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FOR IMMEDIATE RELEASE

OIL REFINERIES ANNOUNCES RESULTS FOR FIRST QUARTER 2011

Net Income totals \$6 million

- *Adjusted consolidated EBITDA of \$55 million in the first quarter of 2011, compared with \$49 million in the first quarter of 2010*
- *Adjusted consolidated EBITDA in Petrochemical segment of \$49 million in the first quarter 2011, compared with \$30 million in the first quarter of 2010*
- *Adjusted refining margin USD/bbl 3.9, compared with USD/bbl 0.5 average Reuter's quote Mediterranean Ural Cracking Margin and compared with an ORL refining margin USD/bbl 3.9 in the first quarter of 2010*
- *On Friday, May 20, 2011, Oil Refineries signed an agreement with "Tethys Sea" Group for purchase of natural gas totaling about 1.2 BCM, in order to ensure a continuous supply in coming years.*

Haifa, Israel, May 23, 2011 – Oil Refineries Ltd. (TASE: ORL.TA) (hereinafter "Company," "ORL"), Israel's largest integrated refining and petrochemical group, announce its financial results for the first quarter ending March 31, 2011. Results are reported in US\$ and under International Financial Reporting Standards (IFRS).

Mr. Pinhas Buchris, CEO of Oil Refineries: "Oil Refineries recorded a higher refining margin than the benchmark margin and presented impressive growth in its petrochemicals sector. The earthquake and tsunami in Japan created a spike in demand for petrochemical products in international markets, which the Company was able to identify and swiftly prepare itself in order to meet these market needs. During the first quarter of this year, the Company gradually returned to full production following the fourth quarter of 2010, during which the Company shut down its facilities in order to carry out periodic maintenance. After the reporting period, ORL completed the connection of its facilities to the natural gas pipeline and secured the necessary permits for the use of natural gas. In recent months, there were two incidents of sabotage along the Egyptian gas line. Following the second attack, after which the gas supply from this line was not resumed, the Company did not receive any natural gas from EMG, ORL decided to acquire natural gas from another natural gas provider. This additional supply agreement will allow the company to quickly switch over to natural gas with a continuous and reliable supply, thus enabling the Company to meet its production needs."

meet the requirement of reducing emissions, while producing significant savings in its energy costs."

Mr. Yossi Rosen, Chairman of the Board of Oil Refineries: "The Company's ability to identify market demands, along with its flexibility to leverage its different facilities, as needed following its merger, contributed to the positive results in the petrochemicals sector during the first quarter of this year. In order to leverage potential synergies, the Company has initiated a number of investments this past quarter. ORL invested about \$45 million for the production of polypropylene 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 also decided to invest \$30 million for expanding the production capacity of propylene, which is expected to yield a return of about \$50 million a year. Since the beginning of 2011, the Company changed its hedging policy for crude oil prices by reducing the exposure of un-hedged inventory from 600 thousand tons to 300 thousand tons. Likewise, the Company is continuing with the construction of the hydrocracker, which is expected to be operational by mid-2012, and will strengthen the Company's standing as a leading refiner in the region. Unfortunately, the low dollar exchange rate impacted ORL, which as an Israeli industrial company, exports much of its products."

Note: The start of 2011 saw a wave of political instability and riots in various Middle East 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 in April of this year of over \$125 a barrel. Following the riots in Egypt subsided with the change in government, the country is raising claims, among other things, against the natural gas supply agreement to Israel. Another event that affected world oil prices 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 their highest levels in March 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 \$116 a barrel.

As accepted by major leading international refiners and marketers of oil and its products, the results are presented as reported as well as net of the accounting provision for inventory changes, write offs, in addition to buying and selling timing and derivative accounting methods used. This is in order to enable a common base for comparison of the Company's ongoing operations.

FIRST QUARTER 2011 (\$ millions)

	Operating Profit		EBITDA	
	Q1/11	Q1/10	Q1/11	Q1/10
Refining Segment Adjusted	4	(1)	16	9
Trade Segment	(7)	(3)	(7)	(3)
Petrochemicals Segment - Polymers	29	5	40	17
Petrochemicals Segment - Aromatics	4	8	6	10
Petrochemicals Segment - Lube-Oils	3	3	3	3

Quantity refined declined in the first quarter of 2011 by about 71 thousand tons, compared to the same period last year. In the fourth quarter of 2010, the Company shut down some of its facilities

order to carry out periodic maintenance and the Company went back to full production in the first quarter of 2011. The utilization rate in Q1 2011 stood at 86%, compared with approximately 89% in the same quarter last year. Quantity refined in Q1 2011 totaled 2,062 thousand tons compared with 2,133 thousand tons in the same quarter in the previous year.

Adjusted refining margin in Q1 2011 totaled USD/bbl 3.9, compared with the average Mediterranean Ural Cracking Margin quoted by Reuters of USD/bbl 0.5. Adjusted refining margin for the first quarter of 2010 totaled USD/bbl 3.2, 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 crudes 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 finished products. So while comparing the Benchmark margin with the Company's margin can provide some understanding about the development of the Company's margins, it does not constitute an accurate measure to evaluate the Company's margins in the short term.

Adjusted consolidated EBITDA in Q1 2011 totaled \$55 million, compared with \$33 million in the same quarter in the previous year.

Financing expenses in the first quarter of 2011 totaled \$23 million, compared with \$12 million in the same quarter in the previous year.

Consolidated net income for the first quarter of 2011 totaled \$6 million, compared with a loss of \$1 million in the same quarter in the previous year.

Key Developments in the First Quarter 2011

- The Company entered into an agreement on December 12, 2010 with East Mediterranean SAE ("EMG") to supply natural gas to the Company's plants for a period of 20 years, starting from the first delivery, as outlined in their agreement. After the close of the reporting period, the connection to the natural gas pipeline to the Company's facilities was completed and the Company received the necessary approvals to use natural gas in its plants. According to an announcement, there occurred, on April 27 and May 2, 2011, an explosion along the gas pipeline leading to, among other places, Israel. As a result, the gas line, which supplies natural gas to Israel, was shut down. Following the first injury, supply was resumed on March 15, 2011. Following the second injury, the gas supply has not yet resumed to flow to Israel.
- In the time period since the Company completed its connection to the national natural gas pipeline, the Company acquired, from time to time, natural gas from other suppliers, in order to enable the Company to initiate the testing process of the Company's facilities and its connections to the national gas pipeline.
- In order to leverage potential synergies, the Company decided to invest about \$45 million in 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.

Key Developments following the First Quarter 2011

- The Company's Board of Directors announced the appointment of Brigadier General (re Buchris as CEO of the new ORL, replacing Yashar Ben Mordechai who decided to resign his post. Mr. Buchris assumed his post on May 1, 2011 after completing and overlapping with the outgoing CEO.
- On Friday, May 20, 2011, Oil Refineries signed an agreement with "Tethys Sea" Group purchase of natural gas totaling about 1.2 BCM. This additional gas agreement was signed due to the delays in supply from EMG, and following the Company's completion of connecting facilities to the national gas system. This additional supply agreement will allow 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. For more details on the additional agreement, please see the reported dated May 23, 2011, which can be found on the Company's website www.orl.co.il: Investor Relations > Company Releases

Field Code Changed

CONFERENCE CALL

The Company will also be hosting a conference call today, May 23, 2011, at 14:00 UK time ET, 6:00 PST and 16:00 Israeli Time.

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

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 unable to connect using the toll-free numbers, please try the international number.

US Dial-in Numbers: 1-888-668-9141

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

Israel Dial-in Number: 03-918-0650

International Dial-in Number: +972-3-918-0650

at: 14:00 UK Time, 9:00 ET, 6:00 PT, 16:00 Israel time. A replay of the call will be available after 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 on May 23, 2011.

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 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, power consumption, agriculture and infrastructure. The Company's petrochemical sector produces Polyethylene (through its ownership of Carmel Olefins Ltd), Aromatics (through its ownership of Carmel Petrochemical Industries Ltd), and Lube-Oils (through its ownership of Haifa Basic Oils Ltd). 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 L 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 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

	March 31, 2011	March 31, 2010	Decem 2009
	(Unaudited)		(A)
Current assets			
Cash and cash equivalents	23,408	21,817	
Deposits	127,112	93,436	11
Trade receivables	559,350	437,049	30
Other receivables	83,171	103,786	1
Financial derivatives	28,279	22,879	1
Investments in financial assets at fair value through comprehensive income	108,655	110,162	10
Inventories	1,225,035	1,203,044	1,20
Current tax assets	1,553	5,164	
Total current assets	<u>2,156,563</u>	<u>1,997,337</u>	<u>1,9</u>
Non-current assets			
Investments in equity-accounted investees	16,603	13,785	
Financial assets at fair value through other comprehensive income (**)	18,079	17,535	
Loan to Haifa Early Pensions Ltd.	72,243	71,302	
Long term loans and debit balances	2,959	3,806	
Financial derivatives	189,184	121,013	11
Employee benefit plan assets	7,674	10,462	
Deferred tax assets	327	--	
Property, plant and equipment	2,114,863	1,893,458	2,0
Deferred costs	12,280	1,360	
Intangible assets	76,140	89,126	
Total non-current assets	<u>2,510,352</u>	<u>2,221,847</u>	<u>2,4</u>
Total assets	<u><u>4,666,915</u></u>	<u><u>4,219,184</u></u>	<u><u>4,3</u></u>

Condensed Consolidated Interim Statement of Financial Position
USD thousands

	March 31, 2011	March 31, 2010	Decem 2009
	(Unaudited)		(A)
Current liabilities			
Loans and borrowings	790,416	845,259	7
Trade payables	786,160	647,342	6
Other payables	126,962	140,964	10
Current tax liability	24,464	--	-
Financial derivatives	71,057	43,027	-
Provisions	9,367	11,514	-
Dividend declared	--	75,000	-
Total current liabilities	<u>1,808,426</u>	<u>1,763,106</u>	<u>1,5</u>
Non-current liabilities			
Bank loans	734,859	324,216	6
Debentures (**)	904,929	853,695	8
Liabilities for finance lease	9,749	8,858	-
Other long-term liabilities	--	14,739	-
Financial derivatives	4,046	1,793	-
Employee benefits	70,693	64,358	-
Deferred tax liabilities	53,677	126,854	-
Total non-current liabilities	<u>1,777,953</u>	<u>1,394,513</u>	<u>1,6</u>
Total liabilities	<u>3,586,379</u>	<u>3,157,619</u>	<u>3,2</u>
Capital			
Share capital	586,390	586,390	5
Share premium	100,242	100,242	10
Reserves (**)	46,357	40,851	-
Retained earnings (**)	347,547	334,082	4
Total capital	<u>1,080,536</u>	<u>1,061,565</u>	<u>1,1</u>
Total liabilities and capital	<u>4,666,915</u>	<u>4,219,184</u>	<u>4,3</u>

Condensed Consolidated Interim Statement of Comprehensive Income
USD thousands

	Three months ended		Ye
	Mar 31, 2011	Mar 31, 2010	Dec
	(Unaudited)		(A
Revenue	2,057,506	1,704,771	6,7
Cost of sales, refinery and services	1,981,969	1,663,537	6,5
Revaluation of open positions in derivatives on prices of goods and margins, net	4,821	4,644	
Total cost of sales	1,986,790	1,668,181	6,5
Gross profit	70,716	36,590	2
Selling and marketing expenses	21,512	26,127	
General and administrative expenses	14,648	14,668	
Operating profit (loss)	34,556	(4,205)	
Financing income	7,164	29,583	
Financing expenses	(30,384)	(41,690)	(1
Financing expenses, net	(23,220)	(12,107)	(
Company's share in profits of equity accounted investees, net of tax	270	179	
Profit (loss) before taxes on income	11,606	(16,133)	
Tax benefits (taxes on income)	(5,477)	12,546	
Profit (loss) for the period	6,129	(3,587)	