NESTE OIL

Interim report
January-September 2005

refining the future

Neste Oil Corporation

Stock Exchange Release
25 October 2005 at 9:00 am EET

NESTE OIL REPORTS GOOD PROFITS DESPITE MAINTENANCE SHUTDOWN AT PORVOO

The global petroleum product market was severely impacted by two major hurricanes around the Gulf of Mexico during the third quarter. This further underlined the global shortage of refining capacity, and pushed petroleum product prices to all-time highs.

Neste Oil's production volumes were significantly reduced in the third quarter by a scheduled five-week maintenance shutdown at the Porvoo refinery, as anticipated. Despite lower volumes, Neste Oil continued to show strong profitability.

Highlights:
- Third-quarter sales of EUR 2,585 million (carve-out Q3/04: 2,091 million)
- Comparable operating profit of EUR 99 million (carve-out: 111 million)
- Operating profit of EUR 115 million (carve-out: 161 million)
- Nine-month earnings per share of EUR 1.49 (carve-out: 1.74); in the third quarter EUR 0.41 (carve-out: 0.54)
- Nine-month cumulative cash flow from operations of EUR 324 million (carve-out 1-9/04: 390 million)
- High investment activity and increase in working capital resulted to higher net debt of EUR 1,160 million (31 Dec 2004: 969 million)
- Maintenance shutdown at Porvoo completed successfully

President & CEO Risto Rinne:
"Our main challenge in the third quarter was the scheduled five-week maintenance shutdown at the Porvoo refinery. We were able to complete this major effort two weeks faster than in 2001. Unfortunately the shutdown coincided with peak prices and the company could not take the most out of the market. The successful completion of the shutdown, however, will ensure that the Porvoo refinery will remain one of the leading complex refineries in Europe. In addition to maintenance work, many important investment projects were advanced at the site, most notably those related to the Diesel project and construction work of our new biodiesel plant."

"Despite the negative impact of the shutdown on our volumes, we still delivered a good profit, confirming the success of our strategy of focusing on high-quality, clean traffic fuels."

Further information:

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News conference and conference call

A press conference in Finnish on the third-quarter results for 2005 will be held today, 25 October 2005, at 11:30 am EET at Hotel Kämp in conference room Akseli Gallen-Kallela, Pohjoisesplanadi 29, Helsinki. www.nesteoil.com will feature English versions of the presentation materials.
A conference call in English for investors and analysts will be held today, 25 October 2005, at 3:00 pm EET. The call-in numbers are as follows: UK: +44(0)20 7162 0080, US: +1 334 323 6201. Use the password: Neste Oil. An instant replay of the call will be available until 1 November 2005 at +44(0)20 7031 4064 for the UK and +1 954 334 0342 for the US, using access code 679013.

NESTE OIL INTERIM REPORT, 1 JANUARY - 30 SEPTEMBER 2005
Unaudited

Figures in parentheses refer to the Q3/04 carve-out financial statements, unless otherwise stated.

Group financial results

Comparative figures for the income statements for Q3/04 and Q1-Q3/04 are derived from Neste Oil's Combined Carve-out Financial Statements for the year ended 31 December 2004, which were published in stock exchange releases on 14 March 2005 and 29 April 2005 and in the Offering Memorandum related to the sale of Neste Oil shares on 1-15 April 2005. The Neste Oil Group was incorporated through a demerger from Fortum Corporation on 1 May 2004, and as a result no fully comparable income statement exists for the full 12 months of 2004.

KEY FIGURES

EUR million (unless otherwise noted)	7-9/2005	Carve-out 7-9/2004	1-9/2005	Carve-out 1-9/2004
Sales	2,585	2,091	7,222	5,801
Operating profit before depreciation	151	195	592	628
Depreciation, amortization and impairment charges	36	34	109	101
Operating profit	115	161	483	527
Comparable operating profit *	99	111	415	399
Profit before income tax	134	180	501	562
Earnings per share, EUR	0.41	0.54	1.49	1.74
Capital expenditure	225	76	484	195
Net cash from operating activities	-43	66	324	390

	30 Sep 2005	30 Sep 2004	31 Dec 2004
Shareholders' equity	1,329	1,116	998
Interest-bearing net debt	1,160	754	969
Capital employed	2,571	1,967	2,151
Pre -tax return on capital employed ROCE, %	29.8	38.8 ***	40.3 ***
Return on equity ROE, % **	44.0	58.8 ***	19.7 ***
Equity per share, EUR	5.16	4.33	3.87
Equity-to-assets ratio, %	33.5	36.9	32.2
Leverage ratio, %	46.6	41.4	49.3
Gearing, %	87.3	70.7	97.0

* Comparable operating profit is calculated by excluding inventory gains/losses, gains/losses from sales of fixed assets, and changes in the fair value of oil derivatives from the reported operating profit.
** The figure for 2004 includes the group contribution paid to the former parent company, Fortum Corporation.
*** The ROCE % and ROE % reported for the nine-month period of January-September have been calculated by annualizing the January-September 2005 results. A similar method was used for calculating the 2004 ROCE % and ROE %, which are annualized figures based on the five months between May and September and the eight months between May and December of the legal group.

Group's third-quarter results

Third-quarter sales at the Neste Oil Group totaled EUR 2,585 million, which is some 24% higher than in Q3/04, driven primarily by higher crude oil and petroleum product prices.

The Group's third-quarter operating profit was EUR 115 million (161 million), which was adversely impacted by the maintenance shutdown at Porvoo. Approximated impact of the lost production on the Group's operating profit was EUR 60 million which was in line with our August estimate. The comparable operating profit for the third quarter, which excludes inventory gains/losses, changes in the fair value of oil derivatives, and gains/losses from sales of fixed assets, was EUR 99 million (111 million).

International benchmark refining margins climbed 65% during the quarter from USD 4.02 /bbl a year ago, to USD 6.61 /bbl, boosting Neste Oil's total refining margin to USD 9.25 /bbl (6.52).

Changes in the fair value of open oil derivative positions, primarily used to hedge future cash flows, had a negative impact of EUR 44 million on the operating profit (gain of 15 million). Under IFRS, outstanding oil derivative positions are recognized at fair value for each reporting date. Since Neste Oil does not apply hedge accounting to its oil derivatives, changes in their fair value are recognized in the income statement.

The rising price of crude oil resulted in third-quarter inventory gains of EUR 60 million (31 million).

Group's January - September results

The Group's net sales totaled EUR 7,222 million during the first three quarters of 2005 (1-9/04: 5,801 million).

The Group's operating profit between January and September totaled EUR 483 million (1-9/04: 527 million). Despite the shutdown, Neste Oil's comparable operating profit exceeded previous year's figure and was EUR 415 million (1-9/04: 399 million).

The international benchmark refining margin (IEA Brent cracking) during the first nine months of 2005 was USD 1.09 /bbl higher than in the same period of 2004. Neste Oil's total refining margin rose by USD 2.23 /bbl during the same period, to stand at USD 9.06 /bbl (1-9/04: 6.83). Above and beyond a strong refining margin, a more valuable product yield, particularly in the area of gasoline and components, contributed positively to the operating profit.

The nine-month operating profit includes inventory gains of EUR 141 million (1-9/04: 90 million) from higher crude oil prices. A negative impact of EUR 74 million in the nine-month operating profit is attributable to changes in the fair value of open oil derivative positions (1-9/04: +21 million).

Calculation of comparable operating profit (MEUR)

	7-9/05	7-9/04	1-9/05	1-9/04
COMPARABLE OPERATING PROFIT	99	111	415	399
- changes in the fair value of open oil derivative positions	-44	+15	-74	+21
- inventory gains	+60	+31	+141	+90
- gains from sales of fixed assets	0	+4	+1	+17
OPERATING PROFIT	115	161	483	527

Market overview

The margins for refineries with a high degree of conversion capacity remained strong in the third quarter and rose to extremely high levels in September in the wake of the hurricanes in the USA. The reference refining margin for complex refineries (IEA Brent Cracking) averaged USD 6.61 /bbl (4.02) during the quarter, peaking at over USD 16 /bbl in September.

The petroleum product prices increased over the second quarter. This was mainly due to refinery outages in the USA in September. Speculation about the sufficiency of gasoline and middle distillate inventories and refining capacity also pushed prices up. Product demand continued to be strong, especially in China and the USA.

The price differential between gasoline and crude oil rose compared to Q2/05. In September, the tight supply situation resulting from hurricane damage to US refineries pushed the gasoline differentials to all-time highs.

Shortages in the US gasoline supply had a direct positive impact on the price levels of gasoline components, such as iso-octane, ETBE and MTBE.

Although the third quarter is normally the low-demand season for middle distillates, their differentials with crude oil were at a very high level. Economic growth supports demand for middle distillates in particular, through industrial demand in the Asia-Pacific and global demand for diesel and jet fuel.

Prices for crude oil continued to rise at the beginning of the third quarter. For example, North Sea Brent crude reached a new all-time high in August (Brent Dated USD 67.32 /bbl). Since then, prices have fallen slightly, but they remained above USD 60 /bbl through September. Sales from the strategic petroleum reserves saw oil prices ease off slightly.

The price difference between heavier, sourer crude and light, sweet crude was very volatile and on average widened compared to the second quarter: Urals Rotterdam - Brent Dated difference averaged USD -4.40 /bbl (Q2/05: -3.49). Urals volumes shipped via Baltic ports were stable, but rail crude exports from Russia fell off, as Russian taxation encouraged domestic refinery usage rather than export by rail.

During the first three weeks of October 2005, the international benchmark refining margin (IEA Brent cracking) averaged around USD 11.17 /bbl (USD 3.12 /bbl in October 2004 and USD 3.73 /bbl in Q4/04). The differential between Urals Rotterdam and Brent Dated crude was around USD -3.88 /bbl (USD -7.50 /bbl in October 2004 and USD -6.71 /bbl in Q4/04). The daily price of Brent crude varied between USD 56.70 - 61.80 /bbl.

In line with a European Union indicative directive, several member states have introduced national legislation promoting the use of biofuels in traffic, creating a growing market for Neste Oil's ETBE and future biodiesel businesses. The current high prices of crude oil and petroleum products have boosted public discussion on the utilization of biofuels in traffic.

Market growth for high-end lubricant base oils, especially EHVI (Enhanced High Viscosity Index), has continued, as a result of more stringent emissions and performance requirements. There is not expected to be any major capacity growth in the near future in terms of new base-oil production.

The Finnish oil retail market remained tight, putting additional pressure on margins especially in gasoline. On the other hand, volume growth and good margins continued in the Baltic Rim area.

Third-quarter shipping freight rates were lower than in the same period in 2004, when they were exceptionally high for the time of year.

Segment reviews

Neste Oil's businesses are grouped into four segments for external reporting purposes: Oil Refining, Oil Retail, Shipping, and Other. The Components business is included under Oil Refining.

Oil Refining

The Oil Refining business focuses on refining crude oil and other feedstocks into high-quality traffic fuels and other high value-added petroleum products. Neste Oil's refineries are located in Porvoo and Naantali, Finland.

A planned five-week maintenance shutdown was carried out at the Porvoo refinery in August and September. In addition to normal maintenance work, this included a number of investments designed to enhance the refinery's productivity, by expanding the site's lubricant component production capacity, for example. The shutdown lasted 37 days, compared to 50 days during the previous shutdown in 2001. Sales volumes to domestic markets were prioritized during the shutdown, and exported volumes were lower.

Impacted by the shutdown at Porvoo, Oil Refining recorded a third-quarter operating profit of EUR 96 million (129 million). The segment's comparable operating profit for the quarter was EUR 80 million (86 million).

Key figures

	7-9/05	Carve-out 7-9/04	1-9/05	Carve-out 1-9/04	Carve-out 2004
Sales, MEUR	2,111	1,641	5,868	4,579	6,306
Operating profit, MEUR	96	129	414	410	562
Comparable operating profit, MEUR	80	86	340	298	463
Capital expenditure, MEUR	214	45	436	113	203
Total refining margin USD/bbl	9.25	6.52	9.06	6.83	7.90

Neste Oil's total refining margin rose from Q3/04, supported by higher benchmark margins (IEA Brent Cracking USD 6.61 /bbl vs. 4.02). Neste Oil's ability to use heavier, sourer crude and the favorable price difference between this and light, sweet crude also improved the total refining margin.

Crude oil supply

Neste Oil imported a total of 2.1 million tons of crude oils and other feedstocks from Russia and the countries of the former Soviet Union. About 70% of crude oil sourced during the quarter was heavier, sourer crude, and the remainder consisted of lighter crudes. No crude was imported from Western sources during the quarter, mainly because of the shutdown at Porvoo and high inventory levels at the end of the second quarter.

Several long-term supply contracts for Russian crude oil were secured during the third quarter.

Production

Neste Oil refined a total of 2.5 million tons (3.4 million) of crude oil and other feedstocks in the third quarter, of which 1.8 million tons (2.8 million) at Porvoo and 0.7 million tons (0.6 million) at Naantali. Nearly 90% of the refineries' total input consisted of crude oils and other feedstocks from Russia and countries of the former Soviet Union. Crude distillation capacity utilization at the Porvoo refinery was impacted by the maintenance shutdown and reached only 62.0% (100%), whereas the Naantali refinery was able to show a record run rate of 100% (95.5%).

Sales

Sales volumes in Finland totaled 1.7 million tons (2.1 million), and export volumes 0.9 million tons (1.3 million). Neste Oil's wholesale market share of key petroleum products in Finland averaged 76% between January and August 2005 (79% in January-September 2004).

Components

The Components business produces lubricant base oils and traffic fuel components, such as iso-octane and biofuels. Production facilities, wholly or partly owned by Neste Oil, are located in Finland, Belgium, Portugal, Canada, and Saudi Arabia.

The Alberta Envirofuels Inc. (AEF) iso-octane plant in Edmonton, Canada had a five-week planned maintenance shutdown in September and October. The plant produces 500,000 t/a of iso-octane, a high-quality gasoline component sold primarily to the Californian market. AEF is a joint venture owned 50/50 by Neste Oil and Chevron.

Third-quarter sales volumes and margins were especially strong for high-quality gasoline components, such as iso-octane, ETBE, and MTBE. This was due, in particular, to a shortage of gasoline and especially octanes in the USA.

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

	7-9/05	7-9/04	1-9/05	1-9/04	2004
Motor gasoline and components	891	1,239	3,404	3,680	4,896
Diesel fuel	729	959	2,921	2,931	4,265
Jet fuel	97	172	427	494	705
Biofuels	24	13	83	21	39
Base oils	60	74	192	210	279
Heating oil	122	316	601	1,054	1,197
Heavy fuel oil	243	251	800	909	1,280
Other products	497	438	1,233	1,212	1,564
TOTAL	2,663	3,462	9,661	10,511	14,225

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

	7-9/05	7-9/04	1-9/05	1-9/04	2004
Finland	1,719	2,136	5,557	6,200	8,302
Other Nordic countries	308	528	1,625	1,593	2,175
Other Europe	324	399	1,354	1,313	1,948
Russia & the Baltic countries	6	24	26	82	100
USA & Canada	249	318	935	1,148	1,508
Other countries	57	57	164	175	192
TOTAL	2,663	3,462	9,661	10,511	14,225

Oil Retail

Neste Oil is the market leader in the retail sale of petroleum products in Finland, and has a growing retail presence in the Baltic Rim area, which includes Estonia, Latvia, Lithuania, Poland, and the St. Petersburg area of Russia.

Oil Retail recorded a third-quarter operating profit of EUR 18 million (16 million). Oil Retail segment's comparable operating profit in the third quarter was EUR 19 million (17 million).

Key figures

		Carve-out		Carve-out	Carve-out
	7-9/05	7-9/04	1-9/05	1-9/04	2004
Sales, MEUR	834	666	2,149	1,763	2,374
Operating profit, MEUR	18	16	37	47	60
Comparable operating profit, MEUR	19	17	42	41	49
Capital expenditure, MEUR	10	10	33	21	36
Product sales volume, 1,000 m3	1,025	1,025	3,038	2,921	4,009

Neste Oil's retail market share in Finland remained unchanged from the second quarter, but was slightly lower than in the third quarter of 2004. To maintain its market share Neste Oil opened three more low-price unmanned NeX stations in Finland, bringing the total amount of NeX stations in operation to 10. All together, Neste Oil has 888 stations in Finland.

Neste Oil announced on 30 September that it had signed an agreement to sell its 50% stake in Pikoil Oy to Ruokakesko, the Kesko Food division of the Kesko Group. Founded in 2003 and jointly owned by Neste Oil and Ruokakesko up until now, Pikoil is a retailer of traffic fuels and grocery products. Completion of the agreement will require the approval of the Finnish Competition Authority and will be dependent on various pre-agreed contractual terms being met.

In response to growing demand in the Baltic Rim area, Neste Oil has opened new stations in the area and increased sales volumes.

Neste Oil now has 33 stations on the St. Petersburg area in Russia; and a total of 100 stations in Estonia, Latvia, and Lithuania. In Poland, sales volumes increased, but margins suffered as a result of a continued increase in wholesale prices. Neste Oil opened its 62nd station in Poland during the quarter.

In the direct sales area, the six-week labor dispute in the Finnish paper and pulp industry in May and June continued to be reflected in slower diesel sales. Unusually warm early autumn weather reduced sales of heating oil.

Oil Retail total sales volumes (1,000 m3)

	7-9/05	7-9/04	1-9/05	1-9/04	2004
Gasoline	367	353	1,016	988	1,312
Diesel fuel (incl. D stations)	348	359	1,005	969	1,330
Heating oil	202	219	647	677	947
Heavy fuel oil	108	94	370	287	420
TOTAL	1,025	1,025	3,038	2,921	4,009

Retail Network sales volumes (1,000 m3)

Finland	7-9/05	7-9/04	1-9/05	1-9/04	2004
Gasoline	186	187	512	519	682
Diesel fuel	66	64	182	177	237
Heating oil	7	7	22	21	29
TOTAL	259	258	716	717	948

Baltic Rim area	7-9/05	7-9/04	1-9/05	1-9/04	2004
Gasoline	167	149	458	411	545
Diesel fuel	59	47	114	123	173
TOTAL	226	196	572	534	718
RETAIL NETWORK TOTAL	485	454	1,288	1,251	1,667

Direct sales volumes (1,000 m3)

Finland	7-9/05	7-9/04	1-9/05	1-9/04	2004
Gasoline	3	4	9	12	16
Diesel fuel (incl. D stations)	179	183	541	555	750
Heating oil	194	211	620	653	911
Heavy fuel oil	108	94	370	287	420
TOTAL	484	492	1,536	1,507	2,097

Baltic Rim area	7-9/05	7-9/04	1-9/05	1-9/04	2004
Gasoline	10	13	35	57	68
Diesel fuel	43	64	117	113	169
Heating oil	1	1	4	4	5
TOTAL	54	78	156	174	243
DIRECT SALES TOTAL	538	570	1,692	1,681	2,341

LPG (Liquefied Petroleum Gas) sales totaled 54,000 tons (66,000).

Shipping

Neste Oil’s Shipping segment operates mainly in northwestern Europe – transporting crude in the Baltic region and the North Sea, and products and chemicals to northwestern Europe, including domestic coastal cargoes. Products, mainly gasoline, are also exported to the USA and Canada.

Shipping's third-quarter operating profit of EUR 3 million was substantially lower compared to the figure for 2004 (22 million). It should be noted that during the second half of 2004, freight rates were extraordinarily high. In addition, new ice-classed tonnage has entered the Baltic crude oil freight market during 2005, impacting freight rates. Shipping's comparable operating profit for the quarter was EUR 2 million (14 million).

The fleet utilization rate remained high, but was slightly lower during the third quarter than in the same quarter in 2004, due to planned dockings and other repair work. Operating costs have continued to rise due to higher fuel costs and time charter rates.

Key figures

	7-9/05	Carve-out 7-9/04	1-9/05	Carve-out 1-9/04	Carve-out 2004
Sales, MEUR	69	69	259	248	339
Operating profit, MEUR	3	22	56	86	113
Comparable operating profit, MEUR	2	14	57	76	94
Capital expenditure, MEUR	0	21	8	61	77
Deliveries total, millions of tons	9.2	10.0	30.6	30.2	40.7
Fleet utilization rate, %	93	94	92	94	93

Shipping carried a total of 9.2 million tons in the third quarter, a decrease of 7.6% compared to Q3/04 (10.0 million). Crude shipments stood at 5.9 million tons (6.2 million) and product shipments at 3.3 million tons (3.8 million).

Crude freight levels in the third quarter of 2005 were significantly lower than during the corresponding period in 2004. The North Sea crude freight average level was 125 Worldscale points (145).

Shipping's product freight prices are mostly based on annual contracts. These were higher during the third quarter of 2005 than in the corresponding period in 2004. The market freight levels for Trans-Atlantic product freights were exceptionally high in August and September, due to hurricanes in the Gulf of Mexico.

At the end of September Neste Oil operated 30 vessels, of which 12 were company-owned and the rest controlled through contracts. This fleet is capable of carrying approximately 1.3 million tons of crude oil and petroleum products.

Other

Neste Oil's Other segment consists of the Group's Corporate Center and SeverTEK, an oil exploration and production joint venture in northwestern Russia equally owned by Neste Oil and the Russian oil company, OAO LUKOIL. SeverTEK is consolidated using the equity method.

SeverTEK's oil production in the third quarter totaled 30,200 bbl/d (27,300). Sales stood at 0.387 million tons (0.332 million). Sales prices averaged USD 41.0 /bbl (29.1). SeverTEK's production is sold primarily on the Russian internal market.

Capital expenditure

Capital expenditure on fixed assets between January and September 2005 totaled EUR 484 million (1-9/04: 195 million), of which EUR 436 million was accounted for by Oil Refining, EUR 33 million by Oil Retail, and EUR 8 million by Shipping. The Diesel project accounted for EUR 256 million of capital expenditure in the first nine months.

Depreciation in January - September 2005 was EUR 109 million (1-9/04: EUR 101 million).

Financing

Neste Oil's interest-bearing net debt as of 30 September 2005 amounted to EUR 1,160 million (31 Dec 2004: 969 million). Net financial expenses between January and September were EUR 18 million. The average interest rate at the end of September was 3.0%.

Net cash from operating activities between January and September was EUR 324 million (1-9/04: 390 million), and was heavily impacted by increased level of net working capital due to higher oil prices.

The equity-to-assets ratio was 33.5% (31 Dec 2004: 32.2%), the gearing ratio 87.3% (31 Dec 2004: 97.0%), and the leverage ratio 46.6% (31 Dec 2004: 49.3%).

Cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,181 million at the end of September.

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

Shares and share trading

The listing price of Neste Oil Corporation's shares under the company's IPO was EUR 15.00, and share trading commenced on the Helsinki Stock Exchange on 18 April. The number of shares outstanding is 256,403,686. Between 18 April and 30 September a total of 223,206,531 shares were traded, totaling EUR 4,534 million.

A total of 79,013,587 shares were traded during the third quarter, totaling EUR 2,032 million. Neste Oil shares traded between a high of EUR 32.05 and a low of EUR 21.42 during the quarter, closing at EUR 30.83 on 30 September, approximately 106% above the listing price, giving a market capitalization of EUR 7.9 billion.

Average daily volume since the IPO has been approximately 1.9 million shares, which represents 0.7% of the shares outstanding. The Finnish state holds 50.1% of the shares, and non-Finnish owners hold 34.8%. Finnish institutions hold 9.9% of shares and households 5.2%.

Personnel

Neste Oil employed an average of 4,502 (1-9/04: 4,312) employees between January and September. As of the end of September, Neste Oil had 4,533 employees (30 Sep 2004: 4,248), of which 3,463 (30 Sep 2004: 3,213) worked in Finland.

Health, safety, and the environment

The main indicator for safety performance used by Neste Oil, lost workday injury frequency (LWIF), or the number of injuries resulting in lost workdays per million hours worked, stood at 3.8 at the end of September. This compares to a LWIF of 4.0 in 2004.

A major scheduled maintenance shutdown was completed at the Porvoo refinery with a total of 2,300 employees of various subcontractors working on the site. The LWIF for the whole shutdown was 4.7.

Neste Oil has not participated in carbon dioxide (CO2) emissions trading as yet.

Strategy implementation and investment projects

Neste Oil’s strategy is to be a leading independent Northern European oil refiner, with a focus on high-quality petroleum products designed for cleaner traffic and a commitment to world-class operational and financial performance. Leveraging its refining excellence, Neste Oil is ideally placed to develop new products, use a wide range of feedstocks and new technologies. Neste Oil is committed to developing its structure and business portfolio to effectively implement this strategy.

Diesel project

The Diesel project at the Porvoo refinery progressed according to plan. The first revamp sub-projects at the site were completed during the scheduled maintenance shutdown in August-September in readiness for the needs of the new production line under construction. Tie-ins between the new line and existing refinery units were installed to enable new production to be started up in late 2006 without shutting down other operations.

Once completed, the project will increase Neste Oil's annual production capacity of sulfur-free diesel fuel, and reduce production of heavy fuel oil. The Porvoo refinery will also be able to switch completely to using heavier, sourer crude input.

Biodiesel

The construction of the biodiesel plant at the Porvoo refinery is proceeding as planned, and the facility is due to enter production in the summer of 2007. The foundation stone of the production facility was laid on 18 October 2005.

Neste Oil and Total S.A. are continuing to evaluate the possibilities for jointly building a biodiesel plant at one of Total's refineries in Europe, with the aim of beginning production, based on Neste Oil's proprietary NExBTL technology, in 2008.

Lubricant base oils

An expanded production unit for EHVI (Enhanced High Viscosity Index) base oil, used as a raw material for lubricants, was completed during the maintenance shutdown at the Porvoo refinery. As a result, production of EHVI increased at Porvoo by 30,000 tons annually to some 250,000 tons.

Neste Oil and the Bahraini company, Bapco, announced on 18 August that they are proceeding with a plan for a joint venture to produce high-quality lubricant base oil at Bapco's refinery in Bahrain. The facility will be capable of producing 400,000 t/a of sulfur-free VHVI (Very High Viscosity Index) base oil, used for blending top-tier lubricants. The final decision on construction of the facility is expected to be made in spring 2006, and the plant is due to come on stream in the first half of 2008.

Structural development

Neste Oil is continuing to investigate the potential for divesting its 50% interest in SeverTEK, an oil exploration and production joint venture based in Russia and owned in cooperation with OAO LUKOIL.

Neste Oil is also evaluating the possibility of divesting its 10% holding in The Saudi European Petrochemical Company Ibn Zahr, which produces MTBE and polypropylene in Al-Jubail in Saudi Arabia.

Outlook

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

The refining industry is stretched at the moment, with a significant amount of US capacity idle, and refining margins have been very high in September and October. However, short-term refining margin levels are dependent on the pace of recovery of US refining capacity in the aftermath of the hurricanes. High product prices may have an adverse impact on demand, at least in the short term.

On 21 October, the forward market indicated a declining trend in gasoline margins whereas the diesel forward margins were more stable for the last quarter.

The price differential between REB and Brent crude oil was exceptionally wide at USD -6.46 /bbl in the final quarter of 2004, and contributed significantly to Neste Oil's Q4/04 operating profit. Currently this differential is considerably narrower; USD -3.88 /bbl on average in the first three weeks of October 2005. Availability of competitive rail crudes and other feedstocks from FSU is also expected to be limited.

Start-up phase of the Porvoo refinery following the maintenance shutdown will still have some impact on Neste Oil's performance in October.

New ice-classed tonnage is entering the Baltic crude oil freight market and will probably lead to lower ice premiums than in the last year's final quarter.

Oil retail sales volumes are expected to grow in the Baltic Rim area. The Finnish retail market is anticipated to remain highly competitive.

Neste Oil’s capital expenditure in 2005 is estimated to be in the order of EUR 650 million (2004: 316 million).

Reporting date of the Group's financial statements for 2005

Neste Oil will publish its financial statements for 2005 on 15 February 2006 at approximately 9:00 am EET.

Espoo, 24 October 2005

Neste Oil Corporation
Board of Directors

Accounting principles
This Interim Report has been prepared in accordance with IAS 34 (Interim financial reporting). Neste Oil's IFRS accounting principles have been described in stock exchange release "Neste Oil's IFRS transition information" published on April 29, 2005.

CONSOLIDATED INCOME STATEMENT

MEUR	7-9/2005	7-9/2004	1-9/2005	5-9/2004 1)	5-12/2004 1)
Sales	**2,585**	2,086	**7,222**	3,340	5,454
Other income	**4**	23	**14**	30	47
Materials and services	**-2,197**	-1,758	**-6,002**	-2,755	-4,462
Employee benefit costs	**-56**	-48	**-171**	-83	-141
Depreciation, amortisation and impairment charges	**-36**	-34	**-109**	-58	-95
Other expenses	**-185**	-103	**-471**	-175	-317
Operating profit	**115**	166	**483**	299	486
Share of profit (loss) of associates and joint ventures	**22**	18	**36**	25	32
Finance costs net	**-3**	-4	**-18**	-4	2
Group contributions paid 2)	**0**	0	**0**	0	-411
Profit before income taxes	**134**	180	**501**	320	109
Income tax expense	**-29**	-45	**-117**	-61	12
Profit for the period	**105**	135	**384**	259	121
Attributable to:					
Equity holders of the Company	**104**	134	**382**	258	119
Minority interest	**1**	1	**2**	1	2
	105	135	**384**	259	121
Earnings per share from profit for the period attributable to the equity holders of the company during the year (in euro per share) 3)	**0.41**	0.53	**1.49**	1.01	1.60
Average number of shares 3)	**256,403,686**	256,403,686	**256,403,686**	256,403,686	256,403,686

COMBINED CARVE-OUT INCOME STATEMENT 4)

MEUR	7-9/2004	1-9/2004	1-12/2004
Sales	2,091	5,801	7,909
Other income	21	52	72
Materials and services	-1,764	-4,732	-6,428
Employee benefit costs	-46	-152	-211
Depreciation, amortisation and impairment charges	-34	-101	-139
Other expenses	-107	-341	-490
Operating profit	161	527	713
Share of profit (loss) of associates and joint ventures	18	29	36
Finance costs net	1	6	18
Profit before income taxes	180	562	767
Income tax expense	-41	-115	-157
Profit for the period	139	447	610
Attributable to:			
Equity holders of the Company	138	446	608
Minority interest	1	1	2
	139	447	610
Earnings per share from profit for the period attributable to the equity holders of the company during the year (in euro per share) 3)	0.54	1.74	2.37
Average number of shares 3)	256,403,686	256,403,686	256,403,686

1) Neste Oil Group was incorporated through a demerger on May 1, 2004, and thus no fully comparable income statement exists for 1-9/2004 or the full 12 months period in 2004.

2) Group contributions were paid to the former parent company, Fortum Corporation, since Neste Oil was part of the Fortum Group in 2004. Within Fortum Group, the profits and losses of Finnish group companies were combined for tax purposes through group contributions.

3) The average number of shares in the calculation is 256 403 686. Extraordinary general meeting of Neste Oil Oyj decided to change the number of shares from 100 000 000 to 256 403 686 on February 28, 2005. The change had no effect on the share capital. The change was registered in the trade register on March 8, 2005.

When calculating Earnings per share for 2004, group contribution has not been deducted from the profit for the period. Instead, a tax charge of € 119 million has been deducted. This amount represents the additional taxes Neste Oil would have paid, if the group contribution had not been paid to Fortum Corporation.

4) Carve-out income statement is presented for 7-9/2004, 1-9/2004 and full year 2004 for comparison purposes. Neste Oil Group was incorporated through a demerger on May 1, 2004, and thus no fully comparable income statement exists for 1-9/2004 or the full 12 months period in 2004.

CONSOLIDATED BALANCE SHEET

MEUR	**30 Sept 2005**	30 Sept 2004	31 Dec 2004
ASSETS			
Non-current assets			
Intangible assets	**51**	28	30
Property, plant and equipment	**1,873**	1,438	1,510
Investments in associates and joint ventures	**122**	133	140
Long-term interest-bearing receivables	**15**	70	68
Pension asset	**55**	49	45
Deferred tax assets	**19**	5	17
Other non-current assets	**36**	40	28
Total non-current assets	**2,171**	1,763	1,838
Current assets			
Inventories	**713**	464	415
Trade and other receivables	**871**	704	666
Cash pool receivables	**0**	35	124
Cash and cash equivalents	**81**	62	60
Total current assets	**1,665**	1,265	1,265
Non-current assets classified as held for sale 5)	**127**	0	0
Total assets	**3,963**	3,028	3,103
EQUITY			
Capital and reserves attributable the Company's equity holders			
Share capital	**40**	40	40
Other equity	**1,283**	1,071	953
Total	**1,323**	1,111	993
Minority interest	**6**	5	5
Total equity	**1,329**	1,116	998
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	**864**	807	715
Deferred tax liabilities	**170**	177	193
Provisions	**23**	19	26
Other non-current liabilities	**45**	24	21
Total non-current liabilities	**1,102**	1,027	955
Current liabilities			
Interest-bearing liabilities	**377**	44	438
Trade and other payables	**1,155**	841	712
Total current liabilities	**1,532**	885	1,150
Total liabilities	**2,634**	1,912	2,105
Total equity and liabilities	**3,963**	3,028	3,103

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority	Total
Total equity at 31.12.2004	40	9	34	-4	914	5	998
Translation differences				11			11
Dividends paid							0
Cash flow hedges			-63				-63
Change in minority						1	1
Net profit for the year					382		382
Total equity at 30.9.2005	40	9	-29	7	1,296	6	1,329

	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority	Total
Total equity at 1.5.2004	40	9	2	0	795	3	849
Translation differences				2			2
Dividends paid							0
Cash flow hedges			6				6
Change in minority						1	1
Net profit for the year					257	1	258
Total equity at 30.9.2004	40	9	8	2	1,052	5	1,116

5) Non-current assets classified as held for sale comprise of carrying amounts of Pikoil Oy and SeverTEK.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	**1-9/2005**	5-9/2004 6)	5-12/2004 6)
Cash flow from operating activities			
Profit before taxes	**501**	320	520
Adjustments, total	**149**	9	28
Change in working capital	**-231**	-29	7
Cash generated from operations	**419**	300	555
Finance cost, net	**-25**	11	8
Income taxes paid	**-70**	-22	-1
Net cash from operating activities	**324**	289	562
Capital expenditures	**-484**	-103	-227
Acquisition of shares	**0**	-2	-2
Proceeds from sales of fixed assets	**4**	6	13
Proceeds from sales of shares	**0**	7	7
Change in other investments	**-23**	-5	24
Cash flow before financing activities	**-179**	192	377
Net change in loans	**72**	-208	-303
Net increase (+)/decrease (-) in cash and marketable securities	**-107**	-16	74

COMBINED CARVE-OUT CASH FLOW STATEMENT 7)

MEUR	1-9/2004	1-12/2004
Cash flow from operating activities		
Profit before taxes	562	767
Adjustments, total	26	38
Change in working capital	-146	-118
Cash generated from operations	442	687
Finance cost, net	16	16
Income taxes paid	-68	-166
Net cash from operating activities	390	537
Capital expenditures	-192	-313
Acquisition of shares	-3	-3
Proceeds from sales of fixed assets	23	29
Proceeds from sales of shares	7	8
Change in other investments	-11	2
Cash flow before financing activities	214	260
Net change in loans	3	-12
Cash flow surplus	217	248

KEY RATIOS

	30 Sept 2005	30 Sept 2004	31 Dec 2004
Capital employed, MEUR	**2,571**	1,967	2,151
Interest-bearing net debt, MEUR	**1,160**	754	969
Capital expenditure and investments in shares, MEUR	**484**	105	229
Return on capital employed, % 8)	**29.8**	38.8	40.3
Return on equity, % 8)	**44.0**	58.8	19.7
Equity per share, EUR	**5.16**	4.33	3.87
Equity-to-assets ratio, %	**33.5**	36.9	32.2
Gearing, %	**87.3**	70.7	97.0
Leverage ratio %	**46.6**	41.4	49.3
Average number of employees	**4,502**	**4,312**	4,296

6) Neste Oil Group was incorporated through a demerger on May 1, 2004, and thus no fully comparable cash flow statement exists for 1-9/2004 or the full 12 months period in 2004.

7) Carve-out cash flow statement is presented for 1-9/2004 and full year 2004 for comparison purposes. Neste Oil Group was incorporated through a demerger on May 1, 2004, and thus no fully comparable cash flow statement exists for 1-9/2004 or the full 12 months period in 2004. In the carve-out cash flow statement, the Cash generated from operations and the Capital expenditure in the Cash flows from investing activities reflect and are representative of the historical cash flows of Neste Oil. The residual in the Cash flow statement (i.e.Cash flow surplus) has not been left in the Neste Oil Group, because it has not formed a separate independent legal group in the the past.

8) Return on capital employed , % and Return on equity, % for the periods ending September 30, 2004 and December 31, 2004 are based on 5 and 8 months actual results annualized.

SEGMENT INFORMATION

SALES

MEUR	**7-9/2005**	7-9/2004 9)	**1-9/2005**	1-9/2004 9)	1-12/2004 9)
Oil Refining	**2,111**	1,641	**5,868**	4,579	6,306
Oil Retail	**834**	666	**2,149**	1,763	2,374
Shipping	**69**	69	**259**	248	339
Other	**4**	0	**8**	0	0
Eliminations	**-433**	-285	**-1,062**	-789	-1,110
Total	**2,585**	2,091	**7,222**	5,801	7,909

OPERATING PROFIT

MEUR	**7-9/2005**	7-9/2004 9)	**1-9/2005**	1-9/2004 9)	1-12/2004 9)
Oil Refining	**96**	129	**414**	410	562
Oil Retail	**18**	16	**37**	47	60
Shipping	**3**	22	**56**	86	113
Other	**-6**	-6	**-25**	-15	-21
Eliminations	**4**	0	**1**	-1	-1
Total	**115**	161	**483**	527	713

COMPARABLE OPERATING PROFIT

MEUR	**7-9/2005**	7-9/2004 9)	**1-9/2005**	1-9/2004 9)	1-12/2004 9)
Oil Refining	**80**	86	**340**	298	463
Oil Retail	**19**	17	**42**	41	49
Shipping	**2**	14	**57**	76	94
Other	**-6**	-6	**-25**	-15	-21
Eliminations	**4**	0	**1**	-1	-1
Total	**99**	111	**415**	399	584

DEPRECIATION, AMORTISATION AND WRITE-DOWNS

MEUR	**7-9/2005**	7-9/2004 9)	**1-9/2005**	1-9/2004 9)	1-12/2004 9)
Oil Refining	**23**	23	**71**	69	94
Oil Retail	**7**	6	**20**	19	27
Shipping	**6**	5	**17**	13	18
Other	**0**	0	**1**	0	0
Total	**36**	34	**109**	101	139

SHARE OF PROFITS IN ASSOCIATED COMPANIES AND JOINT VENTURES

MEUR	**7-9/2005**	7-9/2004 9)	**1-9/2005**	1-9/2004 9)	1-12/2004 9)
Oil Refining	**13**	14	**21**	20	27
Oil Retail	**-1**	-1	**-3**	-3	-5
Shipping	**0**	0	**0**	0	0
Other	**10**	5	**18**	12	14
Total	**22**	18	**36**	29	36

NET ASSETS

MEUR	**30 Sept 2005**	30 Sept 2004 9)	31 Dec 2004 9)
Oil Refining	**1,845**	1,327	1,415
Oil Retail	**409**	329	302
Shipping	**315**	318	336
Other	**43**	3	13
Eliminations	**-2**	0	-3
Total	**2,610**	1,977	2,063

RETURN ON NET ASSETS, %

	30 Sept 2005	30 Sept 2004 9)	31 Dec 2004 9)
Oil Refining	**36.7**	46.9	46.7
Oil Retail	**13.7**	19.2	18.1
Shipping	**22.9**	38.6	37.1

9) Comparative segment information for 2004 are carve-out figures.

QUARTERLY SALES				Carve-out			
MEUR	**7-9/2005**	**4-6/2005**	**1-3/2005**	10-12/2004	7-9/2004	4-6/2004	1-3/2004
Oil Refining	**2,111**	**2,135**	**1,622**	1,727	1,641	1,635	1,303
Oil Retail	**834**	**695**	**620**	611	666	566	531
Shipping	**69**	**87**	**103**	91	69	78	101
Other	**4**	**3**	**1**	0	0	0	0
Eliminations	**-433**	**-343**	**-286**	-321	-285	-279	-225
Total	**2,585**	**2,577**	**2,060**	2,108	2,091	2,000	1,710

QUARTERLY OPERATING PROFIT				Carve-out			
MEUR	**7-9/2005**	**4-6/2005**	**1-3/2005**	10-12/2004	7-9/2004	4-6/2004	1-3/2004
Oil Refining	**96**	**194**	**124**	152	129	180	101
Oil Retail	**18**	**21**	**-2**	13	16	24	7
Shipping	**3**	**19**	**34**	27	22	19	45
Other	**-6**	**-13**	**-6**	-6	-6	-3	-6
Eliminations	**4**	**-2**	**-1**	0	0	0	-1
Total	**115**	**219**	**149**	186	161	220	146

QUARTERLY COMPARABLE OPERATING PROFIT				Carve-out			
MEUR	**7-9/2005**	**4-6/2005**	**1-3/2005**	10-12/2004	7-9/2004	4-6/2004	1-3/2004
Oil Refining	**80**	**168**	**92**	165	86	125	87
Oil Retail	**19**	**12**	**11**	8	17	17	7
Shipping	**2**	**20**	**35**	18	14	18	44
Other	**-6**	**-13**	**-6**	-6	-6	-3	-6
Eliminations	**4**	**-2**	**-1**	0	0	0	-1
Total	**99**	**185**	**131**	185	111	157	131

QUARTERLY DEPRECIATION, AMORTISATION AND WRITE-DOWNS				Carve-out			
MEUR	**7-9/2005**	**4-6/2005**	**1-3/2005**	10-12/2004	7-9/2004	4-6/2004	1-3/2004
Oil Refining	**23**	**25**	**23**	25	23	24	22
Oil Retail	**7**	**7**	**6**	8	6	8	6
Shipping	**6**	**5**	**6**	5	5	4	4
Other	**0**	**1**	**0**	0	0	0	0
Total	**36**	**38**	**35**	38	34	36	32

QUARTERLY SHARE OF PROFITS IN ASSOCIATED COMPANIES AND JOINT VENTURES				Carve-out			
MEUR	**7-9/2005**	**4-6/2005**	**1-3/2005**	10-12/2004	7-9/2004	4-6/2004	1-3/2004
Oil Refining	**13**	**9**	**-1**	7	14	6	0
Oil Retail	**-1**	**-1**	**-1**	-2	-1	-2	0
Shipping	**0**	**0**	**0**	0	0	0	0
Other	**10**	**8**	**0**	2	5	4	3
Total	**22**	**16**	**-2**	7	18	8	3

Change in accounting principle for emission allowances

Neste Oil implemented IFRIC 3, Emission rights, in accounting for emissions allowances as of January 1, 2005. In June 2005 the IASB decided to withdraw IFRIC 3 with immediate effect. As a result, Neste Oil has changed the accounting principle for emission allowances retrospectively as of January 1, 2005. The current accounting principle is based on currently valid IFRS standards. Emission allowances purchased are accounted for as intangible assets and measured at cost, and emission allowances received free of charge are accounted for at nominal value, i.e. at zero. A provision is recognized to cover the obligation to return emission allowances, if emission allowances received free of charge do not cover actual emissions. The provision is measured at its probable settlement amount. The difference between emissions made and emission allowances received as well as the change in the probable amount of the provision are reflected in operating profit.

The effect of the change in accounting principle on previously reported operating profit and profit for the period January-March 2005 are as follows:

MEUR	1-3/2005 reported earlier	effect of change in accounting principle	**1-3/2005 current reporting**
Operating profit	146	3	**149**
Profit for the period	103	2	**105**

CONTINGENT LIABILITIES

MEUR	**30 Sept 2005**	30 Sept 2004	31 Dec 2004
Contingent liabilities			
On own behalf			
For debt			
Pledges	**5**	6	6
Real estate mortgages	**28**	28	28
Other contingent liabilities	**8**	14	2
Total	**41**	48	36
On behalf of associated companies			
Pledges and real estate mortgages	**9**	9	9
Guarantees	**10**	0	8
Other contingent liabilities	**5**	0	0
Total	**24**	9	17
On behalf of others			
Guarantees 10)	**64**	0	0
Other contingent liabilities	**0**	3	3
Total	**64**	3	3
Total	**129**	60	56

MEUR	**30 Sept 2005**	30 Sept 2004	31 Dec 2004
Operating lease liabilities			
Due within a year	**69**	68	76
Due later than one year and not later than 5 years	**52**	53	46
Due later than five years	**57**	53	54
Total	**178**	174	176

MEUR	**30 Sept 2005**	31 Dec 2004
Commitments		
Commitments for purchase of property, plant and equipment	**162**	225
Commitments for purchase of intangible assets	**1**	3
	163	228

Derivatives

Interest and currency derivates MEUR	**30 Sept 2005 Nominal value**	**30 Sept 2005 Fair value**	30 Sept 2004 Nominal value	30 Sept 2004 Fair value	31 Dec 2004 Nominal value	31 Dec 2004 Fair value
Interest rate swaps	**308**	**-5**	63	-7	59	-7
Forward foreign exchange contracts 11)	**1,090**	**-26**	844	-2	567	10
Currency swaps						
Purchased currency options	**781**	**-19**	525	-7	438	17
Written currency options	**781**	**2**	525	4	438	6

Oil futures and forward instruments	**Volume 1 000 bbl**	**Fair value**	Volume 1 000 bbl	Fair value	Volume 1 000 bbl	Fair value
Sales contracts	**42,091**	**-103**	16,262	-19	44,588	26
Purchase contracts	**91,152**	**53**	58,853	37	70,258	7
Purchased options	**3,142**	**-3**	13,495	-8	4,797	2
Written options	**2,160**	**2**	13,993	9	6,784	-2

The fair values of derivative contracts subject to public trading are based on market prices as of the balance sheet date. The fair values of other derivatives 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 contracts are mainly used to manage the group's currency, interest rate and price risk.

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 14a Paragraph 6.

10) Guarantees on behalf of others include counter indemnity issued to Fortum Corporation regarding guarantees issued by Fortum Corporation on behalf of SeverTEK, a joint venture of Neste Oil.

11) Includes also contracts used for equity hedging.

CALCULATION OF KEY FIGURES

CALCULATION OF KEY FINANCIAL INDICATORS

Comparable operating profit	=		Operating profit -/+ inventory gains/losses -/+ gains/losses from sales of fixed assets - change in fair value of oil derivatives
Return on shareholders' equity, %	=	100 x	Profit before taxes - taxes / (Shareholders' equity + minority interests) average
Return on capital employed, %	=	100 x	Profit before taxes + interest and other financial expenses / Capital employed average
Capital employed	=		Total assets - interest-free liabilities - deferred tax liabilities - provisions for liabilities and charges
Segments net assets	=		Fixed assets, shares, pension assets and working capital allocated to the business segment, provisions and pension liabilities
Interest-bearing net debt	=		Interest-bearing liabilities - cash and marketable securities
Gearing, %	=	100 x	Interest-bearing net debt / Shareholders' equity + minority interests
Equity-to assets ratio, %	=	100 x	Shareholders' equity + minority interests / Total assets - advances received
Leverage ratio, %	=		Net debt / Net debt + shareholders' equity + minority interest
Return on net assets, %	=	100 x	Operating profit + share of profits of associates and joint ventures / Average net assets

CALCULATION OF KEY SHARE RATIOS

Earnings per share (EPS)	=		Profit before taxes - taxes on regular business operations - minority interests / Adjusted average number of shares during the period
Shareholders' equity per share	=		Shareholders' equity / Adjusted average number of shares at the end of the period