1 August 2013

Neste Oil Corporation
Interim Report
for January-June 2013

Neste Oil's Interim Report for January-June 2013

Good performance continued at Renewable Fuels. Stronger full-year guidance for the Group as a whole.

Second quarter in brief:

- Comparable operating profit was EUR 88 million (Q2/2012: EUR 40 million)
- IFRS operating profit was EUR 112 million (Q2/2012: EUR -115 million)
- Total refining margin was USD 8.82/bbl (Q2/2012: USD 8.35/bbl)
- Net cash from operations was EUR 312 million (Q2/2012: EUR 201 million)

January-June in brief:

- Comparable operating profit was EUR 223 million (1-6/2012: EUR 119 million)
- IFRS operating profit was EUR 198 million (1-6/2012: EUR 76 million)
- Investments totaled EUR 100 million (1-6/2012: EUR 160 million)
- Leverage ratio was 41.3% at the end of June (Dec 31, 2012: 43.2%)

President & CEO Matti Lievonen:

“We recorded a solid result during the second quarter. The Group's comparable operating profit was EUR 88 million, largely thanks to good performance at Renewable Fuels. Our leverage ratio also improved as a result of strong cash flow from operations.

The reference refining margin was lower than in the corresponding period last year. In addition to the planned maintenance of production line 4 at the Porvoo refinery, the second-quarter result of our Oil Products segment was impacted by outages in gasoline production and a weak base oils result. The next planned decoking shutdown of production line 4 is scheduled for spring 2014. The segment’s second-quarter comparable operating profit was EUR 30 million compared to EUR 49 million last year.

Renewable Fuels continued to make very good progress and recorded a comparable operating profit of EUR 33 million. The market fundamentals remained favorable and we continued to make good progress on our entry into the North American market. Also our efforts to extend feedstock range and flexibility were successful. Overall, we are positive about the Renewable Fuels business going forward.

Oil Retail continued to deliver consistent results and recorded a better comparable operating profit compared to last year.

Despite ongoing economic uncertainties that continue to be reflected in the oil and renewable fuel markets, we strengthen our guidance for 2013. Assuming that current market conditions continue to prevail, Renewable Fuels' full-year 2013 comparable operating profit is expected to be above EUR 120 million, and the Group's full-year comparable operating profit is expected to improve clearly compared to 2012.”

Neste Oil Financial Statements, 1 January - 30 June 2013

Quarterly figures are unaudited; full-year figures are audited.

Figures in parentheses refer to the corresponding period for 2012, unless otherwise stated.

As announced on 18 April 2013, Neste Oil adopted the revised IAS 19 Employee Benefits standard on 1 January 2013. Group and segment information for 2012 has been updated in compliance with the requirements of the revised standard.

Key Figures

EUR million (unless otherwise noted)

	4-6/13	4-6/12	1-3/13	1-6/13	1-6/12	2012
Revenue	3,970	4,297	4,258	8,228	8,751	17,853
EBITDA	193	-32	166	359	242	656
Comparable EBITDA*	169	123	215	384	285	687
Depreciation, amortization, and impairments	81	83	80	161	166	332
Operating profit	112	-115	86	198	76	324
Comparable operating profit *	88	40	135	223	119	355
Profit before income tax	96	-143	65	161	26	233
Net profit	90	-112	47	137	11	159
Comparable net profit **	60	7	83	143	43	180
Earnings per share, EUR	0.35	-0.44	0.18	0.53	0.04	0.61
Comparable earnings per share**, EUR	0.23	0.03	0.33	0.56	0.17	0.70
Investments	66	112	34	100	160	292
Net cash from operating activities	312	201	-105	207	-152	468

	30 Jun 2013	30 Jun 2012	31 Dec 2012
Total equity	2,557	2,376	2,540
Interest-bearing net debt	1,797	2,428	1,935
Capital employed	4,529	4,926	4,885
Return on capital employed pre-tax (ROCE), annualized, %	8.5	2.9	6.6
Return on average capital employed after tax (ROACE)***, %	7.1	3.2	5.0
Return on equity (ROE), annualized, %	10.7	0.9	6.3
Equity per share, EUR	9.92	9.22	9.86
Cash flow per share****, EUR	0.81	-0.59	1.83
Equity-to-assets ratio, %	38.5	33.3	34.4
Leverage (net debt to capital), %	41.3	50.5	43.2
Gearing, %	70.3	102.2	76.2

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

** Comparable net profit for the period is calculated by excluding inventory gain/losses, capital gains/losses including disposals of business, and unrealized changes in fair value of oil and freight derivative contracts, net of tax, less non-controlling interests. Comparable earnings per share is based on comparable net profit.

*** Last 12 months

**** Cumulative 1 January - 30 June, or 1 January - 31 December

The Group's second-quarter 2013 results

Neste Oil's revenue decreased to EUR 3,970 million in the second quarter from EUR 4,297 million during the same period in 2012, mainly as a result of lower oil prices and slightly reduced sales volumes. The Group's comparable operating profit came in at EUR 88 million. Comparable operating profit for the corresponding period in 2012 was EUR 40 million. Renewable Fuels recorded a significantly improved comparable operating result year-on-year, and Oil Retail's performance also improved. Oil Products' result was negatively impacted by lower margins in both fuels and base oils, and maintenance work at the Porvoo refinery. The Others segment posted a slightly lower result than in the second quarter of 2012.

Oil Products' second-quarter comparable operating profit was EUR 30 million (49 million), Renewable Fuels' EUR 33 million (-33 million), and Oil Retail's EUR 22 million (15 million). The comparable operating profit of the Others segment totaled EUR -1 million (3 million); associated companies and joint ventures accounted for EUR 0 million (5 million) of this figure.

The Group's IFRS operating profit was EUR 112 million (-115 million), which was mainly impacted by inventory losses totaling EUR 26 million (164 million) and net capital gains totaling EUR 43 million (0 million). Net capital gains included EUR 48 million related to the disposal of Neste Polska Sp. z o.o. and a EUR 4 million capital loss related to the disposal of the Swedish liquefied petroleum gas (LPG) business. Pre-tax profit was EUR 96 million (-143 million), profit for the period EUR 90 million (-112 million), and earnings per share EUR 0.35 (-0.44).

The Group's January-June 2013 results

Neste Oil's revenue totaled EUR 8,228 million during the first six months of the year compared to EUR 8,751 million for the same period last year, as a result of lower average oil prices and slightly lower volumes. The Group's six-month comparable operating profit totaled EUR 223 million compared to EUR 119 million in the first half of 2012. The Group's result during the first half of 2013 was positively impacted by improved performance at Renewable Fuels and negatively impacted by refinery maintenance during the second quarter.

Oil Products' six-month comparable operating profit was EUR 141 million (126 million), Renewable Fuels' EUR 59 million (-35 million), and Oil Retail's EUR 33 million (30 million). The comparable operating profit of the Others segment totaled EUR -13 million (-4 million); EUR -6 million (-1 million) was booked in respect of associated companies and joint ventures, which mainly reflects the unsatisfactory performance at Nynas.

The Group's IFRS operating profit was EUR 198 million (76 million), which was impacted by inventory losses totaling EUR 61 million (100 million) and net capital gains totaling EUR 43 million (45 million). The pre-tax profit was EUR 161 million (26 million), profit for the period EUR 137 million (11 million), and earnings per share EUR 0.53 (0.04).

Given the capital-intensive nature of its business, Neste Oil uses return on average capital employed after tax (ROACE) as its primary financial target. ROACE figures are based on comparable results. As of the end of June, the rolling twelve-month ROACE was 7.1% (2012 financial year: 5.0%).

	4-6/13	4-6/12	1-3/13	1-6/13	1-6/12	2012
COMPARABLE OPERATING PROFIT	88	40	135	223	119	355
- inventory gains/losses	-26	-164	-35	-61	-100	-61
- changes in the fair value of open oil derivatives	7	9	-14	-7	12	-15
- capital gains/losses	43	0	0	43	45	45
OPERATING PROFIT	112	-115	86	198	76	324

Cash flow, investments, and financing

Neste Oil Group's net cash from operating activities totaled EUR 207 million (-152 million) between January and June. The year-on-year difference is mainly attributable to changes in working capital and improved cash generation from the Group's businesses. Disposal of Neste Polska Sp. z o.o. had a EUR 75 million positive impact on the cash flow before financial activities during the second quarter.

Investments totaled EUR 100 million (160 million) during the first six months of the year. Oil Products' capital expenditure totaled EUR 68 million (93 million), while Renewable Fuels invested EUR 13 million (41 million), Oil Retail EUR 10 million (15 million), and Others EUR 9 million (11 million).

Interest-bearing net debt was EUR 1,797 million as of the end of June, compared to EUR 1,935 million at the end of 2012. Net financial expenses between January and June were EUR 37 million (50 million). The average interest rate of borrowings at the end of June was 3.6% and the average maturity 4.0 years.

The equity-to-assets ratio was 38.5% (31 Dec. 2012: 34.4%), the leverage ratio 41.3% (31 Dec. 2012: 43.2%), and the gearing ratio 70.3% (31 Dec. 2012: 76.2%).

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,900 million as of the end of June (31 Dec. 2012: 2,135 million). There are no financial covenants in current loan agreements.

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

Main events during the reporting period

On 2 April, Neste Oil announced that the Polish competition authorities had approved the sale of Neste Oil's Polish station network (Neste Polska Sp. z o.o.) to Shell. The transaction covers a total of 105 unmanned stations and marks the end of Neste Oil's retail operations in Poland.

On 4 April, Neste Oil announced that it had become the first company anywhere to begin using tall oil pitch as a feedstock for refining into traffic fuel. Neste Oil successfully tested tall oil pitch in commercial refinery operations in March-April and is now ready to use it on a continuous basis.

On 26 April, Neste Oil announced that it will invest a total of approx. EUR 42 million in improving the energy efficiency and operational reliability of its Porvoo refinery. As part of this investment, fired heaters at the refinery's crude distillation unit will be replaced with new-generation heaters, which will help ensure more consistent, incident-free operations at the site and yield energy savings. The project began immediately and the new heaters will be commissioned during the refinery's next major maintenance turnaround scheduled for 2015.

On 2 May, Neste Oil announced that it is preparing to modernize its energy generation capabilities at the Porvoo refinery and has initiated an environmental impact assessment on the different options. Some of the existing generating facilities are approaching the end of their planned service life and Neste Oil has initiated a planning process aimed at replacing them with new units that will comply with future emission and energy efficiency requirements.

On 6 June, Neste Oil announced that it had signed a contingent commercial off-take agreement with Cellana, an algae biomass developer based in the United States. The agreement will enable Neste Oil to purchase Cellana's algae oil for use as a feedstock in the future for producing renewable fuel. The agreement is contingent on Cellana's future production capacity and on compliance with future biofuel legislation in the EU and the US, among other factors.

Market overview

Following continuing uncertainty related to the international economy and future growth prospects in China, crude oil was traded in a narrow range over most of the second quarter, without any clear upward or downward drivers. Brent opened the quarter at just below USD 110/bbl before falling to under USD 100/bbl in mid-April, but recovered quickly and traded within a USD 5/bbl range during the rest of the quarter. Brent dated averaged USD 103/bbl during the second quarter.

The price differential between Brent and Russian REB crude oil averaged USD -0.7/bbl in the second quarter. The European refinery maintenance season reduced demand for Russian crude oil during the early part of the quarter, which also contributed to the wider price differential. The maintenance season ended in May and the increased demand for Russian REB narrowed the price differential significantly and saw it reach close to zero towards end of the quarter. In general, the sanctions on Iran, together with low Iranian crude oil export volumes to Europe, continued to narrow the differential throughout the quarter.

Refining margins were at reasonably good levels during the second quarter, although they were affected by downward pressure towards the latter part of the quarter with the ending of the refinery maintenance season and the ramp-up of new capacity. Although weak demand for diesel encouraged low distillate cracks, middle distillates remained the strongest part of the barrel. Increased demand for gasoline due to the summer driving season kept gasoline margins at a healthy level. Fuel oil margins were relatively stable, as a result of low crude oil prices and refinery maintenance in Asia.

Malaysian palm oil prices traded at USD 740-795/ton during the second quarter and ended the quarter at the lower end of the range. Despite some signs of demand recovery and lower inventories, the market seems to expect higher palm oil production during the second half of 2013, as in 2012, resulting in high inventories and limited upward pressure on pricing.

Rapeseed oil prices fell slightly during the second quarter, which was mainly due to good global crop prospects. The palm oil/rapeseed oil price differential narrowed slightly to USD 290/ton in the second quarter, but was still higher than the long-term average. Soybean prices fell as the South American crop was good and the US Department of Agriculture (USDA) expects a record crop in the US as well. The USDA expects global vegetable oil inventories to be high in the 2013-14 season, which could result in wide price differentials. Animal fat prices continued to trade at a premium over palm oil.

North European biodiesel markets moved to summer grade-based FAME (Fatty Acid Methyl Ester) pricing in April. FAME prices were supported by lower imports, as import volumes were hit by the EU's provisional antidumping action against Indonesian and Argentinean biodiesel imports. A final decision on import duties is still pending, but the market seems to have already reacted to the proposal.

The US biofuel market continued to be strong, as the Blender’s Tax Credit, ethanol blend wall, and higher blending mandate supported SME (Soybean Methyl Ester) and RIN (Renewable Identification Number) prices. In US the Advanced Biofuel category has typically been fulfilled with sugarcane ethanol, but due to the 10% ethanol blend wall part of this will need to be met with bio/renewable diesel. This has increased RIN prices for both advanced biomass-based diesel and for conventional renewable fuel.

Key drivers

	4-6/13	4-6/12	1-3/13	1-6/13	1-6/12	2012	Jul 13*	Jul 12
Reference refining margin, USD/bbl	5.69	8.07	6.31	6.00	6.61	7.39	5.2	8.13
Neste Oil total refining margin, USD/bbl	8.82	8.35	11.54	10.19	8.65	10.17	n.a.	n.a.
Urals-Brent price differential, USD/bbl	-0.72	-2.12	-1.75	-1.23	-1.68	-1.29	0.5	-0.09
NWE Gasoline margin, USD/bbl	13.45	16.29	12.50	12.98	13.22	13.16	14.1	15.70
NWE Diesel margin, USD/bbl	17.76	19.24	18.91	18.34	18.54	20.60	17.6	21.42
NWE Heavy fuel oil margin, USD/bbl	-11.86	-10.40	-16.70	-14.28	-10.71	-12.92	-15.0	-10.82
Brent Dated crude oil, USD/bbl	102.51	108.19	112.55	107.53	113.34	111.58	108.0	102.59
USD/EUR, market rate	1.31	1.28	1.32	1.31	1.30	1.28	1.31	1.23
USD/EUR, hedged	1.30	1.34	1.29	1.30	1.36	1.33	n.a.	1.31
Crude freights, WS points (TD7)**	85	96	89	87	96	91	83	90

* Up to 29 July 2013.
** Worldscale points for a 80,000 ton crude cargo from the North Sea to Continental Europe.

Production and sales

Production

Neste Oil's production during the second quarter of 2013 totaled 3.8 million tons (3.6 million). NExBTL renewable diesel accounted for 0.4 million tons (0.5 million) of this figure.

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

	4-6/13	4-6/12	1-3/13	1-6/13	1-6/12	2012
Porvoo refinery	2,789	2,777	2,943	5,732	5,746	11,511
Naantali refinery	578	268	509	1,087	816	1,908
NExBTL refineries	425	470	417	842	899	1,849
Bahrain base oil plant (Neste Oil's share)	43	45	32	75	89	128
Edmonton iso-octane plant (Neste Oil’s share)	-	-	-	-	8	8

The Porvoo refinery operated at an average capacity utilization rate of 68% (74%) during the quarter, impacted by maintenance on diesel production line 4 and unexpected mechanical failures experienced in gasoline production. The Naantali refinery ran at a rate of 82% (35%). The proportion of Russian Export Blend in total refinery input at Porvoo and Naantali averaged 57% (51%). Refinery production costs at Porvoo and Naantali totaled USD 5.6/bbl (5.1) during the quarter.

Neste Oil's renewable diesel production achieved an average capacity utilization of 75% (85%), and was impacted by maintenance work at the Rotterdam refinery.

Sales

Diesel and gasoline sales volumes declined compared to the corresponding quarter of 2012, as a result of maintenance outages at the Porvoo refinery. NExBTL volumes decreased slightly, while the sales of other products increased. Compared to the first quarter of 2013, sales volumes of diesel and motor gasoline in particular were lower.

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

	4-6/13	%	4-6/12	%	1-3/13	%	1-6/13	%	1-6/12	%	2012	%
Motor gasoline	930	*25*	1,095	*29*	1,019	*27*	1,949	*26*	2,159	*28*	4,281	*27*
Gasoline components	-	-	-	-	-	-	-	-	19	*0*	19	*0*
Diesel fuel	1,311	*36*	1,421	*38*	1,462	*38*	2,774	*37*	2,862	*38*	5,886	*38*
Jet fuel	152	*4*	94	*3*	147	*4*	299	*4*	250	*3*	651	*4*
Base oils	122	*3*	114	*3*	113	*3*	234	*3*	202	*3*	394	*3*
Heating oil	49	*1*	19	*1*	81	*2*	130	*2*	117	*2*	229	*1*
Heavy fuel oil	313	*9*	227	*6*	297	*8*	610	*8*	489	*6*	1,171	*7*
LPG	98	*3*	33	*1*	92	*2*	190	*2*	145	*2*	262	*2*
NExBTL renewable diesel	411	*11*	464	*12*	385	*10*	796	*11*	768	*10*	1,665	*11*
Other products	299	*8*	258	*7*	233	*6*	532	*7*	602	*8*	1,172	*7*
TOTAL	3,686	*100*	3,725	*100*	3,828	*100*	7,514	*100*	7,615	*100*	15,729	*100*

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

	4-6/13	%	4-6/12	%	1-3/13	%	1-6/13	%	1-6/12	%	2012	%
Finland	1,525	*41*	1,663	*45*	1,488	*39*	3,013	*40*	3,550	*47*	7,104	*45*
Other Nordic countries	631	*17*	511	*14*	620	*16*	1,251	*17*	1,183	*15*	2,563	*16*
Other Europe	982	*27*	1,085	*29*	1,304	*34*	2,287	*30*	1,901	*25*	4,232	*27*
USA & Canada	513	*14*	260	*7*	305	*8*	818	*11*	660	*9*	1,247	*8*
Other countries	35	*1*	206	*5*	110	*3*	144	*2*	320	*4*	583	*4*
TOTAL	3,686	*100*	3,725	*100*	3,828	*100*	7,514	*100*	7,615	*100*	15,729	*100*

Segment reviews

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

Oil Products

	4-6/13	4-6/12	1-3/13	1-6/13	1-6/12	2012
Revenue, MEUR	2,996	3,224	3,307	6,303	6,768	13,764
Comparable EBITDA, MEUR	76	96	156	232	221	583
Comparable operating profit, MEUR	30	49	111	141	126	396
IFRS operating profit, MEUR	10	-80	79	89	115	491
Total refining margin, USD/bbl	8.82	8.35	11.54	10.19	8.65	10.17
Net assets, MEUR	-	-	2,536	2,358	2,403	2,252
Comparable return on net assets*, %	-	-	17.6	17.1	9.8	16.6

* last 12 months

Oil Products' second-quarter comparable operating profit totaled EUR 30 million, compared to EUR 49 million in the second quarter of 2012. The reference refining margin was weaker compared to the corresponding period last year. The result was also impacted by an unplanned gasoline production outage at the Porvoo refinery in April and a maintenance shutdown on diesel line 4 at Porvoo. Base oils made a smaller contribution to the segment's margin than in the corresponding period last year. Base oil margin continued to be depressed as a result of ample supply and the slowdown in the European economy. Neste Oil's total refining margin was USD 8.82/bbl during the second quarter, which compares to USD 8.35/bbl in the second quarter of 2012.

Oil Products' comparable operating profit totaled EUR 141 million during the first six months of the year, compared to EUR 126 million for the same period in 2012. This difference was mainly due to good performance in the first quarter of 2013. The total refining margin increased to USD 10.19/bbl from the USD 8.65/bbl reported for the first six months of 2012.

Renewable Fuels

	4-6/13	4-6/12	1-3/13	1-6/13	1-6/12	2012
Revenue, MEUR	535	595	513	1,048	1,061	2,163
Comparable EBITDA, MEUR	58	-8	51	109	14	43
Comparable operating profit, MEUR	33	-33	26	59	-35	-56
IFRS operating profit, MEUR	34	-59	9	43	-67	-183
Net assets, MEUR	-	-	1,810	1,768	2,039	1,860
Comparable return on net assets*, %	-	-	-1.4	2.0	-5.3	-2.8

* last 12 months

Renewable Fuels' comparable operating profit was EUR 33 million during the second quarter, compared to a EUR 33 million loss in the second quarter of 2012. The segment's clearly improved performance was the result of stronger margins, driven by favorable market parameters, a growing customer base and higher sales in North America, and successful efforts to extend feedstock range and flexibility.

Renewable Fuels' six-month comparable operating profit was EUR 59 million (-35 million) and reflected a favorable margin environment and sales allocation.

Oil Retail

	4-6/13	4-6/12	1-3/13	1-6/13	1-6/12	2012
Revenue, MEUR	1,085	1,181	1,153	2,238	2,371	4,895
Comparable EBITDA, MEUR	29	23	19	48	46	91
Comparable operating profit, MEUR	22	15	11	33	30	58
IFRS operating profit, MEUR	65	15	11	76	30	58
Net assets, MEUR	-	-	312	265	313	345
Comparable return on net assets*, %	-	-	16.2	19.3	19.0	17.3
Total sales volume**, 1,000 m3	926	1,009	953	1,879	2,023	4,160
- gasoline station sales, 1,000 m3	293	325	272	566	616	1,256
- diesel station sales, 1,000 m3	363	377	376	739	747	1,535
- heating oil, 1,000 m3	138	138	170	308	318	651
- heavy fuel oil, 1,000 m3	55	57	59	115	138	255

* last 12 months

** includes both station and terminal sales

Oil Retail's comparable operating profit was EUR 22 million during the second quarter, compared to EUR 15 million in the same period in 2012. The improved result was mainly driven by stronger margins in Finland and North-West Russia. The sale of Neste Oil's Polish station network ended retail operations in Poland in early April.

Oil Retail's six-month comparable operating profit totaled EUR 33 million (30 million), supported by better margins in all markets.

Shares, share trading, and ownership

Neste Oil's shares are traded on NASDAQ OMX Helsinki Ltd. The share price closed the quarter at EUR 11.24, up by 2.18% compared to the end of the first quarter. At its highest during the quarter, the share price reached EUR 12.50, while at its lowest the price stood at EUR 10.42. Market capitalization was EUR 2.9 billion as of 30 June 2013. An average of 0.8 million shares was traded daily, representing 0.3% of the company's shares.

Neste Oil's share capital registered with the Company Register as of 30 June 2013 totaled EUR 40 million, and the total number of shares outstanding is 256,403,686. The company does not hold any of its own shares, and the Board of Directors has no authorization to buy back company shares or issue convertible bonds, share options, or new shares.

As of the end of June, the Finnish State owned 50.1% (50.1% at the end of the first quarter) of outstanding shares, foreign institutions 18.9% (17.7%), Finnish institutions 16.7% (17.9%), and Finnish households 14.2% (14.3%).

Personnel

Neste Oil employed an average of 5,088 (4,985) employees during the first half of 2013, of which 1,448 (1,426) were based outside Finland. As of the end of June, the company had 5,315 employees (5,238), of which 1,432 (1,467) were located outside Finland.

Health, safety, and the environment

Improving people and process safety performance is a continuing priority at Neste Oil. Since the beginning of 2013, key safety performance indicators include both leading indicators and traditional lagging indicators. An important target for 2013 will be to follow up safety self-assessments made in 2012 with audits. The first audits have already been conducted and, in general, results indicate that the self-assessments made last year reflect the company's safety status accurately. Self-assessments and audits are based on 12 key safety elements, which form the basis of Neste Oil's Safety Management System.

The total recordable injury frequency (TRIF, number of cases per million hours worked) was 4.6 during the first six months of 2013 (2012: 3.6); this figure combines Neste Oil's own personnel and contractors' personnel. The corporate TRIF target is below 2.2. The cumulative Process Safety Event Rate (PSER) was 4.5 at the end of June (2012: 5.9). The PSER target is below 4.0. Neste Oil has taken corrective action to bring safety performance in line with the target.

Neste Oil published its No-Deforestation and Responsible Sourcing Guidelines as part of its cooperation with The Forest Trust (TFT) organization in April. Planning verification work, focused on palm oil production in particular, has progressed to the risk assessment phase.

The feedstock base for NExBTL renewable diesel has been extended with the introduction of non-food technical corn oil (TCO), a residue produced during ethanol production. TCO has been evaluated and complies with Neste Oil's strict sustainability criteria.

Renewable fuel production sites were successfully audited for International Sustainability & Carbon Certification (ISCC) certifications.

Potential short-term and long-term risks

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

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

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

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

The implementation of biofuel legislation in the EU and other key market areas may influence the speed at which the demand for these fuels develops. Risks also include any problems or delays in capturing the anticipated benefits from the company’s renewable diesel investments. Over the longer term, failure to protect Neste Oil’s proprietary technology or the introduction and implementation of competing fuel technologies or hybrid and electric engines may have a negative impact on the company’s results. Renewable fuels margins can be volatile in various markets due to rapidly changing feedstock and product prices, and affect the profitability of the Renewable Fuels business as a result.

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

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

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

Outlook

Uncertainties in the global economy have been reflected in the oil, renewable fuel, and renewable feedstock markets, and this volatility is expected to continue. Global oil demand is generally forecasted to grow moderately in 2013, but new refining capacity is likely to put pressure on simple refineries. Complex refiners such as Neste Oil are expected to remain most competitive. Diesel is projected to be the strongest part of the barrel going forward, and gasoline margins are expected to develop seasonally. The base oil market is likely to remain under pressure, due to ample supply and sluggish demand in Europe. There are no planned major maintenance shutdowns at Neste Oil's refineries during the second half of 2013.

Renewable diesel demand is expected to be stable during the second half of the year. Vegetable oil price differentials are currently wider than the long-term average, and how they develop will continue to depend on crop outlooks, weather phenomena, and variations in demand for different types of feedstock.

In Renewable Fuels, the focus will continue to be on sales, feedstock, and production optimization. Assuming that current market conditions continue to prevail, the segment's full-year 2013 comparable operating profit is expected to be above EUR 120 million.

The Group's full-year comparable operating profit is expected to improve clearly compared to 2012, assuming that Neste Oil's reference refining margin remains at the average level of approx. USD 5/bbl typical of the last few years and that Renewable Fuels' result develops as expected. The Group's investments are expected to be below EUR 300 million in 2013.

Reporting date for the company's third-quarter 2013 results

Neste Oil will publish its third-quarter results on 24 October 2013 at approximately 9:00 a.m. EET.

Espoo, 31 July 2013

Neste Oil Corporation
Board of Directors

Further information:

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News conference and conference call

A press conference in Finnish on the second-quarter results will be held today, 1 August 2013, at 11:30 a.m. EET at the company's headquarters at Keilaranta 21, Espoo. English versions of the presentation materials will be available at www.nesteoil.com. A conference call in English for investors and analysts will be held on 1 August 2013 at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. The call-in numbers are as follows: Finland +358 (0)9 2310 1621, Europe: +44 (0) 20 3427 1905, US: +1 212 444 0896, using access code 9233297. The conference call can be followed at the company's web site. An instant replay of the call will be available until 9 August 2013 at +358 (0) 9 2310 1650 for Finland at +44 (0) 20 3427 0598 for Europe and +1 347 366 9565 for the US, using access code 9233297#.

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.

As announced on 18 April, 2013, Neste Oil has adopted the revised IAS 19 Employee Benefits standard as of 1 January, 2013. Group and segment information for 2012 has been updated in compliance with the requirements of the revised standard.

CONSOLIDATED INCOME STATEMENT

MEUR	Note	**4-6/2013**	4-6/2012	**1-6/2013**	1-6/2012	1-12/2012	Last 12 months
Revenue	3	**3,970**	4,297	**8,228**	8,751	17,853	17,330
Other income		**58**	18	**63**	78	98	83
Share of profit (loss) of associates and joint ventures		**1**	5	**-4**	0	-3	-7
Materials and services		**-3,563**	-4,088	**-7,330**	-8,044	-16,186	-15,472
Employee benefit costs		**-93**	-86	**-181**	-170	-339	-350
Depreciation, amortization and impairments	3	**-81**	-83	**-161**	-166	-332	-327
Other expenses		**-180**	-178	**-417**	-373	-767	-811
Operating profit		**112**	-115	**198**	76	324	446
Financial income and expenses							
Financial income		**1**	1	**1**	2	3	2
Financial expenses		**-20**	-23	**-40**	-45	-87	-82
Exchange rate and fair value gains and losses		**3**	-6	**2**	-7	-7	2
Total financial income and expenses		**-16**	-28	**-37**	-50	-91	-78
Profit before income taxes		**96**	-143	**161**	26	233	368
Income tax expense		**-6**	31	**-24**	-15	-74	-83
Profit for the period		**90**	-112	**137**	11	159	285
Profit attributable to:							
Owners of the parent		**90**	-113	**137**	9	157	285
Non-controlling interests		**0**	1	**0**	2	2	0
		90	-112	**137**	11	159	285
Earnings per share from profit attributable to the owners of the parent basic and diluted (in euro per share)		**0.35**	-0.44	**0.53**	0.04	0.61	1.10

STATEMENT OF COMPREHENSIVE INCOME

MEUR	**4-6/2013**	4-6/2012	**1-6/2013**	1-6/2012	1-12/2012	Last 12 months
Profit for the period	**90**	-112	**137**	11	159	285
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	**0**	-7	**0**	-14	-29	-15
Items that may be reclassified subsequently to profit or loss						
Translation differences	**-24**	3	**-15**	8	10	-13
Cash flow hedges						
recorded in equity	**13**	-34	**-1**	-35	-50	-16
transferred to income statement	**-2**	25	**-6**	39	84	39
Net investment hedges	**-**	0	**-**	0	-1	-1
Hedging reserves in associates and joint ventures	**-1**	0	**-1**	0	-1	-2
Total	**-14**	-6	**-23**	12	42	7
Other comprehensive income for the period, net of tax	**-14**	-13	**-23**	-2	13	-8
Total comprehensive income for the period	**76**	-125	**114**	9	172	277
Total comprehensive income attributable to:						
Owners of the parent	**76**	-126	**114**	7	170	277
Non-controlling interests	**0**	1	**0**	2	2	0
	76	-125	**114**	9	172	277

CONSOLIDATED BALANCE SHEET

MEUR	Note	30 June 2013	30 June 2012	31 Dec 2012
ASSETS				
Non-current assets				
Intangible assets	5	**61**	56	61
Property, plant and equipment	5	**3,799**	3,961	3,869
Investments in associates and joint ventures		**233**	242	242
Non-current receivables		**3**	5	3
Pension assets		**0**	0	0
Deferred tax assets		**38**	61	46
Derivative financial instruments	6	**25**	32	37
Available-for-sale financial assets		**4**	5	4
Total non-current assets		**4,163**	4,362	4,262
Current assets				
Inventories		**1,360**	1,468	1,464
Trade and other receivables		**920**	1,098	1,154
Derivative financial instruments	6	**28**	95	57
Cash and cash equivalents		**175**	122	409
Total current assets		**2,483**	2,783	3,084
Assets classified as held for sale [1)]		**-**	-	52
Total assets		**6,646**	7,145	7,398
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		**40**	40	40
Other equity	2	**2,501**	2,321	2,484
Total		**2,541**	2,361	2,524
Non-controlling interest		**16**	15	16
Total equity		**2,557**	2,376	2,540
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		**1,704**	2,092	1,977
Deferred tax liabilities		**326**	313	340
Provisions		**38**	43	27
Pension liabilities		**98**	73	99
Derivative financial instruments	6	**6**	11	6
Other non-current liabilities		**4**	8	7
Total non-current liabilities		**2,176**	2,540	2,456
Current liabilities				
Interest-bearing liabilities		**268**	458	357
Current tax liabilities		**16**	34	40
Derivative financial instruments	6	**42**	109	47
Trade and other payables		**1,587**	1,628	1,925
Total current liabilities		**1,913**	2,229	2,369
Liabilities related to assets held for sale [1)]		**-**	-	33
Total liabilities		**4,089**	4,769	4,858
Total equity and liabilities		**6,646**	7,145	7,398

[1)] The assets and liabilities held for sale at 31 December 2012 relate to Neste Oil's operating activities in Poland. In December 2012 Neste Oil signed an agreement that Shell Polska Sp. z o.o. will buy Neste Oil's station network (Neste Polska Sp. z o.o.) in Poland. The operations are part of the Oil Retail segment. The transaction was closed on 2 April 2013.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Actuarial gains and losses	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2012	40	15	-23	-7	0	2,419	2,444	14	2,458
Dividend paid						-90	-90	-1	-91
Share-based compensation						0	0		0
Transfer from retained earnings		2				-2	0		0
Total comprehensive income for the period			4	8	-14	9	7	2	9
Total equity at 30 June 2012	40	17	-19	1	-14	2,336	2,361	15	2,376

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Actuarial gains and losses	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2013	**40**	**18**	**10**	**2**	**-29**	**2,483**	**2,524**	**16**	**2,540**
Dividend paid						**-97**	**-97**		**-97**
Share-based compensation						**0**	**0**		**0**
Transfer from retained earnings		**0**				**0**	**0**		**0**
Total comprehensive income for the period			**-8**	**-15**	**0**	**137**	**114**	**0**	**114**
Total equity at 30 June 2013	**40**	**18**	**2**	**-13**	**-29**	**2,523**	**2,541**	**16**	**2,557**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012
Cash flow from operating activities					
Profit before taxes	**96**	-143	**161**	26	233
Adjustments, total	**52**	116	**178**	179	423
Change in working capital	**223**	260	**-49**	-273	-44
Cash generated from operations	**371**	233	**290**	-68	612
Finance cost, net	**-27**	-5	**-28**	-44	-106
Income taxes paid	**-32**	-27	**-55**	-40	-38
Net cash generated from operating activities	**312**	201	**207**	-152	468
Capital expenditure	**-66**	-111	**-100**	-159	-291
Acquisition of other shares	**0**	-1	**0**	-1	-1
Proceeds from sales of shares in subsidiaries	**75**	-	**75**	-	-
Proceeds from capital repayments in associates and joint ventures	**-**	-	**-**	-	2
Proceeds from sales of fixed assets	**1**	1	**1**	75	79
Change in other investments	**-5**	28	**39**	-7	3
Cash flow before financing activities	**317**	118	**222**	-244	260
Net change in loans and other financing activities	**-230**	1	**-359**	153	-65
Dividends paid to the owners of the parent	**-97**	-90	**-97**	-90	-90
Dividends paid to non-controlling interests	**-**	-1	**-**	-1	0
Net increase (+)/decrease (-) in cash and cash equivalents	**-10**	28	**-234**	-182	105

KEY FINANCIAL INDICATORS

	30 June 2013	30 June 2012	31 Dec 2012	Last 12 months
Capital employed, MEUR	**4,529**	4,926	4,885	4,529
Interest-bearing net debt, MEUR	**1,797**	2,428	1,935	-
Capital expenditure and investment in shares, MEUR	**100**	160	292	232
Return on average capital employed, after tax, ROACE %	**-**	-	5.0	7.1
Return on capital employed, pre-tax, ROCE %	**8.5**	2.9	6.6	9.5
Return on equity, %	**10.7**	0.9	6.3	11.5
Equity per share, EUR	**9.92**	9.22	9.86	-
Cash flow per share, EUR	**0.81**	-0.59	1.83	3.23
Equity-to-assets ratio, %	**38.5**	33.3	34.4	-
Leverage ratio, %	**41.3**	50.5	43.2	-
Gearing, %	**70.3**	102.2	76.2	-
Average number of shares	**255,952,028**	255,918,686	255,918,686	255,935,220
Number of shares at the end of the period	**255,982,212**	255,918,686	255,918,686	255,982,212
Average number of personnel	**5,088**	4,985	5,031	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2012, with the exception of the following changes due to the adoption of the new and revised IFRS standards and IFRIC interpretations.

The Group applies the following interpretations or amendments as of 1 January 2013:

- IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment)
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Items of Other Comprehensive Income (Amendment)
- IAS 12 Income Taxes - Deferred Taxes: Recovery of Underlying Assets (Amendment)
- IAS 19 Employee Benefits (Revised)
- Annual improvements

In consequence of the adoption of the revised IAS 19 Employee Benefits standard the Group's equity of 31 December 2012 has reduced by EUR 38 million and defined benefit liability has increased to EUR 99 million. The Group's operating profit for 2012 increased by EUR 3 million, as the net interest costs related to employee benefits are reported in financial items. The impact on the Group's net profit for year 2012 was not material. The other above mentioned amendments do not have material impact on the reported income statement or balance sheet. The notes have been updated in compliance with the requirements of the above amendments.

2. TREASURY SHARES

In 2007 Neste Oil entered into an agreement with a third party service provider concerning the administration of the share-based management share performance arrangement for key management personnel. As part of the agreement, the service provider purchased a total of 500,000 Neste Oil shares in February 2007 in order to hedge part of Neste Oil's cash flow risk in relation to the possible future payment of the rewards, which will take place partly in Neste Oil shares and partly in cash during 2013. Despite the legal form of the hedging arrangement, it has been accounted for as if the share purchases had been conducted directly by Neste Oil, as required by IFRS 2, Share based payments and SIC-12, Consolidation - Special purpose entities.

The consolidated balance sheet and the consolidated changes in total equity reflect the substance of the arrangement with a deduction amounting to EUR 12 million in equity. This amount represents the consideration paid for the shares by the third party service provider. As at 30 June 2013 there were 421,474 shares accounted for as treasury shares.

3. SEGMENT INFORMATION

Neste Oil's operations are grouped into four reporting segments: Oil Products, Renewable Fuels, Oil Retail and Others.
Others segment consists of Group administration, shared service functions, Research and Technology, Neste Jacobs and Nynas AB.

REVENUE MEUR	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012	Last 12 months
Oil Products	**2,996**	3,224	**6,303**	6,768	13,764	13,299
Renewable Fuels	**535**	595	**1,048**	1,061	2,163	2,150
Oil Retail	**1,085**	1,181	**2,238**	2,371	4,895	4,762
Others	**54**	54	**106**	106	199	199
Eliminations	**-700**	-757	**-1,467**	-1,555	-3,168	-3,080
Total	**3,970**	4,297	**8,228**	8,751	17,853	17,330

OPERATING PROFIT MEUR	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012	Last 12 months
Oil Products	**10**	-80	**89**	115	491	465
Renewable Fuels	**34**	-59	**43**	-67	-183	-73
Oil Retail	**65**	15	**76**	30	58	104
Others	**0**	3	**-12**	-4	-42	-50
Eliminations	**3**	6	**2**	2	0	0
Total	**112**	-115	**198**	76	324	446

COMPARABLE OPERATING PROFIT MEUR	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012	Last 12 months
Oil Products	**30**	49	**141**	126	396	411
Renewable Fuels	**33**	-33	**59**	-35	-56	38
Oil Retail	**22**	15	**33**	30	58	61
Others	**-1**	3	**-13**	-4	-43	-52
Eliminations	**4**	6	**3**	2	0	1
Total	**88**	40	**223**	119	355	459

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS MEUR	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012	Last 12 months
Oil Products	**46**	47	**91**	95	187	183
Renewable Fuels	**25**	25	**50**	49	99	100
Oil Retail	**7**	8	**15**	16	33	32
Others	**3**	3	**6**	6	13	13
Eliminations	**0**	-	**-1**	-	-	-1
Total	**81**	83	**161**	166	332	327

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES MEUR	4-6/2013	4-6/2012	1-6/2013	1-6/2012	1-12/2012	Last 12 months
Oil Products	**44**	69	**68**	93	180	155
Renewable Fuels	**8**	26	**13**	41	51	23
Oil Retail	**9**	11	**10**	15	36	31
Others	**5**	6	**9**	11	25	23
Total	**66**	112	**100**	160	292	232

TOTAL ASSETS MEUR	30 June 2013	30 June 2012	31 Dec 2012
Oil Products	**3,572**	3,750	3,847
Renewable Fuels	**2,042**	2,264	2,134
Oil Retail	**566**	629	677
Others	**419**	433	417
Unallocated assets	**296**	352	609
Eliminations	**-249**	-283	-286
Total	**6,646**	7,145	7,398

NET ASSETS MEUR	30 June 2013	30 June 2012	31 Dec 2012
Oil Products	**2,358**	2,403	2,252
Renewable Fuels	**1,768**	2,039	1,860
Oil Retail	**265**	313	345
Others	**253**	286	260
Eliminations	**-2**	-2	-3
Total	**4,642**	5,039	4,714

TOTAL LIABILITIES MEUR	30 June 2013	30 June 2012	31 Dec 2012
Oil Products	**1,214**	1,348	1,596
Renewable Fuels	**274**	225	274
Oil Retail	**301**	316	332
Others	**166**	147	154
Unallocated liabilities	**2,381**	3,014	2,784
Eliminations	**-247**	-281	-282
Total	**4,089**	4,769	4,858

RETURN ON NET ASSETS, %	30 June 2013	30 June 2012	31 Dec 2012	Last 12 months
Oil Products	**7.5**	9.6	20.6	19.4
Renewable Fuels	**4.7**	-6.6	-9.3	-3.9
Oil Retail	**49.5**	18.3	17.3	32.8

COMPARABLE RETURN ON NET ASSETS, %	30 June 2013	30 June 2012	31 Dec 2012	Last 12 months
Oil Products	**11.8**	10.5	16.6	17.1
Renewable Fuels	**6.5**	-3.4	-2.8	2.0
Oil Retail	**21.5**	18.3	17.3	19.3

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE

MEUR	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Oil Products	**2,996**	**3,307**	3,607	3,389	3,224	3,544
Renewable Fuels	**535**	**513**	505	597	595	466
Oil Retail	**1,085**	**1,153**	1,258	1,266	1,181	1,190
Others	**54**	**52**	45	48	54	52
Eliminations	**-700**	**-767**	-818	-795	-757	-798
Total	**3,970**	**4,258**	4,597	4,505	4,297	4,454

QUARTERLY OPERATING PROFIT

MEUR	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Oil Products	**10**	**79**	128	248	-80	195
Renewable Fuels	**34**	**9**	-43	-73	-59	-8
Oil Retail	**65**	**11**	5	23	15	15
Others	**0**	**-12**	-40	2	3	-7
Eliminations	**3**	**-1**	2	-4	6	-4
Total	**112**	**86**	52	196	-115	191

QUARTERLY COMPARABLE OPERATING PROFIT

MEUR	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Oil Products	**30**	**111**	116	154	49	77
Renewable Fuels	**33**	**26**	-2	-19	-33	-2
Oil Retail	**22**	**11**	5	23	15	15
Others	**-1**	**-12**	-42	3	3	-7
Eliminations	**4**	**-1**	0	-2	6	-4
Total	**88**	**135**	77	159	40	79

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Oil Products	**46**	**45**	46	46	47	48
Renewable Fuels	**25**	**25**	26	24	25	24
Oil Retail	**7**	**8**	9	8	8	8
Others	**3**	**3**	4	3	3	3
Eliminations	**0**	**-1**	0	-	-	-
Total	**81**	**80**	85	81	83	83

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES

MEUR	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Oil Products	**44**	**24**	55	32	69	24
Renewable Fuels	**8**	**5**	7	3	26	15
Oil Retail	**9**	**1**	11	10	11	4
Others	**5**	**4**	8	6	6	5
Total	**66**	**34**	81	51	112	48

4. ACQUISITIONS AND DISPOSALS

In the second quarter 2013 Neste Oil sold its 100% interest in its subsidiary Neste Polska Sp. z o.o. The sale was completed on 2 April 2013 and a capital gain amounting to EUR 48 million resulting from the transaction has been included in the consolidated financial statements. The operations were part of the Oil Retail segment.

Assets and liabilities of Neste Polska Sp. z o.o. **MEUR**	**Neste Polska Sp. z o.o. 2 April 2013**
Property, plant and equipment	38
Inventories	5
Trade and other receivables	5
Cash and cash equivalents	12
Total assets	60
Provisions	2
Trade payable and other payable	19
Total liabilities	21
Sold net assets	39
Gain on sale	48
Total consideration	87
Cash consideration received	87
Cash and cash equivalents disposed of	12
Cash inflow arising from disposal	75

On January 19, 2012 Neste Oil sold its 50% holding in an iso-octane production plant in Edmonton, Canada to Canadian-based Keyera Corporation. A capital gain amounting to EUR 45 million resulting from the transaction has been included in the consolidated financial statements.

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT **MEUR**	**30 June 2013**	30 June 2012	31 Dec 2012
Opening balance	**3,930**	4,023	4,023
Depreciation, amortization and impairments	**-161**	-166	-332
Capital expenditure	**100**	159	291
Disposals	**-3**	-1	-20
Classified as asset held for sale	**-**	-	-39
Translation differences	**-6**	2	7
Closing balance	**3,860**	4,017	3,930

CAPITAL COMMITMENTS **MEUR**	**30 June 2013**	30 June 2012	31 Dec 2012
Commitments to purchase property, plant and equipment	**24**	15	10
Total	**24**	15	10

6. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate and currency derivative contracts and share forward contracts **MEUR**	**30 June 2013** **Nominal value**	 **Net fair value**	30 June 2012 Nominal value	 Net fair value	31 Dec 2012 Nominal value	 Net fair value
Interest rate swaps	**900**	**18**	882	13	1,030	27
Forward foreign exchange contracts	**1,365**	**-2**	1,871	-24	1,639	20
Currency options						
Purchased	**208**	**-1**	142	-1	113	0
Written	**187**	**1**	132	-4	92	1

Commodity derivative contracts	**Volume million bbl**	**Net fair value Meur**	Volume million bbl	Net fair value Meur	Volume million bbl	Net fair value Meur
Sales contracts	**13**	**10**	51	31	21	-1
Purchase contracts	**9**	**-21**	39	-8	17	-6
Purchased options	**0**	**0**	1	-5	0	0
Written options	**0**	**0**	1	5	0	0

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

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

Carrying amounts of financial assets and liabilities by measurement categories

Financial assets and liabilities divided by categories were as follows as of June 30:

Balance sheet item	Financial assets/liabilities at fair value through income statement: Hedge accounting	Financial assets/liabilities at fair value through income statement: Non-hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets							
Non-current receivables	-	-	3	-	-	3	3
Derivative financial instruments	25	-	-	-	-	25	25
Available-for-sale financial assets	-	-	-	4	-	4	4
Current financial assets							
Trade and other receivables	-	-	920	-	-	920	920
Derivative financial instruments	12	16	-	-	-	28	28
Carrying amount by category	37	16	923	4	-	980	980
Non-current financial liabilities							
Interest-bearing liabilities	-	-	-	-	1,704	1,704	1,747
Derivative financial instruments	6	-	-	-	-	6	6
Other non-current liabilities	-	-	-	-	4	4	4
Current financial liabilities							
Interest-bearing liabilities	-	-	-	-	268	268	268
Current tax liabilities	-	-	-	-	16	16	16
Derivative financial instruments	9	33	-	-	-	42	42
Trade and other payables	-	-	-	-	1,587	1,587	1,587
Carrying amount by category	15	33	-	-	3,579	3,627	3,670

Financial instruments that are measured in the balance sheet at fair value are presented according to following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted price included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that is not based on observable market data (unobservable inputs).

Fair value hierarchy, MEUR

Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current derivative financial instruments	-	25	-	25
Current derivative financial instruments	5	23	-	28

Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current derivative financial instruments	-	6	-	6
Current derivative financial instruments	4	38	-	42

During the six-month period ended 30 June 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

7. RELATED PARTY TRANSACTIONS

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

Transactions carried out with associates and joint ventures	**1-6/2013**	1-6/2012	1-12/2012
Sales of goods and services	**51**	42	102
Purchases of goods and services	**37**	38	90
Receivables	**17**	16	6
Financial income and expenses	**0**	0	0
Liabilities	**7**	27	15

8. CONTINGENT LIABILITIES

MEUR	**30 June 2013**	30 June 2012	31 Dec 2012
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	**17**	26	26
Pledged assets	**1**	1	1
Other contingent liabilities	**13**	13	12
Total	**31**	40	39
On behalf of associates and joint ventures			
Guarantees	**2**	2	1
Total	**2**	2	1
On behalf of others			
Guarantees	**8**	1	1
Other contingent liabilities	**3**	2	3
Total	**11**	3	4
Total	**44**	45	44

MEUR	30 June 2013	30 June 2012	31 Dec 2012
Operating lease liabilities			
Due within one year	**52**	62	69
Due between one and five years	**96**	129	116
Due later than five years	**71**	77	79
Total	**219**	268	264

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

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

Calculation of key financial indicators

Calculation of key financial indicators

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

Calculation of share-related indicators

Earnings per share (EPS)	=		$\frac{\text{Profit for the period attributable to the equity holders of the company}}{\text{Adjusted average number of shares during the period}}$
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 x	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$
Dividend yield, %	=	100 x	$\frac{\text{Dividend per share}}{\text{Share price at the end of the period}}$
Average share price	=		$\frac{\text{Amount traded in euros during the period}}{\text{Number of shares traded during the period}}$
Market capitalization at the end of the period	=		Number of shares at the end of the period x share price at the end of the period
Trading volume	=		Number of shares traded during the period, and number of shares traded during the period in relation to the weighted average number of shares during the period

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