



OIL REFINERIES ANNOUNCES FINANCIAL RESULTS FOR FISCAL YEAR 2006

Fourth quarter net income higher than anticipated in February 2007 IPO prospectus

Quarterly and annual refining margins higher than East Mediterranean average

Results affected by lower global refining margins in fourth quarter and regional hostilities in third quarter

Haifa, Israel, March 22, 2007 - Oil Refineries Ltd. (TASE: ORL.TA) ("Oil Refineries" or the "Company") announced today its financial results for year ended December 31, 2006.

Consolidated net income for the year reached NIS 2,003 million, including a net income of NIS 1,192 million from the sale of Ashdod Refineries Ltd. ("ORA") at the end of the third quarter 2006, and this, compared to a net income of NIS 1,442 million in 2005. These 2005 and 2006 financial results include Oil Refineries' Haifa and Ashdod refinery business, both of which were owned by Oil Refineries until the end of the third quarter 2006. Fourth quarter 2006 results exclude the results of the Ashdod Refinery.

The following results refer to the consolidated pro-forma statements as set out in Note 24 of the Company's financial statements, as well as the Pro-Forma tables at the end of this press release. The following figures, and explanations, relate to the Company's financial performance excluding both the financial results of ORA during the reviewed period and the capital gain recorded on the sale.

MAIN HIGHLIGHTS

- Consolidated revenues increased 12% reaching NIS 21,735 million for the year
- Refining segment revenues increased 13% to NIS 19,330 million for the year
- Aromatics segment revenues increased 16% for the year
- Annual refining margin higher than in the East Mediterranean¹ totaling USD/bbl 7.1 compared to USD/bbl 5.8.
- Fourth quarter results higher than forecast in IPO prospectus: NIS 69 million net income compared to forecast NIS 40-60 million
- The global refining margins were weak in the fourth quarter due to extremely mild weather. The regional hostilities during the third quarter impacted the profitability of the refining and petrochemical segments. Consequently, annual net income without ORA, totaled NIS 538 million.

FULL YEAR 2006

The very mild hurricane season in the Atlantic this year and an exceptionally warm start to the winter in the northern hemisphere caused a build up of products inventories, leading to a drop in refining margins during the fourth quarter of 2006. Annual results were also affected by hostilities in the northern part of Israel in July and August 2006, contributing to a substantial decline in the performance of the Refining

¹ Source: Reuters – Refining Margin of European Urals Cracking Refineries in Mediterranean

segment, as well as the Aromatic and Polymer subsidiaries, in the third quarter of 2006. This substantial decline was partially offset by the strong performance of the Aromatic and Polymer subsidiaries in the fourth quarter.

Revenues for the year totaled NIS 21,735 million, a 12.4% increase compared to NIS 19,331 million in 2005. Refining segment revenues totaled NIS 19,330 million, a 12.9% increase compared to NIS 17,114 million, in 2005. Aromatics segment revenues (conducted through Gadiv Petrochemical Industries Ltd "Gadiv") totaled NIS 1,903 million, a 15.6% increase compared to NIS 1,646 million last year. Polymers segment Revenues (conducted through Carmel Olefins "COL") totaled NIS 993 million, a 7.2% decrease compared to NIS 1,070 million last year.

Operating Profit for the year was NIS 834 million, compared to NIS 1,499 million in 2005. Operating profit from the Refining segment totaled NIS 724 million, compared to NIS 1,265 million in 2005. Operating profit from the Aromatics segment (conducted through Gadiv) totaled NIS 51 million, compared to NIS 81 million last year. Operating profit from the Polymers segment (conducted through COL) totaled NIS 59 million, compared to NIS 153 million last year.

Refining margin for the year USD/bbl 7.1 (USD/MT 51.1), compared to the east Mediterranean average of USD/bbl 5.8¹ and compared to USD/bbl 7.6 (USD/MT 54.5) in 2005. Refining margin for 2004 totaled USD/bbl 5.3 (USD/MT 38.1) in 2004.

EBITDA totaled NIS 1,179 million compared to NIS 1,800 million in 2005

Consolidated Pro-forma Net Income for the full year 2006 totaled NIS 538 million compared to a net income of NIS 1,044 million last year. The lower net income follows the decline in industry refining margins and the impact of the northern front hostilities on all of the Company's segments in the third quarter.

FOURTH QUARTER

Net income for the quarter was higher than forecast in the IPO prospectus published in February 2007: Actual net income of NIS 69 million compared to a forecasted range of NIS 40 – 60 million.

Revenues for the fourth quarter totaled NIS 5,029 million, a 3.4% increase from NIS 4,865 million in the fourth quarter last year. Refining segment revenues totaled NIS 4,317 million a slight increase compared to NIS 4,312 million in the fourth quarter of 2005. Aromatics segment revenues totaled NIS 517 million, a 26.1% increase compared to NIS 410 million last year. Polymers segment revenues totaled NIS 278 million, a 5.7% increase compared to NIS 263 million last year.

Operating Profit for the quarter was NIS 114 million, compared to NIS 402 million in the same period last year. Operating profit from the Refining segment totaled NIS 56 million, compared to NIS 385 million, in the fourth quarter of 2005. Operating profit from the Aromatics segment totaled NIS 28 million, compared to a loss of NIS 6 million last year. Operating profit from the Polymers segment totaled NIS 30 million, a 36% increase compared to NIS 22 million last year.

Refining margin for the fourth quarter totaled USD/bbl 4.3 (USD/MT 30.9), compared to the east Mediterranean average of USD/bbl 4¹ and compared to USD/bbl 7.3 (USD/MT 52.5) in the fourth quarter of 2005. The substantial decline in the fourth quarter resulted from the depression of refining margins due to exceptionally warm winter conditions in the northern hemisphere and a very mild hurricane season in the Atlantic.

EBITDA totalled NIS 205 million compared to NIS 487 million in the same period last year.

Pro-Forma Consolidated Net Income for the quarter totalled NIS 69 million, higher than forecast in the February 2007 IPO prospectus, compared to NIS 255 million in the same period last year.

In his review, CEO Mr. Yashar Ben-Mordechai explained that the substantial margin pressures in the fourth quarter followed weather conditions in the northern hemisphere which reduced the demand for energy. Despite this, the Company presented a strong annual refining margin of over USD/bbl 7, compared to the average Mediterranean refining margin of USD/bbl 5.8. As a result of the ongoing volatility in refining margins, and the continuous shift in the relative margins of different feedstock, the Company is constantly working to achieve optimal blends of crude oils, plant operation and product mix. The Company is also striving to further enhance the complexity of the plant beyond its current level of 7.4 NIC, thus adding value to its product slate.

Chairman of the Board, Mr. Ohad Marani indicated that during 2006 the Company performed a number of exceptional and very complex tasks which were completed with outstanding success. The Ashdod refinery was carved out and sold as a refining company to Paz Oil. 100% of ORL'S share capital was sold to institutional investors, the public and strategic investors in a two step process culminating in a listing on the Tel Aviv Stock Exchange in February 2007.

Mr. Marani thanked the board members, the management and company employees for their exceptional efforts during the past year, and specifically during the time of hostilities on Israel's northern front. During this difficult time the Company's management and employees showed exceptional capabilities in maintaining production levels while meeting steady and ongoing demand.

Mr. Marani expressed his confidence that the Company's technological and human resources will assure continued success in the future.

CONFERENCE CALL

The Company will be hosting a conference call today, March 22, 2007 at 10:00am EDT. On the call, management will review and discuss the results, and will be available to answer investor questions. During the call management will present a presentation reviewing the 2006 annual and quarterly highlights and industry trends. The presentation can be downloaded from the Company's website at www.ori.co.il : Investor Relations > Financial Reports, from 06:00 am EDT (10:00 am UK time, 12:00 pm Israel time)

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls at least 5 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: 1-888-668-9141; UK Dial-in Number: 0-800-917-5108
Israel Dial-in Number: 03-918-0687; International Dial-in Number: +972-3-918-0687
at: 10:00 am Eastern Time, 7:00 am Pacific Time, 2:00 pm UK Time, 4:00 pm Israel Time

A replay of the call will be available, after the call, on the Company's website at www.ori.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 number is either: 1-888-782-4291 (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 (Note 24)

December 31 2006
NIS in thousands
Audited

Assets

Current Assets

Cash and cash equivalents	141,570
Trade accounts receivable	1,604,299
Receivables and debt balances	454,701
Inventory	<u>2,738,321</u>

4,938,891

Long-term investments and loans

Investee companies	191,002
Long-term loans and debit balances	7,409
Loan to Haifa Early Pension Company Ltd.	300,000
Severance pay fund, net	<u>45,458</u>

543,869

Fixed assets

Property, plant and equipment	3,701,744
Materials and spare parts	200,372
Fund for investment in fixed assets	<u>414,749</u>

4,316,865

Other assets and deferred expenses

48,100

9,847,725

Liabilities and Shareholders' Equity

Current liabilities

Credit from banking institutions and other credit providers	899,142
Suppliers and service providers	1,561,723
Payables and credit balances	785,309
Proposed dividend	<u>20,000</u>

3,266,174

Long-term liabilities

Debentures	854,799
Bank Loans	2,205,647
Deferred taxes	498,352
Liability in respect of financing lease	29,275
Liability for severance pay, net	<u>278,801</u>

3,866,874

Total liabilities

7,133,048

Shareholders' equity

2,714,677

9,847,725

Oil Refineries Ltd.

Consolidated Pro-Forma Profit and Loss Statements (Note 24)

	Year ended 31 December		
	2006	2005	2004
	NIS in thousands		
	Audited		
Revenues	21,734,553	19,330,996	13,344,079
Cost of sales, refining and services	<u>20,584,260</u>	<u>17,531,506</u>	<u>12,387,341</u>
Gross profit	1,150,293	1,799,490	956,738
Selling Expenses	94,634	98,129	81,650
General and administrative expenses	<u>222,104</u>	<u>201,860</u>	<u>198,388</u>
Profit from operations	833,555	1,499,501	676,700
Financing expenses (income), net	<u>106,589</u>	<u>145,173</u>	<u>116,890</u>
	726,966	1,354,328	559,810
Other expenses	<u>-</u>	<u>-</u>	<u>-2,220</u>
Profit before taxes on profit	726,966	1,354,328	557,590
Taxes on profit	<u>221,539</u>	<u>353,694</u>	<u>97,383</u>
	505,427	1,000,634	460,207
Company's shares in profit (losses) of investee companies	<u>32,570</u>	<u>44,325</u>	<u>41,103</u>
	537,997	1,044,959	501,310
Cumulative affect of change in accounting method as at the beginning of the year	<u>-</u>	<u>826</u>	<u>-</u>
Net profit for the period	<u>537,997</u>	<u>1,044,133</u>	<u>501,310</u>
EPS (Earnings per share) NIS	<u>0.27</u>	<u>0.52</u>	<u>0.25</u>

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

	<u>1-12</u> <u>2006</u>	<u>10-12</u> <u>2006</u>	<u>1-9</u> <u>2006</u>	<u>1-12</u> <u>2005</u>	<u>10-12</u> <u>2005</u>	<u>1-9</u> <u>2005</u>	<u>1-12</u> <u>2004</u>
	in million NIS						
Revenues							
Refining	19,330	4,317	15,013	17,114	4,312	12,802	11,632
Polymers	993	278	715	1,070	263	807	827
Aromatics	1,903	517	1,386	1,646	410	1,236	1,350
Cancellation of intercompany transactions	<u>-491</u>	<u>-83</u>	<u>-408</u>	<u>-499</u>	<u>-120</u>	<u>-379</u>	<u>-465</u>
Total	21,735	5,029	16,706	19,331	4,865	14,466	13,344
Cost of Sales, refining and services							
Refining	18,404	4,208	14,196	15,668	3,878	11,790	10,933
Polymers	900	239	661	875	229	646	690
Aromatics	1,771	471	1,300	1,488	397	1,091	1,229
Cancellation of intercompany transactions	<u>-491</u>	<u>-83</u>	<u>-408</u>	<u>-499</u>	<u>-120</u>	<u>-379</u>	<u>-465</u>
Total	20,584	4,835	15,749	17,532	4,384	13,148	12,387
Gross profit							
Refining	926	108	817	1,446	434	1,012	699
Polymers	93	39	54	195	34	161	137
Aromatics	<u>132</u>	<u>46</u>	<u>86</u>	<u>158</u>	<u>13</u>	<u>145</u>	<u>121</u>
Total	1,151	194	957	1,799	481	1,318	957
Sales, general and administrative expenses							
Refining	202	52	149	181	50	131	174
Polymers	34	9	25	42	12	30	33
Aromatics	<u>81</u>	<u>18</u>	<u>63</u>	<u>77</u>	<u>19</u>	<u>58</u>	<u>73</u>
Total	317	80	237	300	81	219	280
Profit from Operations							
Refining	724	56	668	1,265	385	880	525
Polymers	59	30	29	153	22	131	104
Aromatics	51	28	23	81	-6	87	48
Total	834	114	720	1,499	401	1,098	677
Financing income) expenses), net	-106	-15	-91	-144	-51	-93	-118
Other income) (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-2</u>
Income before taxes on income	728	99	629	1,355	350	1,005	557
Income tax	<u>-222</u>	<u>-41</u>	<u>-181</u>	<u>-354</u>	<u>-104</u>	<u>-250</u>	<u>-97</u>
	505	58	448	1,001	246	755	460
Company's share in earnings of investee companies	32	11	21	44	9	35	41
Cumulative effect as of beginning of the year of changes in accounting principles	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Net income for the period	<u>538</u>	<u>69</u>	<u>469</u>	<u>1,044</u>	<u>255</u>	<u>789</u>	<u>501</u>