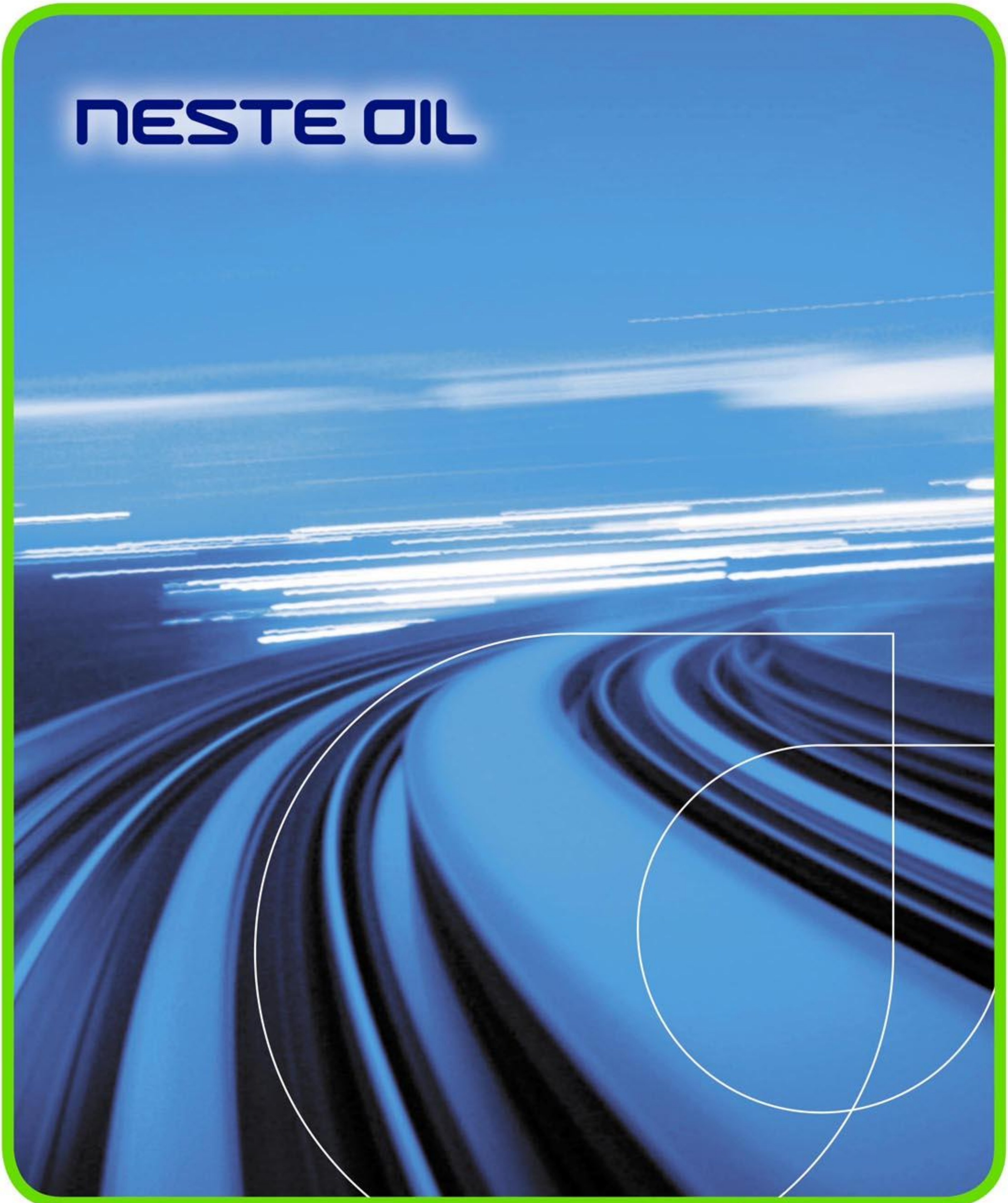

3.2.2012

Financial Statements for 2011

Neste Oil's Financial Statements for 2011

- Full-year comparable operating profit totaled EUR 156 million (EUR 240 million in 2010)
- Fourth-quarter comparable operating profit was EUR 14 million (Q4/2010: 90 million), impacted by a lower total refining margin
- Fourth-quarter sales volumes at Renewable Fuels increased by 55% and comparable operating profit improved by EUR 42 million compared to the previous quarter

2011 in brief:

- Comparable operating profit was EUR 156 million (2010: 240 million)
- IFRS operating profit was EUR 273 million (2010: 323 million)
- Total refining margin was USD 8.48/bbl (2010: 8.14)
- Net cash from operations was EUR 197 million (2010: 1,105 million)
- Investments totaled EUR 364 million (2010: 943 million)
- Leverage ratio was 45.7% (2010: 42.6%) at the end of the year
- A new renewable diesel refinery in Rotterdam and a new base oil joint venture plant in Bahrain were completed within original budget and on-schedule
- The Board of Directors will propose a dividend of EUR 0.35 per share (2010: 0.35).

Fourth quarter of 2011 in brief:

- Comparable operating profit came in at EUR 14 million (Q4/2010: 90 million)
- IFRS operating profit was EUR -22 million (Q4/2010: 146 million)
- Total refining margin was USD 6.97/bbl (Q4/2010: 9.67)
- Sales volumes were high, at 4,179 million tons (Q4/2010: 4,232)
- Net cash from operations was EUR 394 million (Q4/2010: 483 million).

President & CEO Matti Lievonen:

"We completed our major investment program in 2011, when both the new renewable diesel refinery in Rotterdam and our joint venture base oil plant in Bahrain came on stream. I am also very proud of the improvement we achieved in our safety performance last year, which was best ever.

Uncertainties related to overall economic developments and a surplus of global refining capacity, combined with a mild early winter, had a negative impact on refining margins towards the end of the year and our fourth-quarter results. However, our Oil Products segment succeeded in recording a better comparable operating profit in 2011 than in 2010.

The Renewable Fuels business was in ramp-up mode last year, but we made encouraging progress in increasing sales volumes and expanding our customer base during the year. During the last quarter of 2011, we increased renewable diesel sales volumes by 55% compared to the third quarter. Although the Renewable Fuels segment remained loss-making in 2011, we are on the right track to making it profitable. In line with our strategy, we also succeeded in extending our renewable feedstock base and all our renewable fuel production facilities are now ISCC-certified.

Despite the current uncertainties in the market conditions, we expect Neste Oil's full-year comparable operating profit to improve significantly compared to 2011, assuming that Neste Oil's reference refining margin remains at last year's level and that quarterly sales volumes of renewable diesel are similar or above those seen during the last quarter of 2011."

NESTE OIL FINANCIAL STATEMENTS, 1 JANUARY – 31 DECEMBER 2011

Quarterly figures are unaudited; full-year figures are audited.
Figures in parentheses refer to the corresponding period for 2010, unless otherwise stated.

KEY FIGURES

EUR million (unless otherwise noted)

	10-12/11	10-12/10	7-9/11	2011	2010
Revenue	4,169	3,526	4,105	15,420	11,892
Operating profit before depreciation	68	221	91	588	582
Depreciation, amortization, and impairments	90	75	76	315	259
Operating profit	-22	146	15	273	323
Comparable operating profit *	14	90	66	156	240
Profit before income tax	-49	142	-3	206	296
Profit for the period	-22	107	0	160	231
Comparable profit for the period **	6	63	38	68	165
Earnings per share, EUR	-0.09	0.42	0.00	0.62	0.89
Investments	86	189	67	364	943
Net cash from operating activities	394	483	-129	197	1,105

	31 Dec 2011	31 Dec 2010
Total equity	2,467	2,426
Interest-bearing net debt	2,080	1,801
Capital employed	4,850	4,607
Return on capital employed pre-tax (ROCE), %	5.9	7.7
Return on average capital employed after tax (ROACE)***, %	2.6	4.6
Return on equity (ROE), %	6.6	9.9
Equity per share, EUR	9.58	9.43
Cash flow per share, EUR	0.77	4.32
Equity-to-assets ratio, %	34.0	36.5
Leverage (Net debt to capital), %	45.7	42.6
Gearing, %	84.3	74.3

* Comparable operating profit is calculated by excluding inventory gains/losses, capital gains/losses, and unrealized changes in the fair value of oil and freight derivative contracts from the reported operating profit. Inventory gains/losses include changes in the fair value of all trading inventories.

** Comparable profit for the period is calculated by excluding inventory gains/losses, gains/losses from sale of shares and non-financial assets and unrealized change in fair value of oil and freight derivative contracts net of tax, less non-controlling interests.

******* Rolling 12 months

The Group's full-year results for 2011

Neste Oil's revenue in 2011 totaled EUR 15,420 million (11,892 million). This increase resulted mainly from higher oil prices and higher sales volumes compared to 2010. The Group's comparable operating profit for the year decreased to EUR 156 million from EUR 240 million reported in 2010. The latter figure included a one-time insurance compensation payment of EUR 48 million. Oil Products recorded a higher comparable operating profit year-on-year, whereas Renewable Fuels posted a significant operating loss. Oil Retail's result was almost at the same level as in 2010. The Group's fixed costs came in at EUR 613 million (643 million).

Oil Products' full-year comparable operating profit was EUR 249 million (208 million), Renewable Fuels' EUR -163 million (-65 million), and Oil Retail's EUR 57 million (60 million). The comparable operating profit of the Others segment totaled EUR 9 million (45 million) and included a contribution of EUR 19 million (25 million) by Nynas.

The Group's full-year IFRS operating profit was EUR 273 million (323 million), which was impacted by inventory gains totaling EUR 97 million (121 million). Pre-tax profit was EUR 206 million (296 million), profit for the period EUR 160 million (231 million), and earnings per share EUR 0.62 (0.89).

Given the capital-intensive nature of its business, Neste Oil uses return on average capital employed after tax (ROACE) as its primary financial target. ROACE figures are based on comparable results. As of the end of 2011, the rolling twelve-month ROACE was 2.6% (2010 financial year: 4.6%)

The Group's fourth-quarter results in 2011

Neste Oil's revenue during October-December 2011 totaled EUR 4,169 million (3,526 million). The Group's comparable operating profit was EUR 14 million (90 million). The decrease year-on-year resulted from weaker refining margins, lower productivity due to operational outages at Neste Oil's refineries, and lower profitability at Oil Retail.

Oil Products' fourth-quarter comparable operating profit was EUR 21 million (108 million), Renewable Fuels' EUR -15 million (-13 million), Oil Retail's EUR 9 million (18 million), and Others' EUR 2 million (-16 million) including a EUR -2 million (3 million) contribution from Nynas.

Neste Oil's IFRS operating profit for the last quarter was EUR -22 million (146 million). Inventory losses amounted to EUR 58 million, compared to EUR 61 million in gains in the fourth quarter of 2010. The fourth-quarter pre-tax profit amounted to EUR -49 million (142 million), profit for the period EUR -22 million (107 million), and earnings per share EUR -0.09 (0.42).

	10-12/11	10-12/10	7-9/11	2011	2010
COMPARABLE OPERATING PROFIT	14	90	66	156	240
- inventory gains/losses	-58	61	-48	97	121
- changes in the fair value of open oil derivatives	11	6	-3	9	24
- capital gains/losses	11	-11	0	11	-62
OPERATING PROFIT	-22	146	15	273	323

Cash flow, investments, and financing

Neste Oil Group's net cash from operating activities in 2011 was EUR 197 million (1,105 million). As net cash from operating activities were positively impacted by working capital management in 2010, there was less room for improvement in 2011.

Investments totaled EUR 364 million (943 million) in 2011 of which cash investments represented EUR 326 million. Oil Products' capital spending was EUR 131 million (269 million). Investments at Renewable Fuels totaled EUR 190 million (578 million) and those at Oil Retail EUR 34 million (33 million). Investments in the Others segment totaled EUR 9 million (63 million).

Interest-bearing net debt was EUR 2,080 million as of the end of December, compared to EUR 1,801 at the end of 2010. Net financial expenses between January and December were EUR 67 million (27 million). The average interest rate of borrowings at the end of December was 3.5% and the average maturity 3.7 years.

The equity-to-assets ratio was 34.0% (31 Dec 2010: 36.5%), the leverage ratio 45.7% (31 Dec 2010: 42.6%), and the gearing ratio 84.3% (31 Dec 2010: 74.3%).

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,629 million as of the end of December (31 Dec 2010: 1,745 million). There are no financial covenants in current loan agreements.

In accordance with its hedging policy, Neste Oil has hedged the majority of its net foreign currency exposure for the next 12 months, mainly using forward contracts and currency options. The most important hedged currency is the US dollar.

Main events during the reporting period

On February 28, Neste Oil announced that Neste Oil and Abu Dhabi National Oil Company (ADNOC) had entered into a partnership in the VHVI (Very High Viscosity Index) base oil area, which was expected to bring 600,000 metric tons per annum of NEXBASE® base oil onto the market at the end of 2013.

On July 15, Neste Oil announced that it had started pioneering cooperation with Lufthansa in the area of aviation biofuels. Lufthansa began regularly scheduled return flights between Hamburg and Frankfurt using Neste Oil's NExBTL renewable aviation fuel four times a day. One of the engines of the aircraft used a blend of 50% NExBTL renewable aviation fuel and 50% fossil fuel; while the other ran on regular fossil-based jet fuel.

On August 1, Neste Oil announced that it had sold its majority-owned (93.85%) Estonian subsidiary, AS Reola Gaas, to the Estonian-based Alexela Group. AS Reola Gaas sells bottled, bulk, and automotive gas to industrial and other customers.

On September 16, Neste Oil announced that it had signed an agreement to sell its polyalphaolefin (PAO) production plant in Belgium to Chevron Phillips Chemical. Under the agreement, Chevron Phillips Chemical agreed to acquire Neste Oil's (PAO) production facility, quality control laboratory, and the related maintenance services in Beringen, Belgium. The sale was approved by the competition authorities and closed in December.

On September 20, Neste Oil announced that it had successfully started up Europe's largest renewable diesel refinery in Rotterdam in the Netherlands. The Rotterdam plant has a capacity of 800,000 t/a, and it increased Neste Oil's total renewable diesel capacity to 2 million t/a. The plant employs approximately 150 people.

On September 21, Neste Oil arranged a Capital Markets Day in Rotterdam and confirmed its financial targets and updated its short-term outlook.

On October 12, Neste Oil announced that Neste Oil, The Bahrain Petroleum Company (Bapco), and nogaholding had successfully started commercial production at a new base oil plant in Bahrain. The joint venture plant produces premium quality VHVI (Very High Viscosity Index) Group III base oils for use in blending top-tier lubricants and has a production capacity of 400,000 metric t/a. Neste Oil has a 45% stake in the joint venture and the company's share of the investment cost was EUR 130 million.

On December 8, Neste Oil announced that it would sell its 50% holding in an iso-octane plant in Edmonton, Canada to Canada's Keyera Corp. The sale would consist of all of Neste Oil's assets and the associated product and feedstock inventories at closing. The iso-octane plant sale was closed after the reporting period in January 2012.

On December 15, Neste Oil announced that it would build a pilot plant to produce waste-based microbial oil at its Porvoo refinery, the first pilot plant in Europe designed to produce microbial oil for use in manufacturing renewable fuel from waste-based raw materials. The facility is due to be completed in the second half of 2012 and represents an investment of approx. EUR 8 million.

Strategy implementation

Neste Oil continued to implement its clean fuel strategy during 2011. As part of the annual strategy update, the company's vision was revised, with the focus placed on making Neste Oil the preferred partner for cleaner traffic fuel solutions. Neste Oil's major investment program, designed to increase the company's capacity in both renewable diesel and high-quality base oil, was completed in 2011.

Strategic projects

The new 800,000 t/a renewable diesel refinery in Rotterdam was completed in the summer and started up in September 2011. The final investment cost was in line with the original EUR 670 million budget.

A joint venture base oil plant in Bahrain was successfully started up in October and rapidly achieved its targeted production volumes. The plant produces premium-quality VHVI (Very High Viscosity Index) Group III base oil for use in blending top-tier lubricants. Demand for premium-quality base oil is increasing globally, as better-performing base oil is essential to meet the needs of new emission legislation and catalytic converter technologies.

Value Creation Programs

Neste Oil launched five internal Value Creation Programs in 2011 to boost the implementation of its strategy: Profitable Growth, Productivity, Renewable Feedstock, Customer Focus, and Winning Culture.

Market overview

The recovery of the world economy, geopolitical tensions in oil-producing countries, and fears surrounding the escalating Euro-zone crisis later in the year were the oil market's main drivers during 2011. Crude oil prices moved up throughout the spring, hand in hand with the positive mood in the global economy and growing investor interest in commodities. Brent Dated broke the psychological USD 100 /bbl mark in early February and reached around USD 125/bbl between mid-April and early May during the crisis in Libya, which shut down most of the country's crude oil production. The escalating Euro-zone crisis and fears of a potential global slowdown subsequently pushed crude prices back to USD 105-115/bbl. Compared to base metals and equities, however, the drop in crude prices was less dramatic, and every time Brent Dated approached USD 100/bbl it moved up again, ending the year above USD 100/bbl.

The price differential between heavier and lighter crude fluctuated and was slightly wider on average compared to 2010. The differential widened significantly during the spring, on the back of higher crude prices and softer fuel oil performance. Towards the fall and the end of the year, it narrowed again and approached zero. This was mainly the result of softer fuel oil margins and a tight crude supply-demand balance in Europe, particularly in Russia. Overall, the differential matched long-time averages for the third consecutive year.

Neste Oil's reference margin was in line with 2010 levels, and the differences between individual quarterly averages were quite small. Strong middle distillate margins supported the margin during the spring and the fall, while gasoline margins contributed during the summer, when middle distillate margins moved lower. Compared to 2010, wider fuel oil–middle distillate margins, together with weak gasoline margins during the first and fourth quarters, reduced the margins of simple refineries and gave a competitive advantage to refiners with complex refineries, such as Neste Oil.

Margins for middle distillates strengthened steadily during the year, on the back of increasing global demand. During the normally weaker summer season, additional support was provided by the low utilization of Chinese hydropower and reconstruction after the Japanese tsunami. Later in the fall, scarce supplies in Europe and low exports from Russia pushed diesel margins to their highest levels since early 2009.

European gasoline margins overall were weaker compared to 2010. Margins were seasonally weak during the winter and early spring, but the summer driving season gave some support, as did narrower fuel oil and middle distillate margins, which lead to reduced refinery output. Towards the late autumn, gasoline margins dropped to close to zero while middle distillate margins were running at annual highs.

Rising crude prices saw fuel oil margins weaken during the early part of the year, dropping to their lowest levels since late 2008. Over the summer and towards the fall, power shortages in Japan after the tsunami and the drought in China increased fuel oil demand. Lower crude prices and shutdowns at less complex refineries narrowed fuel oil margins.

Biodiesel margins were weak in early 2011 and vegetable oil prices were seen as too high by biodiesel producers. Vegetable oil prices moved downwards and fell further in the late summer when European debt worries emerged. Palm oil production and supply had increased and palm oil prices fell more than rapeseed oil prices, which were supported by a poor rapeseed crop in Western Europe. Lows were seen in October 2011, since when vegetable oil prices have been recovering. Better biodiesel margins together with a widening rapeseed oil - palm oil price differential saw renewable diesel margins return to very good levels in the third and fourth quarters.

Key drivers

	10-12/11	10-12/10	7-9/11	2011	2010	Jan 12	Jan 11
Reference refining margin, USD/bbl	4.09	4.73	4.48	4.37	4.35	5.69	4.22
Neste Oil total refining margin, USD/bbl	6.97	9.67	9.17	8.48	8.14	n.a.	n.a.
Urals-Brent price differential, USD/bbl	-0.29	-1.51	-0.75	-1.71	-1.40	-0.91	-2.55
NWE Gasoline margin, USD/bbl	3.31	8.36	10.04	7.41	9.70	7.99	6.91
NWE Diesel margin, USD/bbl	21.75	16.06	17.09	18.12	13.97	20.29	16.15
NWE Heavy fuel oil margin, USD/bbl	-11.64	-13.55	-14.75	-15.96	-10.32	-6.07	-17.28
Brent Dated crude oil, USD/bbl	109.31	86.48	113.46	111.27	79.47	110.58	96.54
USD/EUR, market rate	1.35	1.36	1.29	1.40	1.32	1.29	1.34
USD/EUR, hedged	1.38	1.33	1.39	1.35	1.36	n.a.	1.32
Crude freights, WS points (TD7)	111	118	99	104	115	106	83

Production and sales

Production

Neste Oil's production totaled 15.2 million tons (13.6 million) in 2011, of which 0.7 million tons (0.3 million) took the form of NExBTL renewable diesel. Increased output was mainly due to the major maintenance turnaround at the Porvoo refinery in spring 2010, but also reflected increasing volumes from the Singapore renewable diesel refinery. Production during the fourth quarter totaled 4.1 million tons (4.0 million) and included the first batches of base oil product from the new plant in Bahrain partially owned by Neste Oil. NExBTL renewable diesel accounted for 0.2 million tons (0.1 million) of output during the quarter.

Neste Oil's production, by plant (1,000 t)

	10-12/11	10-12/10	7-9/11	2011	2010
Porvoo refinery	3,177	3,196	3,056	11,962	10,594
Naantali refinery	537	588	619	2,264	2,410
NExBTL refineries	229	119	210	675	337
Bahrain VHVI plant (Neste Oil's share)	45	-	-	45	-
Beringen polyalfaolefin plant	8	13	13	43	45
Edmonton iso-octane plant (Neste Oil's share)	49	52	41	191	214

The Porvoo refinery operated at an average capacity utilization rate of 85% (82%) in 2011. Output was impacted by maintenance work carried out on Diesel Line 4 in the spring and in October, and some operational outages. The utilization rate at Naantali was 85% (84%), affected by outages in the spring and lower feed levels in the fall due to the weak market situation. Average capacity utilization at the Porvoo refinery during the fourth quarter was of 85% (82%), while Naantali ran at 80% (83%).

The proportion of Russian Export Blend (REB) in Neste Oil's total refinery input at Porvoo and Naantali was 66% (68%) for the year as a whole, and stood at 64% (70%) during the fourth quarter. Production costs at the Porvoo and Naantali refineries totaled USD 4.3/bbl (4.0) for the year as a whole, and USD 4.2/bbl (3.4) during the fourth quarter.

The company's renewable diesel refineries were run at limited utilization, mainly due to lower-than-planned sales volumes. In the fourth quarter a systematic assembly error was found in the new Rotterdam refinery's flange connections. Based on a thorough risk analysis, it was decided to shut down the plant for repairs, which took somewhat longer than originally anticipated. After they had been completed by the contractor, the refinery was successfully started up again and has been operational since then.

Sales

The second consecutive cold and snowy winter kept middle distillate demand strong and increased Neste Oil's diesel fuel sales in early 2011. Growth was robust, particularly in domestic sales. Diesel continued to account for close to 40% of total sales, while the proportion of gasoline continued to drop. Refinery turnarounds in Canada in the spring and a number of shutdowns in the second half of the year shifted the focus of Neste Oil's gasoline exports to North America.

Total sales volume increased by over 5%, with demand for both fossil and renewable diesel continuing to grow steadily.

Neste Oil's sales from in-house production, by product category (1,000 t)

	10-12/11	%	10-12/10	%	7-9/11	%	2011	%	2010	%
Motor gasoline	1,064	*25*	1,214	*29*	1,013	*26*	4,143	*27*	4,111	*28*
Gasoline components	52	*1*	43	*1*	42	*1*	209	*2*	229	*2*
Diesel fuel	1,650	*40*	1,711	*40*	1,647	*42*	6,007	*39*	5,655	*39*
Jet fuel	180	*4*	212	*5*	171	*4*	763	*5*	640	*4*
Base oils	76	*2*	76	*2*	82	*2*	332	*2*	307	*2*
Heating oil	67	*2*	159	*4*	43	*1*	199	*1*	691	*5*
Heavy fuel oil	293	*7*	241	*6*	264	*7*	1,007	*7*	908	*6*
LPG	136	*3*	96	*2*	54	*1*	361	*2*	273	*2*
NExBTL renewable diesel	274	*7*	59	*1*	177	*5*	628	*4*	270	*2*
Other products	388	*9*	420	*10*	439	*11*	1,636	*11*	1,401	*10*
TOTAL	4,179	*100*	4,232	*100*	3,932	*100*	15,284	*100*	14,485	*100*

Neste Oil's sales from in-house production, by market area (1,000 t)

	10-12/11	%	10-12/10	%	7-9/11	%	2011	%	2010	%
Finland	2,083	*50*	2,274	*54*	1,963	*50*	7,893	*52*	7,881	*54*
Other Nordic countries	623	*15*	807	*19*	731	*19*	2,618	*17*	2,685	*19*
Other Europe	947	*22*	693	*16*	855	*22*	2,988	*20*	2,659	*18*
USA & Canada	496	*12*	382	*9*	370	*9*	1,591	*10*	1,081	*8*
Other countries	30	*1*	76	*2*	13	*0*	194	*1*	179	*1*
TOTAL	4,179	*100*	4,232	*100*	3,932	*100*	15,284	*100*	14,485	*100*

SEGMENT REVIEWS

Neste Oil's businesses are grouped into four reporting segments: Oil Products, Renewable Fuels, Oil Retail, and Others.

Oil Products

	10-12/11	10-12/10	7-9/11	2011	2010
Revenue, MEUR	3,377	2,962	3,327	12,644	9,789
Comparable EBITDA, MEUR	70	158	132	441	395
Comparable operating profit, MEUR	21	108	84	249	208
IFRS operating profit, MEUR	3	170	56	373	333
Total refining margin, USD/bbl	6.97	9.67	9.17	8.48	8.14
Net assets, MEUR	2 228	2 260	2 551	2 228	2 260
Comparable return on net assets, %	-	-	-	10,5	7,9

Oil Products' full-year comparable operating profit for 2011 amounted to EUR 249 million, compared to EUR 208 million in 2010. This improvement was largely due to higher total refining margin and better profitability in the base oil business. Neste Oil's total refining margin totaled USD 8.48/bbl in 2011, which compares to USD 8.14/bbl in 2010. Fixed costs in refining operations were USD 0.3/bbl higher compared to 2010. Oil Product's comparable return on net assets was 10.5% (7.9%) in 2011.

Oil Products posted a comparable operating profit of EUR 21 million for the fourth quarter of 2011, compared to EUR 108 million for the same quarter in 2010. This was linked to a significantly weaker refining margin, a planned maintenance work on Porvoo's diesel production line 4 and some operational outages affecting productivity at the company's refineries and lower base oil sales volumes. Neste Oil's total refining margin was USD 6.97/bbl in the fourth quarter, compared to USD 9.67/bbl in the same period in 2010.

Renewable Fuels

	10-12/11	10-12/10	7-9/11	2011	2010
Revenue, MEUR	399	112	290	1,026	328
Comparable EBITDA, MEUR	14	-1	-39	-85	-38
Comparable operating profit, MEUR	-15	-13	-57	-163	-65
IFRS operating profit, MEUR	-32	-7	-81	-170	-39
Net assets, MEUR	1,963	1,703	1,972	1,963	1,703
Comparable return on net assets, %	-	-	-	-8,7	-5,1

Renewable Fuels' comparable operating profit was EUR -163 million in 2011, compared to EUR -65 million in 2010. After a slow start sales volumes steadily increased over the year. They were still insufficient, however, to compensate for higher production costs and the start-up costs of the Rotterdam renewable diesel refinery. Renewable diesel margins continued to be good and the availability of certified feedstock improved during the year. Progress on biofuel legislation in areas affecting Neste Oil was slow, and exports to the US market were delayed. Renewable Fuels' comparable return on net assets was -8.7% (-5.1%) in 2011.

Renewable Fuels reported a comparable operating profit of EUR -15 million (-13 million) in the fourth quarter. Sales volumes rose by 55% compared to the third quarter and positive progress was made in opening up new markets and securing new customers.

Oil Retail

	10-12/11	10-12/10	7-9/11	2011	2010
Revenue, MEUR	1,112	1,004	1,107	4,298	3,654
Comparable EBITDA, MEUR	17	28	31	89	94
Comparable operating profit, MEUR	9	18	23	57	60
IFRS operating profit, MEUR	9	17	24	58	61
Net assets, MEUR	326	315	332	326	315
Comparable return on net assets, %	-	-	-	17,6	19,3
Total sales volume*, 1,000 m3	1,015	1,121	1,026	3,982	4,150
- gasoline station sales, 1,000 m3	313	329	343	1,279	1,328
- diesel station sales, 1,000 m3	380	379	381	1,479	1,423
- heating oil, 1,000 m3	176	229	147	654	749
- heavy fuel oil, 1,000 m3	68	105	62	263	347

* includes both station and terminal sales

Oil Retail posted a full-year comparable operating profit of EUR 57 million compared to EUR 60 million in 2010. Although margins were higher, total sales volumes were lower and fixed costs higher. Increased diesel volumes compensated for lower gasoline sales. Oil Retail's comparable return on net assets was 17.6% (19.3%) in 2011.

Oil Retail reported a comparable operating profit of EUR 9 million (18 million) in the fourth quarter. Sales volumes in the fourth quarter of 2010 were supported by higher heating oil sales resulting from a taxation change in Finland. Markets outside Finland were very challenging, with lower volumes and margins.

Shares, share trading, and ownership

Neste Oil's shares are traded on NASDAQ OMX Helsinki Ltd. The share price closed the year at EUR 7.81, down by 34.7% compared to the end of 2010. At its highest during 2011, the share price reached EUR 14.70, while at its lowest the price stood at EUR 6.19. Market capitalization was EUR 2.0 billion as of 31 December 2011. An average of 1.13 million shares were traded daily, representing 0.4% of the company's shares.

Neste Oil's share capital registered with the Company Register as of 31 December 2011 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.

As of the end of the year, the Finnish State owned 50.1% (50.1%) of outstanding shares, foreign institutions 19.4% (18.6%), Finnish institutions 16.8% (18.5%), and Finnish households 13.7% (12.8%).

Annual General Meeting

Neste Oil's Annual General Meeting (AGM) was held on 14 April 2011 in Helsinki. The AGM adopted the company's financial statements and consolidated financial statements for 2010 and discharged the Supervisory Board, the Board of Directors, and President & CEO from liability for 2010. The AGM also approved the Board of Directors' proposal regarding the distribution of the company's profit for 2010, sanctioning payment of a dividend of EUR 0.35 per share. The dividend was paid on 28 April 2011.

In accordance with the proposal made by the AGM Nomination Committee, the AGM confirmed the membership of the Board of Directors at eight members, and the following were re-elected to serve until the end of the next AGM: Mr Timo Peltola, Mr Michiel Boersma, Ms Maija-Liisa Friman, Ms Nina Linander, Mr Hannu Ryöppönen and Mr Markku Tapio. Mr Jorma Eloranta and Ms Laura Raitio were elected as new members. Mr Eloranta was also elected as Vice Chairman. Mr Timo Peltola will continue as Chairman. The AGM decided to keep the remuneration paid to the Board members unchanged. Convening after the Annual General Meeting, the Board of Directors elected the members of its two Committees. Timo Peltola was elected Chairman and Michiel Boersma, Maija-Liisa Friman, and Markku Tapio as members of the Personnel and Remuneration Committee. Nina Linander was elected Chairman and Jorma Eloranta, Laura Raitio and Hannu Ryöppönen as members of the Audit Committee.

In accordance with a proposal by the State of Finland and the Finnish Shareholders Association, the Supervisory Board was abolished. The AGM decided that the Company's Articles of Association will be amended to reflect this, removing Section 4 and Items 3, 8, and 10 of Subsection 2 of Section 12 in their entirety and removing or amending those parts of Items 6 and 7 and Section 6 relating or referring to the Supervisory Board, and renumbering the Articles of Association accordingly.

All members of the Supervisory Board were re-elected for a term of office ending when the appropriate amendments to the company's Articles of Association had been registered on May 5, 2011. No remuneration was paid to the Chairman, Vice Chairman, or other members of the Supervisory Board for the period between the Annual General Meeting and the registration of the relevant amendments to the company's Articles of Association.

In accordance with a proposal by the Board of Directors, Ernst & Young Oy, Authorized Public Accountants, were appointed as the company's Auditor, with Authorized Public Accountant Anna-Maija Simola as Senior Auditor, until the end of the next AGM. Payment for their services shall be made in accordance with their invoice.

Following a proposal by the Prime Minister's Office, representing the Finnish State, the AGM decided to establish an AGM Nomination Board to prepare proposals covering the members of the Board of Directors and their remuneration for consideration by the next AGM. The Nomination Board comprises representatives of the Company's three largest shareholders and shall also include, as an expert member, the Chairman of the Board. In 2011, the Nomination Committee comprised Director General Pekka Timonen from the Ownership Steering Department at the Prime Minister's Office; Timo Ritakallio, Deputy CEO, Ilmarinen Mutual Pension Insurance Company; and Mikko Koivusalo, Director, Varma Mutual Pension Insurance Company. The Chairman of Neste Oil's Board of Directors, Timo Peltola, served as the Committee's expert member.

Personnel

Neste Oil employed an average of 4,926 (5,030) employees in 2011, of which 1,427 (1,448) were based outside Finland. As of the end of 2011, the company had 4,825 employees (4,874), of which 1,407 (1,443) were located outside Finland. Wages and salaries paid by the company totaled EUR 240 million in 2011 (246 million).

Health, safety, and the environment

The main indicator for safety performance used by Neste Oil – total recordable injury frequency (TRIF, number of cases per million hours worked) for all work done for the company, combining the company's own personnel and contractors – was 2.3 (4.7) in 2011. The target for 2011 was below 2.5. Neste Oil's lost workday injury frequency (LWIF) stood at 1.7 (3.0), compared to a target of 0. Unfortunately, there was one fatal incident at the Porvoo refinery in 2011. Process safety indicators have been implemented across Neste Oil and a total of 8,800 own and contractors' people were trained in safety and process safety issues in 2011.

Environmental emissions related to Neste Oil's operations remained low throughout the year. No serious environmental accidents resulting in liability occurred at Neste Oil's refineries or other production facilities in 2011. Permitted emission limit values were met, with the exception of a few minor operational incidents. The wastewater treatment plants at the company's refineries operated very well. The oil content of waterborne emissions was 0.07 g/ton (0.14 g/ton) of feedstock processed.

Neste Oil has received emission rights for 3.2 million tons of CO_2 emissions per year between 2008 and 2012, and will need to acquire further rights from the market to cover the deficit between its allocated rights and verified emissions. The verification of emissions for 2011 is scheduled, and Neste Oil will be able to report and surrender allowances equal to its total emissions in 2011.

The European Renewable Energy Directive (RED) was still only partly implemented in EU member states as of the end of 2011. Neste Oil's internal procedures have been updated to meet the directive's requirements, and the company has filed a voluntary scheme for verifying the sustainability of its biofuels with the EU. All of Neste Oil's NExBTL plants have received International Sustainability and Carbon Certification (ISCC) system certificates, ensuring that their output is eligible for use on the European biofuel market.

Neste Oil retained its position in, or was selected for inclusion in, a number of sustainability indexes during 2011. The company was, for example, included in the Dow Jones Sustainability World Index for the fifth year in succession. Neste Oil was also selected for inclusion in the Global 100 list of the world's most sustainable companies for the fifth year in succession, and was ranked 20th. Neste Oil was also rated the top performer in the oil & gas sector by the Forest Footprint Disclosure Project, which reviews industries using forest risk commodities. The company was also included in the STOXX® Global ESG Leaders Index and featured in the Ethibel EXCELLENCE Investment Register in 2011.

In January 2012, after the reporting period, Neste Oil was selected for inclusion in the Global 100 list for the sixth year in succession. Neste Oil's ranking was 19th, one place higher than in 2010. Companies selected for inclusion in the Global 100 list are considered the most capable in their sectors in managing environmental, social, and governance issues, and in their ability to make use of new business opportunities in these areas.

Research and development

Research and development focusing on both crude oil-based and renewable fuels is crucial in implementing Neste Oil's strategy. Neste Oil's R&D expenditure totaled EUR 42 million (41 million) in 2011. Extending the company's raw material base is one of the main goals of Neste Oil's R&D work. Around 80% of annual R&D expenditure goes to research into renewable raw materials. Research work is focused on both completely new types of raw materials, such as microbes and algae, and existing materials, such as waste fat from fish processing industry.

Neste Oil expanded its renewable raw material base with jatropha, camelina and soybean oils in 2011. Inputs coming from waste and side streams formed approximately 41% of the company's total raw material procurement in 2011. Neste Oil's goal is to increase this proportion further. Crude palm oil accounted for 52% of all the raw materials used in renewable diesel production in 2011.

Neste Oil's R&D played a major role in the start-up of the new NExBTL refineries in Singapore and Rotterdam and during the early stage of production there. R&D work also made it possible to extend NExBTL renewable diesel technology to producing renewable aviation fuel on a commercial scale in 2011.

Events after the reporting period

On January 20, Neste Oil announced that the competition authorities in the US and Canada had approved the sale of Neste Oil's 50% holding in an iso-octane production plant in Edmonton, Canada to Canadian-based Keyera Corporation, and that the sale had been confirmed.

Potential short-term and long-term risks

The oil market has been and is expected to continue to be very volatile. Oil refiners are exposed to a variety of political and economic trends and events, as well as natural phenomena that affect the short- and long-term supply of and demand for the products that they produce and sell.

Uncertainty continues to be focused on the development of the world economy, which is likely to have a material impact on the demand for petroleum products generally and diesel fuel in particular.

Sudden and unplanned outages at Neste Oil's production units or facilities continue to represent a short-term operational risk.

Rapid and large changes in feedstock and product prices may lead to significant inventory gains or losses, or changes in working capital, and may have a material impact on the company's IFRS operating profit and net cash from operations.

The implementation of biofuel legislation in the EU and other key market areas may influence the speed at which the demand for these fuels develops. Risks also include any problems or delays in capturing the anticipated benefits from the company's renewable diesel investments. Over the longer term, failure to protect Neste Oil's proprietary technology or the introduction and implementation of competing fuel technologies or hybrid and electric engines may have a negative impact on the company's results.

Over the longer term, access to funding and rising capital costs, as well as challenges in procuring and developing new competitive and reasonably priced raw materials, may impact the company's results.

The key market drivers for Neste Oil's financial performance are refining margins, the price differential between Russian Export Blend (REB) and Brent crude, the USD/EUR exchange rate, and the price differentials between different vegetable oils.

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

Outlook

The market outlook is overshadowed by uncertainties over economic development and the expectation that Europe in particular is entering what could be a short-term recession. The International Energy Agency has reduced its global oil demand growth estimates and is currently forecasting oil demand to increase by 1.2 million bbl/d in 2012. Most of this growth will take place in emerging markets. More new refining capacity is expected to come on stream during the year, leading to a somewhat looser supply and demand balance on the refining market. On the other hand, capacity closures that have been announced in Europe and the US could have a positive impact on the balance. Going forward, tensions surrounding Iran may lead to higher crude prices and a narrowing price differential between Urals and Brent.

Neste Oil expects to see good productivity and higher production volumes at its Porvoo refinery. Diesel production line 4 at the Porvoo refinery will be off-line for five weeks in the second quarter due to planned coke removal. A six-week maintenance turnaround is scheduled to take place at the Naantali refinery in the second quarter of 2012. Refining margins have recovered from the low levels seen in December due to some capacity closures. The market appears to expect that margins for complex refiners, such as Neste Oil, will remain roughly at 2011 levels; they will be sensitive to developments in economic activity, however. Diesel is projected to be the strongest part of the barrel going forward, while gasoline margins are expected to stay at 2011 levels and be subject to seasonal variations. Demand for base oil has remained healthy, but base oil margins are currently depressed. Approximately 30% of Neste Oil's volume in 2012 is hedged at a USD 4.7 /bbl reference margin level, assuming a Urals-Brent differential of USD -1.0 /bbl. As a result of all these factors, Oil Products' full-year comparable operating profit is expected to improve compared to 2011, assuming that Neste Oil's reference refining margin remains at last year's level.

The ramp-up of the renewable fuels business will continue in 2012. The practical implementation of biofuel legislation in Europe and the US will play an important role in how sales develop. Sales volumes of renewable diesel in the first quarter of 2012 are expected to be similar to those seen during the last quarter of 2011. Neste Oil will aim to achieve a clear increase in sales volumes by the end of second quarter of 2012. Although renewable diesel margins are likely to remain narrow in the first quarter, Neste Oil expects the first-quarter result of Renewable Fuels to develop positively compared to that recorded in the last quarter of 2011.

Diesel demand growth on the Finnish retail market is closely linked to industrial transportation activity and may slow in 2012, and could also be affected by the excise tax increase implemented at the beginning of the year. Gasoline demand is expected to continue declining. Outside Finland, the Polish market is expected to remain challenging and other markets to perform as in 2011. Oil Retail's full-year comparable operating profit is expected to be at least equal to that seen in 2011.

The Group's fixed costs are estimated to be approx. EUR 640 million in 2012, compared to EUR 613 million in 2011, due to expansion of the business.

The Group's investments are expected to be approx. EUR 350 million (364 million).

Despite the current uncertainties in the market conditions, we expect Neste Oil's full-year comparable operating profit to improve significantly compared to 2011, assuming that Neste Oil's reference refining margin remains at last year's level and that quarterly sales volumes of renewable diesel are similar or above those seen during the last quarter of 2011.

Dividend distribution proposal

The parent company's distributable equity as of 31 December 2011 amounted to EUR 1,036 million, and there have been no material changes in the company's financial position since the end of the financial year. The Board of Directors will propose to the Annual General Meeting that Neste Oil Corporation pays a cash dividend of EUR 0.35 per share for 2011, totaling EUR 90 million based on the number of registered shares as of 2 February 2012.

Reporting date for the company's first-quarter 2012 results

Neste Oil will publish its first-quarter results on 26 April 2012 at approximately 9:00 a.m. EET.

Espoo, 2 February 2012

Neste Oil Corporation
Board of Directors

Further information:
Matti Lievonen, President & CEO, tel. +358 10 458 11
Ilkka Salonen, CFO, tel. +358 10 458 4490
Investor Relations, tel. +358 10 458 5292

News conference and conference call
A press conference in Finnish on the full-year and fourth-quarter results will be held today, 3 February 2012, at 11:30 p.m. EET at the company's headquarters, Keilaranta 21, Espoo. www.nesteoil.com will feature English versions of the presentation materials. A conference call in English for investors and analysts will be held on 3 February 2012 at 3:00 pm Finnish / 1:00 pm London / 8:00 am New York. The call-in numbers are as follows: Europe: +44 (0) 20 3106 7162, US: +1 646 254 3375 (confirmation code: 4396199). The conference call can be followed at: http://www.media-server.com/m/p/d6zf3nza. An instant replay of the call will be available until 10 February 2012 at +44 (0)20 7111 1244 for Europe and +1 347 366 9565 USA for the US (confirmation code: 4396199#).

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	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Revenue	3	**4,169**	3,526	**15,420**	11,892
Other income		**18**	10	**36**	81
Share of profit (loss) of associates and joint ventures		**-2**	-1	**26**	15
Materials and services		**-3,866**	-3,082	**-13,962**	-10,493
Employee benefit costs		**-82**	-97	**-316**	-392
Depreciation, amortization and impairments	3	**-90**	-75	**-315**	-259
Other expenses		**-169**	-135	**-616**	-521
Operating profit		**-22**	146	**273**	323
Financial income and expenses					
Financial income		**1**	2	**4**	4
Financial expenses		**-23**	-7	**-72**	-34
Exchange rate and fair value gains and losses		**-5**	1	**1**	3
Total financial income and expenses		**-27**	-4	**-67**	-27
Profit before income taxes		**-49**	142	**206**	296
Income tax expense		**27**	-35	**-46**	-65
Profit for the period		**-22**	107	**160**	231
Profit attributable to:					
Owners of the parent		**-23**	107	**158**	229
Non-controlling interests		**1**	0	**2**	2
		-22	107	**160**	231
Earnings per share from profit attributable to the owners of the parent basic and diluted (in euro per share)		**-0.09**	0.42	**0.62**	0.89

STATEMENT OF COMPREHENSIVE INCOME

MEUR	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Profit for the period	**-22**	107	**160**	231
Other comprehensive income for the period, net of tax:				
Translation differences	**19**	11	**-1**	43
Cash flow hedges				
recorded in equity	**-14**	-24	**-10**	-18
transferred to income statement	**6**	-1	**-19**	19
Net investment hedges	**-1**	0	**-1**	-3
Hedging reserves in associates and joint ventures	**0**	0	**1**	1
Other comprehensive income for the period, net of tax	**10**	-14	**-30**	42
Total comprehensive income for the period	**-12**	93	**130**	273
Total comprehensive income attributable to:				
Owners of the parent	**-13**	93	**128**	271
Non-controlling interests	**1**	0	**2**	2
	-12	93	**130**	273

CONSOLIDATED BALANCE SHEET

MEUR	Note	31 Dec 2011	31 Dec 2010
ASSETS			
Non-current assets			
Intangible assets	4	**55**	43
Property, plant and equipment	4	**3,968**	3,979
Investments in associates and joint ventures		**239**	214
Non-current receivables		**16**	8
Pension assets		**0**	0
Deferred tax assets		**50**	31
Derivative financial instruments	5	**19**	18
Available-for-sale financial assets		**4**	4
Total non-current assets		**4,351**	4,297
Current assets			
Inventories		**1,457**	1,079
Trade and other receivables		**1,045**	866
Derivative financial instruments	5	**59**	42
Cash and cash equivalents		**304**	380
Total current assets		**2,865**	2,367
Assets classified as held for sale [1)]		**56**	-
Total assets		**7,272**	6,664
EQUITY			
Capital and reserves attributable to the owners of the parent			
Share capital		**40**	40
Other equity	2	**2,413**	2,374
Total		**2,453**	2,414
Non-controlling interest		**14**	12
Total equity		**2,467**	2,426
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities		**1,891**	1,882
Deferred tax liabilities		**331**	347
Provisions		**22**	20
Pension liabilities		**46**	47
Derivative financial instruments	5	**12**	23
Other non-current liabilities		**9**	1
Total non-current liabilities		**2,311**	2,320
Current liabilities			
Interest-bearing liabilities		**493**	299
Current tax liabilities		**26**	38
Derivative financial instruments	5	**88**	34
Trade and other payables		**1,872**	1,547
Total current liabilities		**2,479**	1,918
Liabilities related to assets held for sale [1)]		**15**	-
Total liabilities		**4,805**	4,238
Total equity and liabilities		**7,272**	6,664

[1)] The assets and liabilities held for sale relate to district Neste Oil's 50% holding in an iso-octane plant in Edmonton, Canada. In December 2011 Neste Oil signed an agreement to divest the whole asset. Furthermore, Neste Oil announced to sell the associated product and feedstock inventories at closing. The transaction was closed on January 19, 2012.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Attributable to owners of the parent						
MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Non-controlling interests	Total equity
Total equity at 1 January 2010	40	11	9	-45	2,195	12	2,222
Dividend paid					-64	-2	-66
Share-based compensation					-3		-3
Transfer from retained earnings		1	-5		4		0
Total comprehensive income for the period		1	2	39	229	2	273
Total equity at 31 December 2010	40	13	6	-6	2,361	12	2,426

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Non-controlling interests	Total equity
Total equity at 1 January 2011	**40**	**13**	**6**	**-6**	**2,361**	**12**	**2,426**
Dividend paid					**-90**		**-90**
Share-based compensation					**1**		**1**
Transfer from retained earnings		**2**			**-2**		**0**
Total comprehensive income for the period			**-29**	**-1**	**158**	**2**	**130**
Total equity at 31 December 2011	**40**	**15**	**-23**	**-7**	**2,428**	**14**	**2,467**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Cash flow from operating activities				
Profit before taxes	**-49**	142	**206**	296
Adjustments, total	**91**	89	**344**	395
Change in working capital	**361**	253	**-222**	486
Cash generated from operations	**403**	484	**328**	1,177
Finance cost, net	**-15**	23	**-44**	-39
Income taxes paid	**6**	-24	**-87**	-33
Net cash generated from operating activities	**394**	483	**197**	1,105
Capital expenditure	**-86**	-189	**-364**	-932
Acquisition of shares in subsidiaries	**-**	-	**-**	-8
Acquisition of associates and joint ventures	**-**	-	**-**	0
Acquisition of other shares	**-**	0	**0**	-3
Proceeds from sales of shares in subsidiaries	**0**	-	**2**	6
Proceeds from sales of fixed assets	**20**	1	**22**	4
Change in other investments	**-14**	2	**-25**	19
Cash flow before financing activities	**314**	297	**-168**	191
Net change in loans and other financing activities	**-111**	27	**180**	136
Dividends paid to the owners of the parent	**-**	-	**-90**	-64
Dividends paid to non-controlling interests	**-**	-	**-**	-2
Net increase (+)/decrease (-) in cash and cash equivalents	**203**	324	**-78**	261

KEY FINANCIAL INDICATORS

	31 Dec 2011	31 Dec 2010
Capital employed, MEUR	**4,850**	4,607
Interest-bearing net debt, MEUR	**2,080**	1,801
Capital expenditure and investment in shares, MEUR	**364**	943
Return on average capital employed, after tax, ROACE %	**2.6**	4.6
Return on capital employed, pre-tax, ROCE %	**5.9**	7.7
Return on equity, %	**6.6**	9.9
Equity per share, EUR	**9.58**	9.43
Cash flow per share, EUR	**0.77**	4.32
Price/earnings ratio (P/E)	**12.61**	13.38
Equity-to-assets ratio, %	**34.0**	36.5
Leverage ratio, %	**45.7**	42.6
Gearing, %	**84.3**	74.3
Dividend per share 1)	**0.35** 1)	0.35
Dividend payout ratio, % 1)	**56.5** 1)	39.2
Dividend yield, % 1)	**4.5** 1)	2.9
Average number of shares	**255,918,686**	255,913,809
Number of shares at the end of the period	**255,918,686**	255,918,686
Average number of personnel	**4,926**	5,030

1) Board of Directors proposal to the Annual General Meeting

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The report on Annual Financial statements has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2010, with the exception of the following changes due to the adoption of the new and revised IFRS standards and IFRIC interpretations.

The Group applies the following interpretations or amendments as of 1 January 2011:

- IAS 32 (amendment) Financial Instruments: Classification of rights issues
- IFRIC 14 IAS 19 (amendment) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Annual improvements 2010.

The above mentioned amendments do not have a material impact on the reported income statement, balance sheet or notes.

2. TREASURY SHARES

In 2007 Neste Oil entered into an agreement with a third party service provider concerning the administration of the share-based management share performance arrangement for key management personnel. As part of the agreement, the service provider 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 possible future payment of the rewards, which will take place partly in Neste Oil shares and partly in cash during 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. As at 31 December 2011 there were 485,000 shares accounted for as treasury shares.

3. SEGMENT INFORMATION

Neste Oil's operations are grouped into four reporting segments: Oil Products, Renewable Fuels, Oil Retail and Others.
Others segment consists of Group administration, shared service functions, Research and Technology, Neste Jacobs and Nynas AB. NSE Biofuels Oy is also included in the Others segment as of Q2/2010. The comparative figures have been adjusted accordingly.

REVENUE

MEUR	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Oil Products	**3,377**	2,962	**12,644**	9,789
Renewable Fuels	**399**	112	**1,026**	328
Oil Retail	**1,112**	1,004	**4,298**	3,654
Others	**56**	37	**191**	169
Eliminations	**-775**	-589	**-2,739**	-2,048
Total	**4,169**	3,526	**15,420**	11,892

OPERATING PROFIT

MEUR	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Oil Products	**3**	170	**373**	333
Renewable Fuels	**-32**	-7	**-170**	-39
Oil Retail	**9**	17	**58**	61
Others	**1**	-27	**8**	-24
Eliminations	**-3**	-7	**4**	-8
Total	**-22**	146	**273**	323

COMPARABLE OPERATING PROFIT

MEUR	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Oil Products	**21**	108	**249**	208
Renewable Fuels	**-15**	-13	**-163**	-65
Oil Retail	**9**	18	**57**	60
Others	**2**	-16	**9**	45
Eliminations	**-3**	-7	**4**	-8
Total	**14**	90	**156**	240

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Oil Products	**49**	50	**192**	187
Renewable Fuels	**29**	12	**78**	27
Oil Retail	**8**	10	**32**	34
Others	**4**	3	**13**	11
Total	**90**	75	**315**	259

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES

MEUR	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Oil Products	**48**	34	**131**	269
Renewable Fuels	**19**	143	**190**	578
Oil Retail	**16**	10	**34**	33
Others	**3**	2	**9**	63
Total	**86**	189	**364**	943

TOTAL ASSETS

MEUR	31 Dec 2011	31 Dec 2010
Oil Products	**3,889**	3,621
Renewable Fuels	**2,167**	1,814
Oil Retail	**649**	596
Others	**395**	369
Unallocated assets	**478**	506
Eliminations	**-306**	-242
Total	**7,272**	6,664

NET ASSETS MEUR	31 Dec 2011	31 Dec 2010
Oil Products	**2,228**	2,260
Renewable Fuels	**1,963**	1,703
Oil Retail	**326**	315
Others	**315**	276
Eliminations	**-3**	-10
Total	**4,829**	4,544

RETURN ON NET ASSETS, %	31 Dec 2011	31 Dec 2010
Oil Products	**15.7**	12.6
Renewable Fuels	**-9.0**	-3.0
Oil Retail	**17.9**	19.6

COMPARABLE RETURN ON NET ASSETS, %	31 Dec 2011	31 Dec 2010
Oil Products	**10.5**	7.9
Renewable Fuels	**-8.7**	-5.1
Oil Retail	**17.6**	19.3

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE

MEUR	10-12/2011	7-9/2011	4-6/2011	1-3/2011	10-12/2010	7-9/2010	4-6/2010	1-3/2010
Oil Products	**3,377**	**3,327**	**3,070**	**2,870**	2,962	2,491	2,064	2,272
Renewable Fuels	**399**	**290**	**144**	**193**	112	120	60	36
Oil Retail	**1,112**	**1,107**	**1,058**	**1,021**	1,004	917	884	849
Others	**56**	**44**	**47**	**44**	37	38	45	49
Eliminations	**-775**	**-663**	**-645**	**-656**	-589	-501	-477	-481
Total	**4,169**	**4,105**	**3,674**	**3,472**	3,526	3,065	2,576	2,725

QUARTERLY OPERATING PROFIT

MEUR	10-12/2011	7-9/2011	4-6/2011	1-3/2011	10-12/2010	7-9/2010	4-6/2010	1-3/2010
Oil Products	**3**	**56**	**136**	**178**	170	116	-18	65
Renewable Fuels	**-32**	**-81**	**-53**	**-4**	-7	2	-19	-15
Oil Retail	**9**	**24**	**13**	**12**	17	24	14	6
Others	**1**	**15**	**7**	**-15**	-27	2	-42	43
Eliminations	**-3**	**1**	**6**	**0**	-7	-1	2	-2
Total	**-22**	**15**	**109**	**171**	146	143	-63	97

QUARTERLY COMPARABLE OPERATING PROFIT

MEUR	10-12/2011	7-9/2011	4-6/2011	1-3/2011	10-12/2010	7-9/2010	4-6/2010	1-3/2010
Oil Products	**21**	**84**	**60**	**84**	108	45	-3	58
Renewable Fuels	**-15**	**-57**	**-55**	**-36**	-13	-12	-23	-17
Oil Retail	**9**	**23**	**13**	**12**	18	23	13	6
Others	**2**	**15**	**8**	**-16**	-16	2	16	43
Eliminations	**-3**	**1**	**6**	**0**	-7	-1	2	-2
Total	**14**	**66**	**32**	**44**	90	57	5	88

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	10-12/2011	7-9/2011	4-6/2011	1-3/2011	10-12/2010	7-9/2010	4-6/2010	1-3/2010
Oil Products	**49**	**48**	**48**	**47**	50	48	47	42
Renewable Fuels	**29**	**18**	**16**	**15**	12	5	5	5
Oil Retail	**8**	**8**	**8**	**8**	10	8	8	8
Others	**4**	**2**	**4**	**3**	3	3	2	3
Total	**90**	**76**	**76**	**73**	75	64	62	58

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES

MEUR	10-12/2011	7-9/2011	4-6/2011	1-3/2011	10-12/2010	7-9/2010	4-6/2010	1-3/2010
Oil Products	**48**	**32**	**32**	**19**	34	23	158	54
Renewable Fuels	**19**	**25**	**50**	**96**	143	157	149	129
Oil Retail	**16**	**8**	**6**	**4**	10	8	13	2
Others	**3**	**2**	**3**	**1**	2	2	54	5
Total	**86**	**67**	**91**	**120**	189	190	374	190

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT MEUR	31 Dec 2011	31 Dec 2010
Opening balance	**4,022**	3,283
Depreciation, amortization and impairments	**-315**	-259
Capital expenditure	**364**	932
Disposals	**-13**	-14
Reclassifications	**-**	63
Classified as asset held for sale	**-28**	-
Increases through business combinations	**-**	7
Translation differences	**-7**	10
Closing balance	**4,023**	4,022

The Accounting treatment of Bahrain Lube Base Oil Company B.S.C (Closed) has been changed in 2010 from joint venture to jointly controlled assets. Accordingly the assets have been reclassified from investments in joint ventures to property, plant and equipment.

CAPITAL COMMITMENTS MEUR	31 Dec 2011	30 Dec 2010
Commitments to purchase property, plant and equipment	**24**	76
Total	**24**	76

5. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate and currency derivative contracts and share forward contracts MEUR	31 Dec 2011 Nominal value	 Net fair value	31 Dec 2010 Nominal value	 Net fair value
Interest rate swaps	**772**	**6**	723	-9
Forward foreign exchange contracts	**1,413**	**-41**	1,474	10
Currency options				
Purchased	**206**	**-5**	43	0
Written	**193**	**-3**	36	1

Commodity derivative contracts	Volume million bbl	Net fair value Meur	Volume million bbl	Net fair value Meur
Sales contracts	**46**	**0**	19	-4
Purchase contracts	**34**	**21**	12	5
Purchased options	**1**	**0**	1	-1
Written options	**1**	**0**	1	1

Commodity derivative contracts include oil, freight and palmoil derivative contracts.

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.

6. RELATED PARTY TRANSACTIONS

The group has a related party relationship with its subsidiaries, associates, joint ventures and with the members of the Board of Directors, the President and CEO and other members of the Neste Executive Board (key management persons), close members of the families of the mentioned key management persons and entities controlled or jointly controlled by the mentioned key management persons or close members of those persons' families. The group has also related party relationship with its' pension fund.

Transactions carried out with associates and joint ventures	1-12/2011	1-12/2010
Sales of goods and services	**116**	93
Purchases of goods and services	**72**	63
Receivables	**7**	5
Financial income and expenses	**0**	0
Liabilities	**16**	2

7. CONTINGENT LIABILITIES

MEUR	31 Dec 2011	31 Dec 2010
Contingent liabilities		
On own behalf for commitments		
Real estate mortgages	**26**	26
Pledged assets	**2**	2
Other contingent liabilities	**31**	43
Total	**59**	71
On behalf of associates and joint ventures		
Guarantees	**2**	3
Total	**2**	3
On behalf of others		
Guarantees	**1**	14
Other contingent liabilities	**2**	-
Total	**3**	14
Total	**64**	88

MEUR	31 Dec 2011	31 Dec 2010
Operating lease liabilities		
Due within one year	**74**	76
Due between one and five years	**142**	164
Due later than five years	**80**	108
Total	**296**	348

The Group's operating lease commitments primarily relate to time charter vessels, land and office space.

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 financial indicators

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 profit (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 sale of shares and non-financial assets - unrealized change in fair value of oil and freight derivative contracts. Inventory gains/losses include the change in fair value of all trading inventories.
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 period (adjusted for inventory gains/losses, gains/losses from sale of shares and non-financial assets and unrealized gains/losses on oil and freight derivative contracts, net of tax) + non-controlling interests + interest expenses and other financial expenses related to interest-bearing liabilities (net of tax) / 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 including shareholder loans, pension assets, inventories and interest-free receivables and liabilities allocated to the business segment, provisions and pension liabilities
Research and development expenditure	=		Research and development expenditure comprise of the expenses of the Research & Technology unit serving all business areas of the Group, as well as research and technology expenses incurred in business areas, which are included in the consolidated income statement. Depreciation and amortization are included in the figure. The expenses are presented as gross, before deducting grants received.

Calculation of share-related indicators

Earnings per share (EPS)	=		Profit for the period 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
Price / earnings ratio (P/E)	=		Share price at the end of the period / Earnings per share
Dividend payout ratio, %	=	100 x	Dividend per share / Earnings per share
Dividend yield, %	=	100 x	Dividend per share / Share price at the end of the period
Average share price	=		Amount traded in euros during the period / Number of shares traded during the period
Market capitalization at the end of the period	=		Number of shares at the end of the period x share price at the end of the period
Trading volume	=		Number of shares traded during the period, and number of shares traded during the period in relation to the weighted average number of shares during the period

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