inspiration

Nokian Tyres plc | Annual Report 2002

inspiration

Nokian Tyres 2002

Profit before extraordinary items and taxes EUR 48.0 million (37.0 in 2001)
Net sales EUR 479.2 million (423.4)
Earnings per share EUR 3.17 (2.38)
Personnel at year-end 2,585 (2,664)

Solutions for customers in Nordic conditions

We have the innate ability to understand customers operating in Nordic conditions and to know their needs and expectations.

We focus on tyre products and services that provide our customers in Nordic conditions with sustainable added value and build the foundation for our company's profitable growth and successful business.

inspiration

Nokian Tyres is the only tyre manufacturer in the world to focus on customers operating in Nordic conditions. Its products are marketed worldwide in locations where conditions are similar to those in the Nordic countries: snow, forest and extremely demanding driving and operating conditions because of the four seasons.

INTRODUCTION

Focus on Nordic conditions

Nokian Tyres is the largest tyre manufacturer in the Nordic countries and one of the most profitable companies in its industry worldwide. The company develops and manufactures summer and winter tyres for cars and bicycles, and tyres for a range of heavy machinery. The company is also the largest manufacturer of retreading materials and retreaded tyres in the Nordic countires.

Nokian Tyres runs the Vianor tyre chain, which is the largest and most extensive of its kind in the Nordic countries. The chain comprises approx. 160 of its own retail outlets across Finland, Sweden, Norway, Estonia and Latvia. The company's product development, administration and marketing functions as well as the majority of production are located in the Nokia facility in Finland. Bicycle tyres are also manufactured in Finland, at the Lieksa plant. In addition, the company has contract manufacturing in Poland, the USA, Russia and Indonesia. Nokian Tyres has its own sales companies in Sweden, Norway, Germany, Switzerland, Russia and the USA.

Nokian Tyres primarily operates in the tyre replacement markets. The company's key success factors include the continually upgraded product range and innovations that deliver genuine added value to the customer. The focus strategy adopted at Nokian Tyres has enabled the company to outperform the average annual growth in the tyre industry. Despite the powerful growth, the company has retained its position among the most profitable tyre companies in the world.

In 2002, Nokian Tyres booked net sales of EUR 479.2 million and employed some 2,585 people.

Nokian Tyres plc was founded in 1988 and it was first listed on the Helsinki Stock Exchange in 1995. The company's roots go back all the way to 1898, when Suomen Gummitehdas Oy, or the Finnish rubber factory, was established. Bicycle tyre production began in 1925 and passenger car tyre production in 1932. The company's best-known brand, the Nokian Hakkapeliitta tyre, was launched in 1936.

CONTENTS

FOCUS STRATEGY

Focus on Nordic conditions

Nokian Tyres is the only tyre manufacturer in the world to focus on solutions and products that meet the special needs of customers in Nordic conditions. Products are marketed in all countries with Nordic conditions, that is, everywhere where there is snow, forests, and demanding conditions caused by changing seasons.

- Special products designed for Nordic conditions include passenger car winter tyres, winter treads for truck tyres and forestry tyres.

Focus on other narrow product segments

By focusing on products designed for northern conditions, Nokian Tyres has developed special competence that gives added value in other narrow special product segments.

- Special products include ultra high performance car summer tyres as well as harbour and mining machinery tyres.

Focus on replacement markets

All Nokian brand passenger car tyres and approximately 60% of heavy tyres are sold to consumers in replacement markets through special tyre stores, car dealers and other companies engaged in tyre trade.

Nokian Tyres' focus strategy is supported by

Investments in product development and production

Product development is guided by a philosophy of durable safety, which entails the continued renewal of the product range with the objective of being able to provide customers with value-adding innovations.

- Production concentrates on high margin core products.
- Ongoing improvement of quality and productivity is supported through consistent investment and productivity projects.

Open and participatory corporate culture

A basic factor behind Nokian Tyres' lasting success is a continuous process of personnel development, which is supported by an open and participatory corporate culture.

- The corporate culture aims to create a highly motivated working community that promotes the success of individuals and the company.

KEY STRATEGIC OBJECTIVES INTO 2007

Market leader in the home market

The key objective in the home market is to be a market leader as a tyre manufacturer and tyre distributor, as well as to have the best customer services and highest customer loyalty in the tyre business.

Globally strong position in core products

The niche strategy is geared towards building a significant global position in narrow, growing product segments.

Growth through a continuously improved product range

Profitable growth is based on heavy investments in core products and services that give customers genuine added value and enhance the ability to launch innovative products and services.

Increase profits through high productivity and the best customer processes in the industry

Improvements in operational efficiency and profitability are achieved through the ongoing development of logistic processes, total quality and productivity.

Profit growth through skilled, inspired personnel with entrepreneurial spirit

Personnel's active and entrepreneurial attitude towards the development of personal skills and company performance supports the selected focusing strategy and company's pursuit of an ethical and responsible operating policy.

Strategy 2007, key financial objectives

- To clearly increase the market value
- To double the net sales (EUR 800 million)
- An adequate equity ratio
- A steady increase in earnings per share (EPS)
- Positive, steadily growing cash flow
- Steady improvement in the return on net assets (RONA)

TARGET VALUES

Values that guide and support our strategy

Nokian Tyres' personnel consist of approximately 2,600 individuals, each with their own personal history. They are people representing different age groups, educational levels, languages and cultures. Their employment histories range from a few weeks to several decades. Shared values and operating policies help us earn and keep the trust and satisfaction of our interest groups. Moreover, they connect members of the community within the organisation.

Customer satisfaction

We have the industry's highest customer satisfaction rate in the Nordic countries, the Baltic States and Russia, and the highest satisfaction rate in our core products globally. All our activities are geared to support the customer service personnel.

Personnel satisfaction

Nokian Tyres is a respected and attractive workplace. Our personnel are highly skilled and motivated. Our activities are characterised by our desire to continuously develop our personal skills as well as the company.

Shareholder satisfaction

We are the most profitable tyre manufacturer and tyre distributor in the industry. Our consistently good performance translates into good share price development and dividend policy.

The best processes in the business

Our key processes and our business network are efficient and represent the cutting edge in the industry. We uphold the principles of the responsible citizen in all of our activities.

TARGET CULTURE

We strive to act in line with the Hakkapeliitta spirit, the basic elements of which we have defined as follows:

Entrepreneurship = The will to win

We thirst for profit, we are quick and brave. We set ambitious objectives, and perform our work with persistence and perseverance. We are dynamic and punctual, and we always make customer satisfaction our first priority.

Inventiveness = The will to survive

We have the skill to survive and excel, even in the most challenging circumstances. Our competence is based on creativity and inquisitiveness, and the nerve to question the status quo. We are driven by a will to learn, develop and create something new.

Team spirit = The will to fight

We work in an atmosphere of genuine joy and action. We work as a team, relying on each other and supporting each other, offering constructive feedback when needed. We embrace differences, and we also encourage our team members to individually pursue winning performances.

Six product areas

Passenger car and delivery van tyres

This product area covers the development and production of summer and winter tyres for passenger cars and delivery vans. Key products include studded and non-studded winter tyres as well as high-speed summer tyres. Net sales are primarily generated in the Nordic countries and Russia. Other significant market areas are the Alpine region, Eastern Europe, North America and Canada. Winter tyres account for 73% of the product area's net sales. 55% of summer tyres are high margin products for high performance or ultra high performance summer tyre segments. Markets showing the most powerful growth were Russia, Eastern Europe and the USA. Product range in the passenger car and delivery van area has seen the quick introduction of new products, and the market shares of Nokian-brand tyres have developed favourably in the key markets. The majority of the products are manufactured at the company's facility in Nokia, Finland, and sold in the replacement markets.

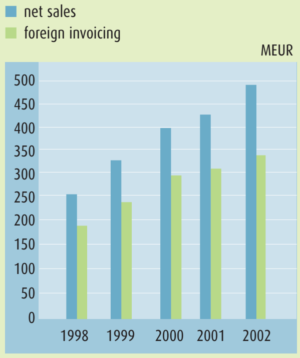
Heavy tyres

The heavy tyres product area comprises tyres for forestry machinery, special tyres for agricultural machinery and industrial machinery as well as truck tyres. Product development in this product area concentrates on narrow and growing product niches such as forestry machinery tyres, truck winter traction tyres and other special products. The demand for radial tyres has clearly picked up in the past few years, which is why the company has invested in radial tyre production technology. Forestry tyres represent the number one product segment in the Nokian heavy tyres product area. The company has a 30% share of the global forestry tyres market. Nokian Tyres has developed special tyres for what is known as CTL (cut-to-length) machinery, which was invented in the Nordic countries, and the company is now the world's market leader in this area. Nokian heavy tyres are sold in the original equipment and replacement markets alike. Original equipment represents approximately 40% of the product area's net sales. Key markets in addition to the Nordic countries include Central and Southern Europe, the USA and Canada. The majority of the products is manufactured at the Nokia plant.

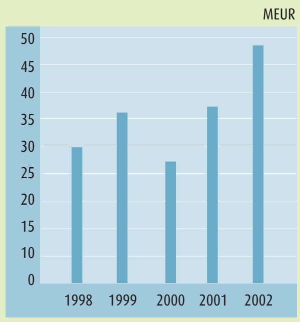
Key figures 2002

	2002	2001	Change %
Net sales, MEUR	479.2	423.4	13.2
Operating profit, MEUR	60.1	50.5	18.9
% of net sales	12.5	11.9	
Profit before extraordinary items and taxes, MEUR	48.0	37.0	29.5
% of net sales	10.0	8.7	
Return on net assets, %	17.1	14.3	
Return on equity (ROE), %	16.9	14.3	
Interest bearing net debt, MEUR	122.5	158.2	-22.6
% of net sales	25.6	37.4	
Gross investments, MEUR	26.0	45.3	-42.6
% of net sales	5.4	10.7	
Cash flow from operating activities, MEUR	69.3	70.8	-2.2
Earnings per share, EUR	3.17	2.38	33.2
Cash flow per share, EUR	6.55	6.69	-2.2
Shareholders' equity per share, EUR	20.0	17.5	14.2
Equity ratio, %	46.9	40.2	
Average no. of personnel	2,663	2,636	1.0

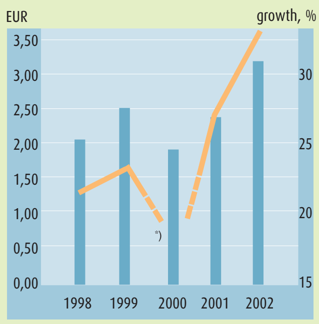
Net sales



Profit before extraordinary items and taxes

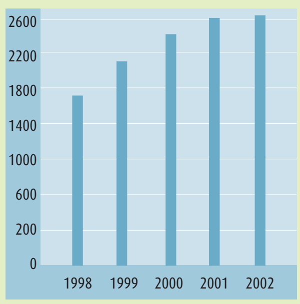


Earnings per share (EPS)



*) = -25,2 %

Average number of personnel



Bicycle tyres

The Nokian bicycle tyres unit produces tyres for standard and special bikes. Special products include downhill tyres and studded bicycle tyres. Nokian Tyres is the biggest manufacturer of the studded bicycle tyres in the world. The objective in this product area is to maintain a strong position in the home market and to be a major supplier of mountain bike tyres globally. Key markets cover the Nordic countries, Central Europe and the USA. Products are manufactured at the Lieksa factory.

Retreading materials

This product area covers the development and manufacture of retreading materials used for retreading truck tyres, a variety of industrial machinery types and car and van tyres. Key products include winter treads for truck tyres. Nokian Tyres is the only Nordic manufacturer of retreading materials. Main markets are the Nordic countries.

Vianor

The Nokian Tyres owned Vianor tyre chain is the biggest of its kind in the Nordic countries. The chain consists of approx. 160 sales outlets located in Finland, Sweden, Norway, Estonia and Latvia. Moreover, Vianor is also the biggest tyre retreader in the Nordic countries. The Vianor chain sells passenger car and van tyres as well as truck tyres. The product range also features other automotive products and services. All sales outlets have a uniform visual appearance and product selection.

RoadSnoop

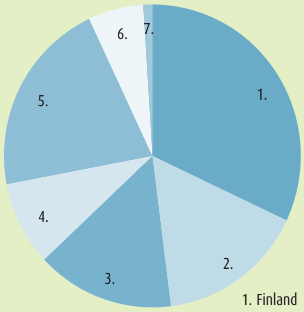
The newest Nokian Tyres product area is the RoadSnoop unit, which was set up in 2001 and is responsible for the development, product profiling and commercial utilisation of intelligent tyre technology. The RoadSnoop pressure watch, developed by Nokian Tyres, monitors the tyre pressure and temperature, and warns the driver of insufficient tyre pressure by transmitting a radio signal to a small receiver. Deliveries of the product will begin in 2003.

Product areas in 2002

	Net sales MEUR	Share of company net sales	Production volume	Number of products in product range	Share of new products[1] of net sales	Personnel (at year-end)
Passenger car and delivery van tyres	242.8	46 %	5.1 million pcs	354	44 %	710
Heavy tyres	55.0	10 %	8,670 tns	251	10 %	171
Bicycle tyres	5.5	1 %	830.000 pcs [2]	159 [2]	16 %	49
Retreading materials	11.2	2 %	4,336 tns	212	8 %	12
Vianor	216.2	41 %	–	–	–	1,150
RoadSnoop	–	–	–	–	–	3

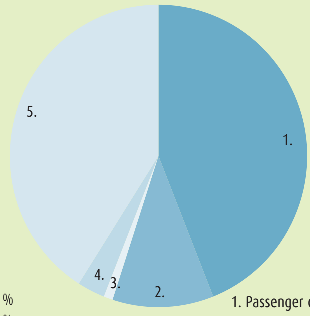
1) Products launched in 2001 or 2002
2) Excluding inner tubes

Net sales by market area



1. Finland 30 %
2. Sweden 17 %
3. Norway 15 %
4. Russia and the Baltic states 9 %
5. Other European countries 21 %
6. USA and Canada 7 %
7. Others 1 %

Net sales by product area



1. Passenger car and delivery van tyres 46 %
2. Heavy tyres 10 %
3. Bicycle tyres 1 %
4. Retreading materials 2 %
5. Vianor 41 %

Dear reader,

For Nokian Tyres, 2002 was a successful year of profitable growth despite the declining world economy and the many problems in the tyre industry, The development in our core business moved at a stronger pace than the industry in general.

Thanks to our ambitious and creative reactions, Nokian Tyres rapidly succeeded in taking advantage of the opportunities that arose to strengthen company's position in our core markets. In our home market, particularly in Sweden, the competitive situation changed when a local tyre manufacturer shut down its factory. We immediately focused our resources on Sweden with good results: the good reputation of our company further strengthened, our sales volumes increased clearly and Nokian brand recognition improved.

In Russia, Nokian Tyres took its first important steps in the manufacturing business by starting the off-take manufacturing of Nordman branded tyres at Amtel factories and by signing a joint venture agreement. Nokian Tyres also proceeded with determination and success in the Eastern European countries. In the USA, our growth was clearly stronger than the previous year. Combined with hard work and innovations, our chosen strategy and solid competence again showed their strength.

Service and production capacity to a new level

Internally we focused on developing the main processes of our core business. We successfully utilised our investments and improved our productivity.

We introduced record amount of new products in the top segments and the share of the new products increased clearly. Especially Nokian WR, the world's fastest winter tyre, and the Nokian NRY summer tyre are worth mentioning. The development of those tyres signified a huge step forward for our organisation. Of the approximately 170 tyre manufacturers in the world, only about a dozen are capable of manufacturing corresponding products. I am proud that our organisation accepted a demanding challenge with determination. The positive customer feedback on our innovative products and the tyre test wins in car magazines further direct our operations towards special products. All this requires the best production technologies as well as marketing and communication methods, which are bold and relatively unusual in the tyre business.

Our ability to serve our customers faced a tough test at the onset of the winter season as permanent snow appeared surprisingly early in the Nordic countries. Thanks to our new logistics solutions, we passed the test with flying colours, showing remarkably better performance than ever before in our customer service.

In Finland, the tyre chain integration process at Vianor progressed as planned, with visible results in the second quarter of the year. In terms of annual result, Vianor achieved its all-time record in Finland. In Sweden, however, efficiency boosting measures did not progress sufficiently. We were not able to anticipate that, because of differences in culture, such projects take longer and need more contribution than we are used to.

Several opportunities for profitable growth

We face the beginning year with confidence, notwithstanding the uncertain trends in the world economy and the commercial and technical challenges of the tyre industry itself. We believe that the positive growth in our core business areas will continue and we will remain in a steady growth groove.

We have several opportunities for growth, particularly in Sweden, Russia and Eastern Europe. By keeping the promises given to our customers, we continue to strengthen our brand and market positions. The factory investments and the investment decisions for 2003 have created the foundation for the manufacture of 6.5 million tyres at our Nokia plant. We will continue to improve our productivity without increasing the number of staff. The principle of continuous development together with the company culture called "Hakkapeliitta sprit" (see page 8), will direct our product development, logistics and other operations.

During the past few years, the tyre industry has been increasingly transferring production to countries where the cost level is lower. Nokian Tyres intends to be part of this development. We will increase the contract manufacturing of summer tyres in Indonesia. In the Amtel factories, the production volumes of the Nordman brand tyres will be increased. Also in Slovakia we have started contact manufacturing. However, our Nokia production unit will maintain its key role as the producer of high quality premium products. Nokia will remain the centre of our development activities; the inspiration base for reforming our company culture, key products and brands.

While our basic strategy will remain unchanged, we will utilise profitable production sources, particularly in the expanding markets and in products whose manufacture in Finland is not productive. Even outside Finland we will focus on areas in which our expertise is the strongest. Nokian Tyres has by no means reached the end of its specialisation development. The vehicle and tyre industry and markets are developing rapidly. This will change the special segments, all the time creating new potential for us.

It is particularly important to promote the competence of the staff, to cultivate their innovative spirit, to reinforce the Hakkapeliitta spirit and to control and develop the reputation of the company. Reputation is the key to our operations. What we are and what we do shape this: our products, our operations, our services and our communication. Every day, we must redeem our reputation with our behaviour and actions, particularly when face-to-face with a customer.

Thank you

I would like to express my thanks for the good year we have had.

I would like to thank our customers, whose valuable feedback has helped us evaluate whether we are moving in the right direction with our own ideas of our products, services and operations.

I would like to thank our staff for once again adapting to changes, for overcoming obstacles in the Hakkapeliitta spirit and for bringing home the gold.

I would also like to thank the educational institutions situated in the neighbourhood of our facilities for expressing an interest in our company and for the numerous ideas for developing training and learning.

And, finally, my sincere thanks to our shareholders and partners in the securities market for your trust and growing interest in our company

Happy New Year 2003.

Kim Gran
President

inspiration

*"Being involved in the establishment of a new, leading tyre chain in the Nordic countries is the kind of challenge you probably only face once in a lifetime," believes Marketing Manager **Petri Asikainen**. As a former biathlonist at national championship level, Asikainen also faces personal challenges in his spare time: this winter's programme involves participation in the 90-km Pirkka Ski Race.*

To be the leading tyre manufacturer in the home market

Home markets 2002

- *Demand for car winter tyres increased*
- *Sales of new cars increased in Finland and in Sweden*
- *Nokian Tyres' market shares improved*
- *Closing down of the competitor´s factory strengthened Nokian Tyres´ position in Sweden*
- *New logistics centre improved Nokian Tyres´ customer service during the peak seasons*
- *Contract manufacturing of Nordman tyres started at Amtel factories*
- *Nokian Tyres and Amtel Holdings signed a letter of intent with the purpose to establish a joint venture company in Russia.*

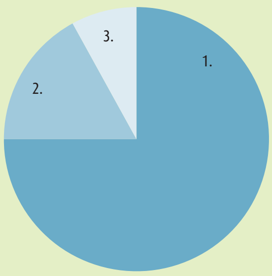
What really matters to a Nordic customer is that tyres provide safety, durability and driving comfort. Nokian Tyres is the only tyre manufacturer in the world to have focused on providing solutions that meet the special needs of customers in Nordic conditions. The company's home market is typified by some of the most challenging driving conditions in the world, providing the company with an innate ability to understand the needs and expectations of customers in Nordic conditions.

Two thirds of Nokian Tyres' net sales are generated in the home market, which includes Finland, Sweden and Norway. Areas resembling the home market also include Russia and the Baltic States. All products included, Nokian Tyres is the market leader in Finland and the third biggest supplier in Sweden and in Norway. The Nordic tyre market features roughly 80 competing brands. In Russia, the Nokian-brand tyres are among the best-known western tyres.

Nokian Tyres is the leading Nordic manufacturer of tyres and retreading materials. It owns the Vianor tyre chain - the largest in the Nordic countries - and it has sales companies in Sweden, Norway and Russia. A strong position in the strategically significant home market is a key success factor. Nokian Tyres is actively engaged in bringing innovative products to the market that are designed to perform well in Nordic conditions. The target

The Nordic* tyre replacement market in 2002

Total value approximately 1 billion EUR



1. Passenger car and delivery van tyres	75%
2. Truck tyres	17%
3. Others	8%

Source: Nokian Tyres 2003

Sale of passenger car tyres in the Nordic replacement market between 1998 and 2002

Source: ERMC 2002

1000 pcs	1998	1999	2000	2001	2002
FINLAND					
Summer <T	838	785	737	721	719
Summer H	80	86	149	155	201
Summer V	28	53	58	73	82
Summer W/Y/Z	14	17	23	31	35
Summer tyres total	960	942	967	980	1,038
Winter studded	940	1,008	920	843	927
Winter non-studded	211	240	200	205	194
Winter tyres total	1,152	1,248	1,120	1,049	1,121
Car tyres total	2,111	2,190	2,087	2,029	2,159
SWEDEN					
Summer <T	1,196	1,070	881	770	696
Summer H	271	269	301	284	326
Summer V	136	156	207	242	284
Summer W/Y/Z	63	73	90	117	139
Summer tyres total	1,666	1,568	1,479	1,412	1,445
Winter studded	1,179	1,749	1,148	1,057	1,151
Winter non-studded	483	729	449	474	462
Winter tyres total	1,662	2,478	1,597	1,531	1,614
Car tyres total	3,328	4,045	3,076	2,944	3,059
NORWAY					
Summer <T	506	484	437	449	411
Summer H	168	203	207	231	235
Summer V	63	70	68	75	80
Summer W/Y/Z	33	40	40	47	49
Summer tyres total	770	797	753	803	775
Winter studded	590	592	574	553	598
Winter non-studded	598	607	545	567	497
Winter tyres total	1,188	1,199	1,119	1,120	1,096
Car tyres total	1,958	1,996	1,872	1,923	1,871

Common speed ratings

Speed rating and highest speed

Q	160 km/h or	99 mph
R	170 km/h or	106 mph
S	180 km/h or	112 mph
T	190 km/h or	118 mph
U	200 km/h or	124 mph
H	210 km/h or	130 mph
V	240 km/h or	150 mph
W	270 km/h or	169 mph
Y	300 km/h or	188 mph
Z	>240 km/h or	>150 mph

* In this annual report, the Nordic countries refer to Finland, Sweden and Norway.

is a market leadership in high margin core products, such as passenger car winter tyres, high performance and ultra high performance summer tyres and certain specialised heavy tyres.

One market area with regional differences

Nokian Tyres considers Finland, Sweden and Norway as one single market while naturally respecting the country-specific dissimilarities. Winter tyres are compulsory in all three countries, and there are two peak seasons per year. Nevertheless, winter conditions are quite different in each country. In Finland, winters are usually much more snowy than they are in Norway, where the temperature remains mostly around zero (Celsius) and roads are heavily salted.

Differences in the winter weather are reflected in the demand for studded and non-studded winter tyres. Studded winter tyres represented 83% of all the winter tyres sold in Finland in 2002, while in Sweden they accounted for 71%, and 55% in Norway. The use of studded winter tyres slightly increased in the Nordic countries. Owing to the winter tyre season, it is characteristic of the tyre trade in the Nordic countries that profits are concentrated on the final quarter of the year.

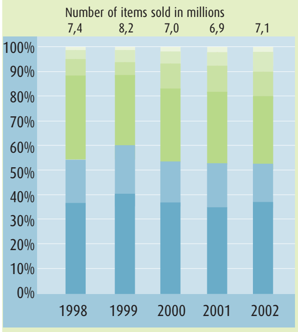
In the Nordic countries, performance tests conducted by trade magazines have a considerable effect on consumer behaviour. Nokian Tyres has performed well in these tests year after year and scored top ratings especially in winter tyres and increasingly more in summer tyres. The test winner in 2002 was Nokian Hakkapelliitta Q, a Nordic type of non-studded winter tyre, which scored number one ratings in most of the remarkable published tests.

Strongest growth in Russia

Russia is a strong growth area and a strategically important one for Nokian Tyres. Approximately 30 million passenger car tyres are sold in Russia every year, roughly 7 million being winter tyres. Over the next five years, Nokian Tyres expects the overall market to double and the winter tyre market to triple.

The growth is boosted by the increase of domestic car manufacturing and the rapidly

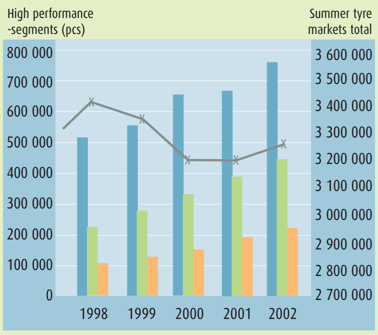
Sales of passenger car tyres in the Nordic replacement markets
in the Nordic countries* total



summer tyres W/Y/Z
summer tyres V
summer tyres H
summer tyres <T
winter tyres non-studded
winter tyres studded

Source: ERMC 2002

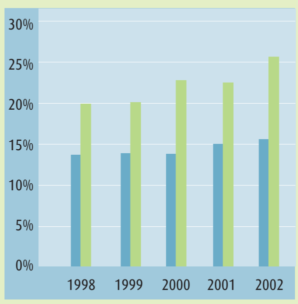
High performance -segments compared to summer tyre markets
in the Nordic countries total



summer tyres H
summer tyres V
summer tyres W/Y/Z
summer tyres total

Source: ERMC 2002

The market share of Nokian Tyres in the Nordic countries by product area
Passenger car tyres



summer tyres
winter tyres

Source: ERMC + Nokian Tyres 2002

* In this annual report, the Nordic countries refer to Finland, Sweden and Norway.

growing import of foreign cars.

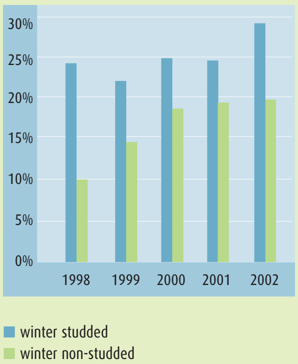
The Russian tyre industry is facing a period of transition and the reformation process has started. New products are entering the market and factories are being modernised. Currently, the majority of the Russian tyre manufacturers produce so called C-segment tyres with lower quality and price levels used mostly in Russian brand cars. Users of western cars mainly rely on higher grade imported tyres representing the A-segment. A-segment is satisfied by imported brands of all global tyre manufacturers. Nokian Tyres has the highest share of all imported tyres. B-segment tyres represent the medium quality and price level tyres, and they will obviously replace the C-segment tyres in line with the development of the Russian tyre manufacturing. B-segment consists of global manufacturers' second category brands as well as Nokian Tyres' Nordman brand manufactured in Russia since the autumn 2002. Nokian Tyres has sold tyres to Russia since 1964, and at best, Russian trade accounted for 10% of the parent company's net sales. In 2002, sales to Russia and other CIS countries were up 25% on the previous year.

Nokian Noktop retreading materials enhance the service capacity

Wear resistance is the most valued property for professional drivers in the Nordic countries. The Nokian retreading materials are tested in Nordic conditions, which are very hard on surface grip and durability. Based on this testing experience, the company has developed rubber compounds that ensure good grip and high wear resistance, as well as optimal tread designs for different purposes. Nokian Tyres has gained market leadership in Nordic countries as a supplier of retreading materials. Nokian Noktop treads are popular products in particular.

Nokian Noktop retreading materials are made using environmentally safe rubber compounds. The highly polyaromatic oil (HA oil), commonly used in the tyre industry, has been replaced with an environmentally sound non-labelled oil, which contains less than 3% polyaromatic hydrocarbons. Nokian Tyres is the largest Nordic manufacturer of retreading materials, while the Vianor tyre chain is the number-one tyre retreader in the Nordic countries.

The market share of Nokian Tyres
In the Nordic countries
Passenger car winter tyres



Source: ERMC + Nokian Tyres 2002

Excited about safety

Tyre advertisements must be original, against the mainstream of the sector's or all marketing communications. This has been one of Nokian Tyres' leading theses for years. The basic message of the Nokian brand is sustainable safety in Nordic conditions. Advertisements with the theme "Safety is boring" support this message in their own distinctive manner.

Investments in the construction of a distinctly profiling product image have proved successful: the brand has increased its awareness in the past few years particularly in Sweden and Norway. In Finland, awareness is almost 100%.

WARNING
"The safety on Nokian Tyres can cause extreme action in the quest for excitement."

inspiration

"I have always liked working with customers - probably because of my open and active character. Over the past year the entire tyre business has increased its prestige. In Vianor, I can feel proud of both our products and our parent company," explains Area Manager ***Seppo Hartikainen****. In golf he finds the same elements that appeal to him in customer service: its social nature and meeting people.*

To be the number-one tyre chain in the home market

Vianor 2002

- *Position strengthened and brand awareness increased*
- *Market shares improved in the Nordic countries*
- *More synergy benefits for the manufacturing business*
- *Better customer service during peak seasons*
- *Vianor Finland's result all time high*

Vianor is the biggest tyre chain in the Nordic countries with the most extensive geographical reach. It has unbeatable experience in Nordic conditions, and it knows the needs and expectations of the Nordic customers. Vianor provides its customers with all the basic tyre services as well as a large variety of related products and services. Vianor´s target is to be the most profitable tyre chain in the world and the best-known player in its business.

Nokian Tyres' own tyre chain reveals the company strategy with the objective of securing its strong position in the home market, and of ensuring that Nokian brand tyres can enter to the strategically significant Nordic markets. With its own tyre chain, Nokian Tyres is able to develop new service concepts and to contribute to success in the whole retail business.

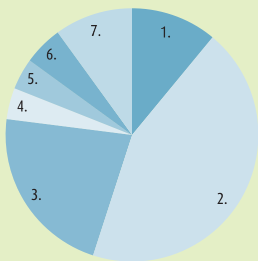
Small on the European scale, Vianor's home market is characterised by heavy seasonal fluctuations. Business tends to pick up dramatically towards the year-end, particularly in the final quarter of the year, largely due to the winter tyre season. Another special feature of this business environment is that there are only a few large tyre chains in the Nordic countries, which have been brought under the ownership of various tyre manufacturers.

Vianor is the only tyre chain to geographically cover Finland, Sweden and Norway. With a market share of 19%, Vianor is the market leader in the Nordic countries, with all products and services included in the figure.

Vianor's key business objectives into 2007

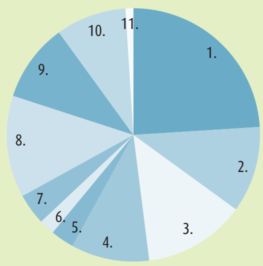
- Doubling net sales
- Steadily improving operating profit
- Positive, growing cash flow
- To be the most profitable tyre chain in the world.

Sales distribution in the Nordic countries per product type 2002



1.	Services and work	11 %
2.	Passenger car tyres	44 %
3.	Truck tyres	22 %
4.	Agricultural tyres	4 %
5.	Machinery and industrial machinery tyres	4%
6.	Rims	5%
7.	Other products	10%

Sales distribution per customer group 2002



1.	Private customers	24 %
2.	Small transport business	11 %
3.	Local companies	13 %
4.	Large transport business	10 %
5.	Communities, the state	3 %
6.	National companies	2 %
7.	Industries and contractors	4 %
8.	Car dealers	13 %
9.	Tyre shops	10 %
10.	Other tyre retailers	9 %
11.	Others	1 %

* In this annual report, the Nordic countries refer to Finland, Sweden and Norway.

Major synergy benefits

The Vianor tyre chain offers Nokian Tyres more chances for profitable growth, and it consolidates the market position on Nokian brand tyres in the Nordic countries and the Baltic States. Own tyre chain provides Nokian Tyres with better opportunities for direct contact with the end-users of its products. According to the various studies, the brand and the salesperson's recommendations strongly affect a consumer's choice of tyre.

Through the chain, the company also receives valuable information for its service development activities and for tyre R&D and marketing. In return, Vianor stands to gain in many ways from its seamless co-operation with Nokian Tyres. Direct contact with the tyre manufacturer enables better flexibility and a faster response. It also translates into a controlled supplier-customer process from the manufacturer to the end user, not to mention co-operation in product development as well as efficient logistics and stock management (see p. 29).

The year 2000 was a period Vianor structure was built. In 2001 and 2002, measures taken to generate synergy benefits began to produce visible results. With the integration of the chain's operations, cost-efficiency and capital management have been improving.

Measures contributing to Vianor's improved profitability included the harmonisation of the product range, which enables larger bulk purchases and purchase benefits. Furthermore, standardised data and operations management systems sharpen the planning, monitoring and reporting procedures.

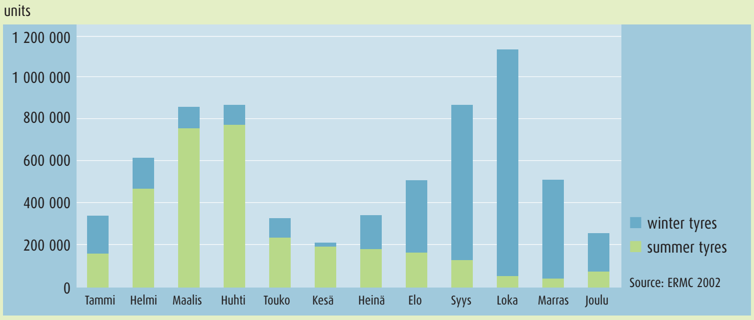
In Finland and Norway, the geographical reach of the Vianor chain is very close to the desired level. Meanwhile, in Sweden, the structure continues to be strengthened. In the near future, however, more attention is paid on improving the profitability of the business and on customer service than on expanding the tyre chain.

New service concepts

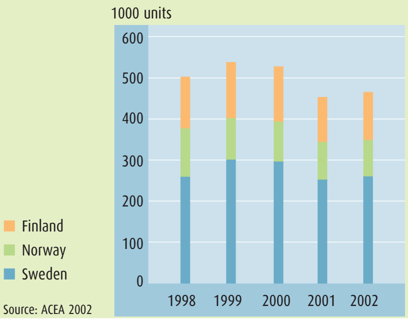
Vianor outlets serve a large customer base from passenger cars to heavy traffic and industrial machinery. Vianor provides tyre retreading service in eight outlets which are

Sales cycles

Sale of passenger car tyres in 2002 from the manufacturer to retailers in the Nordic coutries*



Registration of new passenger cars in the Nordic countries in 2002



* In this annual report, the Nordic countries refer to Finland, Sweden and Norway.

Importance of car trade on the increase

The role of car trade as a retailing channel for tyres is increasing. In addition to summer tyres, the car dealing industry also serves as an important distribution channel for winter tyres.

To increase its sales volumes and its capacity for serving the car import business, Nokian Tyres decided to transfer the car dealing industry functions from Vianor to the parent company. This allows Vianor to focus on the selected core functions. The share of car trade represented approximately 13% of Vianor's Nordic sales in 2002.

spread across Finland, Sweden and Norway. To even out the seasonal fluctuations and to boost sales, most sales outlets also provide services such as the oil change, wheel alignment, installing exhaust pipe and shock absorbers, and selling batteries. Services will, accordingly, account for an increasingly large part of net sales.

Vianor is making a determined effort to modernise the operating methods in the industry and to design new kinds of service concepts. Special attention is made on customer service during the peak seasons, when the demand for tyres is particularly high. The 24-hours service concept, taken into use in major towns in Finland, is a good example of concrete actions. The newest service concept also introduces so-called tyre hotels, where customers can leave their winter or summer tyres in storage until the tyres need to be changed again. The first tyre hotel was opened in Finland in autumn 2001, and the company plans to open more hotels in major cities across the Nordic countries. The service also includes a five-year tyre guarantee to purchasers of new tyres, which compensates the customer for a damaged tyre.

Product policy focused on a handful of brands

A significant part of Nokian Tyres' overall sales to consumers in the Nordic countries takes place through the company's established retail customers. Nokian Tyres strives to make the most of Vianor to improve the overall financial performance of the industry. In accordance with the harmonised product policy, all Vianor outlets offer a selection of tyres from all price ranges. Nokian brand tyres represent approximately 60% of the passenger car tyres sold. A product policy that is focused on just a handful of brands improves the inventory rotation.

Vianor became the best-known tyre chain in Finland

Vianor has become the most well-known tyre chain in Finland. According to the latest surveys, the chain's top-of-mind awareness (the first one to come to mind) is 21% and total awareness 67%, the latter showing an increase of 9% from the previous year. Vianor chain has been operating in Finland since 1999.

In other Nordic countries the recognition of the chain is not as high as in Finland. However, thanks to increased marketing investments the chain has also improved its awareness in Sweden and Norway.

Source: Marketing Radar Ltd 2003

"Winter catches drivers by surprise"

Vianor increases its awareness by means of original and distinctive advertising. Vianor's marketing communication is aimed at establishing a character and personality for the Vianor brand, which attracts the customers to a Vianor tyre store. It is down to the stores to fulfil the brand-related promises with their services and products.

The Nordic advertising campaign centred on the theme "winter catches drivers by surprise". The objective was to motivate customers to purchase tyres before the onset of the busiest sales season.

The captions on the poster:
The length of the braking distance took the entire family by surprise.
Surprise yourself.

inspiration

"It is easier to succeed in the Russian market if you know something of the Russian and the former Soviet culture. My studies at the University of Moscow and the years of working in the city facilitate our export endeavours, at least on a personal level," says Exports Manager ***Minna Tihinen****, whose weekly diary also has room for soft values, on a concrete level.*

To be a strong player in the core products globally

Global markets 2002

- *Nokian Tyres overall market shares in Europe improved*
- *Car winter and summer tyre markets increased rapidly in East Europe*
- *Demand for high speed and ultra high speed summer tyres increased*
- *Demand for Nokian branded special heavy tyres increased*
- *The position of Nokian branded car and forestry tyres strengthened in the USA*

Nokian Tyres´ growth in global market is based on expertise in specific, narrow product segments. Competition in the global tyre market is fierce, which means that a small tyre manufacturer's opportunities lie in a niche-focused approach. Nokian Tyres is constantly searching for new markets and growth areas that allow it to benefit from its special knowledge, skills and strong expertise in Nordic conditions.

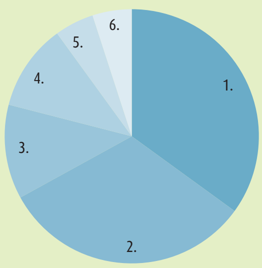
Outside its home market, Nokian Tyres' key markets include the Alpine region, East Europe and North America. These are regions and countries typified by conditions very similar to those in the Nordic countries: four distinct seasons, heavily forested, and driving conditions that place severe demands on the tyres. Nokian Tyres has its own sales companies in Germany, Switzerland and the USA. In other countries, products are sold through independent importers.

In 2002, Nokian brand tyres were sold in more than 60 countries.

Customised products

Nokian Tyres is the only manufacturer in the world to provide passenger car and delivery van winter tyres that are specially customised to accommodate the customer needs in selected market areas. One example of tailoring is the product concept developed particularly with the US market in mind. This all weather plus tyre is designed for use all year round, with special emphasis on the winter tyre qualities. The winter tyre selection also offers light truck tyres for the US market. Meanwhile, the summer tyre range was expanded by introducing low profile, high performance and ultra high performance tyres. Demand

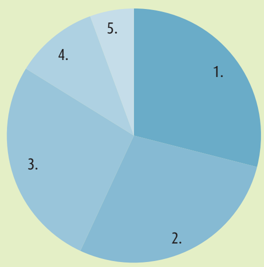
Regional distribution of the global tyre market
Value in 2000 approximately USD 70 billion



1.	North America	35 %
2.	Europe	32 %
3.	Asia (excl. Japan)	12 %
4.	Japan	11 %
5.	Africa and the Middle East	5 %
6.	Latin America	5 %

Source: Bowfell.net

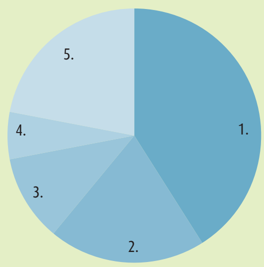
Five biggest tyre companies in the world
Net sales in 2001, million USD



1.	Group Michelin, France	13 425
2.	Bridgestone Corp., Japan	12 950
3.	Goodyear Tire & Rubber Co., USA	12 470
4.	Continental AG, Germany	4 900
5.	Sumitomo Rubber Industries Ltd., Japan	2 598

Source: European Rubber Journal 2002

Passenger car tyre replacement market in Europe
The market in 2002 approximately 175 million tyres
(figures for 2001 in brackets)



1.	Summer tyres <T	42 % (46 %)
2.	Summer tyres H	19 % (19 %)
3.	Summer tyres V	11 % (10 %)
4.	Summer tyres W/Y/Z	6 % (5 %)
5.	Winter tyres	22 % (20 %)

Source: Nokian Tyres 2003

for winter tyres and high speed summer tyres has picked up in Europe and the USA.

The heavy tyres product area also offers good examples of successful core product groups that have sold well around the world. Heavy tyres in general are global products, in other words the same tyres can be sold anywhere in the world. Examples include forestry tyres in which Nokian Tyres has been a globally important player since the 1960´s.

The heavy tyres market in general is very sensitive to economic fluctuations, and the truck tyre market, for instance, is susceptible to aggressive price competition. Nokian Tyres has been able to decrease its market vulnerability and, to some extent, avoid the toughest price competition by focusing on selected niches and new speciality products, and by identifying new sales opportunities in the replacement markets. The demand for radial tyres has increased in the past few years, and Nokian Tyres has made investments to advance this type of production technology.

The niche strategy adopted at Nokian Tyres provides guidelines and consistent support for the business operations of the heavy tyres product area. In the forestry machinery segment, the main focus is on tyres designed for machinery that deploys the CTL (Cut to Length) method, which was developed in the Nordic countries. Nokian Tyres is the global market leader in the CTL machinery tyre segment. This environmentally friendly logging method is gaining popularity also outside Europe. In truck tyres, the selected core area is winter tyres, which is supported by producing summer tyres.

In the heavy tyres product area, co-operation with machine and equipment manufacturers is very intensive. Original equipment installations represent roughly 40% of the product area net sales.

Nokian retreading materials have done very well in the Nordic countries, providing excellent references when seeking new customers in Europe and North America. The target is to strengthen the position in Europe as a manufacturer of prevulcanised treads for truck tyres.

Bicycle tyre sales concentrate on narrow speciality niches around the world. For example, Nokian downhill tyres are increasingly popular in the North American and Japanese markets.

Registration of new passenger cars in the EU-countires

Source: ACEA 2002

Forestry machinery markets on the increase

Global markets have seen an upturn in the demand for forestry machinery. In particular, the market for cut to length (CLT) machinery revived in the latter half of the year, which boosted the demand for Nokian brand forestry tyres.

Nokian Tyres is the market leader as a CTL machinery tyre supplier. The company's strong position is based on several decades of product development co-operation with the leading machinery manufacturers. The share of forestry tyres accounts for approximately one third of net sales in the heavy tyres product area.

A new product for medium-sized forestry machinery

Nokian Tyres' newest forestry tyre, the Nokian Forest King F, is an environmentally friendly and powerful tyre for medium-sized forestry machines that weigh more than 14 tonnes.

The breadth of the tyre increases stability and saves the ground by decreasing surface pressure exerted on the terrain.

Manufactured in two sizes, the tyre was introduced to global markets in the autumn 2002.

Flotation radial grows fastest

The Nokian flotation radial tyres are the fastest growing product group in the heavy tyres product area. The tyres are principally used on agricultural machinery and trailers. Nokian Tyres has the largest product range in the product area and the company is one of the leading developers of these special tyres.

Investing in logistics, optimised production and off-take production

Operating in the global market is particularly challenging for a small Nordic tyre manufacturer. In most cases, the geographical distance from the production plant to the retailer is long, making the tyre deliveries more expensive. Yet the customers require fast and reliable deliveries without the liability involved in large stocks. Moreover, managing an extensive product range brings another challenge into the tyre manufacturing process. In fact, when pursuing growth and a sharper competitive edge in the global tyre market, the key development priorities include managing the whole logistics chain, optimising own production and exploiting off-take production even more efficiently.

Close co-operation with key customers

In order to grow globally, the supply chains need to be developed to match Nokian Tyres´ specialisation strategy. The company is looking for distribution partners with suitable expertise and existing end user connections to reach direct customers in narrow specialised fields. Among the targets is to intensify co-operation with the key customers, e.g. by increasing their participation in planning product ranges.

Against the mainstream with niche strategy

The bicycle tyres product area strengthened its market position in the selected narrow product segments, such as downhill and all terrain tyres, as well as winter tyres with key markets in Northern America, Central Europe and Japan.

Nokian Tyres' niche strategy proved successful. The product area increased its volume and profitability, regardless of the decrease in bicycle sales particularly in Europe.

In addition to special products, the product area was also able to solidify its position in the standard tyres product group. The positive development was due to investments in research and development as well as the distribution chain.

"Almost perfect"

Launched in the summer, the Nokian NBX 2.1 all-terrain bicycle tyre was the company's most sold all-terrain tyre by the end of the year. The popularity of the tyre was boosted by test wins in international bicycle magazines, achieving such characterisations as "almost perfect". The main market areas of the new tyre are Northern America and Central Europe.

inspiration

"Searching for innovation, discovering, the joy of success! All this describes the product development process at its most inspiring. The development of a new tyre takes years, with also some frustrating moments. However, it is inspiring that the importance of technical product development and design in particular is increasing," says Production Development Engineer ***Jouni Raatikainen****. The young product developer is boosting his creativity and inventiveness by further studies in design.*

Leading expertise and R&D excellence in core products

R & D 2002

- *Share of new products 44 % of net sales (car tyres)*
- *New winter tyre Nokian WR for Central European markets*
- *New summer tyres, Nokian NRVi ja NRY launched to the summer tyre top segment*
- *Good performance in trade magazines tyre tests*

One of the driving forces behind Nokian Tyres' success is its ability to come up with innovative products and services that give genuine added value to customers, and its ability to reinvent its product range faster than other players in the field. The constantly renewed product selection allows the company to consolidate its position and maintain the desired price and margin level in the tough competitive situation. A successful product launch can increase margins by dozens of percentages compared to the old products.

The main objective of the R&D work carried out at Nokian Tyres is to continue to strengthen the company's position as the best winter tyre and forestry tyre manufacturer in the world. The key R&D principle has, in essence, remained the same for as many as 70 years: in developing tyres, the company focuses especially on drivers in Nordic conditions, drivers who appreciate and demand uncompromised tyre safety through all seasons in all driving circumstances. Research and development is guided by the principle of sustainable safety: the safety properties of a tyre should remain almost intact even as the tyre wears. The goal is to keep customers satisfied with the tyres they have purchased for their entire life span.

New technology innovations are constantly developed to improve safety. Besides being safe and economic, Nokian Tyres wants to emphasise that its products are advanced, individual and innovative. Solutions that generate added value for a product are always noticed on the market, and they mark one brand out from another.

The R&D team is continuously improving the efficiency of its innovation processes with the objective of putting its ideas into profitable commercial use. The driving safety

The green birch-leaf tyre scouts future trends

Nokian Tyres has developed a new concept tyre that has a tread decorated with birch leaves. This experimental product reflects innovation, technical expertise and environmental friendliness. The new manifestation of colour and form has toured tyre and car fairs and was received very positively.

The experimental, unconventional birch-leaf tyre is a functional product. Its structure and rubber compound are based on those of a non-studded winter tyre. The tyre is not in serial production.

Non-toxic oils also for summer tyres

Nokian Tyres is the world's first tyre manufacturer to start using the so-called non-toxic oils in the manufacture of passenger car summer tyres. The tyre tread is applied with a new type of rubber compound, where the toxic high aromatic (HA) oil has been replaced with a non-toxic, so called non-labelled oil. The company aims to replace all HA oils currently used in production with non-toxic oils.

The tyre compounds typically contain HA oils as softeners; these oils are classified as harmful owing to the PAH (polyaromatic hydrocarbon) compounds they contain. The new oil Nokian Tyres uses contains so few PAH compounds (less than 3%) that it has not been classified as toxic.

In the manufacture of Nordic winter tyres, Nokian Tyres switched over to non-toxic oils in 1999, gradually replacing the traditional HA oils with non-toxic varieties.

indicator, the info pin and the grip-enhancing silica tread compounds are all recent examples of inventions that improve tyre safety and driving comfort. The Vianor tyre chain provides Nokian Tyres with immediate feedback and valuable comments from customers, which will help steer R&D efforts into a direction that meets customers' wishes.

Sharply focused specialisation and customer needs point the way for research and development

Tyre development requires a great deal of carefully focused planning. Different market areas need their own customised products, in other words precision innovations. Markets and consumer groups are becoming more and more heavily fragmented. The R&D team keeps close track of the movements and changes in consumers' needs. This allows Nokian Tyres to anticipate trends and to offer consumers the products they want.

With the increased performance capacity of passenger cars, the demand for low profile, high speed tyres has grown considerably in the past few years. Particularly in this segment, Nokian Tyres has introduced new products that have enjoyed good market success.

In the heavy tyres product area, special emphasis is placed on radial tyres. Thanks to the product development work conducted with heavy tyres, Nokian Tyres was able to launch a record number of new products onto the market during the last few years. New tyres were developed for forestry machinery, trucks and army vehicles alike.

Retreading materials development draws on the vast range of tyre technology know-how and expertise accumulated at Nokian Tyres. Sound knowledge of rubber compounds allows the tread product design to be strengthened so that the company is always able to offer exactly the right compound that ensures the grip and wear resistance of the tread.

The bicycle tyres unit concentrates on providing maximum balance in its product range to improve profitability. Besides special products, the selection of standard tyres is being upgraded to meet the consumers' needs.

One of the latest achievements of Nokian Tyres' safety-driven product ideology is the RoadSnoop pressure watch. It promotes safe and carefree driving by providing the driver with information on tyre pressure and temperature and warns the driver of slippery road surface and changes in the weather over a radio receiver without the need to install any

Two new summer tyres in the top segment

Nokian Tyres has developed two new summer tyre series for the maximum performance categories. The new tyres for fast driving, Nokian NRVi and Nokian NRY, are suitable for extreme speeds and demanding driving. Summer tyres for fast driving are the most strongly expanding product segment in the summer tyres product range. The new tyres are targeted at Central Europe, the USA and the Nordic countries. Customer sales will begin in the spring of 2003.

The silent Nokian NRVi prevents aquaplaning

The Nokian NRVi is a high-performance, V-speed category tyre (240 km/h) designed for fast driving.

When the tyre was developed, special emphasis was placed on low noise levels as well as on its aquaplaning and wet grip properties. Several new solutions were developed for the structure, material and design of the tyre. Another novel feature is the tyre's info field, which facilitates servicing and provides increased comfort for the driver. The tyre is manufactured in 19 sizes.

Nokian NRY for top speeds

Nokian NRY is an extremely high performance tyre with a maximum speed of 300 km/h.

The structure of the tyre is designed for high speeds and great wheel loads; the tyre's load index is four load indexes higher than standard passenger car tyres. The silver-grey stripes of its main grooves give the tyre style. The Nokian NRY is available in 6 sizes, including the original sizes of Mercedes-Benz, BMW, Daimler, Jaguar and Cadillac.

extra equipment inside the vehicle. Production start-up of the pressure watch has taken longer than expected. However, the product has got much attention in the market and the advance order book is large. The consumer sales of the product will begin in 2003.

Own test facilities in the town of Nokia and in Ivalo, in Lapland

Nokian Tyres invests approximately 2,5% of its net sales in product development. The corresponding figure in car and van tyres is 4 % of the product area net sales. The company has set a target according to which the share of new products should reach the minimum of 25 % of net sales every year. Due to this there are tens of different product development projects on process in the R & D department. The development of a completely new product takes 2-4 years.

Approximately 50 % of the research and development costs are invested in testing. The majority of winter tyre testing takes place in the world's northernmost tyre testing centre. It is located in Ivalo, about 300 kilometres north of the Arctic Circle and test area is about 700 hectares. The tests are made in Ivalo during 5-6 months per year. The driving conditions created allow simulations of the most demanding extreme conditions.

The test facility in the town of Nokia covers some 30 hectares and is mainly used for summer tyre testing. It permits the simulation of almost all handling situations and driving conditions occurring in the Nordic climate region. An automatic sprinkler system is probably one of a kind in the world. Other test facility equipment includes a pass-by noise-measuring unit. This allows conducting measurements in order to achieve the pass-by noise EU directives valid from the beginning of the year 2003.

Nokian Tyres invests approximately 50 % of the research and development costs in testing. This scenery is from the world´s northernmost tyre test centre, Nokian Tyres´ test facility located in Ivalo, Finland.

Nokian WR is the world's fastest winter tyre

Nokian Tyres' new high-performance winter tyre is the Nokian WR. One size in particular is suitable for top speed driving at 270 km/h.

The Nokian WR is particularly designed for the needs of drivers in Central Europe, and as a product in what is known as the all weather plus category, also for the North American markets. The product is manufactured for segments, which clearly show a stronger growth in the tyre markets than other areas.

Introduced to the market in autumn 2002, a special emphasis was placed on the tyre's handling and wet grip properties. The Nokian WR tread has a new full silica compound that considerably increases the tyre's wet grip and tread wear.

The German Auto, Motor und Sport magazine (25/2002) in its test rated the 17-inch Nokian WR tyre as the best fast winter tyre in the market. The magazine tested seven leading brands.

"People are the best! I am very happy here, and working in three shifts suits me. During my 33 years with the company I have moved forward in my career, thanks to the training provided by the employer. I also highly value the opportunities for exercise provided by the employer," says Shift Manager ***Terttu Raudasoja****, who also has enthusiasm left over for travelling, yoga, Latino dances and baking.*

inspiration

Profit growth through high productivity and the best customer processes in the business

Processes 2002

- *Passenger car production volumes increased and productivity improved*
- *Material costs decreased*
- *Previous investments were brought fully on line*
- *Delivery capacity improved markedly due to the new logistics centre*
- *Customer services improved, particularly during the peak season*
- *Information systems were developed*

Nokian Tyres seeks to enhance the efficiency and profitability of its operations by continuously improving its logistics processes, overall quality and productivity. Operations are organised to offer optimal support for personnel providing customer service.

In 2002, the company was able to take full advantage of its logistics strategy. The integration of the purchasing, storage, logistics and customer service functions into a single Logistics and Purchasing department as well as the extensive investments in production and logistics proved successful. 2001 saw the completion of the Company's largest investment ever, the extension of the mixing plant and the new logistics centre.

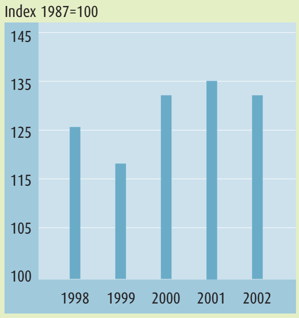
Delivery records

More than ten years old, Nokian Tyres' satellite storage system was dismantled and storage was concentrated in three locations. The largest by far is the new logistics centre in Nokia. Brought fully on line in spring 2002, the centre has a storage capacity of 600,000 tyres and an annual stock turnover of five million tyres. Operating on the FIFO (First-In First-Out) principle, the centre is equipped with state-of-the-art storage technology, including a wireless local area network and a truck terminal system.

In ten weeks, the shipping volumes of the new logistics centre broke all weekly records from previous years. The new daily shipping record totalled 41,000 tyres per day. In addition to increased shipping volumes, the fault tracking and identification process improved

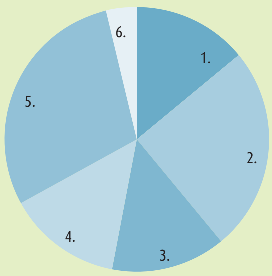
Share of raw material purchases of the parent company's net sales

Raw material price development index



Source: Nokian Tyres 2002

The use of raw materials in 2002
Percentage values according to purchase value



1.	Natural rubber	14.2 %
2.	Synthetic rubber	22.5 %
3.	Black carbon	15.3 %
4.	Other chemicals	12.5 %
5.	Cords	28.5 %
6.	Others	7.0 %

significantly.

In addition to its improved delivery capacity, Nokian Tyres promoted the transparency and global visibility (GVi) of storage. In a pilot project launched by the Company, Vianor tyre chain will be able to deliver products from its own storage facilities to nearby retailers if necessary. The project aims at intensifying the transfer of real-time availability information between the parent company, the tyre chain and the sales companies. The pilot project supports Nokian Tyres' objective of enhancing its customer service with the help of electronic commerce.

More reliable and efficient purchasing

Nokian Tyres boosted its purchasing operations by promoting partnership co-operation models with major raw material suppliers. Co-operation on technological and operating level was intensified by the adoption of measures such as new contractual usages. The company has approximately 130 active raw material suppliers in 21 different countries.

Over five million passenger car tyres

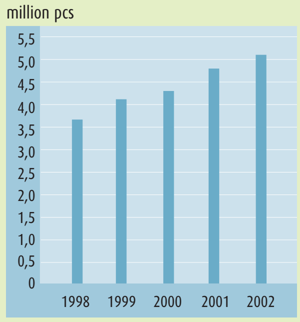
Production volumes of the Nokia tyre factory increased in accordance with the investment plan and productivity processes. The annual production volume of passenger car tyres exceeded five million tyres. Two automated assembly lines and six curing presses were introduced at the factory to further increase the production. Investments in equipment and machinery totalled EUR 26.0 million in 2002.

The Nokian Tyres activity system meets the requirements of the ISO 9000 quality standard. The system will be certified in accordance with the requirements of the EN ISO 9001 standard.

Contract manufacturing on the increase

At the Nokia plant, Nokian Tyres is concentrating on manufacturing the company's key products, such as winter tyres for passenger cars, high performance summer tyres, forestry tyres and other special heavy tyres. The manufacture of other tyres will be increasingly carried out as contract production at other tyre manufacturers' plants all over the world.

Passenger car tyre production at the Nokia tyre plant



Development of contract manufacturing

Sales MEUR	1999	2000	2001	2002
Cooper (USA)	5.9	5.5	2.5	3.4
Dunlop (England, Germany, France, Japan)	9.3	6.7	3.0	0.6
Gajah Tunggal (Indonesia)	1.5	2.3	1.3	2.4
Tofan (Romania)	0.3	0.1	0.1	-
Michelin (Poland, Hungary)	-	-	3.6	6.9
Amtel (Russia)	-	-	-	1.5
Total	17.0	14.6	10.5	14.8
% of net sales	5.3	3.7	2.5	3.1

The increase in contract production provides Nokian Tyres with additional capacity for the manufacture of its key products at its own plants, enabling the Company to offer its retailers and other customers a comprehensive product range.

Nokian brand passenger car tyres are manufactured in Indonesia, the USA and Slovakia as contract manufacturing, while Nordman brand passenger car tyres are manufactured in Russia. Nokian brand truck tyres, light industrial tyres and agricultural tyres are manufactured in Hungary and Poland, and bicycle inner tubes in the Czech Republic. In 2002, contract manufacturing represented 3.1% of net sales.

Modern production investments

The majority of Nokian brand tyres are manufactured at the Nokian Tyres plant in Nokia. The company also has a plant in Lieksa, which manufactures bicycle tyres. The Nokia plant has recently been expanded and its machinery has been upgraded extensively. The finishing touch is provided by Nokian Tyres' employees, who optimise the settings of the new equipment and machinery for the company's own products. The Nokia plant is one of the most modern plants in the industry in Europe. Nokian Tyres has scheduled investments of approximately EUR 130 million in the Nokia plant by 2007. The aim is to increase the annual production capacity to 6.5 million passenger car tyres. In 2002, production at the Nokia plant totalled 5.1 million passenger car tyres. The average daily production volume was 16.000 tyres.

The new logistics centre has an area of 32,000 m^2 and a volume of 400,000 m^3. In addition to approximately 30,000 pallet spaces, the centre houses a tyre studding facility with an annual capacity of two million tyres.

inspiration

*"My youth left in me the spark for studying. Encouraged by my supervisor and with the employer's support, I started a project in my spare time that lasted four-and-a-half years and resulted in the degree of Master of Technology," says Industrial Relations Manager **Esko Valtonen**. As of 1 January 2003, Valtonen became the Security Manager.*

Competitive advantage from personnel development and environmental and safety responsibility

Personnel, safety and the environment 2002

- *The 10+ training programme was completed successfully*
- *The e-learning abilities of the personnel were expanded with the help of NetCafé*
- *On-the-job learning method was boosted*
- *Winner in the Finnish employers´ Management Development Institute´s (JTO) initiative competition for the sixth time in a row*
- *Nokian Tyres received the annual award for environmental management*
- *The SAFETY 24h project was completed successfully*
- *The company fulfilled its statutory responsibilities and the key environmental and safety indicators showed mainly positive development*

Continued efforts to develop employees' skills and competencies and to improve the positive working climate are an integral part of Nokian Tyres' corporate culture. An active and enterprising attitude towards developing personal skills supports the selected strategy of focus, as well as the company's pursuit of conducting operations in an ethical and responsible manner.

In environmental and safety issues, Nokian Tyres has set its objectives beyond simply fulfilling the requirements of laws and regulations and acting under licence conditions. The company wants to be the pioneering force in the tyre industry and to achieve tangible competitive advantages through outstanding environmental and safety management.

Learning on the job, in the café and at the university

In 2002, the development of employees' skills and competencies was particularly focused on three areas that support the company's strategy: management, customer relationship management and rubber technology.

The two-year 10+ (Ten plus) training programme was completed by the end of the year. The programme involved over 300 employees working as supervisors or experts. Each

In line with the Hakkapeliitta spirit

Nokian Tyres develops its business culture in line with the Hakkapeliitta spirit that emphasises a spirit of enterprise, inventiveness and team spirit (see page 7). The Hakkapeliitta spirit manifests itself as crossing boundaries and continuous reinvention. The 'Young Hakkapeliittas' group was established last year to train future super-visors and leaders who promote and enhance the Hakkapeliitta spirit.

Average age 39 years, average duration of employment term 14 years

The average age of parent company personnel in 2002 was 39 years (39 in 2001). The average age for women was 41 years (41) and for men 38 years (38). The average age for workers was 38 years (38), and 43 years (42) for office employees.

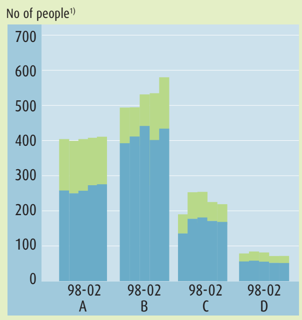
The duration of an average employment term was 14 years (14). Roughly half of the personnel had worked for Nokian Tyres for more than ten years. The average employment term for workers was 13 years (13) and 16 years (15) for office employees.

Number of initiatives[1)]

The initiative programme is part of Nokian Tyres' management concept that encourages participation. The programme is based on the notion that each individual employee is the best expert when it comes to his or her own duties and work processes. The accumulated knowledge and ideas represent considerable intellectual capital which should be made available to the entire company.

1) Figures are for the parent company.

Educational background



Men
Women

A = Comprehensive school
B = Vocational school
C = Vocational institute or polytechnic
D = University or other institute of higher education

1) Figures are for the parent company.

employee participated in the programme for approximately 12 months. The programme was designed to clarify the strategic intent of the company and to enhance customer relationship management, supervisors' actions and common operating policies.

The translation of the 10+ training programme into good practices is ensured by work counselling, for example. Learning Café was introduced as a new form of work counselling. This refers to voluntary sessions under the leadership of occupational psychologists where the 10+ training programme participants share their experiences, develop new practices and improve their skills for development discussions.

NetCafé, a new e-learning format aimed at the entire personnel, was launched in the autumn. The purpose of the café is to introduce the personnel to network studies. The initial study content has included the strategies of the Group and various departments in the form of manageable training modules.

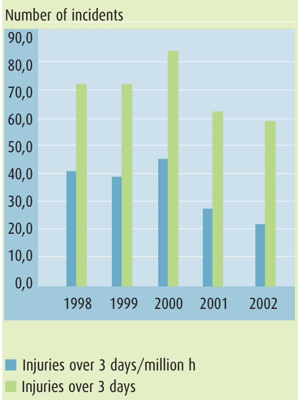
Nokian Tyres further developed the professional skills of its employees particularly through internal on-the-job learning. Both Nokian Tyres and Vianor want to boost apprenticeship training as a form of training leading to a wide range of qualifications. In the area of university level education, the highlight was the Master of Technology degree programme implemented in co-operation with the Tampere University of Technology. Executive MBA education organised by Lappeenranta University of Technology continued and the first graduates took their degree in the programme.

In addition to traditional study models, Nokian Tyres participated in joint competence development projects of the industry. Nokian Tyres was one of the founders of the TBC (Tampere Business Campus) project whose aim is to intensify learning and competence investments in the companies through networking. The first joint project by the TBC companies involved special vocational qualifications in management and technology.

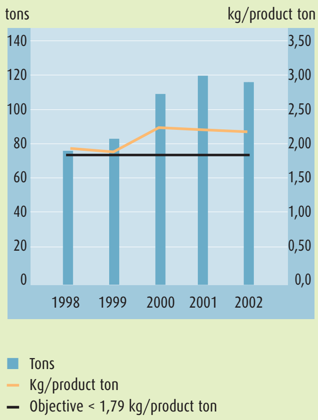
Continuous improvement in environmental and safety issues

In its environmental and safety activities, Nokian Tyres has, by and large, been able to put the principles of continuous improvement into effect. They are in accordance with the European Union's EMAS (Eco-Management and Audit Scheme) regulations, the international ISO 14001 environmental standard and the decree governing the principles of

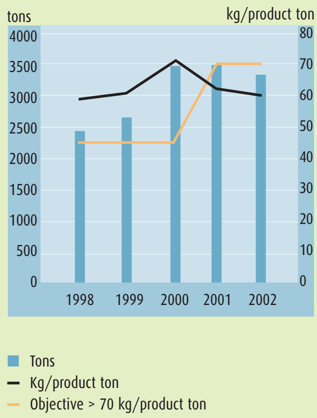
Accidents



Hazardous waste



Material sent for recycling



safety management (59/1999). The company understands environmental and safety issues in a larger context. Attention is paid to the entire life cycle of the product, from design to the utilisation of used products.

Although legislation has become increasingly restrictive, emissions remained within permitted limits. According to the report of Technical Research Centre of Finland (VTT), odour emissions from the factory remained below limiting values. Noise emissions have also been successfully eliminated.

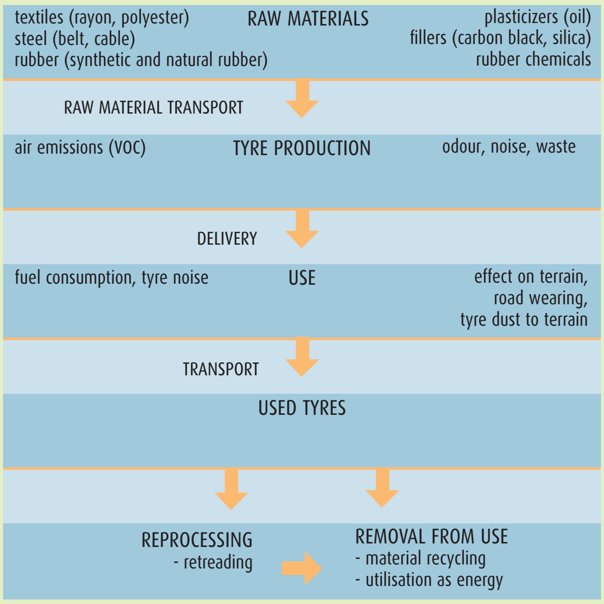
Statistical information on the collection of energy waste was compiled in 2002 for the first time. The systematic collection of energy waste increased the level of waste utilisation and somewhat reduced the amount of municipal waste. The shutdown of the old scrap rubber storage was completed except for the final inspection. A study on the utilisation opportunities of non-vulcanised scrap rubber was launched in co-operation with the National Technology Agency TEKES and the Tampere University of Technology.

The number of accidents decreased somewhat. This was due to inputs in occupational safety communication, new and safer equipment and low recruitment.

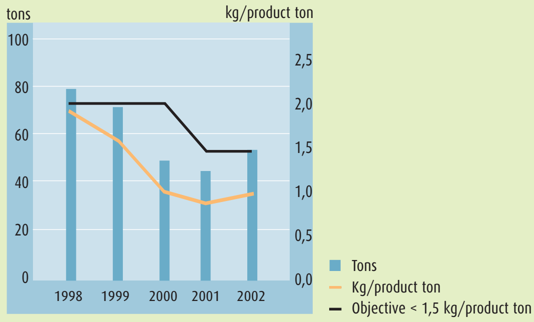
Nokian Tyres participated in SAFETY 24h, a joint project by the chemical and rubber industries. The project involved the organisation of employee training and a health and safety exhibition. An attitude survey was also conducted during the project and an environment and safety guide was published. The project increased safety awareness among the employees and helped to pinpoint new development targets for safety at the plant.

Further information on personnel issues and environmental concerns of Nokian Tyres can be found on our homepages www.nokiantyres.com. The company publishes a separate report in accordance with the European Union's EMAS regulations at least every three years.

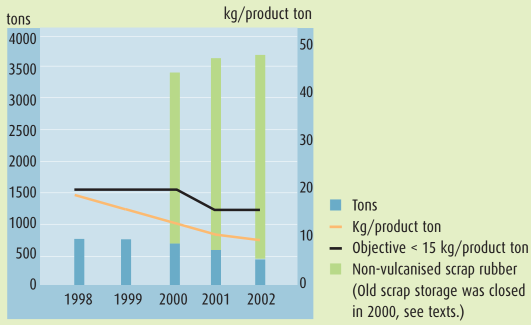
Tyre´s life cycle



Solvents discharged from production



Landfill waste



INFORMATION ON NOKIAN TYRES' SHARES

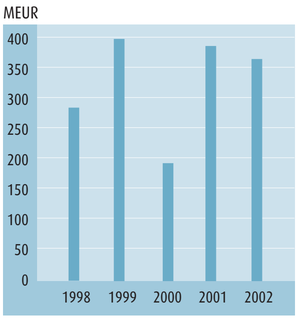
Share capital and shares

Nokian Tyres' share was quoted on the main list of the Helsinki Exchanges for the first time on 1 June 1995. The company has one class of shares, each share entitling the holder to one vote at the Annual General Meeting and carrying equal rights to dividend. The nominal value of each share is EUR 2.00. The minimum share capital stated in the articles of association is EUR 16,000,000 and the maximum share capital is EUR 64,000,000. Within these limits, the share capital may be increased or decreased without amending the Articles of Association. The company's share capital entered into the trade register was EUR 21,164,572.00 on 31 December 2002. By the end of 2002, a total of 10,582,286 company shares had been issued.

Dividend policy

The dividend policy adopted by the company's Board of Directors is to propose to the Annual General Meeting a dividend that reflects the company's profit development. In the past eight years, dividends paid to shareholders have represented approximately 35% of the year's net profit. The company plans to continue to distribute approximately 35% of net profits in dividends.

Market value of share capital



Share price development and trading volume in 2002

At the end of 2002, the price of Nokian Tyres' share was EUR 33.99, showing a decrease of 3.1% on the previous year's closing price of EUR 35.09. Meanwhile the HEX general index of the Helsinki Exchanges fell by 35%. At its highest, Nokian Tyres' share was quoted at EUR 37.50 and at its lowest at EUR 25.60 in 2002. During the year, a total of 5,941,641 Nokian Tyres' shares were traded at Helsinki Exchanges. At the end of the year, the market capitalisation of the share capital was EUR 359,691,901.14.

Authorisations granted to the Board of Directors

At the Annual General Meeting held on 3 April 2002, the Board of Directors of Nokian Tyres was authorised to make a decision within one year from the Annual General Meeting to increase the share capital with one or more rights issues. The Board of Directors also has the right to deviate from the shareholders pre-emptive right to subscribe for shares, provided there is a compelling financial reason. As a result of share issues arranged under the authorisation, the company's share capital may increase by a maximum of EUR 4.0 million. A maximum of 2,000,000 new shares may be issued each with a nominal value of EUR 2.00. At the end of 2002, the Board of Directors had no non-exercised rights to issue convertible bonds or bonds with warrants.

Ownership and acquisition of the company's own shares'

Nokian Tyres does not hold any of its own shares, nor is the Board of Directors authorised to acquire them.

Bond with warrants

In 2002, Nokian Tyres had one bond loan with warrants outstanding as a part of the company's management and personnel incentive scheme.

Bond loan with warrants directed at personnel

The Annual General Meeting of Nokian Tyres in 2001 decided to offer a bond loan with warrants to the personnel of the Nokian Tyres Group and the wholly owned subsidiary of Nokian Tyres plc. The bond loan with warrants amounts to EUR 0.4 million. A total of 10,800 type I bond certificates, 9,600 type II bond certificates and 9,600 type III bond certificates will be issued. 600,000 warrants will be attached to the bonds, 216,000 of which will be attached to the type I bond certificates and marked with the symbol 2001A; 192,000 will be attached to type II bond certificates and marked with the symbol 2001B; and 192,000 will be attached to type III bond certificates and marked with symbol 2001C.

The share subscription price for warrants 2001A shall be EUR 19,00, for warrants

2001B the trade volume weighted average quotation of the Nokian Tyres plc share in the Helsinki Exchanges between 1 October and 31 October 2001, i.e. EUR 25.94, and for warrants 2001C the trade volume weighted average quotation of the Nokian Tyres plc share in the Helsinki Exchanges between 1 April and 30 April 2002, i.e. EUR 30,43. The amount of the cash dividend distributed after 28 March 2001 but before the date of the share subscription shall be deducted from the share subscription price of warrants 2001A on the dividend record date. The price of shares subscribed for with warrants 2001B and 2001C shall be reduced by the amount of dividends paid after the commencement of the period for which the subscription price was determined, and dividends paid before the subscription, on the record date of each dividend payment.

The share subscription period for warrants 2001A shall begin on 1 March 2003, for warrants 2001B on 1 March 2004 and for warrants 2001C on 1 March 2005, and shall end on 31 March 2007 for all warrants. As a result of the subscriptions, the share capital of Nokian Tyres plc may increase by a maximum of EUR 1,200,000 and the number of shares by a maximum of 600,000.

The Board of Directors of Nokian Tyres plc approved the subscriptions for the bond loan with warrants directed to the personnel of the Nokian Tyres Group on 1 June 2001. The bond loan with warrants was subscribed for by 42% of the entire personnel. A minimum subscription of EUR 53.82 for each subscriber was approved. In addition, a subscription of EUR 65,634 to Direnic Oy, a subsidiary of Nokian Tyres plc, was approved for later offering to the present or future personnel of Nokian Tyres Group.

Bond certificates I and the attached warrants marked 2001A were offered to the subscribers of the 1999 bond loan with warrants provided that the warrant holder returns all his/her old 1999 warrants to the company. In the conversion, 433,800 old 1999 warrants were returned to the company. The total amount of the 2001 bond loan with warrants is EUR 403,651 and the maximum number of Nokian Tyres shares that can be subscribed for with the warrants between 1 March 2003 and 31 March 2007 is 600,000. The company cancelled a total of 433,800 1999 warrants, which have been returned to the Group in the conversion and entitle the holder to a subscription of 433,800 shares, as well as a total of 85,250 1999 warrants, which are in the possession of Direnic Oy, a wholly-owned subsidiary of Nokian Tyres plc, and entitle the holder to a subscription of 85,250 shares.

AN INCENTIVE SCHEME FIXED TO THE SHARE PRICE

In December 2001, Nokian Tyres plc announced the launch of an incentive scheme based on the company's share price development. The scheme covers those holders of the 1999 warrants who did not exchange their 1999 warrants for the new 2001 warrants in May 2001.

The new incentive scheme to replace the 1999 option scheme

The majority of the 1999 warrants was returned to the company and was subsequently cancelled in spring 2001 when the company issued new 2001 warrants. As a result, the remaining number of warrants marked A is 42,525 and warrants marked B 41,025. The new incentive scheme shall replace these warrants, after which the 1999 warrants shall no longer exist.

As a result, the total number of Nokian Tyres options given to personnel is 600,000. There were no other outstanding bonds with warrants or convertible bonds entitling to shares in 2002.

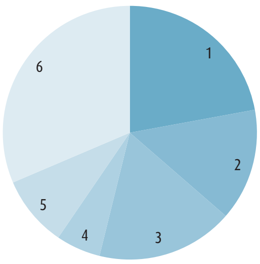
Management's shareholding

The Board of Directors and the President and CEO of Nokian Tyres held a total of 3,600 Nokian Tyres' shares and 50,000 warrants on 31 December 2002. These shares represent 0.5% of the total number of votes.

Share issues 1995-2000

Method of share capital increase	Subcription period	Exercise price, in euros	New shares pcs	Payment date	New capital yhteensä 1,000 euros	New share capital 1,000 euros	Share capital after issue in euros
Personnel issue	29.5.1995-2.6.1995	5.45	92,286	19 June 1996	503	155	16,974,007
Management bonds 1/95	1.12.1996-31.1.1998	6.05	47,000	10 Dec 1996	284	79	17,053,055
Management bonds 1/95	1.12.1996-31.1.1998	6.05	103,000	7 March 1997	623	173	17,226,288
Management bonds 1/96	1.12.1997-31.1.1999	7.62	2,000	19 Dec 1997	15	3	17,229,652
Management bonds 1/96	1.12.1997-31.1.1999	7.62	10,500	29 Dec 1997	80	18	17,247,312
Management bonds 1/96	1.12.1997-31.1.1999	7.62	65,000	9 March 1998	495	109	17,356,634
Management bonds 1/96	1.12.1997-31.1.1999	7.62	17,500	1 Dec 1998	133	29	17,386,067
Management bonds 1/95	1.12.1998-31.1.2000	6.05	64,500	1 Dec 1998	390	108	17,494,548
Management bonds 1/95	1.12.1998-31.1.2000	6.05	4,000	9 Dec 1998	24	7	17,501,276
Management bonds 1/95	1.12.1998-31.1.2000	6.05	31,500	25 March 1999	191	53	17,554,255
Management bonds 1/95	1.12.1998-31.1.2000	6.05	40,000	23 Nov 1999	242	67	17,621,530
Management bonds 1/95	1.12.1998-31.1.2000	6.05	10,000	24 Nov 1999	61	17	17,638,349
Management bonds 1/96	1.12.1999-31.1.2001	7.62	57,500	8 Dec1999	438	97	17,735,057
Management bonds 1/96	1.12.1999-31.1.2001	7.62	37,500	3 April 2000	286	63	17,798,127

Share ownership by shareholder category



1. Corporations	22.10%
2. Financial institutions	14.29%
3. Public organisations	17.45%
4. Non-profit organisations	5.68%
5. Private individuals	9.06%
6. Foreign shareholders (includes also shares registered in the name of a nominee)	31.42%

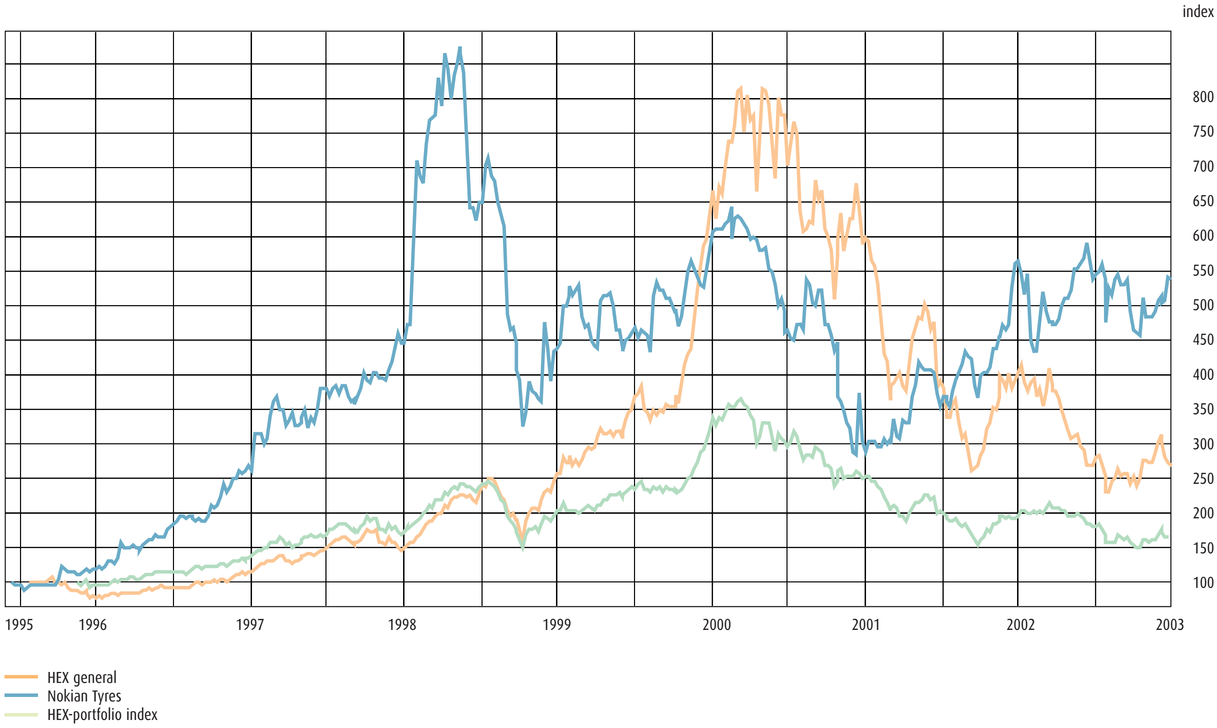
Nokian Tyres´ major shareholders on 31 December 2002

		Shares	% of shares and votes
1	Nokia Group	2,000,000	18.90
2	Ilmarinen Mutual Pension Insurance Company	566,550	5.35
3	Tapiola Mutual Pension Insurance Company	292,500	2.76
4	The Local Government Pension Institution	291,540	2.76
5	Varma-Sampo Mutual Insurance Company	218,445	2.06
6	Tapiola General Mutual Insurace Company	205,500	1.94
7	The State´s Pension Institution	202,500	1.91
8	The Finnish Cultural Foundation	125,200	1.18
9	Nordea Life Assurance Finland Ltd	124,200	1.17
10	Tapiola Mutual Life Assurace Company	116,400	1.10
Total			39.15
Foreign shareholders			31.42

Share ownership brakedown 31 December 2002 (by number of shares owned)

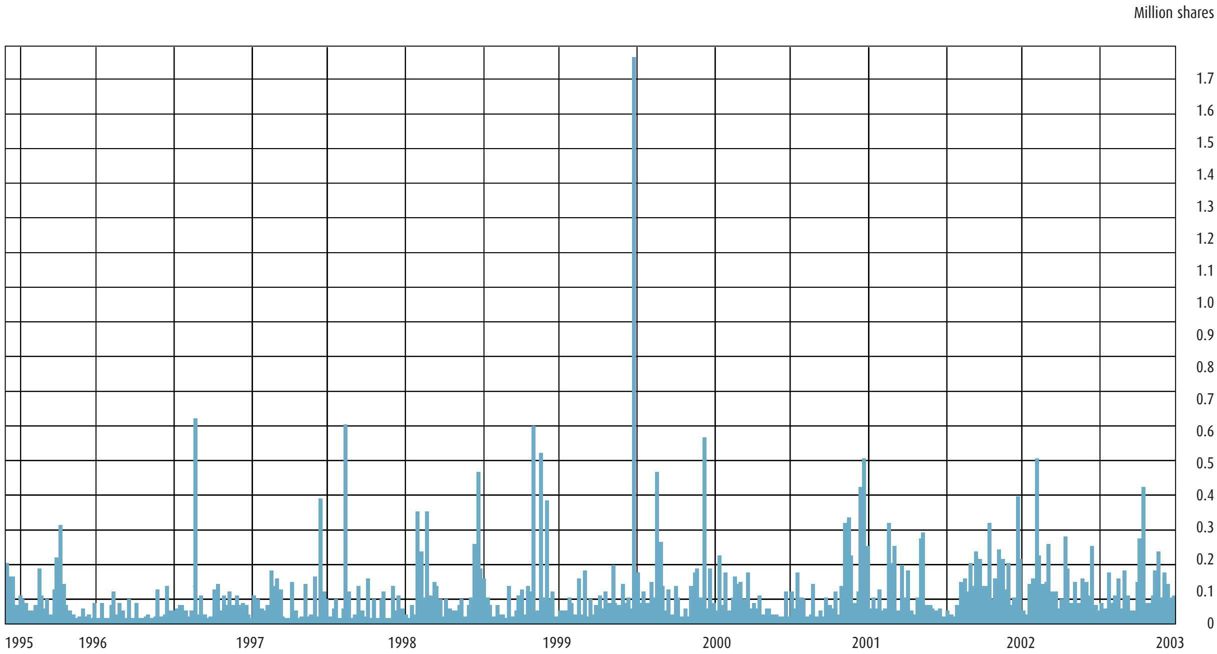
Number of shares	Number of shareholders	% of shareholders	Shares	% of shares and votes
1-100	1,764	43.78	111,700	1.06
101-1 000	1,948	48.36	650,526	6.15
1 001-10 000	249	6.18	799,522	7.56
10 001-100 000	57	1.41	1,684,549	15.92
100 001-	11	0.27	7,335,989	69.31
Total	4,029	100.00	10,582,286	100.00

Development of Nokian Tyres´ share price 1 June 1995 – 31 December 2002



Index 25 December 1998 = 100, in euros 5.30

Nokian Tyres´ share volumes on the Helsinki Stock Exchange 1 June 1995 – 31 December 2002



NOKIAN TYRES´ CORPORATE GOVERNANCE

In its corporate governance, Nokian Tyres plc, complies with, in addition to current legislation, the jointly prepared guidelines of the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers (TT), relating to the governance of publicly quoted stock companies. The Company also applies guidelines for insiders published by the Helsinki Exchanges. Furthermore, Nokian Tyres applies supplementary insider regulations of its own.

Board of Directors

Members of Nokian Tyres plc's Board of Directors are elected at the Annual General Meeting, which is held annually by the end of May. The Board of Directors members' term of office terminates at the end of the first Annual General Meeting following the elections. The Board of Directors selects a chairman from among its members, who will preside until the end of the following Annual General Meeting.

The Board of Directors comprises no less than three and no more than eight members. The Board of Directors is responsible for appointing the President and CEO, and for other duties referred to in the Companies' Act. The Board of Directors is also in charge of matters of long-term significance to the company, such as confirming the Group's business strategy and long-term plans. Furthermore, it approves annual plans, major investment projects and financial matters.

The Board of Directors is responsible for corporate governance and the appropriate conduct of ordinary activities in accordance with the law, the Articles of Association and the instructions given at the Annual General Meeting. The Board of Directors defines the principles governing the company's organisation, accounting and finance.

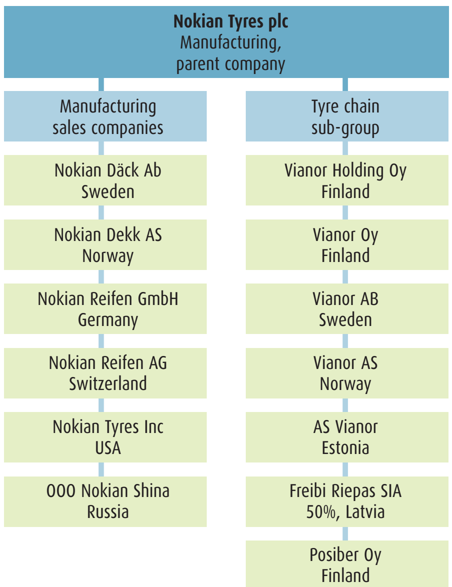
Remuneration payable to the Board of Directors members is confirmed at the Annual General Meeting. In 2002, remuneration to the Board of Directors members totalled EUR 76,000.

The Board of Directors met 5 times in 2002.

President and the Group management

It is the President's duty to run the Group's business operations, and to implement corporate governance in accordance with the instructions and guidelines provided by the Board of Directors. In managing the Group's operations, the President is assisted by a management group, the responsibility areas of which are indicated in the member presentation on pages 42-43. The President's decision concerning managerial personnel's salaries and

Nokian Tyres Group



other benefits as well as employee incentive schemes are subject to the Board 's approval.

The Board of Directors makes decisions concerning the President 's salary and other benefits specified in a written agreement. The President is entitled to the same retirement rights as other personnel in Nokian Tyres. In 2002, the President held a total of 50,000 bonds with warrants and no Nokian Tyres' shares.

Organisation of business activities and responsibilities

Nokian Tyres Group ' s business activities are divided into two areas: the manufacturing business and the tyre chain. The manufacturing business consists of four profit centres: Passenger and Delivery Van Tyres, Heavy Tyres, Bicycle Tyres and Retreading Materials. The tyre pressure measurement business conducted under the RoadSnoop name has been organised to form a separate profit centre. In addition, the Group ' s areas of responsibility have been divided into units, the purpose of which is to produce the services required by all profit centres. The profit centres are each responsible for their business area and their financial performance balance sheet and investments, and for these purposes they can benefit from the Group ' s support services. The Group ' s sales companies provide marketing services and serve as product distribution channels in local markets. The tyre chain is organised into a separate sub-group. The parent company of this sub-group is Vianor Holding Oy, which is 100% owned by the Nokian Tyres Group ' s parent company, Nokian Tyres plc. The tyre outlets operating in each country are part of the sub-group. A general legal outline of the Group structure is presented in the diagram above.

Finance and control

The parent company ' s Finance and Control unit is responsible for internal and external accounting, and its tasks also include producing financial information concerning the business areas and ensuring the accuracy of this information. The parent company ' s Finance and Control unit defines the Group ' s common accounting principles and policies, and is in charge of consolidating the business areas ' figures to produce Group-level financial information. Under the parent company 's Finance and Control unit' s supervision, each legal Group company produces its own information in compliance with the instructions provided and in line with local legislation.

Financing

The parent company is responsible for Group financing. Long-term loan arrangements with parties outside the Group require the Board of Directors ' approval. Short-term liquidity management is handled at the parent company, which controls the cash flows of the Group's subsidiaries. Internal cash flows of the Group are booked as net, and transferred using a Group payment arrangement twice a month. The parent company provides funding to the subsidiaries using intra-Group loans. The Finance and Control unit is organised in accordance with the financial policy adopted by the Board of Directors and the operating procedures it has defined.

Auditing

The auditor elected at the Annual General Meeting is KPMG Wideri Oy Ab, authorised public accountants, with Mr. Matti Sulander, Authorised Public Accountant, acting as the auditor with principal responsibility. In accordance with the existing regulations, he will also report all audit findings to the Group ' s management.

Risk management

The purpose of risk management is to identify any risks to the company ' s activities, assets and personnel, and to minimise any damage. Risk management responsibility is distributed between various companies, which are also in charge of maintaining the insurance cover.

Insurance administration and co-ordination are carried out with the assistance of experts from outside the company. More details regarding financial risk management are given on page 61.

NOKIAN TYRES' MANAGEMENT MEETINGS/MEMBERS

The management meetings constitute the key management forum at Nokian Tyres. The meetings are also attended by representatives of the personnel groups.

Antero Turunen, 57 (left)
Heavy tyres and bicycle tyres

Antero Juopperi, 48
Passenger car and delivery van tyres

Seppo Kupi, 52
Vianor

Kim Gran, 48
President and CEO

Tomi Lundell, 42 (left)
RoadSnoop

Deniz Bavautdin, 49
Sales

Ari Maunula, 36
Retreading materials

Jyri Nousiainen, 34 (left)
Chief shop steward

Risto Järvinen, 38
Union of salaried employees

Janne Nyblom, 32
Senior office employees

Sirkka Hagman, 44
Personnel and security

Esa Eronen, 45 (left)
Production services

Raimo Mansikkaoja, 40
Information technology

Kari-Pekka Laaksonen, 35
Logistics and purchases

Raila Hietala-Hellman, 50 (left)
Communications and
Investor Relations

Rami Helminen, 36
Finance and control

Teppo Huovila, 39 (left)
Product development

Mika Savolainen, 31
Corporate planning
and development

KEY FINANCIAL FIGURES

Figures in million euros unless otherwise indicated		**2002**	2001	2000	1999	1998	1997	1996	1995	1994	1993
Net sales		**479.2**	423.4	398.5	322.6	251.3	211.6	192.6	187.2	164.2	143.5
growth, %		**13.2%**	6.3%	23.5%	28.4%	18.7%	9.9%	2.9%	14.0%	14.5%	18.3%
Operating profit before depreciation		**95.0**	81.9	68.4	61.9	47.5	39.2	32.7	28.2	24.9	22.7
Depreciation according to plan		**34.9**	31.3	28.9	19.8	14.3	11.7	9.2	8.0	7.7	7.2
Operating profit		**60.1**	50.5	39.4	42.1	33.2	27.5	23.5	20.2	17.2	15.5
% of net sales		**12.5%**	11.9%	9.9%	13.1%	13.2%	13.0%	12.2%	10.8%	10.4%	10.8%
Profit before extraordinary items and tax		**48.0**	37.0	27.2	35.9	29.3	25.1	20.0	16.2	13.3	10.8
% of net sales		**10.0%**	8.7%	6.8%	11.1%	11.7%	11.8%	10.4%	8.7%	8.1%	7.6%
Profit before tax		**48.0**	37.0	27.2	35.5	29.9	25.1	20.0	15.2	13.3	12.2
% of net sales		**10.0%**	8.7%	6.8%	11.0%	11.9%	11.8%	10.4%	8.1%	8.1%	8.5%
Return on equity, %		**16.9%**	14.3%	13.7%	23.6%	22.7%	21.9%	21.3%	20.5%	19.5%	18.7%
Return on capital employed, %		**17.1%**	14.3%	12.1%	16.9%	19.8%	21.5%	20.8%	20.2%	18.1%	17.7%
Total assets		**450.9**	459.8	464.0	391.8	269.3	188.1	171.0	154.0	145.2	129.0
Interest bearing net debt [1]		**122.5**	158.2	182.1	170.4	94.2	39.6	35.4	32.2	44.9	42.1
Equity ratio, %		**38.9%**	32.4%	28.3%	30.9%	37.1%	45.2%	41.9%	39.6%	36.5%	36.4%
Equity ratio, % [1]		**46.9%**	40.2%	36.1%	30.9%	37.1%	45.2%	41.9%	39.6%	36.5%	36.4%
Gearing, % [1]		**57.9%**	85.5%	108.9%	140.6%	94.3%	46.6%	49.4%	52.8%	84.7%	89.7%
Cash flow from operations		**69.3**	70.8	26.6	22.3	21.2	24.6[2]	17.0[2]	19.3[2]	21.2[2]	10.0[2]
Gross investments		**26.0**	45.3	67.5	85.7	72.7	25.7	17.7	13.0	14.4	8.8
% of net sales		**5.4%**	10.7%	16.9%	26.6%	28.9%	12.2%	9.2%	6.9%	8.8%	6.2%
R&D expenditure		**8.5**	8.3	8.3	7.8	6.6	5.6	5.0	4.3	4.0	3.4
% of net sales		**1.8%**	2.0%	2.1%	2.4%	2.6%	2.7%	2.6%	2.3%	2.5%	2.4%
Dividends	(proposal)	**11.7**	8.8	6.9	9.0	7.6	6.0	4.9	4.1	3.4	3.4
Personnel, average during the year		**2,663**	2,636	2,462	2,023	1,620	1,358	1,329	1,350	1,240	1,126

PER SHARE DATA		**2002**	2001	2000	1999	1998	1997	1996	1995	1994	1993
Earnings per share, euro		**3.17**	2.38	1.88	2.51	2.04	1.68	1.40	1.17	0.97	0.82
growth, %		**33.2%**	26.9%	-25.2%	23.0%	21.3%	20.4%	19.8%	19.7%	19.4%	13.1%
Earnings per share (diluted), euro		**3.13**	2.37	1.88	2.51	2.04	1.68	1.40	1.17	0.97	0.82
growth, %		**31.9%**	26.5%	-25.2%	23.0%	21.3%	20.4%	19.8%	19.7%	19.4%	13.1%
Cash flow per share, euro		**6.55**	6.69	2.52	2.14	2.05	2.41[2]	1.69[2]	1.92[2]	2.12[2]	1.00[2]
growth, %		**-2.2%**	165.8%	17.8%	4.1%	-14.8%	42.9%	-12.2%	-9.4%	112.4%	-49.3%
Dividend per share, euro	(proposal)	**1.11**	0.83	0.65	0.85	0.73	0.59	0.49	0.40	0.34	0.34
Dividend pay out ratio, %	(proposal)	**35.0%**	34.9%	34.7%	34.4%	36.3%	35.2%	35.1%	34.8%	34.5%	41.3%
Shareholders' equity per share, euro		**16.57**	14.08	12.41	11.47	9.69	8.30	7.06	6.04	5.30	4.69
Shareholders' equity per share, euro [1]		**19.97**	17.48	15.81	11.47	9.69	8.30	7.06	6.04	5.30	4.69
P/E ratio		**10.7**	14.7	9.5	15.1	13.6	16.6	11.8	6.4		
Dividend yield, %	(proposal)	**3.3%**	2.4%	3.6%	2.3%	2.6%	2.1%	3.0%	5.5%		
Market capitalisation 31 December		**359.7**	371.3	189.4	398.6	286.4	285.7	167.5	74.7		
Average number of shares during the year, million units		**10.58**	10.58	10.57	10.42	10.30	10.22	10.09	10.05	10.00	10.00
diluted, million units		**10.72**	10.61	10.57	10.42	10.30	10.22	10.09	10.05	10.00	10.00
Number of shares 31 December, million units		**10.58**	10.58	10.58	10.54	10.32	10.24	10.14	10.09	10.00	10.00

1) capital loan included in equity
2) according to previous cash flow statement definitions

Definitions

Return on equity, % =	Profit after financial items - taxes x 100 / Shareholders' equity + minority interests (average)
Return on capital employed, % =	Profit after financial items + interest and other financial expenses x 100 / Total assets - interest-free debt (average)
Equity ratio, % =	Shareholders' equity + minority interests x 100 / Total assets - advances received
Equity ratio[1], % =	Shareholders' equity[1] + minority interests x 100 / Total assets - advances received
Gearing[1], % =	Interest bearing net debt[1] x 100 / Shareholders' equity[1] + minority interests
Earnings per share, euro =	Profit after financial items - taxes / Average adjusted number of shares during the year
Earnings per share (diluted[2]), euro =	Profit after financial items - taxes / Average adjusted and diluted[2] number of shares during the year
Cash flow per share, euro =	Cash flow from operations / Average adjusted number of shares during the year
Dividend per share, euro =	Dividend for the year / Adjusted number of shares on the balance sheet date
Dividend pay-out ratio, % =	Dividend for the year x 100 / Profit after financial items - taxes
Shareholders' equity per share, euro =	Shareholders' equity / Adjusted number of shares on the balance sheet date
Shareholders' equity per share[1], euro =	Shareholders' equity[1] / Adjusted number of shares on the balance sheet date
P/E ratio =	Share price, 30 December / Earnings per share
Dividend yield, % =	Dividend per share / Share price, 30 December

1) capital loan included in equity
2) the bonds with warrants affect the dilution as the market price exceeds the defined subscription price

NET SALES AND PROFIT

The situation in Nokian Tyres' main markets and key products was more favourable than a year ago, although the uncertainty in the global economy continued to impact on the tyres business. The demand for passenger car winter tyres and high performance summer tyres, forestry tyres and special heavy tyres increased in the key markets. In Finland and Sweden the sales of new cars increased. The strongest growth areas for Nokian Tyres included the Nordic countries, Sweden in particular, as well as Eastern Europe, Russia and the USA.

Raw material prices were lower than the previous year throughout the year, but the last quarter saw an upturn in the prices.

Nokian Tyres Group performed well in 2002. Net sales were up and the operating profit improved both in manufacturing and in Vianor. Market shares in the main market areas increased remarkably. Co-operation between manufacturing and Vianor produced synergy benefits and the share of Nokian brand tyres increased in Vianor's sales. Production volumes increased and profitability improved, particularly in the passenger car tyre production.

In 2002 Nokian Tyres booked net sales of EUR 479.2 million (EUR 423.4 million), which is 13.2% more than in the previous year. Net sales from manufacturing grew by 14.5% and Vianor's net sales by 11.8% from the previous year. Invoicing from outside Finland accounted for 70% (68%) of the net sales. Sales in the Nordic countries increased by 10.8%, in Russia and other CIS countries by 25.0%, in Eastern Europe by 18.0% and in North America by 27.2% from the previous year.

Good sales mix, implemented price increases and improved productivity boosted the company's profitability. Raw material costs in manufacturing were 3% lower than the average prices in 2001.

The Group's fixed costs increased by EUR 19.6 million, or 13.0%, and totalled EUR 170.8 million (EUR 151.2 million). Fixed costs represented 35.6% (35.7%) of net sales. The tyre chain accounted for EUR 8.7 million of the fixed cost growth.

The Group's operating profit improved, totalling EUR 60.1 million (EUR 50.5 million). The comparable figure for 2001 includes EUR 3.9 million profits from the sales of fixed assets. Operating profit from the manufacturing business amounted to EUR 59.5 million (EUR 50.3 million) while Vianor's operating profit before goodwill depreciation was EUR 8.9 million (EUR 7.1 million). Goodwill depreciation amounted to EUR 7.9 million (EUR 7.5 million) and concerned Vianor. Net financial expenses were EUR 12.1 million (EUR 13.5 million) and represented 2.5% (3.2%) of net sales.

Profit before taxes was up to EUR 48.0 million (EUR 37.0 million). Net profit for the period improved, totalling EUR 33.6 million (EUR 25.2 million). Earnings per share were EUR 3.17 (EUR 2.38) i.e. 33.2% better than the previous year.

Return on net assets (RONA) was 15.0% (12.8%). Income financing after the change in working capital, investments and the sales of fixed assets (Cash Flow II) was EUR 70.1 million (EUR 22.5 million), showing an improvement of EUR 22.5 million from the previous year. Equity ratio rose from 40.2% to 46.9% and included the capital loan.

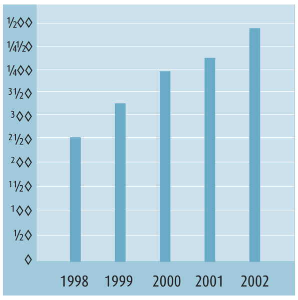
Product development costs totalled EUR 8.5 million (EUR 8.3 million), representing 2.7% of the net sales from manufacturing.

Over the year the Group employed some 2,663 people on average (2,636). Meanwhile, the parent company employed 1,334 (1,383) people.

At the end of the financial year the Group employed 2,585 (2,664) people and the parent company 1,340 (1,361). At the year-end Vianor employed 1,150 (1,213) people.

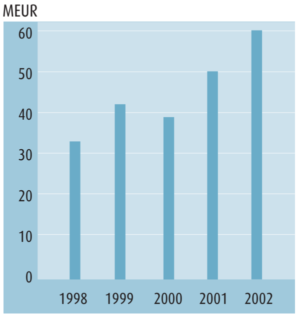
Net sales

MEUR



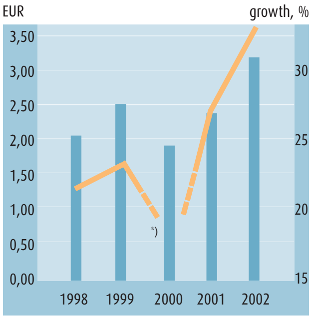
Operating result

MEUR



Earnings per share (EPS)

EUR growth, %



*) = -25,2 %

MANUFACTURING

Passenger car tyres

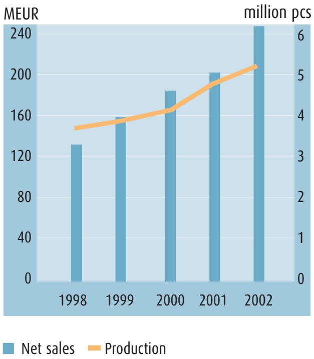
Net sales generated from the Nokian passenger car tyre business grew 17.5% from the previous year and amounted to EUR 242.8 million (EUR 206.6 million). The operating profit improved, totalling EUR 51.4 million (EUR 41.5 million).

Sales of Nokian passenger car tyres developed favourably in the key markets in Europe, Russia and the USA, and market shares improved. The development was particularly positive in Sweden, a significant target for the company because of the change in the competitive scene. Market shares also improved in Norway.

The demand for Nokian WR, the new winter tyre designed for Central European markets, was boosted by the top ratings in winter tyre tests of German magazines.

Approximately 100,000 Nordman brand winter tyres were manufactured at Amtel factories in Russia, which sold very well. Other contract manufacturing proceeded as planned.

Passenger car tyres
Net sales and production



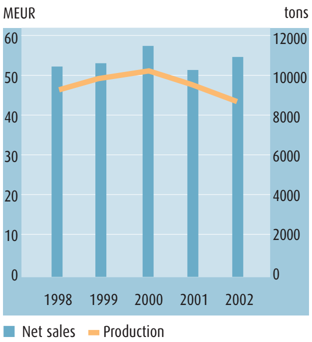
Winter tyres and other products with high profit margins accounted for a large portion of total sales. Winter tyres represented 73% and new products 44% of the product area net sales.

The advantages of the own tyre chain and its special expertise were effectively utilised and special emphasis was given to customer service during the peak seasons. Thanks to intensified logistics solutions, seasonal delivery capacity improved considerably from the previous year.

In the course of the period the company introduced two new ultra high performance summer tyres for high performance cars, Nokian NRVi and Nokian NRY. The markets in this product segment are expanding strongly in Central Europe. The tyres will be available for consumers in the spring of 2003.

Production volumes increased from 4.8 million to 5.1 million tyres. Sales volume of the product area was 5.3 million tyres. Productivity (kg/man hour) improved by 5.6% from the previous year.

Heavy tyres
Net sales and production



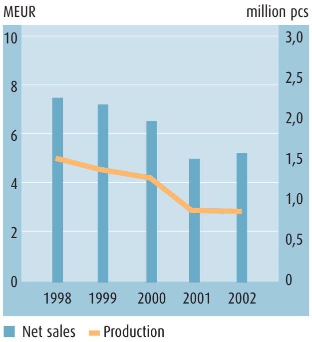
Heavy tyres

Net sales of Nokian heavy tyres business totalled EUR 55.0 million (EUR 51.3 million), showing an increase of 7.0% from the previous year. The operating profit improved, totalling EUR 4.7 million (EUR 1.7 million). The increased capacity usage in the production of core products and a better sales mix had a positive impact on the result.

The early months of the year saw an upturn in the demand for special heavy tyres, which increased towards the end of the year. The increase was strongest in the demand for forestry tyres and the special radial agricultural tyres. Tyres sold particularly well in the Nordic countries. Original equipment installation represented 40.7% of the net sales.

The annual output of the heavy tyres unit was 8,670 tons (8,782 tons in 2001). New products accounted for 10.3% of the product area net sales. Contract manufacturing proceeded as planned.

Bicycle tyres
Net sales and production



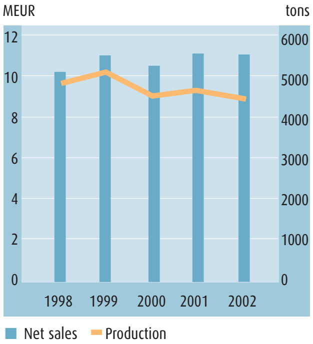
Bicycle tyres

Net sales from Nokian bicycle tyres totalled EUR 5.5 million (EUR 5.3 million), showing an increase of 4.8% from the previous year, while the overall market for bicycle tyres shrank by roughly 10%. The operating profit and the cash flow were positive and clearly better than a year ago. The positive result was due to active product development and the development of the distribution chain, as well as production efficiency boosting.

Sales focused on volume tyres sold both in the original equipment and replacement markets. Nokian Tyres consolidated its market position also in all-terrain bicycle tyres and other special tyres. The demand for studded bicycle winter tyres increased in the Nordic countries. Sales developed favourably in Sweden, Norway and North America, in particular.

New products accounted for 16% of the product area net sales. Manufacturing volumes at the Lieksa factory totalled 830,000 (815,000) bicycle tyres.

Retreading materials
Net sales and production



Retreading materials

Net sales from the Nokian retreading materials business was EUR 11.2 million (EUR 11.4 million), i.e. 2.2% less than a year ago, but the profitability in the product area improved from the previous year.

Demand for retreading materials was clearly slower than the previous year; in particular, the demand for car tyre retreading materials was weak. The sales of high margin winter treads developed more favourably.

New products accounted for 7.8% of the product area net sales. Production volumes decreased from 4,727 tons to 4,326 tons.

VIANOR

Vianor's net sales grew by 11.8% on the previous year to EUR 216.2 million (EUR 193.4 million). Operating profit before goodwill depreciation improved, totalling EUR 8.9 million (EUR 7.1 million). Goodwill depreciation amounted to EUR 7.9 million (EUR 7.5 million). Cash flow II totalled EUR 10.3 million (EUR 18.4 million).

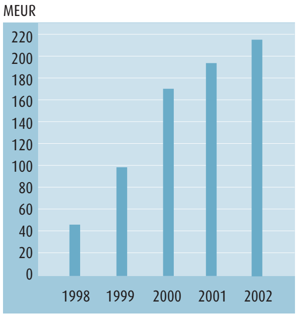
Both the winter and summer seasons were successful for Vianor and the chain increased its market share in all Nordic countries. The strongest increase was seen in the sales to car dealers and wholesalers. The demand for truck tyres picked up markedly towards the end of the year. Sales of agricultural tyres were also strong. The consumer prices, as well as Vianor's service prices, were raised.

During the year Vianor implemented significant streamlining measures, which were particularly successful at Vianor in Finland. The result of Vianor Finland was all-time high. In Sweden and Norway the streamlining measures are yet to be completed.

ROADSNOOP

The development and production start-up of the RoadSnoop pressure watch, demonstrated early in the year, has taken longer than expected. Interest in the product continues to be high and the advance order book is strong. Because of delayed production start-up, the sales target set for 2002 was not reached. The product is expected to enter the market during the first half of 2003.

Vianor, net sales



INVESTMENTS

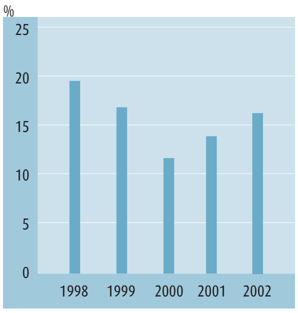
Nokian Tyres spent a total of EUR 26.0 million on investments in 2002 (EUR 45.3 million). Investments in production and operations accounted for some EUR 25.2 million. Vianor's investments amounted to EUR 3.0 million (EUR 11.1 million). In 2002 the majority of investments were moulds for new products, as well as machinery and equipment purchases to remove production bottlenecks.

OTHER MATTERS IN 2002

Authorisations granted to the Board of Directors

At the Annual General Meeting held in March the Board of Directors of Nokian Tyres was authorised to make a decision within one year from the Annual General Meeting to increase the share capital with one or more rights issues. The Board of Directors also has the right to deviate from the shareholders pre-emptive right to subscribe for shares, provided there is a compelling financial reason referred to in chapter 4, section 2a of the Companies Act. As a result of share issues arranged under the authorisation, the company's share capital may increase by a maximum of EUR 4 million. A maximum of 2,000,000 new shares may be issued each with a nominal value of EUR 2.

Return of capital employed



Nokian Tyres' cooperation with Amtel

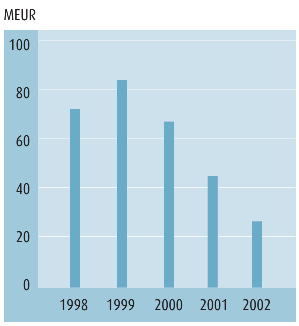
In the summer, Amtel Holding Company (Russia) and Nokian Tyres plc (Finland) signed a letter of intent to form a 50/50 joint venture company for the purpose of manufacturing, marketing and selling premium brand tyres in Russia and the CIS countries.

The parties had earlier agreed to launch the contract manufacturing of Nordman brand tyres at Amtel factories in Russia in the autumn of 2002.

In December Nokian Tyres plc and the Russian company Amtel Holdings B.V. signed a joint venture agreement. The joint venture will organise and manage the development, production and sales of Nordman and Amtel brand passenger car tyres and light truck tyres in the CIS countries. The contractual arrangement is to be closed within 180 days of the signing of the contract.

The agreement means that the parties will form a joint sales company and Nokian

Gross investments



Tyres and Amtel will both have a 50% holding of the shares. The company will be called OOO Amtel-Nokian Tyres and it will be registered in Russia. The products sold by the sales company will be manufactured at the Amtel factories in Kirov and Voronezh in Russia and the Rosava plant in Belaya Tserkov in the Ukraine. The objective is to manufacture 900,000 tyres in 2003 and 3.6 million tyres in 2004. Amtel will have the main responsibility for manufacturing Nordman and Amtel brand tyres.

To improve the quality and capacity of the Amtel plants, investments of roughly EUR 25 million are needed at the Voronezh and Kirov plants in 2003 and 2004. The parties will arrange the financing together. The share of Nokian Tyres will amount to roughly USD 10 million.

Nokian Tyres and Amtel will further develop their partnership by establishing a new tyre factory in Russia. The objective is to increase production capacity and volumes for their joint sales company. The new production facilities will be used for manufacturing Nokian brand high-quality tyres. Nokian Tyres will have the majority and main responsibility for the new plant. The objective for the first phase is to achieve an annual production volume of 1.2 million tyres within two years of the final approval of the project agreement on the new plant.

MATTERS AFTER THE PERIOD UNDER REVIEW

Nokian Tyres and Matador to start contract manufacturing

In January Nokian Tyres plc and Matador AS signed a contract manufacturing agreement. According to the agreement, Matador will begin manufacturing Nokian brand passenger car summer tyres in the S, T and H speed categories at its plant in Slovakia. Nokian Tyres will sell the products in the Eastern European countries and the tyres will form part of the Nokian Tyres product range.

With cooperation in contract manufacturing, Nokian Tyres is ensuring opportunities for growth in Eastern Europe, a strongly expanding market. At the same time, production capacity at the Nokia plant in Finland will become available for the manufacture of ultra high performance tyres.

The first tyres will enter the markets in the first quarter in 2003. The objective is for Matador to manufacture 100,000 tyres for Nokian Tyres in 2003 and to increase its production volume to 300,000 tyres in 2004-2005.

The agreement will be valid until the end of 2005 and to be renewed after that for one year at a time.

A new studded winter tyre for the Nordic and Russian markets

Nokian Tyres announced that it will introduce a new studded passenger car winter tyre, Nokian Hakkapeliitta 4. Targeted at the Nordic and Russian markets, the tyre will be available to customers in the autumn of 2003. When the tyre was designed, special emphasis was placed on the tyre grip and environmental issues.

The grip of Nokian Hakkapeliitta 4 is based on a number of creative solutions, such as new stud technology and structural solutions that improve driving stability. The new stud technology is called Nokian Eco Stud System 4 and there is a patent pending.

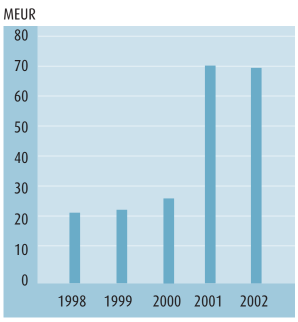
The grip properties are improved by the special rape-seed oil used in the tread mixture. In addition to the rape-seed oil, only low aromatic oils are used in the tread mixture.

OUTLOOK FOR 2003

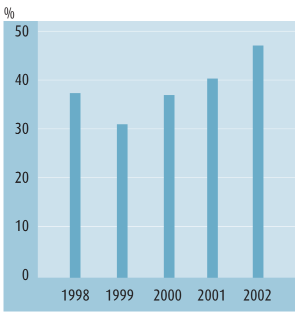
Uncertain trends in the global economy and the pressure to increase raw material prices continue to reflect on the tyre industry. Raw materials prices are expected to go up by approximately 5% during the first quarter of the year from the corresponding period last year.

According to its strategy, Nokian Tyres will focus on expanding and profitable winter and forestry tyre markets and product areas. There are several opportunities for growth in the core areas and the company also holds an increasingly strong position in these areas. The demand for passenger car winter tyres, high-performance summer tyres and

Cash flow from operations



Equity ratio



R&D expenditures

special heavy tyres is expected to further increase in Europe and Russia.

The company continues its operations in a profitable growth curve, aiming at outperforming the results of 2002 in terms of net sales and profit in 2003.

As in previous years, the first quarter will be weak. The demand for tyres in the domestic market is normally slow early in the year, while fixed costs that are not linked to sales will tax the profitability. The profits will be made during the second half, and particularly in the final quarter because of the winter season.

Nokian Tyres is well positioned to meet the growing demand in its core areas. Production capacity at the Nokia plant is increasing and productivity is improving. As contract manufacturing increases, more of the Nokia plant's capacity will be available for the manufacture of special products with high profit margins. Cooperation with Amtel will cement the market position in Russia, and the contract manufacturing of Nordman brand tyres will expand the sales in the strongly growing Russian market. Contract manufacturing in Eastern Europe provides the company with good opportunities for meeting the growing markets.

The product mix will further improve as it has been expanded with several new products in the top segments. The car summer and winter tyre novelties as well as the new heavy tyres will be available in the course of the year.

Vianor continues efficiency boosting measures. The share of own products will be increased and cost adjustment measures will be carried out, particularly in Sweden and Norway.

The aim is to improve return on capital and to limit the growth of fixed costs. Investments will be focused on removing production bottlenecks. Budgeted investments for 2003 total EUR 52.0 million. Investments will be production investments and moulds for new products. The figure also includes investments related to the joint venture established with Amtel in Russia.

Nokia, 18 February 2003

Board of Directors

GROUP AND PARENT COMPANY, PROFIT AND LOSS ACCOUNTS

in '000 euros 1.1. - 31.12.	Notes	GROUP 2002	2001	PARENT COMPANY 2002	2001
Net sales	(1)	**479,205**	423,442	**279,648**	249,212
Total cost of goods sold	(2)(3)(4)	**-275,510**	-248,293	**-178,500**	-167,930
Gross margin		**203,695**	175,149	**101,148**	81,282
Selling and marketing expenses	(3)(4)	**-117,678**	-104,045	**-25,784**	-22,153
Administration expenses	(3)(4)	**-9,179**	-7,806	**-7,312**	-6,254
Other operating expenses	(3)(4)	**-11,471**	-10,267	**-10,845**	-10,167
Other operating income		**1,957**	4,391	**130**	3,353
Goodwill depreciation	(4)	**-7,263**	-6,905		
Total other costs		**-143,634**	-124,632	**-43,811**	-35,221
Operating profit	(5)	**60,061**	50,517	**57,337**	46,061
Financial income and expenses	(6)	**-12,097**	-13,469	**-9,398**	-9,893
Result before extraordinary items, appropriations and tax		**47,964**	37,048	**47,939**	36,168
Extraordinary items	(7)	**0**	0	**-481**	0
Result before appropriations and tax		**47,964**	37,048	**47,458**	36,168
Increase in accumulated depreciation in excess of plan	(8)			**-4,008**	-7,240
Income tax					
Direct tax for the year		**-14,083**	-9,669	**-11,562**	-7,444
Change in deferred tax	(16)	**-320**	-2,188	**-20**	0
Profit applicable to minority shareholders		**0**	0		
Net result for the year		**33,561**	25,191	**31,868**	21,484

GROUP AND PARENT COMPANY, BALANCE SHEETS

in '000 euros 31.12.	Notes	GROUP 2002	2001	PARENT COMPANY 2002	2001
ASSETS					
Fixed assets and other non-current assets					
Intangible assets	(9)	**12,518**	13,967	**6,740**	7,407
Goodwill	(9)	**40,758**	47,777		
Tangible assets	(9)	**195,445**	196,523	**165,000**	164,703
Shares in Group companies	(10)(11)			**26,147**	27,619
Shares in associated companies	(10)(11)	**417**	66	**282**	82
Shares in other companies	(11)	**225**	307	**78**	103
Total non-current assets		**249,363**	258,640	**198,247**	199,914
Current assets					
Inventories	(12)	**78,847**	87,008	**32,560**	35,565
Long-term receivables	(13)	**2,188**	2,368	**34,884**	31,132
Deferred tax asset	(16)	**5,837**	5,201	**2,362**	2,381
Short-term receivables	(14)	**94,201**	88,316	**121,416**	122,006
Cash in hand and at bank		**20,473**	18,247	**3,842**	1,665
Total current assets		**201,546**	201,140	**195,064**	192,749
		450,909	459,780	**393,311**	392,663
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	(15)				
Share capital		**21,164**	17,798	**21,164**	17,798
Share issue premium		**1,944**	5,310	**1,944**	5,310
Retained earnings		**118,706**	100,732	**41,770**	29,069
Net result for the year		**33,561**	25,191	**31,868**	21,484
Capital loan		**36,000**	36,000	**36,000**	36,000
Total shareholders' equity		**211,375**	185,031	**132,746**	109,661
Minority shareholders' interest		**0**	0		
Untaxed reserves and provisions					
Accumulated depreciation in excess of plan				**60,060**	56,053
Liabilities					
Deferred tax liability	(16)	**21,271**	20,335	**0**	0
Long-term liabilities	(17)				
interest bearing		**98,032**	136,976	**97,352**	136,061
interest-free		**140**	128	**0**	0
		98,172	137,104	**97,352**	136,061
Short-term liabilities	(18)				
interest bearing		**44,898**	39,449	**61,816**	48,675
interest-free		**75,193**	77,861	**41,337**	42,213
		120,091	117,310	**103,153**	90,888
Total liabilities		**239,534**	274,749	**200,505**	226,949
		450,909	459,780	**393,311**	392,663

GROUP AND PARENT COMPANY, CASH FLOW STATEMENTS

in '000 eurtos 1.1.-31.12.	GROUP 2002	2001	PARENT COMPANY 2002	2001
Cash flow from operating activities:				
Payments received from sales	**470,120**	432,562	**268,012**	252,693
Expenses paid for operating activities	**-378,802**	-337,049	**-199,531**	-188,508
Cash flow from operating activities before the financial items and taxes	**91,318**	95,513	**68,481**	64,185
Interest paid and other financial expenses	**-12,785**	-15,732	**-15,052**	-13,885
Interest received from operating activities	**1,247**	1,434	**5,438**	4,909
Dividends reiceived from operating activities	**10**	37	**7**	9
Income taxes paid	**-10,498**	-10,418	**-7,283**	-7,462
Cash flow from operating activities before extraordinary items	**69,292**	70,834	**51,591**	47,755
Cash flow from operating activities (A)	**69,292**	70,834	**51,591**	47,755
Cash flow from investing activities:				
Acquisition of tangible and intangible fixed assets	**-26,542**	-47,749	**-22,413**	-40,320
Proceeds from sale of tangible and intangible assets	**1,011**	5,118	**983**	5,083
Acquisition of group companies, net of acquired cash	**-665**	-2,042	**0**	0
Investments in other shares	**0**	0	**-183**	16
Cash flow from investing activities (B)	**-26,196**	-44,673	**-21,613**	-35,221
Cash flow from financing activities:				
Share issues	**0**	0	**0**	0
Change in short-term financial receivables	**-185**	-309	**9,342**	11,298
Change in long-term financial receivables	**183**	5,240	**-3,752**	-5,649
Change in financial short-term debt	**5,449**	-30,965	**14,102**	-23,181
Change in financial long-term debt	**-37,533**	10,997	**-38,710**	12,602
Dividends paid	**-8,783**	-6,879	**-8,783**	-6,879
Cash flow from financing activities (C)	**-40,869**	-21,916	**-27,801**	-11,809
Change in cash and cash equivalents (A+B+C) increase + / decrease -	**2,227**	4,245	**2,177**	725
Cash and cash equivalents at the beginning of the period	**18,246**	14,001	**1,665**	939
Cash and cash equivalents at the end of the period	**20,473**	18,246	**3,842**	1,665
	2,227	4,245	**2,177**	726
Notes to the cash flow statements				
Acquisition of group companies				
Cash flow from the acquisition				
Acquisition cost of the acquired companies	**493**	1,307	**0**	0
Cash and cash equivalents of the acquired companies	**154**	-1,100		
	647	207	**0**	0

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of companies in which Nokian Tyres plc, domicile in Nokia, owns, directly or indirectly through subsidiaries, over 50% of the voting rights and associated companies, where Nokian Tyres plc owns between 20 % and 50 % of the voting rights. Companies acquired during the financial year are consolidated into the profit and loss account from the date of the acquisition.

All internal transactions, unrealised internal margins in the internal transactions, internal receivables and liabilities and internal dividend distributions are eliminated as part of the consolidation process.

Minority interests are presented as separate items in the consolidated profit and loss accounts and balance sheets.

Acquisitions of companies are accounted for using the purchase method. A consolidation difference arises from the acquisition cost if it is more than the total equity at the moment of the acquisition. If the fair value of the assets exceeds the book value, the elimination difference is allocated to the acquired company's assets and is amortised according to the plan on the basis of the estimated useful life of the assets. The rest of the elimination difference is treated as goodwill and is amortised on a straight-line basis over its expected useful life. This varies between five and ten years depending upon the nature of the acquisition. The goodwill arising from the acquisitions of the retail companies between years 1998 and 2002 is amortised in ten years based on the longer than normal income expectations and the major strategic significance to the business operations of the Group. The same principles are followed, where applicable, when companies within the Group are merged or dissolved.

Investments in associated companies, where Nokian Tyres plc owns between 20% and 50% of the voting rights are reported according to the equity method of accounting. The Group's share of profits and losses of associated companies is treated as selling and marketing expenses.

FOREIGN GROUP COMPANIES

All items in the balance sheets of foreign subsidiaries are translated into euros using the exchange rates published by the European Central Bank ruling at the financial statement date and in the profit and loss accounts, using average rates for the year. Translation differences arising from these are treated as part of consolidated shareholders' equity. Translation differences arising from the application of the purchase method are treated as part of consolidated shareholders' equity. The Group's policy is to hedge a portion of shareholders' equity in the foreign subsidiaries to reduce the effects of exchange rate fluctuations on the Group's net investments in foreign Group companies. Exchange gains and losses resulting from the hedging transactions are offset against the translation differences arising from consolidation and recorded in shareholders' equity.

INVENTORY VALUATION

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in - first out (FIFO) basis. In addition to the direct costs, an appropriate proportion of production overheads is included in the value of finished goods.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated in the balance sheets at cost less depreciation according to plan. In the Parent Company, the accumulated difference between the total depreciation charged to the profit and loss account and depreciation according to plan is shown as a separate item in untaxed reserves.

Depreciations according to plan are calculated on the basis of the estimated useful life of the assets using the straight line method. The depreciation times are as follows:

Intangible assets	3 - 10 years
Goodwill	5 – 10 years
Buildings	20 - 40 years
Machinery and equipment	4 - 20 years
Other tangible assets	10 - 40 years

Land property, as well as investments in shares, are not regularly depreciated.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to the other operating expenses in the profit and loss account in the year in which they are incurred. Certain significant development costs with useful life over three years are capitalised and are amortised on a systematic basis over their expected useful lives. The amortisation period is between three and five years.

PENSIONS AND COVERAGE OF PENSION LIABILITIES

Pension contributions are based on local, periodic actuarial calculations and are charged to the profit and loss account. In Finland the pension schemes are funded through payments to a pension insurance company. Foreign subsidiaries operate pension schemes for their employees in accordance with their local conditions and practices.

DIRECT TAXES

The consolidated profit and loss statement include the change in deferred tax and the direct taxes which are based on taxable profit of each company. These direct taxes are calculated according to local tax rules. The deferred tax liability and assets are recorded as separate items and are based on the prevailing corporate tax rate.

The profit and loss statement of the Parent Company include direct taxes based on the taxable profit and the change in deferred tax arising from temporary differences. The untaxed reserves of the Parent Company are shown in full in the balance sheet, and the deferred tax liability is not recorded.

FOREIGN CURRENCY ITEMS

Transactions in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. At the end of the accounting period unsettled balances on foreign currency transactions and forward exchange contracts are valued at the rates published by the European Central Bank as at the financial statement date.

Foreign exchange gains and losses relating to normal business operations and hedging gains and losses are treated as adjustments to sales and purchases. The exchange rate difference from hedging against estimated cash flow is accounted in profit and loss accounts under sales adjustment items when the cash flow is realised. Gains and losses associated with financial transactions and hedging are entered under financial income and expenses.

in '000 euros	GROUP 2002	2001	PARENT COMPANY 2002	2001
1. NET SALES BY SEGMENTS AND MARKET AREAS				
Manufacturing				
Car and Van tyres	**242,849**	206,622	**215,766**	187,591
Heavy tyres	**54,954**	51,339	**47,497**	45,325
Bicycle tyres and inner tubes	**5,544**	5,288	**5,544**	5,288
Retreading materials	**11,155**	11,401	**10,841**	11,008
Total	**314,502**	274,650		
Tyre chain	**216,187**	193,400		
Others and eliminations	**-51,484**	-44,608	**0**	0
Total	**479,205**	423,442	**279,648**	249,212
Finland	**145,378**	136,890	**73,952**	68,385
Other Nordic countries	**158,934**	136,386	**57,228**	50,944
Baltic States and Russia	**43,860**	35,987	**35,659**	30,822
Other European countries	**93,904**	83,865	**83,901**	74,072
North America	**32,065**	25,207	**24,009**	19,881
Other countries	**5,064**	5,108	**4,899**	5,108
Total	**479,205**	423,442	**279,648**	249,212
2. TOTAL COST OF GOODS SOLD				
Raw materials	**76,329**	79,616	**76,329**	79,616
Goods purchased for resale	**98,836**	82,456	**9,225**	7,965
Wages and social costs of goods sold	**38,226**	36,837	**38,226**	36,837
Other costs	**25,400**	31,335	**26,742**	20,401
Depreciation of production	**17,258**	14,253	**17,258**	14,253
Sales freights	**11,300**	10,911	**7,715**	7,497
Change in inventories	**8,161**	-7,115	**3,005**	1,361
Total	**275,510**	248,293	**178,500**	167,930
3. WAGES, SALARIES AND SOCIAL EXPENSES				
Wages and salaries	**79,157**	74,026	**41,921**	40,265
Pension contributions	**15,410**	12,624	**7,684**	8,002
Other social expenses	**18,094**	18,041	**13,055**	12,889
Total	**112,661**	104,691	**62,660**	61,156
Remuneration of the members of the Boards, President and Managing Directors on accr. basis	**1,385**	1,481	**316**	258
of which incentives	**136**	0	**76**	0
No special pension commitments have been granted to the members of the Boards, President and Managing Directors.				
Personnel, average during the year				
Production	**1,077**	1,077	**1,077**	1,077
Sales and marketing	**1,413**	1,381	**84**	128
Others	**173**	178	**173**	178
Total	**2,663**	2,636	**1,334**	1,383
4. DEPRECIATION				
Depreciation according to plan by asset category				
Intangible assets	**2,182**	2,416	**1,193**	1,041
Goodwill	**7,263**	6,905		
Buildings	**2,135**	2,307	**1,665**	1,633
Machinery and equipment	**22,297**	19,246	**18,750**	16,015
Other tangible assets	**1,040**	464	**330**	336
Total	**34,917**	31,338	**21,938**	19,025

in '000 euros	GROUP 2002	2001	PARENT COMPANY 2002	2001
The planned depreciation times are as follows:				
Intangible assets		3-10 years		
Goodwill		5-10 years		
Buildings		20-40 years		
Machinery and equipment		4-20 years		
Other tangible assets		10-40 years		

Depreciation according to plan is calculated on the basis of the estimated useful life of the assets using the straight line method.

	GROUP 2002	2001	PARENT COMPANY 2002	2001
Depreciation by function				
Production	**19,326**	16,730	**19,326**	16,730
Sales and marketing	**5,999**	5,612	**283**	204
Administration	**928**	884	**928**	884
Other operating depreciation	**1,401**	1,207	**1,401**	1,207
Goodwill	**7,263**	6,905		
Total	**34,917**	31,338	**21,938**	19,025
5. OPERATING RESULT				
Manufacturing	**59,462**	50,274		
Tyre chain	**938**	-466		
Eliminatios	**-339**	710		
Total	**60,061**	50,517		
6. FINANCIAL INCOME AND EXPENSES				
Dividend income				
From the Group companies			**0**	0
From others	**10**	37	**7**	9
Total	**10**	37	**7**	9
Interest income, long-term				
From the Group companies			**1,889**	1,918
From others	**114**	132	**71**	99
Total	**114**	132	**1,960**	2,017
Other interest and financial income				
From the Group companies			**2,209**	2,200
From others	**1,155**	1,151	**604**	420
Total	**1,155**	1,151	**2,813**	2,620
Exchange rate differentials (net)	**-826**	-323	**-1,558**	-319
Interest and other financial expenses				
To the Group companies			**-477**	-364
To others	**-12,099**	-13,891	**-11,917**	-13,587
Other financial expenses	**-450**	-575	**-226**	-269
Total	**-12,549**	-14,466	**-12,620**	-14,220
Total financial income and expenses	**-12,097**	-13,469	**-9,398**	-9,893

7. EXTRAORDINARY ITEMS

The extraordinary items in the Parent Company in 2002 contain the dissolution loss arising from the changes in the Tyre chain group structure. The effect on the direct taxes is 139 thousand euros.

	GROUP 2002	2001	PARENT COMPANY 2002	2001
Dissolution loss	**0**	0	**-481**	0
Total	**0**	0	**-481**	0
8. APPROPRIATIONS				
Change in accumulated depreciation in excess of plan				
Intangible assets			**17**	126
Buildings			**970**	867
Machinery and equipment			**3,085**	6,314
Other tangible assets			**-64**	-67
Total			**4,008**	7,240

9. FIXED ASSETS

in '000 euros

	Intangible assets	Goodwill	Tangible assets: Land property	Buildings	Machinery and equipment	Other tangible assets	Advances and fixed assets under construction
Group							
Accumulated cost, Jan 1st 2002	20,240	72,410	4,121	83,794	232,965	3,852	4,330
Decrease/Increase	525	168	-79	107	21,625	261	156
Accumulated cost, Dec 31st 2002	20,765	72,578	4,042	83,901	254,590	4,113	4,486
Translation difference	176	51	41	515	1,202	-37	0
Accum. depr. acc. to plan, Dec 31st 2002	-8,423	-31,871	0	-19,679	-136,406	-2,067	0
Revaluation , Dec 31st 2002	0	0	0	744	0	0	0
Book value, Dec 31st 2002	12,518	40,758	4,083	65,481	119,386	2,009	4,486
Book value, Dec 31st 2001	13,967	47,777	4,116	67,642	118,160	2,276	4,330

The amount of the revaluation is based on the independent expert statements of the probable sales price of the buildings.
The main principle used in revaluation is productive value.
Fixed assets under constructions contains capitalized development expenses total 1,487 thousand euros according to resolution 50/1998 of MTI.

	Intangible assets	Goodwill	Tangible assets: Land property	Buildings	Machinery and equipment	Other tangible assets	Advances and fixed assets under construction
Parent Company							
Accumulated cost, Jan 1st 2002	10,188		634	61,380	201,241	3,449	4,274
Decrease/Increase	525		0	46	19,101	52	212
Accumulated cost, Dec 31st 2002	10,713		634	61,426	220,342	3,501	4,486
Translation difference							
Accum. depr. acc. to plan, Dec 31st 2002	-3,973		0	-11,693	-112,015	-1,681	0
Book value, Dec 31st 2002	6,740		634	49,733	108,327	1,820	4,486
Book value, Dec 31st 2001	7,407		634	51,352	106,347	2,097	4,274
Accum. depreciation in excess of plan, Dec 31st 2002	835			16,678	42,423	124	
Accum. depreciation in excess of plan, Dec 31st 2001	818			15,708	39,338	189	

10. COMPANIES OWNED BY THE GROUP AND THE PARENT COMPANY

	Group share ownership %	Parent company share ownership %
Group companies		
Vianor Holding Oy, Nokia, Finland	100	100
Vianor Oy, Lappeenranta, Finland	100	
Vianor Russia Holding Oy, Nokia, Finland	100	
Posiber Oy, Helsinki, Finland	100	
Rengasmestarit Oy, Kuopio, Finland	100	
Suonenjoen Rengashuolto Oy, Suonenjoki, Finland	100	
Posiber Kiinteistöt Oy, Nokia, Finland	100	
AS Isko, Viro, Estonia	100	
Vianor AB, Sweden	100	
Handens Däck AB, Sweden	100	
Michaels Förvaltning AB, Sweden	100	
Michaels Däckservice AB, Sweden	100	
Antons Gummi AB, Sweden	100	
Christers Däck i Eksjö AB, Sweden	100	
Nils Janssons Gummiverkstad AB, Sweden	100	
NJA Gummi i Mölndal AB, Sweden	100	
Sävedalens Gummiverkstad AB, Sweden	100	
Utby Däckservice AB, Sweden	100	
Däcktjänst Norrköping AB, Sweden	100	
Butängens Däck AB, Sweden	100	
Värsås Maskiner AB, Sweden	100	
Värsås Regummering AB, Sweden	100	
Gummicentralen i Karlstad AB, Sweden	100	
Vianor AS, Norway	100	
Bergs Gummi-Industri AS, Norway	100	
Marco Trading AS, Norway	100	
Hallingdal Dekkservice AS, Norway	100	

	Group share ownership %	Parent company share ownership %
Group companies		
Nokian Däck AB, Sweden	100	100
Nokian Dekk AS, Norway	100	100
Nokian Reifen GmbH, Germany	100	100
Nokian Reifen AG, Switzerland	100	100
Nokian Tyres Inc., USA	100	100
Nokian Tyres (North America) Ltd. , Canada	100	100
Nokian-Rosshina Tyre Holding Oy, Nokia, Finland	100	100
Direnic Oy, Nokia, Finland	100	100
Roadsoop Oy, Nokia, Finland	100	100
Nokian Renkaat Holding Oy, Nokia, Finland	100	100
OOO Nokian Shina, Russia	100	
Associated companies		
Freibi Riepas SIA, Latvia	50	
Kiint. Oy Linnarengas, Savonlinna, Finland	50	
Kiint. Oy Nokian Nosturikatu 18, Nokia Finland	33	33
Sammaliston Sauna Oy, Nokia, Finland *)	33	33

*) Omitted from the Group accounts because of no material effect on the total

11. Investments

in '000 euros	GROUP Shares in associated companies	Shares in other companies	PARENT COMPANY Shares in group companies	Shares in associated companies	Shares in other companies
Accumulated cost, Jan 1st 2002	66	306	27,619	83	103
Decrease/Increase	351	-80	-1,472	199	-25
Accumulated cost, Dec 31st 2002	417	226	26,147	282	78
Translation difference	0	0			
Book value, Dec 31st 2002	417	226	26,147	282	78
Book value, Dec 31st 2001	66	306	27,619	82	103

No company shares are owned by the Parent company or the Group.

in '000 euros	GROUP 2002	2001	PARENT COMPANY 2002	2001
12. INVENTORIES				
Raw materials and supplies	**8,487**	6,904	**7,469**	6,221
Work-in-progress	**2,245**	3,210	**2,245**	3,210
Finished goods	**68,115**	76,894	**22,846**	26,134
Total book value	**78,847**	87,008	**32,560**	35,565
13. LONG-TERM RECEIVABLES				
Loan receivables from the Group companies			**33,616**	29,801
Loan receivables from the Assoc. companies	**560**	630	**0**	0
Loan receivables	**1,595**	1,708	**1,268**	1,331
Other receivables	**33**	30	**0**	0
Total	**1,628**	1,738	**1,268**	1,331
Total long-term receivables	**2,188**	2,368	**34,884**	31,132

Loans to directors

Managing Directors and the members of the Board of Directors in the Group have been granted loans, totalling 131,829 euros. Loans have yearly installments.

in '000 euros	GROUP 2002	2001	PARENT COMPANY 2002	2001
14. SHORT-TERM RECEIVABLES				
Receivables from the Group companies				
Trade debtors			**29,825**	28,116
Loan receivables			**48,963**	58,305
Accrued revenues and deferred expenses			**1,431**	1,185
Total			**80,219**	87,606
Receivables from the Assoc. companies				
Trade debtors	**862**	765	**862**	765
Loan receivables	**370**	370	**370**	370
Accrued revenues and deferred expenses	**8**	3	**8**	3
Total	**1,240**	1,138	**1,240**	1,138
Trade debtors	**82,659**	76,786	**35,790**	28,440
Loan receivables	**120**	158	**0**	0
Other receivables	**3,173**	2,876	**2,308**	2,175
Accrued revenues and deferred expenses	**7,010**	7,358	**1,860**	2,647
Total	**92,962**	87,178	**39,958**	33,262
Total short-term receivables	**94,201**	88,316	**121,416**	122,006
Significant items under accrued revenues and deferred expenses				
Taxes	**1,318**	1,229	**4**	0
Annual discounts, purchases	**610**	1,105	**549**	502
Financial items	**458**	310	**1,330**	302
Social payments	**909**	916	**679**	520
Other items	**3,723**	3,801	**737**	2,511
Total	**7,018**	7,361	**3,299**	3,835

in '000 euros	GROUP 2002	2001	PARENT COMPANY 2002	2001
15. SHAREHOLDERS' EQUITY				
Share capital, Jan 1st	**17,798**	17,798	**17,798**	17,798
Bonus issue from issue premiums	**3,366**	0	**3,366**	0
Share capital, Dec 31st	**21,164**	17,798	**21,164**	17,798
Share issue premium, Jan 1st	**5,310**	5,310	**5,310**	5,310
Bonus issue to share capital	**-3,366**	0	**-3,366**	0
Share issue premium, Dec 31st	**1,944**	5,310	**1,944**	5,310
Retained earnings, Jan 1st	**125,923**	108,173	**50,553**	35,948
Dividends to shareholders	**-8,783**	-6,878	**-8,783**	-6,878
Translation adjustment	**1,566**	-563	**0**	0
Retained earnings, Dec 31st	**118,706**	100,732	**41,770**	29,069
Net profit for the year	**33,561**	25,191	**31,868**	21,484
Capital loan	**36,000**	36,000	**36,000**	36,000
Total shareholders' equity	**211,375**	185,031	**132,746**	109,661

Capital loan

The amount of the capital loan is 36 million euros, interest rate 7,25 %, maturing on the April 29th, 2005. Interest on the capital loan may be paid only to the extent that the amount to be paid can be used for distribution of profit in accordance with the financial statements of the Nokian Tyres plc and the Group adopted for the preceding fiscal period. The principal of the capital loan may be repaid only if the non-distributable equity and other non-distributable items, as shown in the financial statements of the Nokian Tyres plc and the Group adopted for the preceding fiscal period, are left with full cover.

Specification of the distributable equity, December 31st

in '000 euros	GROUP 2002	2001	PARENT COMPANY 2002	2001
Retained earnings, Dec 31st	**118,706**	100,732	**41,770**	29,069
Net profit for the year	**33,561**	25,191	**31,868**	21,484
The share of untaxed reserves and appropriations recorded in shareholders' equity	**-44,954**	-42,039		
Subsidiaries' reserve funds	**-1,474**	-1,266		
Distributable equity, Dec 31st	**105,839**	82,618	**73,638**	50,553

16. DEFERRED TAX LIABILITIES AND ASSETS

in '000 euros	GROUP 2002	2001	PARENT COMPANY 2002	2001
Deferred tax assets from				
Untaxed reserves and provisions	**1,173**	825		
Consolidation	**1,846**	1,546		
Temporary differences	**2,818**	2,830	**2,361**	2,381
Total	**5,837**	5,201	**2,361**	2,381
Deferred tax liabilities from				
Untaxed reserves and provisions	**20,374**	18,975		
Consolidation	**0**	0		
Temporary differences	**897**	1,360	**0**	0
Total	**21,271**	20,335	**0**	0

The deferred tax assets contain the deferred tax assets for the years 2003 and 2004 arising from the dissolution loss entered into extraordinary expenses in the Parent Company during 2000. The tax benefit will be realised during years 2000 and 2009; the proportional share of the remaining deferred tax asset, 7,348 thousand euros, has been accounted for up to year 2004.

Deferred tax liabilities arising from the goodwill of the buildings, total 951 thousand euros and revaluation, total 216 thousand euros are not included in the amounts reported above.

17. LONG-TERM LIABILITIES

in '000 euros	GROUP 2002	2001	PARENT COMPANY 2002	2001
Interest bearing				
Bonds	**10,000**	0	**10,000**	0
Loans from financial institutions	**73,032**	121,337	**72,352**	120,422
Pension premium loans	**15,000**	15,639	**15,000**	15,639
Total	**98,032**	136,976	**97,352**	136,061
Interest-free				
Other long-term loans	**140**	128	**0**	0
Total long-term liabilities	**98,172**	137,104	**97,352**	136,061
Bonds				
1/2002 variable interest rate based on Euribor 3,804 % bullet maturity on 2009.	**10,000**	0	**10,000**	0

in '000 euros	GROUP 2002	2001	PARENT COMPANY 2002	2001
Liabilities maturing after five years				
Loans from financial institutions	**13,333**	6,395	**13,333**	6,395
Pension premium loans	**15,000**	14,027	**15,000**	14,027
Total	**28,333**	20,422	**28,333**	20,422
Maturing of long-term liabilities				
Maturity				
2004	**39,324**	42,641	**38,814**	42,367
2005	**53,540**	53,588	**53,371**	53,518
2006	**9,667**	9,887	**9,667**	9,887
2007	**3,167**	3,121	**3,167**	3,120
2008 and later	**28,334**	17,301	**28,334**	17,301
Total	**134,032**	126,538	**133,353**	126,192

18. SHORT-TERM LIABILITIES

Interest bearing				
Liabilities to the Group companies				
Finance loans			**17,298**	10,475
Loans from financial institutions	**43,398**	37,874	**43,018**	36,625
Pension premium loans	**1,500**	1,575	**1,500**	1,575
Total	**44,898**	39,449	**44,518**	38,200
Total interest bearing	**44,898**	39,449	**61,816**	48,675
Interest-free				
Liabilities to the Group companies				
Trade creditors			**17**	235
Accrued expenses and deferred revenues			**376**	80
Total			**393**	315
Trade creditors	**33,177**	39,133	**15,531**	20,827
Liabilities to the others	**6,264**	6,782	**2,363**	2,018
Accrued expenses and deferred revenues	**35,753**	31,945	**23,050**	19,053
Total	**75,193**	77,860	**40,944**	41,898
Total interest-free liabilities	**75,193**	77,860	**41,337**	42,213
Total short-term liabilities	**120,091**	117,309	**103,153**	90,888
Significant items under accrued expenses and deferred revenues				
Wages and salaries	**18,389**	16,332	**10,810**	9,648
Annual discounts, sales	**1,389**	2,233	**484**	479
Taxes	**5,692**	2,267	**4,213**	396
Financial items	**3,477**	3,986	**3,233**	3,954
Royalty	**251**	220	**251**	220
Uninvoiced receipts	**302**	236	**302**	236
Other items	**6,253**	6,671	**4,133**	4,200
Total	**35,753**	31,945	**23,426**	19,133

in '000 euros	GROUP 2002	2001	PARENT COMPANY 2002	2001
19. CONTINGENT LIABILITIES				
For own debt				
Mortgages	**1,030**	715	**0**	0
Mortgage on company assets	**0**	0	**0**	0
Pledged assets	**31**	51	**0**	0
On behalf of Group companies				
Guarantees	**0**	0	**841**	2,052
Rent commitments	**0**	0	**779**	734

The amount of debts that the Parent company has mortgaged for are total 841 thousand euros.

On behalf of other companies				
Guarantees	**57**	6	**48**	0
Other own commitments				
Guarantees	**1,009**	1,177	**1,009**	1,177
Leasing and rent commitments				
Payments due in 2003/2002	**6,699**	6,104	**1,869**	5,028
Payments due in subsequent years	**32,010**	21,474	**13,827**	12,899
Acquisition commitments	**1,163**	568	**1,163**	233
20. DERIVATIVE CONTRACTS				
Interest rate derivatives				
Interest rate swaps				
Fair value	**-2,052**	-956	**-2,052**	-956
Underlying value	**46,500**	37,500	**46,500**	37,500
Currency derivatives				
Forward contracts				
Fair value	**775**	-449	**775**	-449
Underlying value	**50,493**	50,932	**50,493**	50,932
Options, purchased				
Fair value	**0**	18	**0**	18
Underlying value	**0**	3,000	**0**	3,000
Options, written				
Fair value	**0**	-18	**0**	-18
Underlying value	**0**	4,000	**0**	4,000

The fair value of interest rate swaps is defined by cash flows due to contracts.

The fair value of exchange forward contracts is calculated at the rates at the balance sheet closing date on the basis of cash flow arising from contracts. The fair value of options is based on the market price calculated by Black & Scholes' option pricing model.

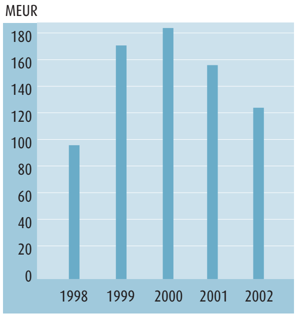
The underlying value of currency derivatives is the euro equivalent of the contracts' currency denominated amount at the balance sheet closing date.

Currency derivatives are used only to hedge the Group's net exposure.

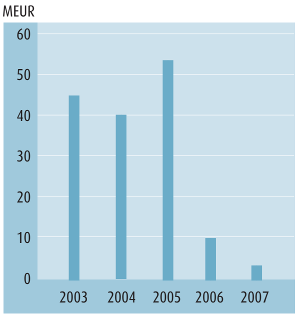
Currency derivatives are included in the financial result at market value except those relating to budgeted net currency positions, which are entered in the profit and loss account as the cash flow is received.

FINANCING AND FINANCIAL RISK MANAGEMENT

Interest bearing net debt

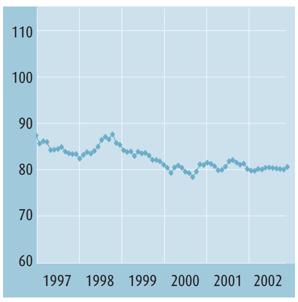


Current maturities of long-term loans



Exchange rate index weighted by export currencies

(INDEX 1990 = 100, euros)



The internal and external financing and financial risk management of Nokian Tyres is centralised to the parent company's Treasury unit. Risks are managed in accordance with the financial policy approved by the Board of Directors. The objective of financial risk management is to secure the Group's planned profit development. By centralising these activities, Nokian Tyres can effectively manage the Group's financing and financial risks and obtain benefits of scale in the pricing of financing.

CREDIT AND LIQUIDITY RISKS

In accordance with the Group's financial policy, the Treasury unit is responsible for maintaining the Group's liquidity and for ensuring sufficient funding. The Group companies' deficits and surpluses are covered at the parent company's treasury.

The Group's liquid assets and investments totalled EUR 20 million at the end of 2002. Furthermore, the Group had unused short-term credit limits of some EUR 134 million. Short-term limits are used to finance stocks, receivables and subsidiaries that act as distribution channels, and to manage the regular seasonal cash-flow fluctuations that are typical of Nokian Tyres.

At the year end, the company's interest-bearing liabilities stood at EUR 143 million, compared to EUR 176 million a year earlier. Non-euro currencies represented 14 per cent of all long-term loans (16 per cent in 2001). The average interest rate of long-term loans was 4.16 per cent (4.37 per cent in 2001). Moreover, Nokian Tyres has an EUR 36-million capital loan issued in 2000 with an interest rate of 7.25 per cent. The capital loan will mature in 2005.

Short-term interest-bearing liabilities amounted to EUR 45 million (EUR 39 million in 2001), which includes loan repayments to be made within one year.

Investments in 2002 totalled EUR 26 million (EUR 45 million in 2001).

INTEREST RISK

The Group's borrowing is divided into floating and fixed interest rate instruments. The Treasury unit monitors the interest risk and steers it with forward rate agreements interest rate options and interest rate swaps. The fair values of the interest derivatives are included in the Notes to the Financial Statements. The average interest rate tying time for the Group's interest portfolio was 36 months at the end of the year, compared to 28 months a year earlier.

CURRENCY EXCHANGE RISK

The Nokian Tyres group comprises the Finland-based parent company, sales companies based in Sweden, Norway, Germany, Switzerland, the USA and Russia, and the tyre chain extending from the Nordic countries to Estonia and Latvia.

The business activities of the sales companies and the tyre chain are primarily carried out in the currency of the country in question. Therefore, the parent company bears almost the entire currency exchange risk. In 2002, 27 per cent of the parent company's invoicing was in non-euro currencies (31 per cent in 2001). The most significant exchange rate gains and losses incurred from the fluctuation of the Swedish and Norwegian krona, as well as the US dollar.

The foreign exchange exposure of the Group includes receivables and payables in foreign currencies as well as binding purchase and sale agreements (transaction position), to which the estimated currency-denominated cash flows will be added to make a review period of the upcoming 12 months. As defined in the Group's hedging policy, the Treasury unit hedges the entire transaction position so that + / - 20 per cent over- and under hedging is allowed. The estimated cash flow is hedged according to the market situation. The maximum hedging may be up to 70 per cent of the estimated cash flow. Exchange rate differences from hedging are entered in the Profit and Loss Account as sales and purchase adjustment items. Exchange rate differences from hedging against the estimated cash flow will be entered under sales adjustment items in the Profit and Loss Account when the cash flow is realised. Exchange rate differences from the hedging of internal short- and long-term loans are entered as financial income and expenses.

To hedge its currency position, Nokian Tyres uses intra-Group netting, currency credits and currency derivatives. Derivatives are used for hedging purposes only. The fair values of the currency derivatives are included in the Notes to the Financial Statements.

In the Financial Statements, the foreign subsidiaries' equities are translated into euros using the average exchange rate of the European Central Bank at the end of the period, and the changes are shown as translation differences in the Consolidated Financial Statements. Subsidiaries' significant equities have been hedged using long-term currency credits. The exchange gains and losses arising from the hedging are booked in their net value in the Consolidated Financial Statements against the translation differences of shareholders' equity.

COUNTERPARTY RISK

The Group makes short-term investments, and agreements are only signed with counterparties with a high credit rating.

Derivative contracts are only signed with banks and credit institutions with adequate solvency.

THE BOARD'S PROPOSAL FOR THE USE OF PROFIT

The distributable reserves in the shareholders' equity of the Parent Company on 31 December 2002 total 73,638, 248.13 euros, which can be distributed as dividends. The distributable reserves in the shareholders' equity of the Group total 105,839,000 euros and do not restrict the profit distribution of the Parent Company. There are 10,582,286 shares entitled to a dividend.

The Board of Directors proposes that a dividend of 1.11 euros (a total of 11,746,337.46 euros) be paid out for the 2002 fiscal year.

Nokia, 17 February 2003

Olli-Pekka Kallasvuo	*Hannu Penttilä*
Bo-Erik Haglund	*Antti Saarialho*
Satu Heikintalo	*Kim Gran* *President*
Matti Oksanen	

AUDITORS´ REPORT

To the shareholders of Nokian Tyres plc.

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the President of Nokian Tyres plc for the period ending 31 December 2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit, we express our opinion on these financial statements and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the President have complied with the rules of the Finnish Companies' Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the handling of the profit, is in compliance wiht the Finnish Companies' Act.

Nokia, 18 February 2003

KPMG WIDERI OY AB

Matti Sulander
Authorised Public Accountant

BOARD OF DIRECTORS OF NOKIAN TYRES PLC

Antti Saarialho (top left)
Licentiate of Technology
Professor (emeritus) (Helsinki University of Technology, Automotive Engineering)
Member of the Board since 1999
No Nokian Tyres shares

Bo-Erik Haglund
Doctor of Science (Economics and Business Administration) h.c.
Member of the Board since 2001
No Nokian Tyres shares

Matti Oksanen
M. Sc. (Chem. Eng.)
Managing Director, Fortum Oil and Gas
Member of the Board since 1999
Nokian Tyres shareholding on 31 December 2002: 600

Hannu Penttilä
Master of Laws
Managing Director, Stockmann plc
Member of the Board since 1999
No Nokian Tyres shares

Kim Gran (seated left)
B.Sc. (Econ.)
President and CEO of Nokian Tyres plc as of 1 September 2000
No Nokian Tyres shares

Satu Heikintalo
Master of Economic Sciences
Member of the Board since 2002
No Nokian Tyres shares

Chairman:
Olli-Pekka Kallasvuo
Master of Laws
Chief Financial Officer, Nokia Corporation
Chairman of the Board from 1992 to 1997
Chairman of the Board since 1999
Nokian Tyres shareholding on 31 December 2002: 3,000

STOCK EXCHANGE RELEASES 2002

Nokian Tyres published a total of 15 stock exchange releases or announcements in 2002. Short summaries of the most significant releases are given below:

15.2. Financial Statements Bulletin
Profit before tax were up by 36% to EUR 37.0 million (EUR 27.2 million in 2001). Earnings per share were up to 2.38 euros (1.88 euros). Net sales increased by 6.3% to EUR 423.4 million (EUR 398.5 million). Equity ratio was up from 36.1% to 40.2%. Net cash flow improved to EUR 22.0 million and Cash Flow II improved to EUR 56.9 million. The Board of Directors proposes that a dividend equalling 35% of net profit, i.e. 0.83 euros (0.65 euros) per share, be distributed.

18.2. Contract manufacturing with Amtel in Russia
Nokian Tyres announces that it will start contract manufacturing of car winter tyres with Amtel Holding Company in Russia during the autumn 2002. In the first phase the products will be manufactured under Nordman brand and they will be directed into the Russian markets. The target is to manufacture 200.000 tyres during 2002 and to gradually expand the manufacturing to cover also car summer tyres.

3.4. Decisions made at the Annual General Meeting
April 3, 2002, the Annual General Meeting of Nokian Tyres approved the financial statements for 2001 and discharged the members of the Board and the President and CEO from liability. A decision was made to pay a dividend of 0.83 euros per share. In connection with the euro, a decisions was made to raise the share capital to EUR 21.164.572,00 by transferring an amount corresponding to the increase in share capital, i.e. EUR 3.366.444,60, from the share premium account to the share capital. After the proposed measures, each share had a nominal value of two (2) euros. In addition the Annual General Meeting decided to change sections 3, 4 and 12 of the Articles of Association. The Annual General Meeting also authorised the Nokian Tyres Board of Directors, to decide upon increasing the share capital with one or more rights issues.

26.4.Interim Report January-March 2002
Net sales and operating profit improved compared to the corresponding period a year earlier. Earnings per share in January-March were EUR -0.31 (EUR -0.35 in the first quarter of 2001). Net sales rose by 10.3% to EUR 84.5 million (EUR 76.6 million). Operating result improved to EUR -1.0 million (EUR -1.9 million). Nokian Tyres' objective for 2002 is to outperform the results of 2001 in terms of growth and profit.

9.7. A Letter of Intent on a Joint Venture in Russia
Amtel Holding Company (Russia) and Nokian Tyres (Finland) have signed a letter of intent to form a 50/50 joint venture company for the purpose of manufacturing, marketing, and selling premium branded tyres in Russia and CIS countries.

9.8. Interim Report January-June 2002
Consolidated net sales and operating profit grew from the previous year in the second quarter and the entire period under review. Operating profit in January-June was EUR 8.7 million (EUR 6.7 million in January-June 2001). Earnings per share were EUR 0.10 (EUR -0.07). Net sales grew by 12.6% to EUR 193.3 million (EUR 171.6 million). The objective for 2002 is to outperform the results of 2001 in terms of growth and profit

25.10. Interim Report January-September 2002
Consolidated net sales were up 12% and totalled EUR 311.2 million (2001:EUR 277.7 million). Operating profit totalled EUR 23.9 million (EUR 25.3 million). Comparable operating profit improved by EUR 3.1 million from the previous year, as the 2001 figure includes profits from the sales of fixed assets EUR 4.5 million. Earnings per share were EUR 0.93 (EUR 0.86). The objective is to achieve sales growth and better EBITA than in 2001.

20.12. Nokian Tyres and Amtel signed a Joint Venture Agreement
Nokian Tyres and Amtel Holdings have signed a joint venture agreement on December 19, 2002. The purpose of the joint venture is to organise and carry out the development, production and sales within the CIS of passenger car and light truck tyres, which are branded and sold under the Nordman and Amtel trademarks. The closing is intended to take place within 180 days after signing.

ANALYSTS

At least the following analysts have made investment analyses of Nokian Tyres in 2002:

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Managing Director Petri Siipola

INVESTOR INFORMATION

Annual General Meeting

The Annual General Meeting of Nokian Tyres plc will be held at the company's headquarters in Nokia on Wednesday 26 March 2003, starting at 4 p.m. Registration of attendants and the distribution of ballots will begin at 3 p.m.

Shareholders registered by no later than 14 March 2003 in the company's shareholder register, which is maintained by the Finnish Central Securities Depository Ltd, are entitled to attend the Annual General Meeting. Shareholders who wish to attend must register by 3 p.m. on 24 March 2003 either in writing to Nokian Tyres plc, P.O. Box 20, FIN-37101 Nokia, by phone on +358 3 340 7641 or by fax on +358 3 340 7799. Any powers of attorney should be delivered in connection with the registration.

Financial statements will be available for one week prior to the Annual General Meeting at the company's headquarters.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.11 per share be paid for the financial year 2002. The record date for the dividend payment will be 31 March 2003 and the dividend payment date 7 April 2003, provided that the Board's proposal is approved.

Share register

Shareholders are requested to notify any changes in their contact information to the book-entry register in which they have a book-entry securities account.

Financial reports

Nokian Tyres will publish financial information in Finnish and in English as follows:

Interim Report for three months	on 6 May 2003
Interim Report for six months	on 8 August 2003
Interim Report for nine months	on 24 October 2003
Financial Statements Bulletin 2003	in February 2004
Annual Report 2003	in March 2004

Financial reports may be ordered from Nokian Tyres' corporate communications
telephone + 358 3 340 7641
fax +358 3 340 7799
e-mail: info@nokiantyres.com

Nokian Tyres publishes its Interim Reports only on the Internet:
www.nokiantyres.com
Printed reports can be ordered from Nokian Tyres' Communications department.

This report is a translation. The original, which is in Finnish, is the authoritative version.

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