | 45,746 | 65,060 | 126,991 |
| Trade receivables | 673,541 | 471,971 | 366,227 |
| Other receivables | 106,664 | 68,863 | 98,241 |
| Financial derivatives | 36,716 | 34,862 | 27,577 |
| Investments in financial assets at fair value through comprehensive income | 111,851 | 96,532 | 106,895 |
| Inventory | 1,184,532 | 1,004,515 | 1,200,922 |
| Current tax assets | 1,714 | 8,006 | 1,819 |
| Total current assets | 2,175,183 | 1,769,081 | 1,935,376 |
| Non-current assets | | | |
| Investments in equity-accounted investees | 14,054 | 16,322 | 16,455 |
| Financial assets at fair value through other comprehensive income | 12,289 | 9,130 | 17,701 |
| Loan to Haifa Early Pensions Ltd. | 74,672 | 70,133 | 77,014 |
| Long term loans and debit balances | 1,739 | 3,479 | 3,501 |
| Financial derivatives | 217,659 | 118,176 | 192,990 |
| Employee benefit plan assets | 7,488 | 9,682 | 7,922 |
| Deferred tax assets | 338 | -- | 307 |
| Property, plant and equipment | 2,142,504 | 1,900,585 | 2,030,414 |
| Deferred costs | 11,943 | 8,434 | 12,535 |
| Intangible assets | 73,624 | 86,782 | 78,950 |
| Total non-current assets | 2,556,310 | 2,222,723 | 2,437,789 |
| Total assets | 4,731,493 | 3,991,804 | 4,373,165 |

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

USD thousands

| | June 30, 2011 | June 30, 2010 | December 31, 2010 |
|--------------------------------------|--------------------------|--------------------------|------------------------------|
| | (Unaudited) | | (Audited) |
| Current liabilities | | | |
| Loans and borrowings | 603,408 | 866,475 | 773,792 |
| Trade payables | 1,053,631 | 553,725 | 619,037 |
| Other payables | 87,491 | 122,267 | 102,099 |
| Current tax liabilities | 24,990 | -- | 24,278 |
| Financial derivatives | 13,718 | 6,826 | 63,292 |
| Other liabilities | -- | 13,350 | -- |
| Provisions | 8,905 | 13,427 | 9,231 |
| Total current liabilities | 1,792,143 | 1,576,070 | 1,591,729 |
| Non-current liabilities | | | |
| Bank loans | 801,866 | 290,039 | 624,468 |
| Debentures | 872,333 | 820,791 | 872,421 |
| Liabilities for finance lease | 10,053 | 8,591 | 9,491 |
| Financial derivatives | 4,871 | 6,700 | 5,195 |
| Employee benefits | 71,613 | 61,822 | 70,537 |
| Deferred tax liabilities | 63,679 | 141,402 | 58,579 |
| Total non-current liabilities | 1,824,415 | 1,329,345 | 1,640,691 |
| Total liabilities | 3,616,558 | 2,905,415 | 3,232,420 |
| Capital | | | |
| Share capital | 586,390 | 586,390 | 586,390 |
| Share premium | 100,242 | 100,242 | 100,242 |
| Reserves | 62,697 | 33,636 | 45,516 |
| Retained earnings | 365,606 | 366,121 | 408,597 |
| Total capital | 1,114,935 | 1,086,389 | 1,140,745 |
| Total liabilities and capital | 4,731,493 | 3,991,804 | 4,373,165 |

The accompanying notes are an integral part of the condensed consolidated interim financial statements

Condensed Consolidated Interim Statement of Comprehensive Income

USD thousands

| | Six months ended | | Three months ended | | Year ended |
|---|------------------|------------------|--------------------|------------------|----------------------|
| | June 30, 2011 | June 30, 2010 | June 30, 2011 | June 30, 2010 | December 31, 2010 |
| | (Unaudited) | | (Unaudited) | | (Audited) |
| Revenue | 4,710,677 | 3,582,810 | 2,653,171 | 1,878,039 | 6,791,809 |
| Cost of sales, refining and services | 4,600,687 | 3,492,699 | 2,618,718 | 1,829,162 | 6,561,599 |
| Revaluation of open positions in derivatives on prices of goods and margins, net | (59,300) | (38,032) | (64,121) | (42,676) | 27,179 |
| Total cost of sales | 4,541,387 | 3,454,667 | 2,554,597 | 1,786,486 | 6,588,778 |
| Gross profit | 169,290 | 128,143 | 98,574 | 91,553 | 203,031 |
| Selling and marketing expenses | 50,286 | 55,995 | 28,774 | 29,868 | 99,282 |
| General and administrative expenses | 30,895 | 33,283 | 16,247 | 18,615 | 57,955 |
| Operating profit | 88,109 | 38,865 | 53,553 | 43,070 | 45,794 |
| Financing income | 35,304 | 59,277 | 28,140 | 29,694 | 89,330 |
| Financing expenses | (82,955) | (67,716) | (52,571) | (26,026) | (140,439) |
| Financing income (expenses), net | (47,651) | (8,439) | (24,431) | 3,668 | (51,109) |
| Company's share in profits (losses) of equity accounted investees, net of tax | (3,538) | 342 | (3,808) | 163 | 476 |
| Profit (loss) before taxes on income | 36,920 | 30,768 | 25,314 | 46,901 | (4,839) |
| Tax benefits (income tax) | (12,540) | (2,084) | (7,063) | (14,630) | 81,619 |
| Profit for the period | 24,380 | 28,684 | 18,251 | 32,271 | 76,780 |
| Items of other comprehensive income (loss) | | | | | |
| Actuarial gains (losses) from a defined benefit plan, net of tax | 82 | (104) | (192) | (232) | (5,724) |
| Foreign currency translation differences for foreign operations | 819 | (818) | 93 | (494) | (309) |
| Effective share of the change in fair value of cash flow hedging, net of tax | (981) | -- | (1,908) | -- | 3,529 |
| Change in fair value of financial assets at fair value through other comprehensive income, net of tax | (4,763) | (1,459) | (5,095) | (6,892) | 6,143 |
| Net change in fair value of debentures designated at fair value through other comprehensive income, attributable to change in credit risk, net of tax | 1,976 | -- | 23,250 | -- | -- |
| Other comprehensive income (loss) for the period, net of tax | (2,867) | (2,381) | 16,148 | (7,618) | 3,639 |
| Comprehensive income for the period | 21,513 | 26,303 | 34,399 | 24,653 | 80,419 |
| Earnings per share (USD) | | | | | |
| Basic and diluted earnings per ordinary share | 0.010 | 0.012 | 0.008 | 0.013 | 0.032 |

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Oil Refineries Ltd.

The following table presents selected information of the Group for the six months period (USD millions)

| | Petrochemicals | | | | | | | | | | | | Consolidated | |
|---|---------------------------------|--------------|-------------|------------|------------|------------|------------|------------|-----------|-----------|-----------------------------|--------------|--------------|--------------|
| | Refining | | Trade | | Polymers | | Aromatics | | Oils | | Adjustments to consolidated | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | Six months ended June 30 | | | | | | | | | | | | | |
| Revenue | 3,586 | 2,645 | 129 | 96 | 615 | 535 | 328 | 268 | 53 | 39 | -- | -- | 4,711 | 3,583 |
| Inter-company operations | 663 | 488 | -- | -- | -- | -- | 22 | 22 | -- | -- | (685) | (510) | -- | -- |
| Total sales | 4,249 | 3,133 | 129 | 96 | 615 | 535 | 350 | 290 | 53 | 39 | (685) | (510) | 4,711 | 3,583 |
| Cost of sales | 4,151 | 3,053 | 138 | 101 | 214 | 250 | 7 | 23 | 24 | 11 | -- | -- | 4,534 | 3,438 |
| Inter-company operations | 22 | 22 | -- | -- | 326 | 224 | 317 | 237 | 20 | 22 | (685) | (505) | -- | -- |
| Total cost of sales | 4,173 | 3,075 | 138 | 101 | 540 | 474 | 324 | 260 | 44 | 33 | (685) | (505) | 4,534 | 3,438 |
| Gross profit (loss) | 76 | 58 | (9) | (5) | 75 | 61 | 26 | 30 | 9 | 6 | -- | (5) | 177 | 145 |
| Selling, general and administrative expenses | 31 | 35 | 3 | 3 | 26 | 29 | 14 | 16 | 2 | 1 | (1) | -- | 75 | 84 |
| Inter-company operations | -- | -- | -- | -- | -- | 1 | -- | 1 | -- | -- | -- | (2) | -- | -- |
| | 31 | 35 | 3 | 3 | 26 | 30 | 14 | 17 | 2 | 1 | (1) | (2) | 75 | 84 |
| Operating profit (loss) for segments | 45 | 23 | (12) | (8) | 49 | 31 | 12 | 13 | 7 | 5 | 1 | (3) | 102 | 61 |
| Amortization of excess cost arising from acquisition of investees | | | | | | | | | | | | | (14) | (22) |
| Operating profit | | | | | | | | | | | | | 88 | 39 |
| Financing expenses, net | | | | | | | | | | | | | (48) | (8) |
| Company's share in losses of equity accounted investees, net of tax | | | | | | | | | | | | | (3) | -- |
| Profit before income tax | | | | | | | | | | | | | 37 | 31 |
| Income tax | | | | | | | | | | | | | (13) | (2) |
| Profit for the period | | | | | | | | | | | | | 24 | 29 |

Oil Refineries Ltd.

The following table presents selected information of the Group for the three months period (USD millions)

| | Petrochemicals | | | | | | | | | | | | Consolidated | |
|---|-----------------------------------|-----------|------------|------------|-----------|-----------|-----------|-----------|----------|----------|-----------------------------|------------|--------------|-----------|
| | Refining | | Trade | | Polymers | | Aromatics | | Oils | | Adjustments to consolidated | | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | Three months ended June 30 | | | | | | | | | | | | | |
| Revenue | 2,014 | 1,412 | 76 | 29 | 313 | 274 | 221 | 141 | 29 | 22 | -- | -- | 2,653 | 1,878 |
| Inter-company operations | 365 | 242 | -- | -- | -- | -- | 12 | 11 | -- | -- | (377) | (253) | -- | -- |
| Total sales | 2,379 | 1,654 | 76 | 29 | 313 | 274 | 233 | 152 | 29 | 22 | (377) | (253) | 2,653 | 1,878 |
| Cost of sales | 2,320 | 1,599 | 79 | 33 | 107 | 123 | 32 | 18 | 12 | 8 | -- | -- | 2,550 | 1,781 |
| Inter-company operations | 12 | 11 | -- | -- | 172 | 110 | 185 | 120 | 12 | 11 | (381) | (252) | -- | -- |
| Total cost of sales | 2,332 | 1,610 | 79 | 33 | 279 | 233 | 217 | 138 | 24 | 19 | (381) | (252) | 2,550 | 1,781 |
| Gross profit (loss) | 47 | 44 | (3) | (4) | 34 | 41 | 16 | 14 | 5 | 3 | 4 | (1) | 103 | 97 |
| Selling, general and administrative expenses | 18 | 21 | 1 | 1 | 14 | 14 | 9 | 9 | 1 | 1 | -- | 1 | 43 | 47 |
| Inter-company operations | -- | -- | -- | -- | -- | 1 | -- | -- | -- | -- | -- | (1) | -- | -- |
| | 18 | 21 | 1 | 1 | 14 | 15 | 9 | 9 | 1 | 1 | -- | -- | 43 | 47 |
| Operating profit (loss) for segments | 29 | 23 | (4) | (5) | 20 | 26 | 7 | 5 | 4 | 2 | 4 | (1) | 60 | 50 |
| Amortization of excess cost arising from acquisition of investees | | | | | | | | | | | | | (7) | (7) |
| Operating profit | | | | | | | | | | | | | 53 | 43 |
| Financing income (expenses), net | | | | | | | | | | | | | (24) | 4 |
| Company's share in losses of equity accounted investees, net of tax | | | | | | | | | | | | | (4) | -- |
| Profit before income tax | | | | | | | | | | | | | 25 | 47 |
| Income tax | | | | | | | | | | | | | (7) | (15) |
| Profit for the period | | | | | | | | | | | | | 18 | 32 |

Oil Refineries Ltd.