FINANCIAL STATEMENTS 2007

7 February 2008

refining the future

NESTE OIL'S FINANCIAL STATEMENTS FOR 2007
- Full-year comparable operating profit of EUR 626 million, up 5%

2007 in brief:
- Comparable operating profit of EUR 626 million (2006: 597 million)
- Operating profit of EUR 801 million (2006: 854 million)
- Earnings per share of EUR 2.25 (2006: 2.46)
- Strong balance sheet with a year-end leverage of 23.7% (31 Dec 2006: 25.6%)
- The Board of Directors proposes a dividend of EUR 1.00 per share (0.90)

Fourth quarter in brief:
- Comparable operating profit of EUR 84 million (10-12/06: 87 million)
- Operational problems at the Porvoo refinery had a significant negative impact
- Strong operational cash flow of EUR 220 million (10-12/06: 136 million)
- Investment decision to build a 800,000 t/a biodiesel plant in Singapore

President & CEO Risto Rinne:
"As a result of a prolonged shutdown of the new diesel line and unplanned maintenance on some other units in November, our performance in the final quarter fell short of expectations. These outages unfortunately coincided with very strong diesel margins.

Our full-year profit was mainly shadowed by the delay of the new diesel line, although many production records were broken at the Porvoo refinery. Since its restart in December, the new line has been running smoothly and should deliver much better results in 2008.

I'm happy that we proceeded with our strategic projects during the year. Construction of the world's largest renewable diesel plant in Singapore is about to commence, and we are continuing planning work on other growth projects as well. Hopefully, we'll take decisions on some of these later this year."

Further information:
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News conference and conference call
A press conference in Finnish on the 2007 results will be held today, 7 February 2008, at 11:30 am EET in the Akseli Gallén-Kallela Room at Hotel Kämp, 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, 7 February 2008, at 3:00 pm Finland / 1:00 pm London / 8:00 am New York. The call-in numbers are as follows: Europe: +44 (0)20 3023 4426, US: +1 866 966 5335. Use the password: Neste Oil. An instant replay of the call will be available for one week at +44 (0)20 8196 1998 for Europe and +1 866 583 1035 for the US, using access code 725434.

NESTE OIL FINANCIAL STATEMENTS, 1 JANUARY – 31 DECEMBER 2007

10-12/2007 and 10-12/2006 unaudited, full year 2007 and 2006 audited

Figures in parentheses refer to the full-year financial statements for 2006, unless otherwise stated.

KEY FIGURES

EUR million (unless otherwise noted)

	10–12/07	10–12/06	2007	2006
Sales	3,461	2,956	12,103	12,734
Operating profit before depreciation	199	207	996	1,007
Depreciation, amortization and impairment charges	56	40	195	153
Operating profit	143	167	801	854
Comparable operating profit *	84	87	626	597
Profit before income tax	130	165	763	841
Earnings per share, EUR	0.40	0.54	2.25	2.46
Capital expenditure and investments in shares	98	151	334	535
Net cash from operating activities	220	136	541	512

	31 Dec 2007	31 Dec 2006
Total equity	2,427	2,097
Interest-bearing net debt	755	722
Capital employed	3,234	2,890
Return on capital employed pre-tax (ROCE), %	26.2	31.9
Return on average capital employed after tax (ROACE),%	15.5	15.4
Return on equity (ROE), %	25.6	34.3
Equity per share, EUR	9.47	8.15
Cash flow per share, EUR	2.11	2.00
Equity-to-assets ratio, %	49.9	48.4
Leverage ratio, %	23.7	25.6
Gearing, %	31.1	34.4

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

The Group's full-year results

Neste Oil's sales decreased by 5% to EUR 12,103 million in 2007, compared to EUR 12,734 million in 2006, and mainly resulted from the divestment of the Group's stake in Eastex Crude Company in early 2007. Excluding this, sales increased by 10%.

The Group's full-year operating profit totaled EUR 801 million (854 million). This includes an inventory gain of EUR 174 million (56 million), whereas the operating profit for 2006 included a EUR 210 million gain on asset sales.

The full-year comparable operating profit increased to EUR 626 million from EUR 597 million in 2006, thanks to higher refining margin and increased volumes in Oil Refining. This positive contribution was offset, however, by increased costs, including maintenance costs, and higher depreciation in Oil Refining.

Oil Refining posted a comparable operating profit of EUR 582 million (533 million), Oil Retail EUR 59 million (65 million), and Shipping EUR 28 million (32 million).

Profits from associated companies and joint ventures totaled EUR 39 million (39 million).

The Group's profit before income taxes amounted to EUR 763 million (841 million).

Income taxes for the period were EUR 183 million (205 million), and the effective tax rate was 24.0% (24.3%).

Profit for the period 2007 totaled EUR 580 million (636 million) and earnings per share, EUR 2.25 (2.46).

Given the capital-intensive nature of its business, Neste Oil uses return on average capital employed after tax (ROACE) as its primary financial indicator. At the end of December, the rolling twelve-month ROACE was 15.5% (2006 financial year: 15.4%).

The Group's fourth-quarter results

Sales at the Group amounted to EUR 3,461 in the last quarter of 2007 (10-12/06: 2,956 million).

The fourth-quarter operating profit was EUR 143 million (10-12/06: 167 million), which includes inventory gains of EUR 54 million (10-12/06: 14 million). The figure for the last quarter of 2006 includes a EUR 83 million gain from asset sales.

The Group's comparable operating profit for the fourth quarter was EUR 84 million (10-12/06: 87 million). The comparable operating profit was positively impacted by higher refining margins and biodiesel production. Negative impact was experienced across the portfolio, most notably in the form of considerably lower base oil profitability and increased fixed costs and depreciation. In addition, lost production and maintenance costs related to planned and unplanned outages at the Porvoo refinery totaled over EUR 60 million.

Oil Refining’s comparable operating profit in the fourth quarter was EUR 89 million (10-12/06: 78 million), Oil Retail's EUR 10 million (10-12/06: 16 million), and Shipping's EUR -3 million (10-12/06: 1 million).

Profits from associates and joint ventures in the fourth quarter were EUR 8 million (10-12/06: 12 million). Profit before income taxes was EUR 130 million (10-12/06: 165 million) and profit for the period EUR 103 million (10-12/06: 140 million).

Earnings per share was EUR 0.40 (10-12/06: 0.54).

	10-12/07	10-12/06	2007	2006
COMPARABLE OPERATING PROFIT	84	87	626	597
- changes in the fair value of open oil derivative positions	4	-17	-5	-9
- inventory gains	54	14	174	56
- gains from sales of fixed assets	1	83	6	210
OPERATING PROFIT	143	167	801	854

Capital expenditure

Capital spending was significantly lower in 2007 compared to 2006. Investments totaled EUR 334 million (535 million), of which Oil Refining accounted for EUR 272 million (478 million), Oil Retail EUR 51 million (44 million), and Shipping EUR 2 million (10 million).

Depreciation in 2007 was EUR 195 million (153 million).

Financing

The Group's interest-bearing net debt was EUR 755 million at the end of the year (31 Dec 2006: EUR 722). Net financial expenses between January and December were EUR 38 million (13 million).

The average interest rate of borrowings at the end of 2006 was 4.5%, and the average maturity 4.6 years.

Net cash from operating activities between January and December was EUR 541 million (512 million).

Neste Oil's balance sheet continued to strengthen during 2007. The year-end equity-to-assets ratio was 49.9% (31 Dec 2006: 48.4%), the gearing ratio 31.1% (31 Dec 2006: 34.4%), and the leverage ratio 23.7% (31 Dec 2006: 25.6%).

The Group's liquidity remained healthy. Cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,492 million at the end of December (31 Dec 2006: 1,667 million).

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.

Market overview

After the record prices seen in 2006, crude oil prices remained strong and climbed from USD 50 /bbl in January to close to USD 80 /bbl in July. Investor activity, OPEC production cuts, and lower US crude oil stocks pushed prices even higher during the second half of the year. Brent Dated recorded an all-time high of USD 96.02 /bbl in late December. Brent Dated averaged USD 72.52 /bbl (65.14) in 2007 as a whole; the average for the fourth quarter was USD 88.69 /bbl (10-12/06: 59.68).

The price difference between heavy and light crude narrowed compared to 2006. Demand for heavier crude improved, due to a tighter light crude market. The average differential between Urals and Brent Dated in 2007 was USD -3.10 /bbl (-4.28). During the fourth quarter, the differential averaged USD -2.88 /bbl (10-12/06: -3.79).

Refining margins increased significantly compared to 2006, particularly in the spring, when they were driven by strong gasoline margins. The international reference refining margin for complex refineries in Northwest Europe, IEA Brent Cracking, averaged USD 5.07 /bbl (3.73). In the fourth quarter, middle distillate margins were exceptionally strong due to refinery outages, and IEA Brent Cracking averaged USD 4.27 /bbl (10-12/06: 1.67).

Gasoline prices rose steadily during the first half of 2007, pushed up both by high demand and historically low gasoline inventories in the US due to both planned and unplanned refinery outages. Prices softened as a result of higher refinery runs in the summer, but as inventories remained low, gasoline margins were better than normal also during the off-season.

The strong middle distillate market improved further in the second half of 2007 because of lower inventories on both sides of the Atlantic. Diesel margins remained healthy, due to growing demand and occasional supply disruptions caused by refinery shutdowns. In November, refinery problems led to limited diesel availability in Northwest Europe, which resulted in very high margins. Jet fuel and heating oil demand and margins also increased towards the end of the year.

Fuel oil margins remained largely negative, but above market expectations; the high-sulfur fuel oil market was temporarily tight due to low Russian exports and very good bunker demand during the last quarter.

The first-generation biodiesel (FAME) industry has continued to suffer from over-capacity and low profitability. EU Commission's draft proposal to promote renewable energy was released in January 2008. Discussion on raw material sustainability in the public domain has intensified and the importance of sustainability criteria has a central role also in the draft EU directive proposal. In addition, the criteria for certifying palm oil production were approved by the RSPO in November 2007, and implementation is expected to start in 2008. The demand for high quality renewable diesel, such as Neste Oil's NExBTL, has remained healthy.

Prices for vegetable oil continued to increase in 2007, and this accelerated in the second half, driven by high demand for rapeseed oil to produce winter-grade FAME.

Competition for market share continued on the oil retail market in Finland. During the last months of the year, the competition moved away from gasoline to diesel, as diesel demand is continuing to increase. Overall demand for traffic fuels continued to grow in the Baltic Rim area. Rapidly increasing oil prices in the fourth quarter put pressure on margins.

Crude freight rates on the North Sea market were a little lower, but those on the Baltic market declined by 10% compared to 2006. Trans-Atlantic product freight rates fell by some 8% compared to 2006. The freight market was weak in the fourth quarter, particularly October-November.

Key drivers

	10-12/07	10-12/06	2007	2006	Jan 2008
IEA Brent cracking margin, USD/bbl	4.27	1.67	5.07	3.73	1.77
Neste Oil's total refining margin, USD/bbl	9.88	7.46	10.46	9.11	n.a.
Urals - Brent price differential, USD/bbl	-2.88	-3.79	-3.10	-4.28	-2.34
Brent dated crude oil, USD/bbl	88.69	59.68	72.52	65.14	92.00
Crude freight rates, Aframax WS points	152	165	136	145	159

SEGMENT REVIEWS

In 2007, Neste Oil's businesses were grouped into four reporting segments: Oil Refining, Oil Retail, Shipping, and Other. The Biodiesel and Specialty Products businesses were included in Oil Refining.

Oil Refining

Oil Refining's full-year comparable operating profit was EUR 582 million (533 million), and its operating profit EUR 754 million (671 million).

Neste Oil's refining margin increased to USD 10.46/bbl in 2007, compared to USD 9.11 /bbl in 2006. This increase was due to higher product margins, which is reflected in the reference refining margin (IEA Brent cracking), which averaged USD 5.07 /bbl (3.73 /bbl). The new diesel line contributed positively to the refining margin, despite the limited amount of time that it was operational. Higher production volumes also made a positive contribution to the segment's profits. Negative impact resulted from higher costs and depreciation. High feedstock prices put pressure on the base oil business in the last quarter.

Oil Refining's comparable operating profit in the fourth quarter was EUR 89 million (10-12/06: 78 million), and operating profit of EUR 151 million (10-12/06: 81 million).

Neste Oil's refining margin averaged USD 9.88 /bbl in the fourth quarter (10-12/06: 7.46), helped by a favorable market and product margins, as reflected in the IEA Brent cracking margin of USD 4.27 /bbl (10-12/06: 1.67). The high refining margin was offset by higher costs, including maintenance, and significantly lower profitability in the Specialty Products division.

Oil Refining's return on net assets (RONA) in 2007 was 28.9% (29.9%). The comparable return on net assets was 22.3% (23.8%).

Key figures

	10-12/07	10-12/06	2007	2006
Sales, MEUR	2,872	2,431	9,925	10,768
Operating profit, MEUR	151	81	754	671
Comparable operating profit, MEUR	89	78	582	533
Capital expenditure, MEUR	73	130	272	478
Total refining margin USD/bbl	9.88	7.46	10.46	9.11

Production

Many records were broken at Neste Oil's refineries in 2007. The most important of these were total feed and total production, as well as diesel and base oil production.

Neste Oil refined a total of 14.6 million tons (13.8 million) of crude oil and feedstocks, of which 11.8 million tons (11.6 million) at Porvoo. The Naantali refinery processed 2.8 million tons (2.2 million). A major maintenance shutdown took place at Naantali in 2006.

Neste Oil refined 3.5 million tons (3.5 million) during the fourth quarter, of which 2.8 million tons (3.0 million) at Porvoo and 0.7 million tons (0.5 million) at Naantali.

Refineries operated almost at their full crude distillation capacity in 2007. The Porvoo refinery experienced lower rates during the first and fourth quarters, when utilization was 97% and 98% respectively, as a result of unplanned maintenance. Porvoo reached a 100% capacity utilization in 2006, while Naantali's figure of 83% was the result of the refinery's planned maintenance shutdown.

The start-up of the new diesel production line at Porvoo saw the proportion of Russian Export Blend in Neste Oil's total refinery input rise to 51% (43%). REB accounted for 54% (41%) in the fourth quarter.

Sales

Sales volumes in Finland totaled 8.1 million tons in 2007 (8.1 million), and export volumes 6.3 million tons (6.0 million). Sales volumes in Finland in the fourth quarter totaled 2.1 million tons (10-12/06: 2.0 million) and exports 1.5 million tons (10-12/06: 1.5 million). Sales to North America increased by 20% compared to 2006.

Thanks to the new production line at Porvoo, diesel sales increased in the second half of 2007 and exceeded sales in 2006 by 7%. 2007 was another record-breaking year in base oils, such as VHVI, driven by growing demand.

NExBTL Renewable Diesel

The first NExBTL plant was started up at the Porvoo refinery in the summer, and the first deliveries were made in the second half of the year. The NExBTL sales margin was healthy thanks to its premium quality and favorable feedstock sourcing.

Specialty products

Base oils showed lower profits compared to 2006. Most of this resulted from the weak last quarter, which was characterized by a rapid increase in feedstock prices and lower availability at the Porvoo base oil plant. Iso-octane profits remained at 2006 level.

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

	10-12/07	10-12/06	2007	2006
Motor gasoline and components	1,110	1,153	4,741	4,856
Diesel fuel	1,298	1,271	5,137	4,821
Jet fuel	197	178	729	702
Base oils	77	72	304	302
Heating oil	225	197	764	684
Heavy fuel oil	322	257	1,097	1,069
NExBTL Renewable Diesel	23	0	28	0
Other products	331	360	1,532	1,543
TOTAL	3,583	3,509	14,332	14,095

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

	10–12/07	10–12/06	2007	2006
Finland	2,071	2,049	8,053	8,083
Other Nordic countries	484	445	2,059	1,906
Other Europe	643	734	2,399	2,473
USA & Canada	337	277	1,703	1,417
Other countries	48	4	118	216
TOTAL	3,583	3,509	14,332	14,095

Oil Retail

Oil Retail posted a comparable operating profit of EUR 59 million (65 million) in 2007. The figure for 2006 includes rental and other income from service station properties in Finland sold in late 2006. Excluding this item, Oil Retail's comparable operating profit increased on 2006. Expansion of the station network in the Baltic Rim and higher volumes contributed positively to the segment's profit. Oil Retail's full-year operating profit for 2007 was EUR 60 million compared to EUR 138 million in 2006. The latter includes a EUR 72 million gain from asset sales.

Comparable operating profit in the fourth quarter came in at EUR 10 million (10-12/06: 16 million) as a result of tighter margins, notwithstanding the higher diesel volumes in 2007. It should be noted that the fourth quarter of 2006 was exceptionally good for Oil Retail.

Oil Retail's return on net assets (RONA) in 2007 was 17.4% (37.2%). The comparable return on net assets was 17.1% (17.5%).

Key figures

	10-12/07	10-12/06	2007	2006
Sales, MEUR	965	810	3,435	3,280
Operating profit, MEUR	9	85	60	138
Comparable operating profit, MEUR	10	16	59	65
Capital expenditure, MEUR	24	20	51	44
Product sales volume, 1,000 m3	1,190	1,174	4,519	4,424

Total gasoline sales increased by almost 7% in 2007, whereas diesel sales jumped almost 15% compared to 2006. Diesel sales in the fourth quarter were up by almost 18% and gasoline sales flat compared to the same period in 2006.

Neste Oil's retail market share in Finland was 27.6% (26.2%) in gasoline and 39.8% (40.9%) in diesel fuel. At the end of 2007, the company had 899 outlets in Finland. Gasoline volumes in Finland were flat compared to 2006, but diesel volumes continued to increase steadily. Both increased in the fourth quarter, by 8% and 5% respectively. Sales of heating oil continued to fall due to mild weather and lower demand.

In November, Neste Oil signed a lubricant production agreement with Ashland Nederland B.V. to guarantee the continued production of Neste Oil lubricants when the company’s plant in Helsinki closes at the end of 2008.

Oil Retail started a project designed to enhance its profitability and position on the domestic market in 2007. This will include a rebranding of service stations.

Outside Finland, the company expanded its network by 33 stations in 2007. At the end of the year, Neste Oil had 45 stations in Russia, 41 in Estonia, 48 in Latvia, 37 in Lithuania, and 100 in Poland.

Sales through the Baltic Rim station network continued to increase during 2007, by over 12% in gasoline and close to 27% in diesel. Gasoline sales in the fourth quarter increased by almost 7% and diesel volumes by 25%.

Oil Retail sales volumes (1,000 m3)

	10-12/07	10-12/06	2007	2006
Gasoline	392	390	1,551	1,452
Diesel fuel	475	403	1,733	1,510
Heating oil	217	246	762	932
Heavy fuel oil	106	135	473	530
TOTAL	1,190	1,174	4,519	4,424

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

FINLAND	10-12/07	10-12/06	2007	2006
Gasoline	162	150	656	652
Diesel fuel	273	260	1,059	1,008
Heating oil	217	216	753	814
Heavy fuel oil	106	135	473	530
TOTAL	758	761	2,941	3,004

BALTIC RIM	10-12/07	10-12/06	2007	2006
Gasoline, station sales	210	195	812	722
Gasoline, direct and terminal sales	20	45	83	78
Diesel fuel, station sales	100	80	359	283
Diesel fuel, direct and terminal sales	102	63	315	219
Heating oil	0	30	9	118
TOTAL	432	413	1,578	1,420

Jet fuel (1,000 m3)	68	74	292	270
LPG (1000 t)	62	67	235	254

Shipping

Shipping's comparable operating profit totaled EUR 28 million in 2007 (32 million), and was negatively impacted by higher docking and time-charter costs, as well as lower crude freight rates. These were somewhat offset by successful bunker hedging. The full-year operating profit was EUR 30 million (78 million). The figure for 2006 includes an asset sale gain of EUR 49 million.

A soft freight market in the fourth quarter, together with higher costs, especially related to dockings and repairs, had a negative effect on Shipping's performance. The comparable operating profit for the period totaled EUR -3 million (10-12/06: 1 million) and operating profit EUR -5 million (9 million).

Shipping's return on net assets (RONA) was 9.9% (25.0%) in 2007. The comparable return on net assets was 9.3% (10.3%).

Key figures

	10-12/07	10-12/06	2007	2006
Sales, MEUR	87	73	394	293
Operating profit, MEUR	-5	9	30	78
Comparable operating profit, MEUR	-3	1	28	32
Capital expenditure, MEUR	0	1	2	10
Total fleet days	2,872	2,633	11,107	10,120
Fleet utilization rate, %	93	92	94	94

Shipping's total fleet days (the number of days vessels are operational, including repair and waiting days) amounted to 11,107 in 2007 (10,120). Fleet days for the crude fleet totaled 2,078 (1,813), and 9,029 (8,307) for the product fleet.

Total fleet days in the fourth quarter were 2,872 (2,633), of which the crude fleet accounted for 552 (586) and the product fleet 2,320 (2,047). Docking of the crude carrier Mastera had a negative effect on the crude fleet's utilization rate.

Neste Oil owned or controlled through contracts a total of 31 (30) tankers as of the end of December. Crude carrying capacity as of the end of December was 680,407 dwt (563,407), and for products 609,713 dwt (493,764), totaling 1,290,120 dwt (1,057,171).

The fleet utilization rate remained high in 2007, at 94% (94%).

Divisional restructuring and changes in segment reporting

Neste Oil announced a new divisional structure and new heads for four divisions on 27 September, to provide the company better focus to implement its strategy going forward. A new division, Specialty Products, was formed, and includes the base oil and gasoline component businesses and is also responsible for Neste Oil’s holding in the Nynäs Petroleum joint venture.

The heads of the five divisions are as follows: Jorma Haavisto (Oil Refining), Jarmo Honkamaa (Biodiesel), Kimmo Rahkamo (Specialty Products), Sakari Toivola (Oil Retail), and Risto Näsi (Shipping). Jarmo Honkamaa was appointed Deputy CEO. These changes came into effect on 16 October.

Neste Oil changed its segment reporting as of 1 January 2008, and the performance of all five divisions will now be reported separately. The figures for Biodiesel and Specialty Products came under Oil Refining segment in 2007.

Shares, share trading, and ownership

Neste Oil’s share price closed 2007 at EUR 24.13 and was up by 4.7% compared to the end of 2006. At its highest during 2007, the share price reached EUR 30.03, while at its lowest the price stood at EUR 21.65, with the weighted average for the year coming in at EUR 25.48. The market capitalization was EUR 6.2 billion as of 31 December 2007.

An average total of 1.9 million shares were traded daily. This represents 0.7% of the Company's shares. An average of 39 million shares was traded monthly. During the year as a whole, 470 million shares, or 183% of the total number of shares, were traded, making Neste Oil one of the most traded stocks on the Nordic Exchange, Helsinki.

Neste Oil's share capital registered with the Company Register as of 31 December 2007 totaled EUR 40 million, and the total number of shares outstanding is 256,403,686. The company does not hold any of its own shares, and the Board of Directors has no authorization to buy back company shares or to issue convertible bonds, share options, or new shares.

At the end of 2007, the Finnish state owned 50.1% of outstanding shares, foreign institutions 26.3%, Finnish institutions 16.5%, and Finnish households 7.1%.

Personnel

Neste Oil employed an average of 4,810 (4,678) employees in 2007. At the end of December, the company had 4,807 employees (Dec 2006: 4,740), of which 3,655 (Dec 2006: 3,506) worked in Finland.

Health, safety, and the environment

No serious environmental accidents resulting in liability, or accidents resulting in significant interruptions to production at existing process units, occurred at Neste Oil's refineries or other production facilities in 2007. The Naantali refinery received a new environmental permit in late November.

The environmental emissions of Neste Oil operations remained at a low level throughout the year. Wastewater treatment plants at the refineries operated without interruption. The oil content of waterborne emissions was 0.13 g/ton of crude oil processed. This is less than 5% of the 3 g/ton recommended by the Baltic Marine Environment Protection Commission.

The current main indicator for safety performance used by Neste Oil – cumulative lost workday injury frequency (LWIF, number of cases per million hours worked) for all work done for the company, combining the company's own personnel and contractors – stood at 2.9 at the end of December 2007 (3.8), and the company achieved its combined LWIF target of less than 3.5 for 2007. The total recordable injury frequency (TRIF) was 5.7 (8.7). The target for this new key safety indicator is less than 5 for 2008.

Neste Oil participated in carbon dioxide (CO_2) emissions trading by buying and selling a minor number of December 2007 emission rights. The company has successfully fulfilled all the requirements related to carbon dioxide emissions in 2007. The verification of emissions for 2007 has taken place, and the company is able to report and surrender allowances equal to its total emissions in 2007.

The REACH (Registration, Evaluation and Authorization of Chemicals) regulation entered into force in the EU on 1 June 2007. The implementation period stretches over 11 years, of which the four first years are the most important for Neste Oil. Neste Oil has contributed to joint work carried out under the framework of the European oil companies' organization, Concawe, and the company's project for meeting REACH requirements has progressed according to plan.

Neste Oil retained or was selected for inclusion in several sustainability indexes during 2007. Neste Oil has been accepted into the Dow Jones Sustainability World Index. It was also awarded 'Best in Class' recognition for its social accountability by the Norwegian banking group, Storebrand, included in Innovest's Global 100 list of the world's most responsible companies, and featured in the Ethibel Pioneer Investment Register.

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 increased by 26% compared to 2006 and totaled EUR 28 million (22 million). The main R&D projects were related to extending the raw material base for renewable diesel.

Strategy implementation

Neste Oil continued to implement its clean fuel strategy in 2007. It will continue to review further investments in renewable diesel production abroad and in new conversion capacity at its refineries in Finland to increase diesel production. There are also good prospects for increasing base oil capacity and expanding Oil Retail's operation in the Baltic Rim.

Diesel Project

The new diesel production line at the Porvoo refinery, started up in June, was stopped for a planned maintenance shutdown at the end of September. The shutdown was prolonged because over 500 valves with material defects were identified and replaced. A leakage in the line delayed the restart. The line has been in production again since early December.

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

NExBTL Renewable Diesel

Neste Oil's target to become the world's leading biodiesel producer will translate into future production volumes of millions of tons annually. The cornerstone of the strategy is the company's proprietary NExBTL technology, which produces a premium-quality renewable diesel fuel that clearly outperforms both the existing biodiesel products (FAME) and crude oil-based diesel products currently on the market. The fuel is based on a long-term R&D effort and can be produced from practically any vegetable oil or animal fat.

The first NExBTL plant at the Porvoo refinery was initially started up in July. The NExBTL technology is now proven on an industrial scale and planned production rates and targeted product qualities have been reached. However, various opportunities for improving the process and catalysts have been identified and some amendments have been made also to the Porvoo unit.

A second NExBTL plant at Porvoo is under construction at Porvoo and is now scheduled to be commissioned in 2009. The delay compared to the original plan has resulted from improvements based on learnings from the first unit. The capital cost of the second unit is estimated to exceed EUR 100 million. The plant will have the same capacity, 170,000 t/a, as the first unit.

Neste Oil announced in November that it will build a NExBTL plant in Singapore with an annual capacity of 800,000 tons of renewable diesel. The investment cost of the project will be EUR 550 million, and it is expected to be completed by the end of 2010.

Planning work on a project with the Austrian oil and gas group, OMV, to jointly build a NExBTL plant in Austria has continued, and the lengthy Environmental Impact Assessment process is still under way.

Neste Oil and Total decided in February 2007 to discontinue plans for a project to build a NExBTL plant in France, due to higher-than-expected costs.

Public discussion on the sustainability of biofuel feedstocks accelerated during 2007. Neste Oil has prioritized the importance of excellent sustainability throughout the entire value chain, from cultivation to logistics to refining and end use, and now has a palm oil traceability system in place. The company's policy is not to procure feedstock obtained from high-biodiversity land (forest with no significant human intervention) or land with a high carbon stock, such as tropical wetlands.

The company will continue to be active in R&D in the biofuels area, with the long-term aim of switching to alternative non-food feedstocks such as wood chips. As a demonstration, Neste Oil joined forces with Stora Enso in March to develop technology for producing new-generation biofuels from wood residues, and the two have decided to design and build a demonstration plant at Stora Enso's Varkaus Mill in Finland. The plant, owned on a 50/50 basis by the two companies, is expected to start up in 2009.

Base oils

The project with Bapco to build a 400,000 t/a base oil plant in Bahrain has proceeded and an investment decision is expected in 2008. Neste Oil's ownership will be 45%.

In late 2007, Neste Oil signed a Heads of Terms agreement with Takreer of Abu Dhabi and OMV of Austria to form a joint venture and build a base oil plant at Ruwais in Abu Dhabi. The joint venture will be 60% owned by Takreer and 20% by Neste Oil and OMV respectively. The planned facility will be capable of producing 500,000 t/a of base oils. The final investment decision will be made in 2009 following Front End Engineering Design (FEED), which is expected to commence by the second quarter of 2008.

Initially, Neste Oil will be responsible for marketing of the whole production of both new base oil facilities.

Oil Retail

Expansion of Neste Oil's station network will continue in the Baltic Rim area, where the focus will be on Northwest Russia.

Divestments

In February, Neste Oil closed its divestment of its 70% holding in Texas-based Eastex Crude Company for USD 15.5 million to Eastex Crude Holding Company, and announced the sale of its into-plane aviation fuels business at Riga International Airport to Statoil.

Events after the reporting period

Neste Oil announced at the beginning of January 2008 that its subsidiary, Neste Jacobs, will acquire the Rintekno engineering company. Following the acquisition, Neste Jacobs will become the leading provider of engineering services for the chemical and biotechnology industries in the Nordic region, employing a total of some 750 people. The parties have agreed not to disclose the value of the transaction.

Potential short-term and long-term risks

The oil market continues to prove very volatile. Oil refiners are exposed to a variety of political and economic trends and events, as well as natural phenomena, which tend to affect the short-term supply of and demand for the products that companies produce and sell. Sudden and unplanned outages at production units or facilities also represent a risk. Rising investment costs and challenges in developing new competitive raw materials may impact the company's growth plans.

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

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

Outlook

Global oil demand forecasts were revised down at the beginning of 2008. Growth is still projected in Asia, but the biggest question mark overall continues to be the development of US demand amid fears of an economic slowdown.

Higher investment costs and a lack of engineering resources are likely to jeopardize some of the new refining capacity due to come on stream in the near future. This indicates that a favorable refining market will continue and that margins are likely to remain firm for complex refineries at least, given that there will be no major drop in demand for transportation fuels.

Gasoline margins have been seasonally depressed in January, and inventories are at normal levels. The gasoline market is expected to tighten towards the end of the first quarter as refiners switch to summer grade and the maintenance season kicks in.

Diesel margins are expected to remain at a good level, supported by demand growth as dieselization of the car fleet continues. Refinery turnarounds will also support the diesel market.

No full-scale maintenance turnarounds are scheduled for Neste Oil's refineries in 2008. The new diesel line should start to deliver as expected, despite that the line is due for maintenance during the year.

Demand for NExBTL Renewable Diesel is expected to remain healthy and the Porvoo plant should operate normally.

Oil Retail's volumes will continue to increase in the Baltic Rim, although some of the countries in the area might show slightly slower economic growth. Diesel demand is expected to increase in Finland.

The tanker freight market will remain challenging, while time-charter costs appear to be holding at exceptionally high levels. This is likely to put pressure on Shipping's earnings.

Subject to final investment decisions, the Group's capital expenditure is expected to be approximately EUR 500 million in 2008.

Dividend distribution proposal and the AGM

The Board of Directors will propose to the Annual General Meeting that Neste Oil should pay a dividend of EUR 1.00 per share for 2007, totaling EUR 256.4 million.

The Annual General Meeting will be held on 14 March 2008 at 11:00 a.m. EET at the Finnish National Opera.

The Board of Directors will also propose to the AGM that Ernst & Young Oy, Authorized Public Accountants, should be appointed as the company's Auditor, with Authorized Public Accountant Anna-Maija Simola as Auditor, until the end of the next AGM.

Reporting date for the first-quarter 2008 results

Neste Oil will publish its first-quarter results form 2008 on 24 April 2008 at approximately 9:00 a.m. EET.

Espoo, 6 February 2008

Neste Oil Corporation
Board of Directors

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

CONSOLIDATED INCOME STATEMENT

MEUR	Note	**10-12/2007**	10-12/2006	**1-12/2007**	1-12/2006
Sales	2, 4	**3,461**	2,956	**12,103**	12,734
Other income		**6**	91	**27**	238
Share of profit (loss) of associates and joint ventures	4	**8**	12	**39**	39
Materials and services		**-3,042**	-2,635	**-10,279**	-11,183
Employee benefit costs		**-69**	-56	**-256**	-224
Depreciation, amortization and impairments	4	**-56**	-40	**-195**	-153
Other expenses		**-165**	-161	**-638**	-597
Operating profit		**143**	167	**801**	854
Financial income and expenses					
Financial income		**2**	2	**8**	8
Financial expenses		**-14**	-3	**-40**	-16
Exchange rate and fair value gains and losses		**-1**	-1	**-6**	-5
Total financial income and expenses		**-13**	-2	**-38**	-13
Profit before income taxes		**130**	165	**763**	841
Income tax expense		**-27**	-25	**-183**	-205
Profit for the period		**103**	140	**580**	636
Attributable to:					
Equity holders of the company		**102**	138	**577**	631
Minority interest		**1**	2	**3**	5
		103	140	**580**	636
Earnings per share from profit attributable to the equity holders of the Company basic and diluted (in euro per share)		**0.40**	0.54	**2.25**	2.46

CONSOLIDATED BALANCE SHEET

MEUR	Note	31 Dec 2007	31 Dec 2006
ASSETS			
Non-current assets			
Intangible assets	5	**41**	38
Property, plant and equipment	5	**2,436**	2,310
Investments in associates and joint ventures		**178**	161
Non-current receivables		**3**	4
Pension assets		**81**	73
Deferred tax assets		**7**	8
Derivative financial instruments	6	**22**	22
Available-for-sale financial assets		**2**	2
Total non-current assets		**2,770**	2,618
Current assets			
Inventories		**968**	697
Trade and other receivables		**955**	808
Derivative financial instruments	6	**126**	77
Cash and cash equivalents		**52**	62
Total current assets		**2,101**	1,644
Non-current assets classified as held for sale	2	**0**	78
Total assets		**4,871**	4,340
EQUITY			
Capital and reserves attributable to the equity holders of the company			
Share capital		**40**	40
Other equity	3	**2,383**	2,049
Total		**2,423**	2,089
Minority interest		**4**	8
Total equity		**2,427**	2,097
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities		**662**	516
Deferred tax liabilities		**289**	239
Provisions		**8**	12
Pension liabilities		**11**	12
Derivative financial instruments	6	**22**	21
Other non-current liabilities		**5**	4
Total non-current liabilities		**997**	804
Current liabilities			
Interest-bearing liabilities		**145**	267
Current tax liabilities		**14**	43
Derivative financial instruments	6	**77**	38
Trade and other payables		**1,211**	1,027
Total current liabilities		**1,447**	1,375
Liabilities directly associated with non-current assets classified as held for sale	2	**0**	64
Total liabilities		**2,444**	2,243
Total equity and liabilities		**4,871**	4,340

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Note	Attributable to equity holders of the Company: Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority interest	Total equity
Total equity at 1 January 2006		40	9	-33	8	1,581	7	1,612
Dividend paid						-205		-205
Income and expenses recognized directly in equity								
Translation differences and other changes					-9	4		-5
Cash flow hedges								
recorded in equity, net of taxes				63				63
transferred to income statement, net of tax				-7				-7
Net investment hedges, net of taxes					4			4
Share-based compensation				3				3
Available-for-sale investments								
amount recognized directly in equity, net of tax				63				63
amount removed from equity and recognized in income statement, net of tax				-63				-63
Change in minority							-4	-4
Items recognized directly in equity				*59*	*-5*	*4*	*-4*	*54*
Profit for the period						631	5	636
Total recognized income and expenses				*59*	*-5*	*635*	*1*	*690*
Total equity at 31 December 2006		40	9	26	3	2,011	8	2,097

MEUR	Note	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority interest	Total equity
Total equity at 1 January 2007		40	9	26	3	2,011	8	2,097
Dividend paid						-231		-231
Treasury shares	3					-12		-12
Income and expenses recognized directly in equity								
Translation differences and other changes			1		-10	-3		-12
Cash flow hedges								
recorded in equity, net of taxes				-30				-30
transferred to income statement, net of tax				43				43
Net investment hedges, net of taxes					-4			-4
Share-based compensation				2				2
Hedging reserves in associates and joint ventures				1				1
Change in minority							-7	-7
Items recognized directly in equity			*1*	*16*	*-14*	*-3*	*-7*	*-7*
Profit for the period						577	3	580
Total recognized income and expenses			*1*	*16*	*-14*	*574*	*-4*	*573*
Total equity at 31 December 2007		40	10	42	-11	2,342	4	2,427

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Cash flow from operating activities				
Profit before taxes	**130**	165	**763**	841
Adjustments, total	**63**	-51	**184**	-85
Change in working capital	**65**	60	**-189**	-106
Cash generated from operations	**258**	174	**758**	650
Finance cost, net	**-16**	-4	**-40**	-7
Income taxes paid	**-22**	-34	**-177**	-131
Net cash generated from operating activities	**220**	136	**541**	512
Capital expenditures	**-98**	-151	**-334**	-526
Acquisition of shares	**0**	0	**0**	-9
Proceeds from sales of fixed assets	**0**	20	**14**	77
Proceeds from sales of shares	**0**	122	**-5**	201
Change in other investments	**8**	1	**-22**	20
Cash flow before financing activities	**130**	128	**194**	275
Net change in loans and other financing activities	**-132**	-165	**20**	-74
Dividends paid to the equity holders of the company	**0**	0	**-231**	-205
Net increase (+)/decrease (-) in cash and cash equivalents	**-2**	-37	**-17**	-4

KEY RATIOS

	31 Dec 2007	31 Dec 2006
Capital employed, MEUR	**3,234**	2,890
Interest-bearing net debt, MEUR	**755**	722
Capital expenditure and investments in shares, MEUR	**334**	535
Return on average capital employed, after tax, ROACE %	**15.5**	15.4
Return on capital employed, pre-tax, ROCE %	**26.2**	31.9
Return on equity, %	**25.6**	34.3
Equity per share, EUR	**9.47**	8.15
Cash flow per share, EUR	**2.11**	2.00
Price/earnings ratio (P/E)	**10.71**	9.36
Equity-to-assets ratio, %	**49.9**	48.4
Gearing, %	**31.1**	34.4
Leverage ratio, %	**23.7**	25.6
Dividend per share [1)]	**1.00**	0.90
Dividend payout ratio, % [1)]	**44.4**	36.6
Dividend yield, % [1)]	**4.1**	3.9
Average number of shares	**255,971,365**	256,403,686
Number of shares at the end of the period	**255,903,686**	256,403,686
Average number of personnel	**4,810**	4,678

[1)] Board of Directors proposal to the Annual General Meeting

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This report on Annual Financial Statements has been prepared in accordance with IFRS accounting principles.

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

The following interpretations are mandatory for the financial year ending 31 December 2007, but not relevant for the Group:
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded derivatives
- IFRIC 10 Interim Financial Reporting and Impairment.

2. DISPOSALS

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

Non-current assets classified as held for sale comprise of the carrying amount of Eastex Crude Company at 31 December 2006.

3. TREASURY SHARES

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

4. SEGMENT INFORMATION

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

SALES

MEUR	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Oil Refining	**2,872**	2,431	**9,925**	10,768
Oil Retail	**965**	810	**3,435**	3,280
Shipping	**87**	73	**394**	293
Other	**7**	4	**21**	16
Eliminations	**-470**	-362	**-1,672**	-1,623
Total	**3,461**	2,956	**12,103**	12,734

OPERATING PROFIT

MEUR	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Oil Refining	**151**	81	**754**	671
Oil Retail	**9**	85	**60**	138
Shipping	**-5**	9	**30**	78
Other	**-10**	-9	**-42**	-35
Eliminations	**-2**	1	**-1**	2
Total	**143**	167	**801**	854

COMPARABLE OPERATING PROFIT

MEUR	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Oil Refining	**89**	78	**582**	533
Oil Retail	**10**	16	**59**	65
Shipping	**-3**	1	**28**	32
Other	**-10**	-9	**-42**	-35
Eliminations	**-2**	1	**-1**	2
Total	**84**	87	**626**	597

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Oil Refining	**44**	30	**150**	105
Oil Retail	**7**	6	**27**	27
Shipping	**4**	3	**15**	18
Other	**1**	1	**3**	3
Total	**56**	40	**195**	153

SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES

MEUR	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Oil Refining	**8**	12	**39**	39
Oil Retail	**0**	0	**0**	0
Shipping	**0**	0	**0**	0
Other	**0**	0	**0**	0
Total	**8**	12	**39**	39

NET ASSETS

MEUR	31 Dec 2007	31 Dec 2006
Oil Refining	**2,672**	2,389
Oil Retail	**381**	336
Shipping	**297**	298
Other	**19**	10
Eliminations	**1**	-1
Total	**3,370**	3,032

RETURN ON NET ASSETS, %

	31 Dec 2007	31 Dec 2006
Oil Refining	**28.9**	29.9
Oil Retail	**17.4**	37.2
Shipping	**9.9**	25.0

COMPARABLE RETURN ON NET ASSETS, %

	31 Dec 2007	31 Dec 2006
Oil Refining	**22.3**	23.8
Oil Retail	**17.1**	17.5
Shipping	**9.3**	10.3

QUARTERLY SEGMENT INFORMATION

QUARTERLY SALES

MEUR	10-12/2007	7-9/2007	4-6/2007	1-3/2007	10-12/2006	7-9/2006	4-6/2006	1-3/2006
Oil Refining	**2,872**	**2,451**	**2,673**	**1,929**	2,431	2,973	3,056	2,308
Oil Retail	**965**	**853**	**843**	**774**	810	841	817	812
Shipping	**87**	**82**	**115**	**110**	73	65	69	86
Other	**7**	**5**	**4**	**5**	4	4	5	3
Eliminations	**-470**	**-413**	**-428**	**-361**	-362	-419	-429	-413
Total	**3,461**	**2,978**	**3,207**	**2,457**	2,956	3,464	3,518	2,796

QUARTERLY OPERATING PROFIT

MEUR	10-12/2007	7-9/2007	4-6/2007	1-3/2007	10-12/2006	7-9/2006	4-6/2006	1-3/2006
Oil Refining	**151**	**177**	**288**	**138**	81	227	234	129
Oil Retail	**9**	**22**	**18**	**11**	85	23	17	13
Shipping	**-5**	**-4**	**16**	**23**	9	11	38	20
Other	**-10**	**-18**	**-5**	**-9**	-9	-8	-9	-9
Eliminations	**-2**	**3**	**-3**	**1**	1	1	0	0
Total	**143**	**180**	**314**	**164**	167	254	280	153

QUARTERLY COMPARABLE OPERATING PROFIT

MEUR	10-12/2007	7-9/2007	4-6/2007	1-3/2007	10-12/2006	7-9/2006	4-6/2006	1-3/2006
Oil Refining	**89**	**154**	**205**	**134**	78	183	178	94
Oil Retail	**10**	**22**	**16**	**11**	16	22	15	12
Shipping	**-3**	**-2**	**12**	**21**	1	4	5	22
Other	**-10**	**-18**	**-5**	**-9**	-9	-8	-9	-9
Eliminations	**-2**	**3**	**-3**	**1**	1	1	0	0
Total	**84**	**159**	**225**	**158**	87	202	189	119

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	10-12/2007	7-9/2007	4-6/2007	1-3/2007	10-12/2006	7-9/2006	4-6/2006	1-3/2006
Oil Refining	**44**	**43**	**35**	**28**	30	25	25	25
Oil Retail	**7**	**7**	**7**	**6**	6	7	7	7
Shipping	**4**	**4**	**3**	**4**	3	5	4	6
Other	**1**	**1**	**0**	**1**	1	1	1	0
Total	**56**	**55**	**45**	**39**	40	38	37	38

QUARTERLY SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES

MEUR	10-12/2007	7-9/2007	4-6/2007	1-3/2007	10-12/2006	7-9/2006	4-6/2006	1-3/2006
Oil Refining	**8**	**17**	**13**	**1**	12	20	11	-4
Oil Retail	**0**	**0**	**0**	**0**	0	0	0	0
Shipping	**0**	**0**	**0**	**0**	0	0	0	0
Other	**0**	**0**	**0**	**0**	0	0	0	0
Total	**8**	**17**	**13**	**1**	12	20	11	-4

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT MEUR	31 Dec 2007	31 Dec 2006
Opening balance	**2,348**	2,059
Depreciation, amortization and impairments	**-195**	-153
Capital expenditure	**334**	526
Disposals	**-12**	-22
Disposal of a subsidiary	**0**	-39
Classified as assets held for sale	**0**	-10
Translation differences	**2**	-13
Closing balance	**2,477**	2,348

CAPITAL COMMITMENTS MEUR	31 Dec 2007	31 Dec 2006
Commitments to purchase property, plant and equipment	**88**	44
Commitments to purchase intangible assets	**0**	2
Total	**88**	46

6. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate and currency derivative contracts and share forward contracts MEUR	**31 Dec 2007** Nominal value	Net fair value	31 Dec 2006 Nominal value	Net fair value
Interest rate swaps	**345**	**0**	301	2
Forward foreign exchange contracts	**1,189**	**35**	992	23
Currency options				
Purchased	**353**	**11**	290	4
Written	**188**	**1**	274	5
Share forward contracts	**17**	**2**	8	1

Oil and freight derivative contracts	Volume million bbl	Net fair value Meur	Volume million bbl	Net fair value Meur
Sales contracts	**68**	**-66**	79	29
Purchase contracts	**74**	**65**	106	-25
Purchased options	**1**	**0**	0	0
Written options	**0**	**0**	0	0

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

7. CONTINGENT LIABILITIES

MEUR	**31 Dec 2007**	31 Dec 2006
Contingent liabilities		
On own behalf		
For debt		
Pledges	**4**	8
Real estate mortgages	**26**	25
For other commitments		
Real estate mortgages	**0**	0
Other contingent liabilities	**42**	28
Total	**72**	61
On behalf of associates and joint ventures		
Guarantees	**2**	6
Other contingent liabilities	**1**	1
Total	**3**	7
On behalf of others		
Guarantees	**12**	6
Other contingent liabilities	**0**	1
Total	**12**	7
Total	**87**	75

MEUR	**31 Dec 2007**	31 Dec 2006
Operating lease liabilities		
Due within one year	**108**	117
Due between one and five years	**183**	191
Due later than five years	**119**	165
Total	**410**	473

Other contingent liabilities

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

Calculation of key financial indicators

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

Earnings per share (EPS) = $\frac{\text{Profit for the year attributable to the equity holders of the company}}{\text{Adjusted average number of shares during the period}}$

Equity per share = $\frac{\text{Shareholder's equity attributable to the equity holders of the company}}{\text{Adjusted average number of shares at the end of the period}}$

Cash flow per share = $\frac{\text{Net cash generated from operating activities}}{\text{Adjusted average number of shares during the period}}$

Price / earnings ratio (P/E) = $\frac{\text{Share price at the end of the period}}{\text{Earnings per share}}$

Dividend payout ratio, % = $100 \times \frac{\text{Dividend per share}}{\text{Earnings per share}}$

Dividend yield, % = $100 \times \frac{\text{Dividend per share}}{\text{Share price at the end of the period}}$