



OIL REFINERIES ANNOUNCES FINANCIAL RESULTS FOR THIRD QUARTER AND NINE MONTHS 2007

- *Third quarter consolidated net income NIS 178 million, compared to NIS 24 million last year; Third quarter 2006 results adversely affected by northern hostilities*
- *Company publishing today Hebrew draft prospectus for the issue of debentures primarily for the financing of the Strategic Plan; Debentures were rated AA Stable by Maalot, a Standard and Poor's Affiliation*

Haifa, Israel, November 20, 2007 - Oil Refineries Ltd. (TASE: ORL) ("Oil Refineries" or the "Company") announced today its financial results for three and nine-month periods ending September 30, 2007.

The reported results for the third quarter and nine months 2007 exclude the results of Ashdod Refineries, which was sold at the end of the third quarter 2006, and which generated a substantial capital gain in the said third quarter. The results for the comparable period, the third quarter and nine months of 2006, are pro-forma figures and refer to the consolidated pro-forma statements.

THIRD QUARTER HIGHLIGHTS

- ° Refining margin USD/bbl 5.7, compared to USD/bbl 7.3 in the third quarter 2006
- ° Company refining margin 52% higher than Mediterranean Ural Cracking Margin average of USD/bbl 3.75
- ° Consolidated EBITDA totaled NIS 326, compared to NIS 144 million in third quarter 2006
- ° Consolidated net income totaled NIS 178 million, compared to 24 million in third quarter 2006
- ° Quarterly results positively affected by the changes in the USD against the Israeli Shekel; Last year's third quarter results were negatively affected by the northern hostilities

THIRD QUARTER RESULTS

Refining margin for the third quarter totaled USD/bbl 5.7 (USD/MT 41.6), compared to the third quarter Mediterranean Ural Cracking Marginⁱ average of USD/bbl 3.75ⁱ (USD/MT 27.4). Refining margin for the third quarter 2006 totaled USD/bbl 7.3 (USD/MT 52.9).

Consolidated EBITDA for the third quarter 2007 reached NIS 326 million, compared to NIS 144 million pro-forma consolidated EBITDA in the third quarter of 2006.

Consolidated Operating Profit for the third quarter totaled NIS 238 million, compared to a pro-forma consolidated operating profit NIS 57 million in the third quarter of 2006.

Operating profit from the **Refining segment** totaled NIS 180 million, compared to NIS 87 million last year. The lower refining margins contributed to a NIS 61 million decline in operating profit over the second quarter last year, this was completely offset by a NIS 163 million contribution resulting from an increase in quantities sold, changes in the US dollar exchange rate and a decline in operating expenses. The Company's consolidated results in the third quarter last year were negatively affected by the regional hostilities.

Operating profit from the **Aromatics segment** (conducted through Gadiv Petrochemical Industries Ltd.) totaled NIS 21 million, compared to an operating loss of NIS 11 million in the third quarter last year.

Operating profit from the **Polymers segment** (conducted through Carmel Olefins) totaled NIS 37 million, compared to an operating loss of NIS 19 million in the third quarter last year.

ⁱ Source: Reuters – Refining Margin of European Urals Cracking Refineries in Mediterranean

Consolidated net income for the third quarter of 2007 totaled NIS 178 million, compared to a pro-forma consolidated net income of NIS 24 million in the third quarter last year.

NINE-MONTH RESULTS

Refining margin for the nine months totaled USD/bbl 8.4 (USD/MT 61.0), compared to the nine months Mediterranean¹ Ural Cracking Margin average of USD/bbl 5.6 (USD/MT 40.6). Refining margin for the nine months was also substantially higher than the USD/bbl 7.7 (USD/MT 55.9) refining margin in the nine months 2006.

Consolidated EBITDA for the nine months totaled NIS 1,194 million, compared to NIS 973 million pro-forma consolidated EBITDA in the same period last year. **Consolidated Operating Profit** for the nine months totaled NIS 937 million, compared to a pro-forma consolidated operating profit NIS 720 million in the same period last year.

Consolidated net income for the nine months, excluding a one-time charge totaling NIS 106 million in the first quarter 2007, totaled NIS 662 million, compared to a pro-forma consolidated net income of NIS 469 million in the nine months last year. The one-time charge, net after tax, resulted from the accounting treatment of a privatization grant paid in the first quarter 2007, by the government to the employees of Oil Refineries and its subsidiaries, following the successful privatization in February 2007. Net income for the nine months, including this one-time privatization expense, totaled NIS 556 million.

“We are very pleased that once again the Company has presented higher refining margins than the average refining margin for the Mediterranean “Ural” for the quarter, and this, despite the decline in refining margins this quarter compared to last year,” **commented Mr. Yashar Ben-Mordechai, Oil Refineries' CEO.** “The global energy market is going through a volatile period, evident in both the fluctuations in fuel prices and currencies. This volatility continues to impact the Company’s performance.”

Mr. Ben-Mordechai added: “Carmel Olefins continues with its expansion strategy and, during the third quarter, fully operated its new Polypropylene unit. This unit is expected to more than double COL’s Polypropylene production once it reaches full production capacity during the coming year. In addition, two weeks ago COL announced that it has signed an Intent Agreement to purchase a 49% stake in a European petrochemical company.”

Mr. Yossi Rosen, Oil Refineries Chairman of the Board noted, “We recently presented our new five-year strategic plan for the Company. This extensive plan will include \$1.1 billion of investments and will focus on developing the Company’s core business areas, refining and petrochemicals, while identifying complementary areas such as electricity production, trade and transport. In line with the Company’s business approach, the Board of Directors decided to allocate \$270 million of the overall strategic plan, for the investment in a five year environmental plan which will improve the Company’s environmental activities including continuing to develop and produce environmentally friendly products”

Mr. Rosen concluded “As the first stage in the financing of the strategic plan, during the coming month the Company intends to raise capital. Last week the Company received an AA Stable rating from the Maalot rating company, a Standard and Poor’s affiliation, and is currently undertaking a series of measures, including publishing a prospectus for a local debenture issue, to raise the necessary capital, from both the banking community and the capital markets, to finance the first stage of the investment.”

CONFERENCE CALL

The Company will also be hosting a conference call later today at 09:00am ET. On the call, management will present a **presentation** reviewing the third quarter and nine months 2007 highlights and industry trends. The presentation can be downloaded from the Company's website www.orl.co.il : Investor Relations > Financial Reports prior to the call. To participate in the conference call, 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:	1-888-642-5032	UK dial-in:	0-800-051-8913
Israel dial-in:	03-918-0650	International dial-in:	+972-3-918-0650

A replay of the call will be available, after the call, on the Company's website at www.orl.co.il. Alternatively, for two days following the end of the call, investors will be able to dial a replay number to listen to the call. The dial-in numbers are: 1-888-295-2634 (US); 0-800-917-4256 (UK); +972-3-925-5929 (Israel and International).

ABOUT OIL REFINERIES LTD.

Oil Refineries Ltd. (ORL), located in the bay area of the city of Haifa, is Israel's largest oil refinery. ORL operates sophisticated and state-of-the-art industrial facilities with refining capacity of 9 million tons of crude oil per year, with 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 is also active in the area of Aromatics and Polymers through wholly-owned Gadiv Petrochemical Industries Ltd and 50% owned Carmel Olefins Ltd. ORL is traded on the Tel Aviv Stock Exchange under the ticker ORL. For additional information please visit the Company's website: www.orl.co.il

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Oil Refineries Ltd.

Consolidated Pro-Forma Balance Sheet

In thousands of reported NIS

	September 30, 2007 Actual Unaudited	December 31, 2006 Pro forma Audited
Current assets		
Cash and cash equivalents	78,346	141,570
Trade accounts receivable	1,591,932	1,604,299
Accounts receivable and debit balances	444,256	454,701
Inventory	<u>3,237,905</u>	<u>2,760,546^(*)</u>
	5,352,439	4,961,116
Long-term investments and loans		
Investee companies	169,847	191,002
Loan to Haifa Early Pensions Ltd.	303,664	300,000
Long-term loans and other debit balances	52,555	7,409
Excess of funded amounts over the liability for employee termination benefits, net	<u>36,400</u>	<u>45,458</u>
	562,466	543,869
Fixed assets		
Property, plant and equipment	3,682,683	3,701,744
Materials and spare parts	169,759	178,147 ^(*)
Fund for investment in fixed assets	<u>429,057</u>	<u>414,749</u>
	4,281,499	4,294,640
Other assets and deferred expenses	<u>50,892</u>	<u>48,100</u>
	<u>10,247,296</u>	<u>9,847,725</u>
Current liabilities		
Credit from banking institutions and other credit providers	1,118,226	899,142
Suppliers and service providers	1,500,022	1,561,723
Accounts payable and credit balances	508,477	785,309
Proposed dividend	<u>280,000</u>	<u>20,000</u>
	3,406,725	3,266,174
Long-term liabilities		
Debentures	974,246	854,799
Loans and liabilities	1,934,173	2,205,647
Long-term derivative instrument	4,280	-
Deferred taxes	539,697	498,352
Liability in respect of financing lease	29,187	29,275
Liability for employee termination benefits, net	<u>254,204</u>	<u>278,801</u>
	3,735,787	3,866,874
Total liabilities	7,142,512	7,133,048
Shareholders' equity	<u>3,104,784</u>	<u>2,714,677</u>
	<u>10,247,296</u>	<u>9,847,725</u>

(*) Reclassified.

Oil Refineries Ltd.

Consolidated Pro-Forma Profit and Loss Statements

In thousands of reported NIS, except per share amounts

	Nine month period ended September 30, 2007		Three month period ended September 30, 2007		Year ended December 31, 2006
	Actual	Pro forma Unaudited	Actual	Pro forma Unaudited	Pro forma Audited
Revenues	16,248,209	16,705,845	5,807,214	5,452,608	21,734,553
Cost of sales, refining and services	14,999,682	15,748,614	5,468,311	5,320,488	20,584,260
Gross profit	1,248,527	957,231	338,903	132,120	1,150,293
Selling expenses	96,965	70,245	37,020	23,624	94,634
General and administrative expenses	215,121	167,253	64,789	52,614	222,104
Operating income	936,441	719,733	237,094	55,882	833,555
Financing (income) expenses, net	80,309	91,814	(3,266)	23,333	106,589
	856,132	627,919	240,360	32,549	726,966
Privatization grant	(118,529)	-	-	-	-
Income before taxes on income	737,603	627,919	240,360	32,549	726,966
Taxes on income	204,202	180,564	64,220	8,491	221,539
	533,401	447,355	176,140	24,058	505,427
Company's share in income (losses) of affiliated companies	22,165	21,501	2,002	(129)	32,570
Net income for the period	555,566	468,856	178,142	23,929	537,997
Earnings per share, par value NIS 1 each (in NIS)	0.29	0.23	0.10	0.01	0.27

Oil Refineries Ltd.

Selected Pro-forma Consolidated Data from the Report of the Board of Directors on the State of the Corporation's Affairs for the Period

	In millions of NIS Unaudited Nine months ended September 30,		In millions of NIS Unaudited Three months ended September 30,	
	2007 Actual	2006 Pro forma	2007 Actual	2006 Pro forma
Revenues				
Refining	14,555	15,013	5,133	4,985
Polymers	971	715	347	177
Aromatics	1,615	1,386	589	419
Cancellation of intercompany transactions	(893)	(408)	(262)	(128)
Total	<u>16,248</u>	<u>16,706</u>	<u>5,807</u>	<u>5,453</u>
Cost of sales, refining and services				
Refining	13,612	14,196	4,898	4,852
Polymers	832	661	296	189
Aromatics	1,449	1,300	537	407
Cancellation of intercompany transactions	(893)	(408)	(262)	(128)
Total	<u>15,000</u>	<u>15,749</u>	<u>5,469</u>	<u>5,320</u>
Gross profit				
Refining	943	817	235	133
Polymers	139	54	51	(12)
Aromatics	166	86	52	12
Total	<u>1,248</u>	<u>957</u>	<u>338</u>	<u>133</u>
Sales, general and administrative expenses				
Refining	192	149	55	46
Polymers	39	26	14	7
Aromatics	80	62	31	23
Total	<u>311</u>	<u>237</u>	<u>100</u>	<u>76</u>
Operating income				
Refining	751	668	180	87
Polymers	100	28	37	(19)
Aromatics	86	24	21	(11)
Total	<u>937</u>	<u>720</u>	<u>238</u>	<u>57</u>
Financing (expenses) income, net	(80)	(92)	3	(24)
Privatization grant	(119)	-	-	-
Income before taxes on income	738	628	241	33
Income tax	204	181	64	9
	534	447	177	24
Company's share in earnings of investee companies	22	22	2	-
Net income for the period	<u>556</u>	<u>469</u>	<u>179</u>	<u>24</u>