Interim Report January-June 2007

refining the future

NESTE OIL

3 August 2007

NESTE OIL'S INTERIM REPORT FOR JANUARY-JUNE 2007

- Comparable operating profit increased by 19% to EUR 225 million in the second quarter

The second quarter in brief:

- Sales of EUR 3,207 million (Q2/06: 3,518 million)
- Comparable operating profit of EUR 225 million (Q2/06: 189 million)
- Operating profit of EUR 314 million (Q2/06: 280 million)
- Earnings per share of EUR 0.88 (Q2/06: 0.76)
- Cash flow from operations of EUR 460 million (Q2/06: 278 million)
- Comparable operating profit of Oil Refining EUR 205 million (Q2/06: 178 million), Oil Retail EUR 16 million (Q2/06: 15 million), and Shipping EUR 12 million (Q2/06: 5 million)
- Total refining margin increased to USD 11.92 /bbl (Q2/06: 9.48)
- The new diesel line started production at Porvoo

Risto Rinne, President & CEO:

"The second quarter saw an exceptionally strong gasoline market, following on from a similar trend in the first quarter. We benefited from this, thanks to smooth operations and good productivity at our refineries, as well as our ability to supply both European and US markets. Oil Refining's good volumes and high margins were the main contributors to our best-ever quarterly profit, and our other businesses also did well."

"We completed two important investment projects at the Porvoo refinery during the quarter. Our new diesel line commenced production in June, and start-up of the NExBTL Renewable Diesel plant is continuing. The market seems attractive for both sulfur-free diesel and high-quality renewable diesel, and we are pushing forward to proceed with new strategic investments."

Further information:

Risto Rinne, President & CEO, tel. +358 10 458 4990
Petri Pentti, CFO, tel. +358 10 458 4490

News conference and conference call

A press conference in Finnish on the second-quarter results will be held today, 3 August 2007, at 11:30 am EET in the Mirror Room at Hotel Kämp, Pohjoisesplanadi 29, Helsinki. www.nesteoil.com will feature English versions of the presentation materials.

An international conference call for investors and analysts will be held today, 3 August 2007, at 3:00 pm Finland / 1:00 pm London / 8:00 am New York. A live webcast of the conference call can be followed at www.nesteoil.com. The call-in numbers are as follows: Europe: +44 (0)20 3023 4426, US: +1 866 966 5335. An instant replay of the call will be available for five days at +44 (0)20 8196 1998 for Europe and +1 866 583 1035 for the US, using access code 725434.

NESTE OIL INTERIM REPORT 1 JANUARY - 30 JUNE 2007
Unaudited

Figures in parenthesis refer to the second quarter of 2006, unless stated otherwise.

KEY FIGURES

EUR million, unless otherwise noted.

	4-6/07	4-6/06	1-6/07	1-6/06	2006	Last 12 months
Sales	3,207	3,518	5,664	6,314	12,734	12,084
Operating profit before depreciation	359	317	562	508	1,007	1,061
Depreciation, amortization and impairment charges	45	37	84	75	153	162
Operating profit	314	280	478	433	854	899
Comparable operating profit *	225	189	383	308	597	672
Profit before income tax	304	277	465	430	841	876
Earnings per share, EUR	0.88	0.76	1.34	1.20	2.46	2.60
Capital expenditure and investment in shares	77	133	177	245	535	467
Net cash from operating activities	460	278	353	128	512	737

	30 June 2007	30 June 2006	31 Dec 2006	Last 12 months
Total equity	2,184	1,825	2,097	-
Interest-bearing net debt	776	1,119	722	-
Capital employed	3,032	3,032	2,890	3,032
Return on capital employed pre-tax, %	32.3	31.5	31.9	29.7
Return on average capital employed after tax, %	-	-	15.4	17.0
Return on equity, %	32.2	36.0	34.3	33.5
Equity per share, EUR	8.52	7.09	8.15	-
Cash flow per share, EUR	1.38	0.50	2.00	2.88
Equity-to-assets ratio, %	47.2	38.5	48.4	-
Leverage ratio, %	26.2	38.0	25.6	-
Gearing, %	35.5	61.3	34.4	-

* Comparable operating profit is calculated by excluding inventory gains/losses, gains/losses from sales of fixed assets, and unrealized changes in the fair value of oil and freight derivative contracts from the reported operating profit.

The Group's second-quarter results

Sales at the Neste Oil Group totaled EUR 3,207 million in the second quarter, compared to EUR 3,518 million in the corresponding period of 2006. Lower sales were mainly caused by the divestment of the Group's stake in Eastex Crude Company. Excluding this the sales grew by nearly 7%.

The Group's operating profit for the period increased to EUR 314 million from EUR 280 million in 2006. Operating profit includes unrealized changes of oil derivatives valued at EUR 32 million (-2 million) and inventory gains of EUR 55 million (61 million).

The second-quarter comparable operating profit totaled EUR 225 million, which represents an increase of 19% on the 2006 figure of EUR 189 million. The comparable operating profit was positively impacted by a higher total refining margin. This was somewhat offset, however, by increased fixed costs linked to growth projects and a higher level of depreciation.

Oil Refining posted a comparable operating profit of EUR 205 million (178 million), Oil Retail EUR 16 million (15 million), and Shipping EUR 12 million (5 million).

Profit before taxes was EUR 304 million in the second quarter (277 million), and taxes for the period totaled EUR 77 million (79 million). The effective tax rate was 25.5% (28.6%).

Net profit for the period was EUR 227 million (198 million) and earnings per share EUR 0.88 (0.76).

The Group's January-June results

The Group's sales in the first half of 2007 totaled EUR 5,664 million (6,314 million).

Operating profit totaled EUR 478 million (433 million) and comparable operating profit EUR 383 million (308 million). The increase of 24% in the latter was primarily due to a higher total refining margin, supported by a strong gasoline market.

Oil Refining posted a comparable operating profit of EUR 339 million (272 million), Oil Retail EUR 27 million (27 million), and Shipping EUR 33 million (27 million) during the first half of the year.

Profit before taxes was EUR 465 million (430 million), while taxes for the period totaled EUR 120 million (120 million). The effective tax rate was 25.9% (28.0%). Net profit for the period was EUR 345 million (310 million), and earnings per share EUR 1.34 (1.20).

Given the capital-intensive nature of its business, Neste Oil uses return on average capital employed after tax (ROACE) as its primary financial indicator. At the end of June, the rolling twelve-month ROACE was 17.0% (2006 financial period: 15.4%).

	4-6/07	4-6/06	1-6/07	1-6/06	LTM	2006
COMPARABLE OPERATING PROFIT	225	189	383	308	672	597
- changes in the fair value of open oil derivative positions	32	-2	6	-10	7	-9
- inventory gains/losses	55	61	84	103	37	56
- gains/losses from sales of fixed assets	2	32	5	32	183	210
OPERATING PROFIT	314	280	478	433	899	854

Capital expenditure

Neste Oil's capital expenditure during the first six months of 2007 totaled EUR 177 million (1-6/06: 243 million). Oil Refining accounted for EUR 153 million of investments (1-6/06: 228 million), Oil Retail EUR 18 million (1-6/06: 13 million), and Shipping EUR 1 million (1-6/06: 3 million).

Depreciation during the first half was EUR 84 million (1-6/06: 75 million).

Financing

Interest-bearing net debt amounted to EUR 776 million at the end of June (31 Dec 2006: 722 million). Net financial expenses between January and June were EUR 13 million (3 million).

The average interest rate of borrowings at the end of June was 4.3%, and the average maturity 4.6 years.

Net cash from operating activities between January and June was EUR 353 million (1-6/06: 128 million). This significant increase was mainly due to lower level of working capital.

Equity-to-assets ratio at the end of June was 47.2% (31 Dec 2006: 48.4%), the gearing ratio 35.5% (31 Dec 2006: 34.4%), and the leverage ratio 26.2% (31 Dec 2006: 25.6%).

Cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,640 million at the end of June (31 Dec 2006: 1,667 million).

Market overview

The gasoline market remained exceptionally strong in the second quarter on the back of reduced supply caused by refinery outages, and high demand. West Africa and the Middle East increased their gasoline imports, which further tightened the market. Gasoline inventories in the US were at a historically low level and gasoline margins exceptionally wide through the quarter.

Diesel, jet fuel, and heating oil margins remained wide and very stable. The continued growth in the popularity of diesel vehicles in Europe kept diesel margins strong, despite high inventories.

Crude oil prices continued to rise during the second quarter, mostly supported by solid gasoline demand, as well as production cuts by OPEC, maintenance shutdowns in North Sea oil fields, political instability in some oil-producing countries, and investor activity. A tight crude market directed demand towards heavier crudes, which narrowed the price differential between Urals and Brent compared to the second quarter last year.

European production capacity of first-generation methyl ester biodiesel (FAME) has increased rapidly during recent years, which has led to oversupply and lower profitability in the industry. At the same time, concerns over raw material availability are growing, highlighting the importance of feedstock flexibility. There is increased demand for high-quality biodiesel capable of meeting the need for higher bio content without compromising on fuel quality or automotive industry requirements.

Tough competition has remained a feature of the gasoline retail market in Finland, whereas strong demand has continued in the Baltic Rim area.

Crude freight rates in the North Sea, as well as from Primorsk, were largely unchanged from the second quarter of 2006.

Key drivers

	4-6/07	4-6/06	1-6/07	1-6/06	July 07	2006
IEA Brent cracking margin, USD/bbl	7.80	5.95	5.75	4.42	2.78	3.73
Neste Oil's total refining margin, USD/bbl	11.92	9.48	10.84	9.04	n.a.	9.11
Urals-Brent price differential, USD/bbl	-3.45	-5.06	-3.51	-4.56	-2.36	-4.28
Brent dated crude oil, USD/bbl	68.76	69.62	63.26	65.69	77.01	65.14
Crude freight rates, Aframax WS points	126	125	144	134	124	145

SEGMENT REVIEWS

Neste Oil's businesses are grouped into four segments: Oil Refining, Oil Retail, Shipping, and Other. Biodiesel is included in Oil Refining.

Oil Refining

Oil Refining achieved an operating profit of EUR 288 million (234 million) and a comparable operating profit of EUR 205 million (178 million) in the second quarter – driven primarily by a stronger total refining margin compared to the same period last year.

Neste Oil's total refining margin improved further in the second quarter, and reached a new quarterly record, averaging USD 11.92 /bbl (9.48), compared to an average of USD 7.80 /bbl (5.95) for the benchmark margin (IEA Brent Cracking).

In addition to high product margins, good productivity at the company's refineries and strong performance by the base oil business were the most important reasons for the improvement in Neste Oil's total refining margin. A lower price difference between Brent and Russian crude, however, had a negative impact.

Oil Refining's comparable return on net assets (annualized) was 26.5% (25.0%).

Key figures

	4-6/07	4-6/06	1-6/07	1-6/06	LTM	2006
Sales, MEUR	2,673	3,056	4,602	5,364	10,006	10,768
Operating profit, MEUR	288	234	426	363	734	671
Comparable operating profit, MEUR	205	178	339	272	600	533
Capital expenditure, MEUR	63	123	153	228	403	478
Total refining margin, USD/bbl	11.92	9.48	10.84	9.04	10.01	9.11

Production

Neste Oil refined 3.6 million tons (3.6 million) of crude oil and other feedstocks at its refineries in the second quarter, of which 2.9 million tons (2.9 million) at Porvoo and 0.7 million tons (0.7 million) at Naantali.
Both the Porvoo and Naantali refineries operated at their full crude distillation capacity in the second quarter.

Some 43% (43%) of total refinery input comprised heavier Russian Export Blend in the second quarter.

Sales

Sales volumes in Finland totaled 1.8 million tons in the second quarter (1.9 million), and export volumes 2.0 million tons (1.9 million). Gasoline sales to the North American market were 670,000 tons, slightly above last year's figure of 636,000 tons.

Renewable diesel

The start-up of the new NExBTL Renewable Diesel plant at Porvoo continued, and the first sales contracts were signed. The first deliveries to wholesale customers are planned for the third quarter. All the indicators point to healthy market demand for high-quality renewable diesel of this type.

Sales from in-house production, by product category (1,000 t)

	4-6/07	4-6/06	1-6/07	1-6/06	2006
Motor gasoline and components	1,413	1,550	2,437	2,630	4,974
Diesel fuel	1,301	1,251	2,418	2,387	4,821
Jet fuel	168	164	343	326	702
Base oils	79	73	153	154	302
Heating oil	128	109	375	358	684
Heavy fuel oil	269	223	595	575	1,069
NExBTL Renewable Diesel	0	0	0	0	0
Other products	433	446	793	762	1,543
TOTAL	3,791	3,816	7,114	7,192	14,095

Sales from in-house production, by market area (1,000 t)

	4-6/07	4-6/06	1-6/07	1-6/06	2006
Finland	1,849	1,864	3,995	4,003	8,083
Other Nordic countries	586	520	941	945	1,906
Other Europe	658	634	1,106	1,175	2,420
Russia & the Baltic countries	12	6	16	10	53
USA & Canada	670	636	1,004	855	1,417
Other countries	16	156	52	204	216
TOTAL	3,791	3,816	7,114	7,192	14,095

Oil Retail

Oil Retail posted an operating profit of EUR 18 million in the second quarter (17 million), and a comparable operating profit of EUR 16 million (15 million).

Higher sales volumes and good profitability in Baltic Rim operations had a positive impact on the comparable operating profit. Figures for 2007 no longer include rental and other income from a number of service station properties sold in Finland in 2006.

Oil Retail's comparable return on net assets (annualized) was 16.6% (14.8%).

Key figures

	4-6/07	4-6/06	1-6/07	1-6/06	LTM	2006
Sales, MEUR	843	817	1,617	1,629	3,268	3,280
Operating profit, MEUR	18	17	29	30	137	138
Comparable operating profit, MEUR	16	15	27	27	65	65
Capital expenditure, MEUR	11	8	18	13	49	44
Product sales volume, 1,000 m3	1,098	1,030	2,241	2,179	4,484	4,424

Gasoline sales at Neste Oil's stations in Finland declined by some 2% in the second quarter compared to the same quarter in 2006. Diesel sales increased by almost 5%, however, supported by good demand.

Demand for heating oil has been depressed in Finland due to warm weather and the success of alternative forms of heating.

Sales volumes increased in the Baltic Rim area by 28% compared to the second quarter 2006. Neste Oil continued to open new stations in the area, bringing the number of outlets to 248 at the end of June. Northwest Russia remains the primary growth area.

Oil Retail sales volumes (1,000 m3)

	4-6/07	4-6/06	1-6/07	1-6/06	2006
Gasoline	411	360	753	683	1,452
Diesel fuel	435	360	850	716	1,510
Heating oil	148	197	374	494	932
Heavy fuel oil	104	113	264	286	530
TOTAL	1,098	1,030	2,241	2,179	4,424

Oil Retail sales volumes by market area (1,000 m3)

FINLAND	4-6/07	4-6/06	1-6/07	1-6/06	2006
Gasoline	169	173	312	327	652
Diesel fuel	263	251	521	497	1,008
Heating oil	147	168	365	421	814
Heavy fuel oil	104	113	264	286	530
TOTAL	683	705	1,462	1,531	3,004

BALTIC RIM	4-6/07	4-6/06	1-6/07	1-6/06	2006
Gasoline	242	187	441	356	800
Diesel fuel	172	109	329	219	502
Heating oil	1	29	9	73	118
TOTAL	415	325	779	648	1,420
LPG (1000 t)	57	62	122	128	254

Shipping

Shipping's operating profit for the second quarter totaled EUR 16 million (38 million). Last year's figure included a EUR 30 million gain from the sale of assets.

Comparable operating profit increased to EUR 12 million. This compares to EUR 5 million in the second quarter of 2006, when crude tanker capacity was temporarily low due to a fleet renewal program. Gasoline deliveries to North America and realized bunker hedges made a positive contribution.

Shipping's comparable return on net assets (annualized) was 21.6% (17.0%).

Key figures

	4-6/07	4-6/06	1-6/07	1-6/06	LTM	2006
Sales, MEUR	115	69	225	155	363	293
Operating profit, MEUR	16	38	39	58	59	78
Comparable operating profit, MEUR	12	5	33	27	38	32
Capital expenditure, MEUR	0	2	1	3	8	10
Total fleet days	2,798	2,407	5,486	4,719	10,885	10,119
Fleet utilization rate, %	94	95	94	96	94	94

Shipping's total fleet days amounted to 2,798 in the second quarter, up 16% on the corresponding period in 2006 (2,407). Fleet days for crude fleet totaled 546 (417), and 2,252 (1,990) for the product fleet. Shipping's total fleet days represent the number of days vessels have been operational, including repair and waiting days.

Neste Oil owned or controlled through contracts a total of 31 (26) tankers as of the end of June. Expansion of the fleet has focused on larger crude and product tankers. Crude carrying capacity as of the end of June was 680,407 dwt (426,657), and for products 604,125 dwt (488,353), totaling 1,284,532 dwt (915,010).

Fleet utilization rate for the period remained high, at 94% (95%).

Shares, share trading, and ownership

A total of 120,209,954 Neste Oil shares were traded in the second quarter, totaling EUR 3.3 billion. The share price reached EUR 29.13 at its highest and EUR 25.42 at its lowest, and closed the quarter at EUR 29.13 or 94% above the subscription price in April 2005, giving the company a market capitalization of EUR 7.5 billion as of 30 June 2007. A total of 2.0 million shares were traded daily on average, equivalent to 0.8% of the company’s shares.

Neste Oil’s share capital registered with the Company Register as of 30 June 2007 totaled EUR 40 million, and the total number of shares outstanding is 256,403,686. The company does not hold any of its own shares, and the Board of Directors has no authorization to buy back company shares or issue convertible bonds, share options, or new shares.

At the end of June, the Finnish state owned 50.1% of outstanding shares, foreign institutions 28.3%, Finnish institutions 15.3%, and Finnish households 6.4%.

Corporate Governance

Neste Oil's Board of Directors elected the members of its two Committees in April.
Timo Peltola was elected Chairman and Michiel A.M. Boersma, Mikael von Frenckell, and Ainomaija Haarla members of the Personnel and Remuneration Committee. Nina Linander was elected Chairman and Antti Tanskanen, Pekka Timonen, and Maarit Toivanen-Koivisto members of the Audit Committee.

Personnel

The Group employed an average of 4,761 (4,673) employees in the second quarter. The number of employees at the end of June totaled 4,956 (30 June 2006: 4,902).

Health, safety, and the environment

The main indicator for safety performance used by Neste Oil – cumulative lost workday injury frequency (LWIF, number of cases per million hours worked) for all work done for the company, combining the company's own personnel and contractors – stood at 3.3 (3.5) at the end of June 2007. Performance in this area is continuing to improve.

During the quarter Neste Oil reported the 2006 carbon dioxide emissions, which equaled the allowances the company had. The carbon dioxide allowances for 2007 are expected to be roughly equal to the carbon dioxide emissions for the year and it is likely that no allowances will need to be obtained from the market by the end of 2007.

In May, Neste Oil became one of the founding investors in the Fine Carbon Fund, which invests in projects aimed at reducing emissions in developing and in industrialized countries under the Kyoto protocol.

The EU's REACH chemical legislation came into force on 1 June. Implementation of REACH requirements has progressed according to plan.

Update on growth projects

Neste Oil will continue to implement its clean fuel strategy through a number of projects aimed at building new capacity to produce NExBTL Renewable Diesel and review alternatives for investing in new conversion capacity at its existing refineries.

Diesel Project

The new diesel production line at the Porvoo refinery began commercial production in late June, after a somewhat prolonged start-up. The project took less than four years to complete and represents an investment of approximately EUR 750 million.

The company estimates that the new line will contribute an additional refining margin of more than USD 2 /bbl on its total output of approximately 100 million barrels a year on a long-term basis.

NExBTL Renewable Diesel

Neste Oil aims to become the world's leading producer of renewable diesel. The cornerstone of this strategy is the company's proprietary NExBTL technology, which produces a premium-quality diesel fuel that clearly outperforms both existing biodiesel and crude oil-based diesel grades currently on the market.

The construction of the first NExBTL plant at the Porvoo refinery was completed within the project's EUR 100 million budget, and the start-up of the plant is now under way. A second NExBTL plant is under construction at Porvoo and proceeding according to plan. This second plant will have the same capacity, 170,000 t/a, as the first unit and is scheduled to be commissioned at the end of 2008.

Planning work and a lengthy Environmental Impact Assessment (EIA) on a jointly owned NExBTL plant with OMV in Austria is continuing. Neste Oil is also planning other NExBTL projects around the world.

In addition, the company is committed to further research and development aimed at utilizing a wider range of renewable raw materials.

Potential short-term risks

Oil markets have proved very volatile. Oil refiners are exposed to a variety of political and economic trends and events, as well as natural phenomena, which tend to affect the short-term supply of and demand for products companies produce and sell. Sudden and unplanned outages at production units or facilities also represent a risk.

The key market drivers for Neste Oil’s financial performance are international refining margins, the price differential between Russian Export Blend (REB) and Brent crude, and the USD/EUR exchange rate. Short-term changes in crude oil prices impact Neste Oil's financial results mainly in the form of inventory gains or losses.

For more detailed information on Neste Oil's risks and risk management, please refer to the company's Annual Report and Financial Statements for 2006.

Outlook

The International Energy Agency has recently revised upwards its estimate for global petroleum products demand in 2007. As a result of healthy demand and the limited amount of new capacity due to come on stream in the near future, the outlook for refiners with complex capacity should remain favorable. However, the market is highly volatile, and the average refining margin in July was clearly lower than during April-June.

Neste Oil's new diesel production line is expected to bring visible contribution to the total refining margin from the third quarter onwards. A short maintenance shutdown could be needed later this year to optimize the new line.

The start-up of the NExBTL Renewable Diesel production plant is proceeding and some test batches have already been produced. Production is expected to be ramped up gradually.

Although demand for high-quality lubricant base oils remains strong, the supply situation looks set to remain restrained, which is likely to keep the profitability of base oils good.

Oil Retail's growth is likely to continue in the Baltic Rim area.

Shipping's market is expected to stay challenging. Docking costs of the crude fleet will have an impact in the second half.

Neste Oil's capital expenditure is expected to be approximately EUR 350 million in 2007.

Reporting date for the third-quarter 2007 results

Neste Oil will publish its third-quarter results on 30 October 2007 at approximately 9:00 am EET.

Espoo, 2 August 2007

Neste Oil Corporation
Board of Directors

The preceding information contains, or may be deemed to contain, “forward-looking statements”. These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth, planned operational changes, expected capital expenditures, future cash sources and requirements, liquidity and cost savings that involve known and unknown risks, uncertainties, and other factors that may cause Neste Oil Corporation’s or its businesses’ actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, such forward-looking statements can be identified by terminology such as “may,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements made in this report are based on information presently available to management and Neste Oil Corporation assumes no obligation to update any forward-looking statements. Nothing in this report constitutes investment advice and this report shall not constitute an offer to sell or the solicitation of an offer to buy any securities or otherwise to engage in any investment activity.

CONSOLIDATED INCOME STATEMENT

MEUR	Note	**4-6/2007**	4-6/2006	**1-6/2007**	1-6/2006	1-12/2006	Last 12 months
Sales	2, 4	**3,207**	3,518	**5,664**	6,314	12,734	12,084
Other income		**9**	42	**17**	47	238	208
Share of profit (loss) of associates and joint ventures	4	**13**	11	**14**	7	39	46
Materials and services		**-2,674**	-3,046	**-4,691**	-5,450	-11,183	-10,424
Employee benefit costs		**-64**	-60	**-127**	-116	-224	-235
Depreciation, amortization and impairment charges	4	**-45**	-37	**-84**	-75	-153	-162
Other expenses		**-132**	-148	**-315**	-294	-597	-618
Operating profit		**314**	280	**478**	433	854	899
Financial income and expenses							
Financial income		**2**	3	**4**	4	8	8
Financial expenses		**-9**	-4	**-13**	-5	-16	-24
Exchange rate and fair value gains and losses		**-3**	-2	**-4**	-2	-5	-7
Total financial income and expenses		**-10**	-3	**-13**	-3	-13	-23
Profit before income taxes		**304**	277	**465**	430	841	876
Income tax expense		**-77**	-79	**-120**	-120	-205	-205
Profit for the period		**227**	198	**345**	310	636	671
Attributable to:							
Equity holders of the company		**226**	196	**343**	308	631	666
Minority interest		**1**	2	**2**	2	5	5
		227	198	**345**	310	636	671
Earnings per share from profit attributable to the equity holders of the Company basic and diluted (in euro per share)		**0.88**	0.76	**1.34**	1.20	2.46	2.60

CONSOLIDATED BALANCE SHEET

MEUR	Note	**30 June 2007**	30 June 2006	31 Dec 2006
ASSETS				
Non-current assets				
Intangible assets	5	**38**	48	38
Property, plant and equipment	5	**2,396**	2,162	2,310
Investments in associates and joint ventures		**155**	136	161
Long-term interest-bearing receivables		**2**	14	3
Pension assets		**79**	71	73
Deferred tax assets		**5**	16	8
Derivative financial instruments	6	**37**	15	22
Other financial assets		**3**	2	3
Total non-current assets		**2,715**	2,464	2,618
Current assets				
Inventories		**795**	897	697
Trade and other receivables		**943**	988	808
Derivative financial instruments	6	**112**	201	77
Cash and cash equivalents		**71**	88	62
Total current assets		**1,921**	2,174	1,644
Non-currents assets classified as held for sale	2	**0**	100	78
Total assets		**4,636**	4,738	4,340
EQUITY				
Capital and reserves attributable to the equity holders of the company				
Share capital		**40**	40	40
Other equity	3	**2,141**	1,779	2,049
Total		**2,181**	1,819	2,089
Minority interest		**3**	6	8
Total equity		**2,184**	1,825	2,097
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		**580**	814	516
Deferred tax liabilities		**267**	239	239
Provisions		**5**	15	12
Pension liabilities		**12**	12	12
Derivative financial instruments	6	**27**	19	21
Other non-current liabilities		**7**	12	4
Total non-current liabilities		**898**	1,111	804
Current liabilities				
Interest-bearing liabilities		**268**	393	267
Current tax liabilities		**25**	49	43
Derivative financial instruments	6	**86**	166	38
Trade and other payables		**1,175**	1,194	1,027
Total current liabilities		**1,554**	1,802	1,375
Liabilities directly associated with non-current assets classified as held for sale	2	**0**	0	64
Total liabilities		**2,452**	2,913	2,243
Total equity and liabilities		**4,636**	4,738	4,340

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

		Attributable to equity holders of the company						
MEUR	Note	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority	Total
Total equity at 1 January 2006		40	9	-33	8	1,581	7	1,612
Dividend paid						-205		-205
Income and expense recognized directly in equity								
Translation differences and other changes					-6			-6
Cash flow hedges								
recorded in equity, net of taxes				67				67
transferred to income statement, net of tax				-14				-14
Net investment hedges, net of taxes					1			1
Available for sale investments								
recognized in equity, net of tax				63				63
removed from equity and recognized in income statement, net of tax								
Change in minority							-3	-3
Items recognized directly in equity				*116*	*-5*	*0*	*-3*	*108*
Profit for the period						308	2	310
Total recognized income and expenses				*116*	*-5*	*308*	*-1*	*418*
Total equity at 30 June 2006		40	9	83	3	1,684	6	1,825

MEUR	Note	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority	Total
Total equity at 1 January 2007		40	9	26	3	2,011	8	2,097
Dividend paid						-231		-231
Treasury shares	3					-12		-12
Income and expense recognized directly in equity								
Translation differences and other changes			1		1	-1		1
Cash flow hedges								
recorded in equity, net of taxes				-26				-26
transferred to income statement, net of tax				18				18
Net investment hedges, net of taxes					-2			-2
Share-based compensation				1				1
Change in minority							-7	-7
Items recognized directly in equity			*1*	*-7*	*-1*	*-1*	*-7*	*-15*
Profit for the period						343	2	345
Total recognized income and expenses			*1*	*-7*	*-1*	*342*	*-5*	*330*
Total equity at 30 June 2007		40	10	19	2	2,110	3	2,184

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	**4-6/2007**	4-6/2006	**1-6/2007**	1-6/2006	1-12/2006
Cash flow from operating activities					
Profit before taxes	**304**	277	**465**	430	841
Adjustments, total	**1**	-3	**61**	50	-85
Change in working capital	**238**	57	**-59**	-270	-106
Cash generated from operations	**543**	331	**467**	210	650
Finance cost, net	**-8**	-15	**-7**	-16	-7
Income taxes paid	**-75**	-38	**-107**	-66	-131
Net cash from operating activities	**460**	278	**353**	128	512
Capital expenditures	**-77**	-132	**-177**	-243	-526
Acquisition of shares	**0**	-1	**0**	-2	-9
Proceeds from sales of fixed assets	**9**	42	**12**	43	77
Proceeds from sales of shares	**0**	0	**-5**	0	201
Change in other investments	**52**	-25	**-13**	-49	20
Cash flow before financing activities	**444**	162	**170**	-123	275
Net change in loans and other financing activities	**-198**	-144	**62**	338	-74
Dividends paid to the equity holders of the company	**-231**	-10	**-231**	-205	-205
Net increase (+)/decrease (-) in cash and marketable securities	**15**	8	**1**	10	-4

KEY RATIOS

	30 June 2007	30 June 2006	31 Dec 2006	Last 12 months
Capital employed, MEUR	**3,032**	3,032	2,890	3,032
Interest-bearing net debt, MEUR	**776**	1,119	722	-
Capital expenditure and investments in shares, MEUR	**177**	245	535	0
Return on average capital employed, after tax, ROACE %	**-**	-	15.4	17.0
Return on capital employed, pre-tax, ROCE %	**32.3**	31.5	31.9	29.7
Return on equity, %	**32.2**	36.0	34.3	33.5
Equity per share, EUR	**8.52**	7.09	8.15	-
Cash flow per share, EUR	**1.38**	0.50	2.00	2.88
Equity-to-assets ratio, %	**47.2**	38.5	48.4	-
Gearing, %	**35.5**	61.3	34.4	-
Leverage ratio, %	**26.2**	38.0	25.6	-
Average number of shares	256,040,167	256,403,686	256,403,686	256,223,420
Number of shares at the end of the period	255,903,686	256,403,686	256,403,686	255,903,686
Average number of employees	**4,761**	4,673	4,678	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU . The interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2006.

The following interpretations are mandatory for the financial year ending 31 December 2007, but not relevant for the Group:
- IFRIC 7 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded derivatives
- IFRIC 10 Interim Financial Reporting and Impairment.

2. DISPOSALS

Neste Oil closed the divestment of its 70 % holding in Eastex Crude Company in mid February. The company has been consolidated as a subsidiary in Neste Oil consolidated financial statements until the closing date and included in the Oil Refining segment. The company had an insignificant impact on Neste Oil's results, but has contributed significant revenues, accounting for EUR 1.8 billion of Neste Oil's total consolidated sales of EUR 12.7 billion in 2006. In 2007, Eastex Crude Company accounted for EUR 151 million of Neste Oil's sales (1-6/2006: EUR 923 million).

Non-current assets classified as held for sale comprise of the carrying amount of Eastex Crude Company at 31 December 2006, and the fair value of Ibn Zahr shares at 30 June 2006.

3. TREASURY SHARES

Neste Oil has entered into an agreement with a third party service provider concerning the administration of the new share-based long-term incentive plan for key management personnel. As part of the agreement, the service provider has purchased a total of 500,000 Neste Oil shares in February 2007 in order to hedge part of Neste Oil's cash flow risk in relation to the future payment of the rewards, which will take place partly in Neste Oil shares and partly in cash during 2010 and 2013. Despite the legal form of the hedging arrangement, it has been accounted for as if the share purchases had been conducted directly by Neste Oil, as required by IFRS 2, Share based payments and SIC-12, Consolidation - Special purpose entities. The consolidated balance sheet and the consolidated changes in total equity reflect the substance of the arrangement with a deduction amounting to EUR 12 million in equity. This amount represents the consideration paid for the shares by the third party service provider.

4. SEGMENT INFORMATION

Neste Oil's businesses are grouped into four segments for external reporting purposes: Oil Refining, Oil Retail, Shipping and Other. The biodiesel business is included in Oil Refining, Other segment includes corporate centre.

SALES MEUR	**4-6/2007**	4-6/2006	**1-6/2007**	1-6/2006	1-12/2006	Last 12 months
Oil Refining	**2,673**	3,056	**4,602**	5,364	10,768	10,006
Oil Retail	**843**	817	**1,617**	1,629	3,280	3,268
Shipping	**115**	69	**225**	155	293	363
Other	**4**	5	**9**	8	16	17
Eliminations	**-428**	-429	**-789**	-842	-1,623	-1,570
Total	**3,207**	3,518	**5,664**	6,314	12,734	12,084

OPERATING PROFIT MEUR	**4-6/2007**	4-6/2006	**1-6/2007**	1-6/2006	1-12/2006	Last 12 months
Oil Refining	**288**	234	**426**	363	671	734
Oil Retail	**18**	17	**29**	30	138	137
Shipping	**16**	38	**39**	58	78	59
Other	**-5**	-9	**-14**	-18	-35	-31
Eliminations	**-3**	0	**-2**	0	2	0
Total	**314**	280	**478**	433	854	899

COMPARABLE OPERATING PROFIT MEUR	**4-6/2007**	4-6/2006	**1-6/2007**	1-6/2006	1-12/2006	Last 12 months
Oil Refining	**205**	178	**339**	272	533	600
Oil Retail	**16**	15	**27**	27	65	65
Shipping	**12**	5	**33**	27	32	38
Other	**-5**	-9	**-14**	-18	-35	-31
Eliminations	**-3**	0	**-2**	0	2	0
Total	**225**	189	**383**	308	597	672

DEPRECIATION, AMORTIZATION AND WRITE-DOWNS MEUR	**4-6/2007**	4-6/2006	**1-6/2007**	1-6/2006	1-12/2006	Last 12 months
Oil Refining	**35**	25	**63**	50	105	118
Oil Retail	**7**	7	**13**	14	27	26
Shipping	**3**	4	**7**	10	18	15
Other	**0**	1	**1**	1	3	3
Total	**45**	37	**84**	75	153	162

SHARE OF PROFITS IN ASSOCIATED COMPANIES AND JOINT VENTURES MEUR	**4-6/2007**	4-6/2006	**1-6/2007**	1-6/2006	1-12/2006	Last 12 months
Oil Refining	**13**	11	**14**	7	39	46
Oil Retail	**0**	0	**0**	0	0	0
Shipping	**0**	0	**0**	0	0	0
Other	**0**	0	**0**	0	0	0
Total	**13**	11	**14**	7	39	46

NET ASSETS MEUR	**30 June 2007**	30 June 2006	31 Dec 2006
Oil Refining	**2,552**	2,358	2,389
Oil Retail	**318**	346	336
Shipping	**311**	307	298
Other	**7**	4	10
Eliminations	**0**	-4	-1
Total	**3,188**	3,011	3,032

RETURN ON NET ASSETS, %	**30 June 2007**	30 June 2006	31 Dec 2006	Last 12 months
Oil Refining	**33.4**	33.4	29.9	29.8
Oil Retail	**17.9**	16.5	37.2	39.3
Shipping	**25.5**	36.6	25.0	19.2

COMPARABLE RETURN ON NET ASSETS, %	**30 June 2007**	30 June 2006	31 Dec 2006	Last 12 months
Oil Refining	**26.5**	25.0	23.8	24.4
Oil Retail	**16.6**	14.8	17.5	18.6
Shipping	**21.6**	17.0	10.3	12.4

QUARTERLY SEGMENT INFORMATION

QUARTERLY SALES

MEUR	4-6/2007	1-3/2007	10-12/2006	7-9/2006	4-6/2006	1-3/2006
Oil Refining	**2,673**	**1,929**	2,431	2,973	3,056	2,308
Oil Retail	**843**	**774**	810	841	817	812
Shipping	**115**	**110**	73	65	69	86
Other	**4**	**5**	4	4	5	3
Eliminations	**-428**	**-361**	-362	-419	-429	-413
Total	**3,207**	**2,457**	2,956	3,464	3,518	2,796

QUARTERLY OPERATING PROFIT

MEUR	4-6/2007	1-3/2007	10-12/2006	7-9/2006	4-6/2006	1-3/2006
Oil Refining	**288**	**138**	81	227	234	129
Oil Retail	**18**	**11**	85	23	17	13
Shipping	**16**	**23**	9	11	38	20
Other	**-5**	**-9**	-9	-8	-9	-9
Eliminations	**-3**	**1**	1	1	0	0
Total	**314**	**164**	167	254	280	153

QUARTERLY COMPARABLE OPERATING PROFIT

MEUR	4-6/2007	1-3/2007	10-12/2006	7-9/2006	4-6/2006	1-3/2006
Oil Refining	**205**	**134**	78	183	178	94
Oil Retail	**16**	**11**	16	22	15	12
Shipping	**12**	**21**	1	4	5	22
Other	**-5**	**-9**	-9	-8	-9	-9
Eliminations	**-3**	**1**	1	1	0	0
Total	**225**	**158**	87	202	189	119

QUARTERLY DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

MEUR	4-6/2007	1-3/2007	10-12/2006	7-9/2006	4-6/2006	1-3/2006
Oil Refining	**35**	**28**	30	25	25	25
Oil Retail	**7**	**6**	6	7	7	7
Shipping	**3**	**4**	3	5	4	6
Other	**0**	**1**	1	1	1	0
Total	**45**	**39**	40	38	37	38

QUARTERLY SHARE OF PROFITS IN ASSOCIATED COMPANIES AND JOINT VENTURES

MEUR	4-6/2007	1-3/2007	10-12/2006	7-9/2006	4-6/2006	1-3/2006
Oil Refining	**13**	**1**	12	20	11	-4
Oil Retail	**0**	**0**	0	0	0	0
Shipping	**0**	**0**	0	0	0	0
Other	**0**	**0**	0	0	0	0
Total	**13**	**1**	12	20	11	-4

5. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT AND CAPITAL COMMITMENTS

MEUR	30 June 2007	30 June 2006	31 Dec 2006
Opening balance	**2,348**	2,059	2,059
Depreciation, amortization and impairment	**-84**	-75	-153
Capital expenditure	**177**	243	526
Disposals	**-10**	-12	-22
Disposal of a subsidiary	**0**	0	-39
Classified as assets held for sale	**0**	0	-10
Translation differences	**3**	-5	-13
Closing balance	**2,434**	2,210	2,348

CAPITAL COMMITMENTS

MEUR	30 June 2007	30 June 2006	31 Dec 2006
Commitments to purchase property, plant and equipment	**59**	54	44
Commitments to purchase intangible assets	**0**	2	2
Total	**59**	56	46

6. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate and currency derivative contracts and share forward contracts MEUR	**30 June 2007** Nominal value	Net fair value	30 June 2006 Nominal value	Net fair value	31 Dec 2006 Nominal value	Net fair value
Interest rate swaps	**299**	**3**	304	3	301	2
Forward foreign exchange contracts	**1,275**	**11**	1,159	17	992	23
Currency options						
Purchased	**346**	**1**	601	-4	290	4
Written	**267**	**3**	593	10	274	5
Share forward contracts	**17**	**6**	8	3	8	1

Oil and freight derivative contracts	Volume 1 000 bbl	Net fair value Meur	Volume 1 000 bbl	Net fair value Meur	Volume 1 000 bbl	Net fair value Meur
Sales contracts	**82,841**	**-41**	86,101	25	79,094	29
Purchase contracts	**105,239**	**54**	106,036	-20	106,339	-25
Purchased options	**1,613**	**-1**	4,974	-18	0	0
Written options	**1,194**	**0**	4,512	18	0	0

The fair values of derivative financial instruments subject to public trading are based on market prices as of the balance sheet date. The fair values of other derivative financial instruments are based on the present value of cash flows resulting from the contracts, and, in respect of options, on evaluation models. The amounts also include unsettled closed positions. Derivative financial instruments are mainly used to manage the group's currency, interest rate and price risk.

7. CONTINGENT LIABILITIES

MEUR	**30 June 2007**	30 June 2006	31 Dec 2006
Contingent liabilities			
On own behalf			
For debt			
Pledges	**12**	7	8
Real estate mortgages	**26**	28	25
For other commitments			
Real estate mortgages	**0**	1	0
Other contingent liabilities	**28**	18	28
Total	**66**	54	61
On behalf of associated companies			
Guarantees	**4**	14	6
Other contingent liabilities	**1**	2	1
Total	**5**	16	7
On behalf of others			
Guarantees	**5**	2	6
Other contingent liabilities	**1**	1	1
Total	**6**	3	7
Total	**77**	73	75

MEUR	**30 June 2007**	30 June 2006	31 Dec 2006
Operating lease liabilities			
Due within a year	**120**	89	117
Due later than one year and not later than 5 years	**184**	106	191
Due later than five years	**136**	62	165
Total	**440**	257	473

Other contingent liabilities
Neste Oil Corporation has a collective contingent liability with Fortum Heat and Gas Oy of the demerged Fortum Oil and Gas Oy's liabilities based on the Finnish Companies Act's Chapter 17 Paragraph 16.6.

Calculation of key figures

Calculation of key financial indicators

Operating profit	=		Operating profit includes the revenue from the sale of goods and services, other income such as gain from sale of shares or non-financial assets, share of profits (loss) of associates and joint ventures, less losses from sale of shares or non-financial assets, as well as expenses related to production, marketing and selling activities, administration, depreciation, amortization, and impairment charges. Realized and unrealized gains or losses on oil and freight derivative contracts together with realized gains and losses from foreign currency and oil derivative contracts hedging cash flows of commercial sales and purchases that have been recycled in the income statement, are also included in operating profit.
Comparable operating profit	=		Operating profit -/+ inventory gains/losses -/+ gains/losses from sales of fixed assets and investments - unrealized change in fair value of oil and freight derivative contracts
Return on equity, (ROE) %	=	100 x	Profit before taxes - taxes / Total equity average
Return on capital employed, pre-tax (ROCE) %	=	100 x	Profit before taxes + interest and other financial expenses / Capital employed average
Return on average capital employed, after-tax (ROACE) %	=	100 x	Profit for the year (adjusted for inventory gains/losses, gains/losses from sales of shares or non-financial assets and unrealized gains/losses on oil and freight derivative contracts, net of tax) + minority interest + interest expenses and other financial expenses related to interest-bearing liabilities (net of taxes) / Capital employed average
Capital employed	=		Total assets - interest-free liabilities - deferred tax liabilities - provisions
Interest-bearing net debt	=		Interest-bearing liabilities - cash and cash equivalents
Leverage ratio, %	=	100 x	Interest-bearing net debt / Interest bearing net debt + total equity
Gearing, %	=	100 x	Interest-bearing net debt / Total equity
Equity-to assets ratio, %	=	100 x	Total equity / Total assets - advances received
Return on net assets, %	=	100 x	Segment operating profit / Average segment net assets
Comparable return on net assets, %	=	100 x	Segment comparable operating profit / Average segment net assets
Segment net assets	=		Property, plant and equipment, intangible assets, investment in associates and joint ventures, pension assets, inventories and interest-free receivables and liabilities allocated to the business segment, provisions and pension liabilities

Calculation of key share ratios

Earnings per share (EPS)	=		Profit for the year attributable to the equity holders of the company / Adjusted average number of shares during the period
Equity per share	=		Shareholder's equity attributable to the equity holders of the company / Adjusted average number of shares at the end of the period
Cash flow per share	=		Net cash generated from operating activities / Adjusted average number of shares during the period