ambition

NOKIAN TYRES PLC • ANNUAL REPORT 2003

Nokian Tyres plc 2003

Profit before extraordinary items and taxes	EUR **69.6** million (48.0 in 2002)
Net sales	EUR **528.7** million (479.2)
Earnings per share	EUR **4.48** (3.17)
Personnel at year-end	**2,736** (2,585)

Corporate 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
- Inventiveness = The will to survive
- Team spirit = The will to fight.

Tyre Technician
Riku Myllymaa:

"We are winners, fast and bold."

The success of Nokian Tyres is based on a systematic and clear strategy: we focus on the Nordic markets and products for Nordic conditions. We have the innate ability to understand Nordic conditions and the special needs of the region. Our bold and fast team has a winner's mentality.

Also shown: Quality Controller Helmi Viita

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 world-wide. The company develops and manufactures summer and winter tyres for cars and bicycles, and tyres for a range of heavy machinery. It is also the biggest retreading materials manufacturer and the biggest retreader in the Nordic countries. In addition, Nokian Tyres runs the Vianor tyre chain, which is the largest and most extensive of its kind in the Nordic countries. The chain comprises approximately 170 of its own outlets across Finland, Sweden, Norway, Estonia and Latvia.

Nokian Tyres primarily operates in the tyre replacement markets. Key success factors include the continually upgraded product range and innovations that deliver genuine added value to the customer. 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 the USA, Indonesia, Russia, Slovakia, Poland and Hungary.

Nokian Tyres has its own sales companies in Sweden, Norway, Germany, Switzerland, Russia and the USA. In addition, Nokian Tyres owns a retreading factory in St. Petersburg.

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 2003, Nokian Tyres booked net sales of EUR 528.7 million and employed 2,736 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

1. 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 and truck winter tyres and forestry tyres.

2. 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 harbour and mining machinery tyres.

3. Replacement markets

All Nokian brand passenger car tyres and approximately 60 per cent 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

1. 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.

2. 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 2008

1. Market leader in the home market in Nordic countries
(see pages 10–13 and 18–21)

The key objective in Nordic countries 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.

2. Market leader as a winter tyre supplier in Russia
(see pages 14–17)

The objective is to be the leading winter tyre supplier and one of the top local car tyre and retreading material manufacturers in Russia.

3. Globally strong position in core products (see pages 22–25)

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

4. Growth through a continuously improved product range
(see pages 26–29)

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

5. Profit growth through high productivity and the best customer processes in the industry (see pages 30–33)

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

6. Profit growth through skilled, inspired personnel with entrepreneurial spirit (see pages 34–37)

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.

Key financial objectives into 2008

- To double the net sales .... EUR 1 billion
- An adequate equity ratio; .... gearing 50-80%
- Steady improvement in the return on net assets (RONA) .... >15%
- A steady increase in earnings per share (EPS) .... +15%
- Positive, steadily growing cash flow....... +10%
- most profitable tyre manufacturer in the world

Values that guide and support the strategy

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.

Company culture = Hakkapeliitta Spirit

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 profit centres

Passenger car and delivery van tyres

This product centre 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 Eastern Europe, the Alpine region, North America and Canada. Winter tyres account for approximately 70 per cent of the unit's net sales. Approximately 50 per cent of summer tyres are high margin products for high performance or ultra high performance summer tyre segments. Markets showing the most powerful growth are 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 branded 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. Nokian branded products are also manufactured as contract manufacturing in Slovakia, Indonesia and in the USA.

Heavy tyres

The heavy tyres profit centre 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. Forestry tyres represent the number one product segment in the Nokian heavy tyre unit. The company has about 30 per cent 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 per cent of the heavy tyre 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. Contract manufacturing is made in Poland and Hungary.

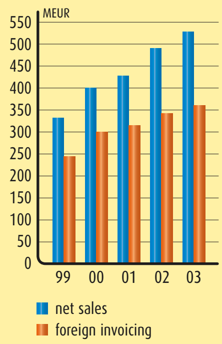
Bicycle tyres

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 is to maintain a strong position in the home market and to be a major supplier of mountain bike tyres globally. Key markets

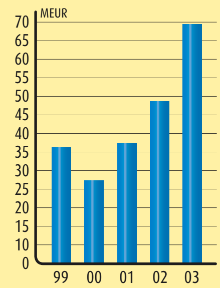
Key figures 2003

	2003	2002	Change %
Net sales, MEUR	528.7	479.2	10.3
Operating profit, MEUR	79.1	60.1	31.7
% of net sales	15.0	12.5	
Profit before extraordinary items and tax, MEUR	69.6	48.0	45.1
% of net sales	13.2	10.0	
Return on net assets, %	22.3	17.1	
Return on equity (ROE), %	20.8	16.9	
Interest bearing net debt, MEUR	100.0	122.5	−18.3
% of net sales	18.9	25.6	
Gross investments, MEUR	44.2	26.0	69.8
% of net sales	8.4	5.4	
Cash flow from operating activities, MEUR	79.0	69.3	14.1
Earnings per share, EUR	4.48	3.17	41.3
Cash flow per share, EUR	7.44	6.55	13.7
Shareholders' equity per share, EUR	23.1	20.0	15.9
Equity ratio, %	51.9	46.9	
Average no. of personnel	2,650	2,663	−0.5

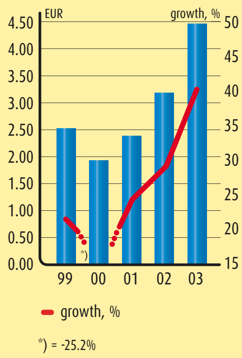
Net sales



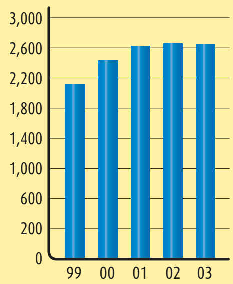
Profit before extraordinary items and tax



Earnings per share (EPS)



Average number of personnel



cover the Nordic countries, Central Europe and the USA. Products are manufactured at the Lieksa factory.

Retreading materials

Retreading materials are 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 and the biggest retreader in the Nordic countries. Main markets are the Nordic countries.

In 2003, Nokian Tyres established a profit centre to manage its retreading material production and business. The unit is responsible for the retreading material production in the Nokia factory, Vianor's retreading plants in Finland, Sweden and Norway and the retreading plant in St. Petersburg purchased in 2003. The new unit started its operations in the beginning of 2004.

Vianor

The Nokian Tyres owned Vianor tyre chain is the biggest of its kind in the Nordic countries. The chain consists of approximately 170 sales outlets located in Finland, Sweden, Norway, Estonia and Latvia. All sales outlets have a uniform visual appearance and product selection. Vianor chain sells car and van tyres as well as truck tyres.

In addition to Nokian brand, Vianor sells other leading tyre brands. The product range also features other automotive products and services such as rims, batteries and schock absorbers. Vianor also takes care of tyre changes, installations and oil changes. The latest service concepts include tyre hotels, which have been established in major cities.

RoadSnoop

The newest Nokian Tyres profit centre 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. The first RoadSnoop product designed for passenger cars was launched to consumers in 2003.

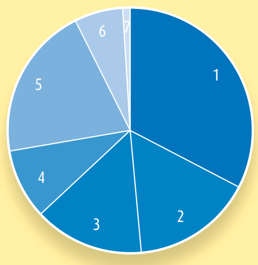
Profit centres in 2003

	Net sales MEUR	Change in net sales from previous year, %	Share of company net sales, %	Production volume	Share of new products of net sales, %	Personnel (at year-end)
Passenger car and delivery van tyres	296.0	21.9	50.6	5.4 million pcs	50.2	837
Heavy tyres	58.8	7.0	10.0	9,317 tns	6	196
Bicycle tyres	5.1	-7.9	0.9	784,000 pcs	12	48
Retreading materials	11.0	-1.3	1.9	4,318 tns	12	12
Vianor	213.0	6.5 (*	36.4	-	-	1,230
RoadSnoop	1.3	-	0.2	-	-	6

*) = Comparable net sales

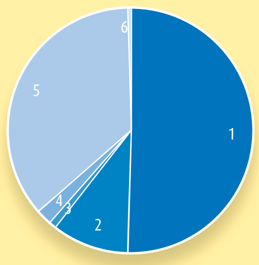
Net sales by market area

Total value 528.7 MEUR



1. Finland 32%
2. Sweden 17%
3. Norway 14%
4. Russia and the Baltic states 10%
5. Other European countries 20%
6. USA and Canada 6%
7. Others 1%

Net sales by profit centre



1. Passenger car and delivery van tyres 50.6%
2. Heavy tyres 10%
3. Bicycle tyres 0.9%
4. Retreading materials 1.9%
5. Vianor 36.4%
6. RoadSnoop 0.2%

Dear reader,

Nokian Tyres made again a year of strong growth in 2003. Tyre markets developed favourably, although the uncertainty in global economies, the low value of the US dollar and an increase in raw material prices presented additional challenges to business. The demand for passenger car tyres, and winter tyres in particular, continued to grow in Nokian Tyres' main markets in northern Europe and Russia. The clear increase in the sales of new cars boosted tyre sales in Finland and Sweden. The demand for heavy special tyres remained good.

The operations of Nokian Tyres were characterised by an active entrepreneurial spirit that helped us develop and boost our operations in a number of ways. We introduced many new innovative products. The successful sales of Nokian Hakkapeliitta 4, a new studded winter tyre, as well as its superiority in the tyre tests of various trade magazines were the highlights of the year. Our production volumes increased as planned and tyre sales broke a new record, surpassing six million tyres sold. Productivity at the Nokia plant improved significantly, the amount of contract manufacturing increased and our services were more clearly focused, especially during the important seasons. The development of Vianor's business led to good results, especially in Sweden. Co-operation between Vianor and the parent company improved, which boosted logistics and customer service.

Strong growth in the domestic markets

Our position in the domestic market strengthened further in 2003 and our market share saw a clear improvement. We continued to improve our brand position and developed our distribution through acquisitions, and increased the sales of Nokian tyres in our own tyre chain. Despite our solid position, we still face big growth opportunities, especially in Sweden. We aim to further improve our position in the domestic markets through acquisitions and organic growth.

The Nordic countries will continue to be a strategically important core market and an area of investment for Nokian Tyres. The Nokia plant will also maintain its strong role. We believe that a strong local brand combined with an active local operation close to our customers, both as a tyre manufacture and distributor, gives us the competitive edge that will fuel our growth.

Heading East

The year 2003 will be remembered as one in which we took bold steps in following our strategy to increasingly focus on the heavily growing markets in Russia and Eastern Europe. Our sales grew at a faster rate than the markets in general and we launched various projects to build the cornerstones of our future. We are in a good position as the market leader in winter tyres, the fastest growing product area in Russia. Our goal is to double our net sales in Russia and Eastern Europe in the next five years.

In 2003, we looked into various alternatives to achieve our strategic goals in Russia. As a result, we strengthened our sales organisation and improved our position in the St. Petersburg region by an acquisition. We also set up a logistics centre in the Moscow region, which will become the cornerstone of our services especially for car trade. Our most significant decision was to start constructing a greenfield plant near St. Petersburg in 2004.

Encouraged by our operations in Russia, we aim to increase our investments in Eastern Europe, where our sales have grown considerably in recent years. We have already launched contract manufacturing and are now in the process of initiating our own production in Eastern Europe.

No fast wins

Nokian Tyres is at a crossroads, expanding from a strong Nordic tyre company to a significant player in the East. Our good position, strong brand recognition and high-quality products form a solid basis for profitable growth.

We have ambitious expansion plans, which promise an interesting continuation for the success story of Nokian Tyres. We have no way of knowing for sure which of our steps will take us farthest, since we have to wait for the future to see the true impact of our decisions. What we do know is that no fast wins are to be expected.

We must show an increasing amount of tolerance to uncertainty and the boldness to come up with solutions in new and unexpected situations. Above all, we will need strong and persistent work in the true Hakkapeliitta Spirit.

It is obvious that this kind of projects always involve risks. We are likely to make mistakes; then we need to stop for a minute, analyse the situation, and come up with new directions and approaches. We must dare to take risks. If not, we will find ourselves watching how many opportunities pass us by. When taking risks, we naturally ensure that our basic operations do not come under threat, even if everything does not proceed quite as planned.

We at Nokian Tyres know that the true power of our company surges from the Nokian culture and way of working. This will not change, even though the focus of our operations keeps moving towards the East. We aim to introduce the strengths of our own culture in our new operations and facilities. The activity, innovation and team spirit characteristic of the Hakkapeliitta Spirit is required both from us and our co-operation partners to an increasing degree as we push forward as explorers in often unpredictable circumstances. We have a clear direction. I believe that we will reach our goal by proceeding courageously, but wisely.

Thank you for the past year

After a successful year, I am pleased to thank our clients, shareholders and other parties that have influenced the development of our operations for your confidence, as well as all our staff for good work.

Nokia, 12 February 2004
Kim Gran
President

**Marketing Coordinator
Anne Ainiala:**

"We engage in precise operations to benefit the customer."

Customer satisfaction is a core value for Nokian Tyres. We make use of the feedback received from customers and develop our products and services to provide customers with true added value.

Also shown: e-Communications Manager Anssi Mäki and Tyre Assembler Mari Silmola

To be the leading tyre manufacturer in the home market

Home markets 2003

- The demand for passenger car winter tyres and high-speed summer tyres increased.
- New car sales grew in Finland and Sweden.
- The import of second-hand cars to Finland increased.
- The Nokian Hakkapeliitta 4 winter tyre was the season's top product.
- Nokian Tyres' market shares improved.
- Nokian winter tyre sales reached record figures.

Nordic drivers appreciate safe and durable tyres with comfortable driving properties. Safety is the key consideration when they select new winter tyres. Thanks to its geographical location, Nokian Tyres has an innate ability to understand the needs and expectations of customers in Nordic conditions. The company is the only tyre manufacturer in the world to focus on Nordic conditions and provide solutions that meet the special needs of customers in Nordic conditions.

A strong position in the strategically significant home market is a key success factor. 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 Norway and Sweden. The Nordic tyre market features roughly 80 competing product brands.

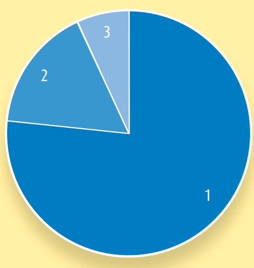
Two peak seasons per year

Nokian Tyres considers Finland, Sweden and Norway as 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 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. 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.

The performance during the peak seasons is one of Nokian Tyres' core success factors. Customer service must be efficient and rapid during those few weeks in a year when the demand for tyres is extremely high. This sets major challenges to company's production and delivery

The Nordic* tyre replacement market in 2003

Total value approximately 1.1 billion EUR



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

Source: Nokian Tyres 2003

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.

Sale of passenger car tyres in the Nordic replacement market between 1999 and 2003

.000 pcs

Source: ERMC 2003

Finland	1999	2000	2001	2002	2003
Summer <T	793	741	721	720	651
Summer H	86	149	155	201	276
Summer V	53	58	73	83	95
Summer W/Y/Z	18	23	31	36	42
Summer tyres total	950	970	979	1,039	1,064
Winter studded	1,008	917	841	926	1,155
Winter non-studded	240	200	206	193	231
Winter tyres total	1,248	1,117	1,047	1,119	1,386
Car tyres total	2,199	2,087	2,027	2,158	2,450
Sweden	**1999**	**2000**	**2001**	**2002**	**2003**
Summer <T	1,075	884	770	696	681
Summer H	271	302	284	326	342
Summer V	157	207	242	284	341
Summer W/Y/Z	73	90	117	139	178
Summer tyres total	1,575	1,483	1,413	1,446	1,542
Winter studded	1,749	1,144	1,058	1,161	1,217
Winter non-studded	731	449	475	465	516
Winter tyres total	2,480	1,593	1,533	1,626	1,733
Car tyres total	4,055	3,075	2,946	3,071	3,275
Norway	**1999**	**2000**	**2001**	**2002**	**2003**
Summer <T	488	440	452	414	364
Summer H	203	208	233	238	248
Summer V	70	69	76	81	85
Summer W/Y/Z	40	40	47	50	56
Summer tyres total	802	757	807	783	753
Winter studded	592	574	553	599	701
Winter non-studded	607	540	568	498	526
Winter tyres total	1,199	1,114	1,121	1,097	1,227
Car tyres total	2,001	1,871	1,928	1,879	1,980

capacity. An extensive distribution network, utilisation of company's own tyre outlets, (see page 18) as well as efficient IT and logistics systems (see page 30) are crucial when managing the seasonal business.

In the Nordic countries, performance tests conducted by trade magazines have a considerable effect on consumer behaviour. It is not necessary to win the tests every year, but you can increase customer trust and strengthen the brand position if you are able to score top ratings regularly for many years. Nokian Tyres has performed well in these tests year after year and scored top ratings especially in winter tyres and increasingly more also in summer tyres.

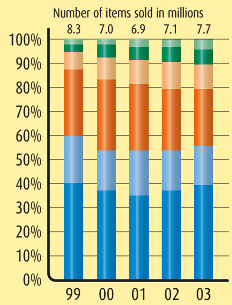
Nordic know-how also an asset for Nokian heavy tyres

The Nordic countries are also an important market area for Nokian Heavy Tyres, which generates 67 per cent of its net sales in Finland, Sweden and Norway. The key product segment is forestry tyres, an area where Nokian Tyres has achieved a position at the leading edge of development. Strong expertise in forestry tyres, intensive co-operation with Nordic forestry machinery manufacturers as well as diverse, continually upgraded product range, have made Nokian Tyres a leading forestry tyre manufacturer in the Nordic countries as well as elsewhere in the world. Other important products in the Nordic countries are special tyres designed for agricultural and industrial machinery.

Centralised retrading business enhance service capacity

Nokian Tyres is the number-one tyre retreader and the leading supplier of retreading materials in the Nordic countries. The best-known product segment is the Nokian Noktop winter treads. In 2003, Nokian Tyres reorganised its retreading business and established a new profit centre, which is responsible for the production of retreading materials and all retreading-related business. The manufacture of retreading materials and the retreading operations pertaining to the Vianor tyre chain were transferred to the new unit at the beginning of 2004.

Sales of passenger car tyres in the Nordic replacement markets

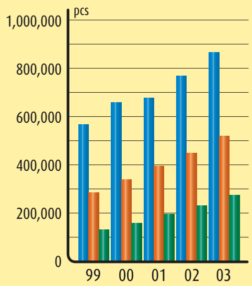


- summer tyres W/Y/Z
- summer tyres V
- summer tyres H
- summer tyres <T
- winter tyres non-studded
- winter tyres studded

Source: ERMC 2003

Summer tyre markets

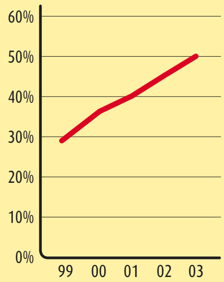
High performance -segments
In the Nordic countries total



- summer H
- summer V
- summer W/Y/Z

Source: ERMC 2003

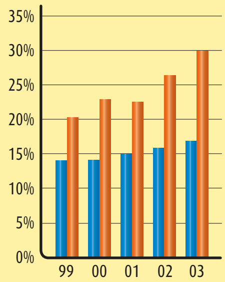
The share of the high-performance segments of the passenger car summer tyre markets



Source: ERMC 2003

The market share of Nokian Tyres in the Nordic countries

Passenger car tyres



- summer tyres
- winter tyres

Source: ERMC + Nokian Tyres 2003

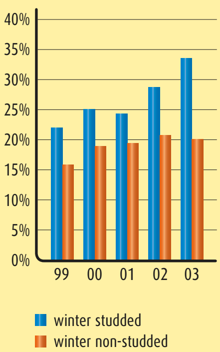
Nokian Hakkapeliitta 4: success in tests and sales

The Nokian Hakkapeliitta 4 studded winter tyre was the main product launch in 2003. Its square-like stud provides an excellent grip, while Finnish rapeseed oil used in the tread mixture improves wet grip and tear resistance.

The tyre performs reliably even in the most demanding winter conditions. The product came out on top in practically all the performance tests carried out by trade magazines and has been a sales success in its main markets, Russia and the Nordic countries.

The market share of Nokian Tyres In the Nordic countries

Passenger car winter tyres



Source: ERMC + Nokian Tyres 2003

Four-cornered golden egg

The Nokian Hakkapeliitta 4 with its novel stud proved to be a real golden egg. Advertising made efficient use of the innovation and consumers were attracted to shops "to buy the tyre with the square stud".

The world's first square-studded winter tyre outside rally tracks.
A new, non-skid square stud is born.

Sales and Logistics Manager Manu Salmi:

"Our goals are set high."

Nokian Tyres is taking bold steps to boost its position in the strongly growing Russian tyre markets. We want to be the leading winter tyre supplier in Russia and one of the top local manufacturers of passenger car tyres.

To be the leading winter tyre supplier in Russia

Russia 2003

- Strong growth continued in the tyre markets.
- Nokian Tyres' market shares improved.
- The retreading plant acquired in St. Petersburg strengthened company's position.
- A logistics centre was established in the Moscow region.
- The company decided to construct a greenfield tyre factory in the St. Petersburg region.

Approximately 32 million passenger car tyres are sold in Russia every year, roughly 7 million being winter tyres. The Russian tyre market is growing at a rate of 10-15 per cent annually. The growth is boosted by an increase in car manufacturing volumes and the dramatically increasing import of western cars. Demand for heavy special tyres and retreading materials are also improving. Over the next five years, Nokian Tyres expects the overall market and the winter tyre market to triple in Russia.

Nokian Tyres wants to be the leading supplier of winter tyres in Russia. Nokian Tyres has exported Nokian branded tyres to Russia since 1964, and at highest, Russian trade has accounted for 10 per cent of the company's net sales. The Nokian branded tyres are one of the best-known western tyres in Russia. Annual import volumes of western passenger car tyres amount to approximately 8 million tyres. In 2002, the Nokian brand had the largest share with 14 per cent. All well-known western tyre brands are present on the Russian market.

Tyres designed for challenging Nordic conditions are well suited to Russian consumers. Exporting tyres to Russia is a very profitable business, as sales margins correspond to Nordic profit margin levels.

Top of the field as local manufacturer

Like its western competitors, Nokian Tyres has active business interests in Russia. The company's objective is to become one of the top local manufacturers of passenger car tyres and retreading materials. Nokian Tyres started tyre production in Russia by contract manufacturing B-segment, or average-priced, Nordman winter tyres designed by Nokian Tyres. The number of Nordman tyres manufactured in Russia in 2003 amounted to 602,000.

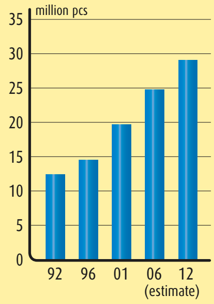
As a result of the market growth in the past years, the demand for segment A, or high-priced, Nokian branded tyres has clearly exceeded the delivery capacity of the Finnish

Russia as a market area

Year	1992	1997	2002	2007	2012
Population (million persons)	148.5	147.3	144.2	140.9	138
GDP/capita	7,540	5,660	6,840	8,660	10,910
Gross domestic product (bil USD)	1,119	833	986	1,220	1,505
Light vehicle sales (.000)	775	740	890	1,170	1,370
Light vehicles / .000 persons	84	99	137	175	209

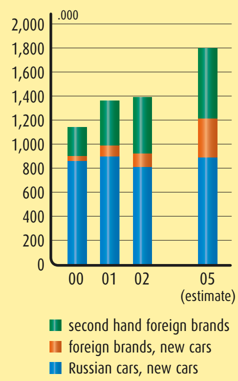
Source: Freedonia Market Research 2003

Light vehicles in Russia



Source: Freedonia Market Research 2003

Sold passenger cars in Russia 2000-2002



Sources: State Auto Inspectorate / State Traffic Safety Inspectorate and Nokian Tyres plant. There is hardly any room left for investments at the plant in Finland, and it will reach maximum capacity in 2005. To fully benefit from market growth and maintain its strong market share in Russia, the company has decided to start the production of A-segment Nokian branded tyres in the country. For this purpose, the company will construct its own greenfield plant near St. Petersburg. Construction will begin in 2004 and the goal is to reach production volumes of 1.5 million tyres in 2006. The project calls for total investments worth EUR 52 million in 2004 and 2005. Further investments will raise capacity to some 8 million tyres stepwise in the next 10 years. The St. Petersburg plant will be one of Nokian Tyres' two main production units.

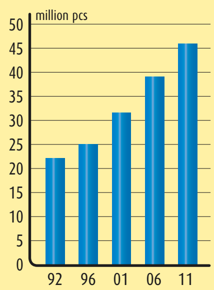
In the growing retreading market in Russia, Nokian Tyres' position is reinforced by the retreading plant Nokian Tyres Rossija (formerly Eurobandag), purchased in 2003.

Investments in logistics and distribution

Nokian Tyres has its own sales company in Moscow and long-term relations with Russian wholesale business, which handles the sales of Nokian branded tyres in Russia.

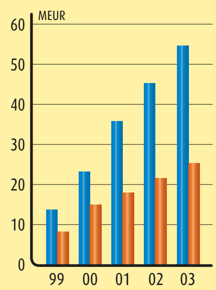
Efficient customer service, especially during seasons, means that the capacity of the new St. Petersburg plant must be logistically close to customers. In 2004, Nokian Tyres established a logistics centre in the Moscow region, which will further improve the company's services to its Russian customers. The logistics centre has the capacity to store some 350,000 tyres. It also offers other services, such as tyre studding and installations for car dealers. The Moscow logistics centre will be a unit responsible for the entire region's distribution.

Replacement tyre demand in Russia



Source: Freedonia Market Research 2002

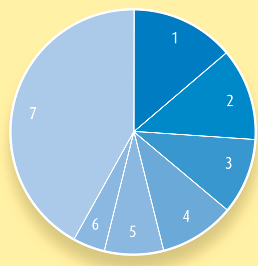
Nokian Tyres sales in the CIS countries and Eastern Europe 1999-2003



CIS countries
Eastern Europe

Source: Nokian Tyres 2003

The most significant tyre importers in Russia



1. Nokian 14%
2. Goodyear 12%
3. Bridgestone 10%
4. Continental 10%
5. Michelin 8%
6. Pirelli 4%
7. Others 42%

The category "Others" includes producers of inexpensive tyres, such as Matador, Kumho and Barum.

The figures are based on Nokian Tyres estimates for 2003.

Nordman: new conqueror in Russia

Nokian Tyres increased its grip on the Russian markets with the Nordman studded winter tyre. The new product increased the company's market share in the B-segment, which consists of medium-level tyres in terms of their price-quality ratio.

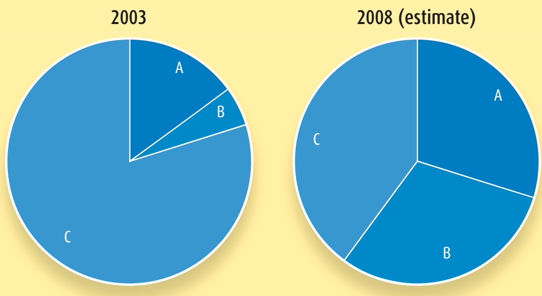
Nokian Tyres' knowledge of Nordic conditions can be seen in the various safety solutions of the Nordman tyre, which has been successful in Russian trade magazine tests.

Local manufacturing at a critical stage

The Russian tyre industry is undergoing an intense period of modernisation. Tyre plants are upgraded and new products introduced to the market. Currently, tyres manufactured in Russia fall into the C-segment, which includes tyres of low price and quality, and they are sold for mainly Russian-made cars. Their share of the overall Russian market is approximately 80 per cent. Tyres in the B-segment are average in terms of price and quality and currently only represent approximately 5 per cent of the overall market. The B-segment includes the secondary brands of major tyre manufacturers as well as the Nordman tyres manufactured in Russia as contract manufacturing. 15 per cent of the tyre market is formed of segment A tyres designed for western cars. They are imported tyre brands with high prices and quality levels.

Over the next few years, the structure of the Russian tyre market will undergo a significant change. The A-segment is expected to increase its share to approximately 30 per cent by 2008. Approximately 60 per cent of this will be high-quality tyres manufactured in Russia and the remaining 40 per cent imported western brands. As the local tyre manufacturing business develops, the B-segment is also expected to gradually supersede segment C-products. The C-segment is expected to decrease its share to approximately 40 per cent and, correspondingly, the B-segment to increase its share to approximately 30 per cent of the overall market. In terms of production cost there is very little difference between the segments, while differences in quality and profit margin levels are significant.

Russian tyre market per product segment



2003	2008 (estimate)
A = 15%	A = 30%
B = 5%	B = 30%
C = 80%	C = 40%

A-segment: Imported high quality tyres
B-segment: Secondary brands of major tyre manufacturers
C-segment: Russian tyres

Source: Nokian Tyres 2003

Franchising Assistant Noora Anttonen:

"We work in an atmosphere of genuine joy and action."

Nokian Tyres systematically develops its unique corporate culture, characterised by openness, involvement and entrepreneurial attitude. Thanks to our culture, we are active, innovative and ready for quick changes.

To be the leading tyre chain in the home market

Vianor 2003

- Market shares improved.
- The chain expanded in Norway.
- Vianor offered more synergies to manufacturing operations.
- Service capacity during the seasons improved considerably.
- Profitability boosting methods brought good results especially in Sweden.
- Vianor Finland achieved a record result.

Vianor is the biggest tyre chain in the Nordic countries with the most extensive geographical reach. With a market share of approximately 19 per cent, Vianor is the market leader, with all products and services included in the figure. It has strong experience in Nordic conditions, and it knows the needs and expectations of Nordic customers. In addition to all basic tyre services, Vianor provides its customers with a large variety of other car related products and services. Vianor's objective is to be the most profitable tyre chain in the world and the best-known player in its core markets.

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 branded 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.

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. In accordance with the harmonised product policy, all Vianor outlets offer a selection of Nokian branded tyres and other well-known tyre brands from all price categories.

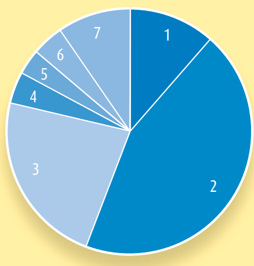
Seasonal management the key

Vianor's Nordic home market is characterised by heavy seasonal fluctuations. Overall performance is expected to improve dramatically in the second half, and particularly in the final quarter because of the winter season. Success in the Nordic tyre distribution is built on strong expertise in seasonal management. Customer service must be efficient and rapid during the few weeks of peak demand. Crucial factors include intensive co-operation between manufacturing and Vianor, efficient distribution of tyres through Vianor's owns outlets and

Vianor's key business objectives into 2008

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

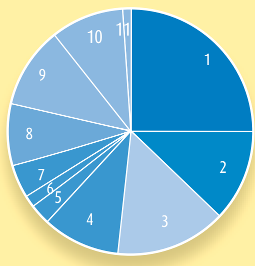
Sales distribution in the Nordic countries per product type 2003



1. Services and work 12%
2. Passenger car tyres 44%
3. Truck tyres 23%
4. Agricultural tyres 4%
5. Machinery and industrial machinery tyres 4%
6. Rims 4%
7. Other products 9%

Source: Nokian Tyres 2003

Sales distribution per customer group 2003



1. Private customers................ 25%
2. Small transport business 12%
3. Local companies 14%
4. Large transport business...... 10%
5. Communities, the state 3%
6. National companies............... 2%
7. Industries and contractors 4%
8. Car dealers............................. 8%
9. Tyre shops............................ 11%
10. Other tyre retailers 10%
11. Others 1%

Source: Nokian Tyres 2003

advanced IT, logistics and stock management systems (see page 30).

Co-operation between Nokian Tyres and Vianor produces considerable mutual synergy benefits. Vianor's integrated operations boost cost-efficiency and improve capital management. The harmonised product policy enables large bulk purchases and purchase benefits. Furhtermore, standardised data and operations management systems sharpen the planning, monitoring and reporting procedures. Direct contact with the tyre manufacturer enables better flexibility and a faster response.

Many researches indicate that the product brand and the salesperson's recommendations have the strongest impact on a consumer's choice of tyre. Running its own tyre chain provides Nokian Tyres with even better opportunities for direct contact with the end-users of its products. Through the chain, the company also receives valuable information for its service development activities and for tyre R&D and marketing.

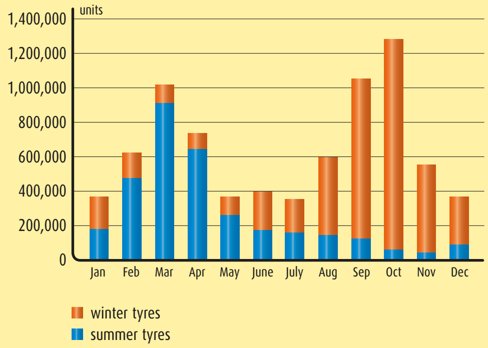
Extensive client base

Vianor outlets serve a large customer base from passenger cars to heavy traffic and industrial machinery. To even out the seasonal fluctuations and to boost sales, most sales outlets also provide services such as changing the oil, tyre grooving, installing exhaust pipe and shock absorbers, and selling batteries. Services account for an increasingly large part of net sales.

The newest service concept introduces so-called tyre hotels, where customers can leave their winter or summer tyres in storage until the tyres need to be changed again.

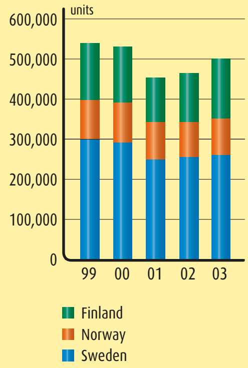
Sales cycles

Sale of passenger car tyres in 2003 from the manufacturer to retailers in the Nordic coutries



Source: ERMC 2003

Registration of new passenger cars in the Nordic countries



Source: ACEA 2003

Progress in Vianor's franchising operations

Vianor started the franchising operations last autumn with the first franchising outlet set up in Finland. Nokian Tyres believes that entrepreneurial operations provide good added value to Vianor's operations. Above all, franchising offers potential for developing the chain's activities in the future. The company is now looking into options to expand the concept outside the Nordic countries to Russia and the Baltic countries.

Nokian NRVi SUV: added grip on growing markets

Nokian Tyres expanded its range of urban SUV (Sports Utility Vehicle) tyres with the new Nokian NRVi SUV tyre. This summer tyre, designed especially with high speeds and SUVs and pick up trucks in mind, boosts the company's position in the heavily growing SUV tyre segment. Tests and product comparisons completed during the development process showed the high performance of the novelty. It is intended for all the Nokian Tyres' markets, with retail sales starting in spring 2004.

Less risky tyre fitting

Nokian Tyres initiated the tyre fitting safety course project with the aim of improving the occupational safety of heavy tyre mounters. The goal of the training project is to reduce the risks related to the handling, fitting and inflation of heavy tyres.

The company arranged pilot project last year, and the goal is for all managers and heavy tyre mounters at Vianor outlets to achieve a tyre fitting safety card by the end of 2005. The company also aims to make the tyre fitting safety course more common in all the tyre fields to promote safety in the entire sector.

Unique and recognisable

Vianor's unique and unusual advertising shows consumers how good tyres improve driving safety. Advertising, systematic harmonisation of the corporate image and efficient communications have been successful. Vianor became the best known tyre chain in Finland in 2002 – only two years after it was established.

It is wise to react in time. Change your tyres before the first snowfall and win a trip to a place where it never snows.

Tyre Assembler
Joni Erola:

"Being different is our resource. We value top performance."

With its strategy of focusing on customers in Nordic conditions, Nokian Tyres has created special skills that make it strong in other business segments as well. We only aim at top performance to succeed in stiff global competition.

Also shown: Sales and Logistics Manager Manu Salmi

To be a strong player in core products globally

Global markets 2003

- Tyre markets in Eastern Europe increased.
- Winter tyre markets saw considerable growth in Europe and the USA.
- Tyre industry transferred production to low-cost countries, especially to China.
- Forestry tyre markets started to pick up in the USA.
- Production and sales of the RoadSnoop pressure watch started.

Nokian Tyres seeks growth in global market thorough expertise in specific, narrow product segments. Competition is fierce, which means that a small tyre manufacturer's opportunities lie in a niche-focused approach. Nokian Tyres is operating in growing markets 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 countries in Eastern Europe, the Alpine region 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 challenging driving conditions. Nokian Tyres has its own sales companies in Germany, Switzerland and the USA. In other countries, products are sold through independent importers. In 2003, Nokian branded tyres were sold in 60 countries.

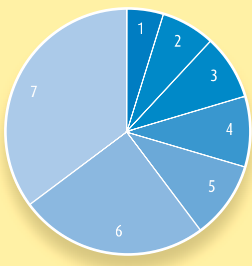
Over the past few years the most powerful growth areas include Eastern Europe, particularly Poland, the Czech republic and Hungary. In response to the growing demand, Nokian Tyres initiated contract manufacturing of Nokian branded summer tyres at the Matador tyre plant in Slovakia in 2003.

Tailored products for diverse markets

Nokian Tyres is the only tyre manufacturer in the world that tailors its passenger car and delivery van winter tyres to meet the needs and demands of consumers in the selected market areas. Friction tyres designed for Central European winter conditions are substantially different from Nordic friction tyres. A new product concept was developed 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 in particular. Key products in the summer tyre segment include high-speed category tyres, whose demand has increased significantly.

Global tyre markets by number of units sold in replacement markets in 2001

Total value in 2001 approx. 70 billion USD

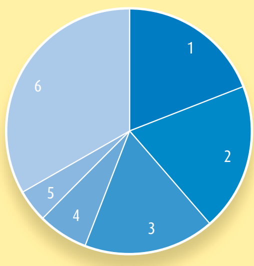


1. Africa and the Middle East...... 5%
2. Latin America 7%
3. Asia (excl. Japan) 8%
4. Japan 11%
5. Eastern Europe 10%
6. Western Europe 25%
7. North America....................... 36%

Source: Freedonia Market Research 2002

Five biggest tyre companies in the world

Net sales in 2002, million USD

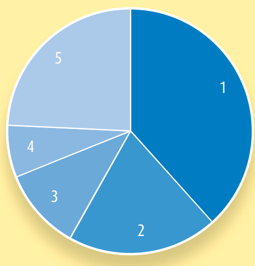


1. Group Michelin, France 13,752
2. Bridgestone Corp., Japan 13,465
3. Goodyear Tire & Rubber Co., USA...12,300
4. Continental AG, Germany 4,796
5. Sumitomo Rubber Industries Ltd., Japan 2,717
6. Others.....................................23,596

Source: Tire Business 2003

Passenger car tyre replacement market in Europe

The market in 2003 approx. 185 million tyres (figures for 2002 in brackets)



1. Summer tyres <T 38% (42%)
2. Summer tyres H 20% (19%)
3. Summer tyres V 11% (11%)
4. Summer tyres W/Y/Z........... 7% (6%)
5. Winter tyres...................... 24% (22%)

Source: Nokian Tyres 2003

The niche strategy is the consistent guideline for Nokian heavy tyres. Heavy tyres in general are global products, in other words the same tyres can be sold in any corner of the world. One fine example is forestry machine tyres, which Nokian Tyres has delivered in large quantities around the world since the 1960's. In the forestry machinery sector, 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 timber harvesting method is gaining popularity also outside Europe. In the heavy tyres product centre, intensive co-operation with machine and equipment manufacturers plays a central role. Original equipment installation represents roughly 40 per cent of the product centre's net sales.

The heavy tyres markets are sensitive to economic fluctuations and price competition is extremely aggressive. Nokian Tyres has been able to curb its market vulnerability and avoid the toughest price competition by focusing on selected niches and by developing new speciality products for these niches, as well as by identifying new sales opportunities in the replacement markets.

Logistics management in key role

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

The most common timber harvesting methods

CTL – Cut to Length

- The harvester fells and delimbs the trees and cuts them to length in the forest. The harvester also piles the timber according to its purpose and value.
- After the harvesting, a tractor collects the timber from the woods and transports it to the nearest roadside for a log truck to pick up.
- CTL is a common method, especially in the Nordic countries, and is growing more common elsewhere thanks to its environmental friendliness.

Skidder – whole tree logging

- The trees are felled by a forestry machine or forest worker.
- After delimbing, the trunks are transported to the edge of the logging area and cut to length.
- The method is widely used in South America, Asia and some parts of North America.

Tractor-based machines

- The trees are felled by a forestry machine or forest worker.
- The harvester is based on an agricultural tractor, which is equipped with forestry equipment and forestry tyres.
- The method is widely used in Germany and France in particular.

Nokian Forest King T: heavy-duty reinforcement

Nokian Tyres strengthened its position in the forestry tyre market with the new Nokian Forest King T for heavy-duty use. The product is a good example of the special forestry tyre skills that the company has acquired over the decades. Tyre design has focused on both driving properties and environmental aspects to develop a tyre that moves softly without damaging the surface.

Nokian Forest King T is at its best in big tractor-based machines with special equipment, as well as European skidders.

Further investments in RoadSnoop

The RoadSnoop pressure watch, an innovation from Nokian Tyres introduced in the summer of 2003, was well received around the world. Designed for all markets, the pressure watch system especially attracted attention in the USA, Germany and China, and the company began to develop a version for original equipment installation.

A 12-V RoadSnoop model for professional use was also released last year. Another version is also being designed for heavy vehicles.

Nokian Tyres will be focusing more resources on the product development of RoadSnoop. The goal is to develop a comprehensive security system that warns the driver about low tyre pressure but also, for example, about a slippery road or worn tyres.

Novelties in extreme speed categories aroused interest

In spring 2003, Nokian Tyres launched the consumer marketing of two new top-segment summer tyres. The technically advanced Nokian NRVi (240 km/h) and Nokian NRY (300 km/h) designed for demanding driving conditions were introduced in all the Nokian Tyres' markets. The novelties were well received in their main markets in Central Europe, the USA and the Nordic countries where they exceeded all sales expectations. The products boosted Nokian Tyres' market share in the tyre segment for fast driving, which is showing heavy growth especially in the Nordic countries.

The silent NRVi also performed well in the tyre tests of the Finnish Tuulilasi, Swedish Vi Bilägare and German AutoBild trade magazines.

Let the sun shine!

The Nokian AWS is a year-round, top-quality tyre that rolls well and cheers up any cyclist with its bright sunny look.

Thanks to the Thermo Silica tread compound, the tyre has a good grip on all surfaces and low wear resistance. The new Fat Stopper structure offers up to 50 per cent higher puncture protection than the average tyre.

The Driving Safety Indicator (DSI) shows when it is time to change the place of the front and back tyre. This can increase the useful life of tyres as much as by one-fourth.

Quality Controller
Helmi Viita:

"We have the courage to be different."

The success of Nokian Tyres is based on safe and innovative products. We value creativity, curiosity and the courage to question conventional ways of thinking and acting.

Leading expertise and R&D excellence in core products

Product development 2003

- New products accounted for 50% of the passenger car tyre unit's net sales.
- Nokian Hakkapeliitta 4 was superior in the tyre tests of car magazines.
- Nokian NRHi, a new environmentally friendly passenger car summer tyre, was introduced.
- New applications for the RoadSnoop pressure watch.

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 fast reinvent its product range. 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.

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 durable safety: the safety properties of a tyre should remain almost intact even as the tyre wears.

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. 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 square-shaped stud model, driving safety indicator and the info pin are all recent examples of inventions that improve tyre safety and driving comfort.

Sharply focused specialisation and customer needs point the way for R&D

Tyre development requires a great deal of meticulous, 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.

With the increased performance capacity of passenger cars, the demand for low profile,

Design serving security

The arrow- or feather-shaped tread pattern typical of Nokian Tyres' products is more than just elegant design. More than anything, it greatly contributes to safety. A directional tread pattern, that is, one with a predefined direction of rotation, efficiently prevents aquaplaning and slush planing. The arrow-like pattern that opens to the side efficiently removes water and slush from under the tyre. Another advantage of the pattern is that a directional tread pattern can be better optimised for braking than a non-directional pattern.

The arrow-like directional pattern saw a heavy increase in popularity in the 1990s.

Increase in testing capacity boosted product development

Testing operations were very active in 2003. In addition to making full use of Nokian Tyres' own test facilities in Nokia and Ivalo, the number of tyre tests performed abroad in countries such as Sweden, Norway and South Africa increased. The increase in testing capacity enabled a speed-up in product development.

Winter testing conditions in Finland were further improved with the big snow plane built in the Ivalo testing facilities. The company also purchased modern laboratory equipment that provides further opportunities to develop and test rubber compounds.

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. 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. The bicycle tyres unit develops both special tyres and standard bicycle tyres to meet the consumers' needs.

The RoadSnoop pressure watch promotes safe and carefree driving by providing the driver with information on tyre pressure over a radio receiver without the need to install any extra equipment inside the vehicle. The consumer sales of the product is started in 2003.

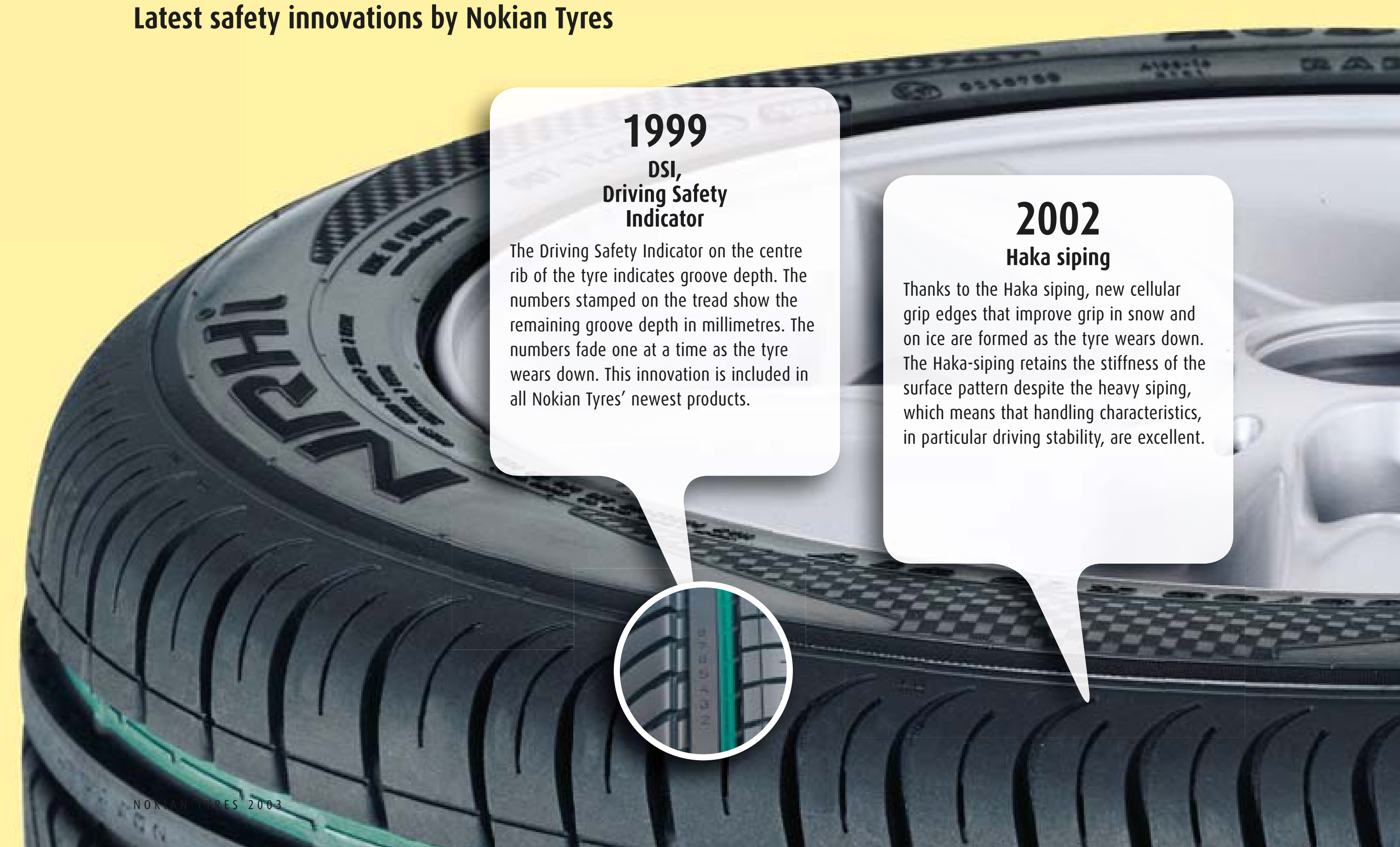
Own test facilities in the town of Nokia and in Ivalo, in Lapland

Nokian Tyres invests approximately 2.5 per cent of its net sales in product development. The corresponding figure in car and van tyres is 4 per cent. The company has set a target according to which the share of new products should reach the minimum of 25 per cent of net sales every year. The development of a completely new product takes 2-4 years.

Approximately 50 per cent 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 on 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.

Latest safety innovations by Nokian Tyres



2003
Square stud

The novel stud design improves driving safety in winter. The hard-metal pin and lower flange of the new stud of Nokian Hakkapeliitta 4 are four-cornered. The studs will be placed in a diamond-like formation along the direction of traffic, which significantly improves grip on ice in all directions.

2003
Rapeseed oil in the tread mixture

The tread compound of the Nokian Hakkapeliitta 4 contains rapeseed oil, which is an environmentally friendly, genuine natural product. It increases the tear resistance of the rubber and the tyre's grip in winter conditions.

2003
High-performance HA oil-free summer tyre

The Nokian NRHi is manufactured using only purified, low aromatic oil. It is the world's first speed category H summer tyre completely free of HA oils. The tyre has excellent wet grip and other safety properties.

Operator of Building Machine Sami Virtanen:

"We are a team that supports each individual player."

The main markets of Nokian Tyres are strongly seasonal in character. Top-level service and cooperation with customers are crucial success factors. Success requires our team to cooperate seamlessly at every phase of the process as the tyre moves from the plant to the end-user.

Also shown: Tyre Assemblers Tiina Värikoski, Khaled Bardo and Mari Silmola

Growth in profitability through the best processes in the field

Processes 2003

- Contract manufacturing doubled.
- The call centre service and an internet based time booking system improved customer service in Vianor during peak seasons.
- Investments in the bottlenecks of production increased production capacity.
- Tyre deliveries from the logistics centre to customers speeded up.
- The utilisation of Vianor's sales outlets as dispatch points for retailers was enhanced during the season sales.

Process development is one of the main tools that Nokian Tyres uses to improve profitability. Targets of development include all the tangible and intangible operations that the company needs to develop, product and market its products and services in a cost-efficient way.

Nokian Tyres invests 25 per cent of its net sales in logistics and marketing processes. Other targets of process investments include research and development, manufacturing competence and development of security.

As the bulk of Nokian Tyres' operating profit is created during two short sales seasons, the promotion of processes related to customer relations and the distribution chain are key factors in improving operating profit. By controlling the flow of information and materials, as well as operating as closely as possible to the end customer, Nokian Tyres promotes its order-delivery process, thus enhancing its sales and releasing net assets.

Successful partnerships

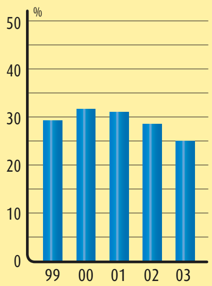
Raw material costs account for nearly 30 per cent of the net sales of the Nokian Tyres' parent company. Raw material purchases in 2003 totalled some EUR 83 million. Fifteen per cent of the company's raw material suppliers – that is, some 25 companies – supply 80 per cent of the total value of raw materials used in manufacturing.

In the case of its suppliers of critical raw materials, Nokian Tyres has chosen to develop co-operation based on partnership. The company aims to have at least two partner suppliers for each critical raw material.

Among other things, Nokian Tyres and its partners jointly control the product development of raw materials and components, and develop material flow control. Compatible and transparent IT solutions are used to optimise the inventory levels, delivery times and physical transportation of raw materials.

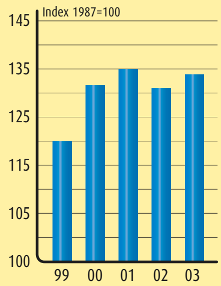
Share of raw material purchases of the parent company's net sales

Value 83 MEUR total



Source: Nokian Tyres 2003

Raw material price development index



Source: Nokian Tyres 2003

The use of raw materials in 2003

Percentage values according to purchase value

1. Natural rubber 17.0%
2. Synthetic rubber 21.0%
3. Black carbon 14.0%
4. Other chemicals 12.0%
5. Textile cord 16.0%
6. Steel cord 10.0%
7. Bead wire 2.0%
8. Others 8.0%

Source: Nokian Tyres 2003

Successful partnerships enable Nokian Tyres to secure the delivery reliability and uniform quality of its products, as well as to ensure the increase of its production capacity in line with its strategy. New inventory and transport arrangements, for example, have enabled the company to release production space for the manufacture of core products at the Nokia tyre plant.

The significance of partnerships is further emphasised as Nokian Tyres increases capacity in a multi-plant operating environment. Improving productivity at the Nokia tyre plant, rolling out the planned tyre plant in Russia in 2005, and increasing contract manufacturing are some of the main process-related challenges of the near future.

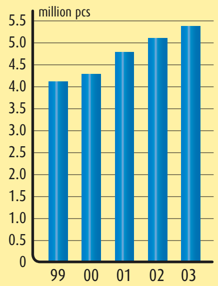
The two roles of Vianor

Owing to the seasonal nature of the tyre business, Nokian Tyres retailers and the Vianor tyre chain must control the order-delivery process to achieve good performance. The process is preceded by the collection of demand information, which Nokian Tyres is consistently investing in. The demand information is used to focus logistics and marketing activities, as well as production in the future.

Nokian Tyres controls its order-delivery process in a way that differs from its competitors. While its competitors have focused their deliveries in the Nordic countries into a single logistics centre, Nokian Tyres operates within a distributed system. The delivery capacity of the logistics centre in Nokia is supported by the 170 sales outlets of the Vianor tyre chain in the Nordic and Baltic countries. The goal is to enhance the integration of Nokian Tyres and Vianor by using Vianor's sales outlets as Nokia factory's distribution points for retailers in the vicinity of the outlets, in addition to operating as Nokian Tyres' sales channels.

Vianor's extensive network is a cost-efficient distribution channel, especially for small deliveries and deliveries of special products. The experience gained so far has enabled the company to improve product availability, speed up turnover and decrease its assets in

Production of passenger car tyres at the Nokia tyre plant



Source: Nokian Tyres 2003

Contract manufacturing of Nokian Tyres

Sales MEUR	1999	2000	2001	2002	2003
Cooper (USA)	5.9	5.5	2.5	3.4	9.4
Gajah Tunggal (Indonesia)	1.5	2.3	1.3	2.4	10.0
Michelin (Poland, Hungary)	-	-	3.6	6.9	9.1
Amtel (Russia)	-	-	-	1.5	5.3
Matador (Slovakia)					2.3
Total	17.0	14.6	10.5	14.8	36.0
Share of net sales, %	5.3	3.7	2.5	3.1	6.8

Source: Nokian Tyres 2003

Contact Centres enhance seasonal sales

In 2003 Nokian Tyres launched a development project in which outsourced phone service providers enhance the Vianor tyre chain's service capacity during the season sales. In particular, customers ordering tyre changes by phone have tied up a lot of the chain's resources. The new system directs calls to outside Contact Centres that provide the sales outlets with the information. In addition to the harmonized Contact Centre model designed for the Nordic countries, Nokian Tyres is developing an Internet-based appointments system.

inventories. The standard delivery time for Nokian Tyres products in the home markets is less than 12 hours and 12–24 hours outside the season. The delivery times in Russia, North America and Central Europe vary between 24 and 48 hours.

Nokian Tyres is developing a centralised delivery system outside its home markets. In Central Europe, for example, the company's own sales companies mainly deliver products to retailers from the delivery centre located in Germany. The logistics centre in the Moscow region is scheduled for roll out in 2004.

To secure its competitive edge in all distribution channels, Nokian Tyres is investing in the transparency of its logistics processes (GVI, Global Visibility system).

Logistics centre improved quality of deliveries

Nokian Tyres reduced its delivery errors by 39 per cent last year. The new logistics centre played an important part in the improvement in delivery quality. The year 2003 was the first time the centre's operations could be fully monitored throughout the operating year.

The logistics centre works efficiently. 75 per cent of the tyres manufactured by Nokian Tyres are dispatched through the centre. The centre covers a surface of 32,000 square metres and has a volume of 400,000 cubic metres, which means it can accommodate 600,000 tyres.

**Tyre Technician
Riku Myllymaa:**

"We have the will to learn and develop novelties."

Nokian Tyres supports a continuous development process that improves personnel skills, expertise and qualifications. Our goal is a learning organisation that shows initiative, creative and entrepreneurial spirit. Our team's operations are characterised by strong commitment to jointly determined goals, values and self-development.

Increased competitiveness through competence development

Competence 2003

- The development of learning systems continued.
- Apprenticeship training became part of everyday learning methods and was used especially in Vianor.
- The quality of personal goal oriented discussions improved.
- The internal atmosphere improved.
- The Hakkapeliitta Spirit strengthened.

Controlled development and management of competence is the cornerstone of Nokian Tyres' growth strategy. The company's competence development is based on its HR strategy. By successfully implementing the strategy, Nokian Tyres increases its know-how and expertise bringing growth to the company's intangible assets and consequently increasing its market value.

The main goal of Nokian Tyres' HR strategy is to make full use of the staff's skills and expertise. The company offers its staff and individual employees the possibility to fully utilise their skills potential and thus contribute to the company's success. Full utilisation of the employees' skills potential gives a direct boost to the company's competiviness.

Nokian Tyres' HR strategy is based on the notion that competence has a bigger and quicker impact as a factor of competition than expected. Developing its competence in a turbulent environment, Nokian Tyres pays attention to the opportunities offered by internationalisation and networking, the challenges posed by an aging population and recruitment, and the special characteristics of IT and project work, as well as the challenges resulting from key customerships and social responsibility.

Supporting strategic success factors

Nokian Tyres has systematically surveyed and developed its four strategic skills areas: individual skills, management of the tyre business, marketing and distribution of tyres, and tyre technology and manufacturing.

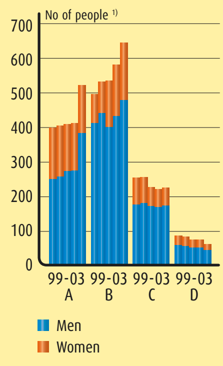
Topics related to individual skills have emerged as the main success factors from a strategic point of view. These topics include understanding the company's business strategy and main business goals, promoting the Hakkapeliitta Spirit and internalising the company's values. Other nearly as important factors include initiative, innovation, interaction and teamwork

Average age 39, average employment relationship 14 years

The average age of the parent company's employees remained at 39 in 2003 (2002: 39). The average age of women and men remained unchanged at 41 and 38, respectively. The average age of shop floor employees was 39 years (38), while that of office employees was 43 (43).

The average length of employment relationships also stayed the same: 14 years. Roughly half of the personnel had worked for Nokian Tyres for more than ten years, with shop floor employees averaging 13 years (13) and office employees 16 years (16).

Educational background



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.

Distribution of personnel by profit centre in 2003

	men	women	total
Passenger car and delivery van tyres	587	250	837
Heavy tyres	175	21	196
Bicycle tyres	25	23	48
Retreading materials	12	0	12
Vianor			1,230
RoadSnoop	5	1	6

skills, as well as problem-solving skills.

The HR strategy promotes the company's competence, enabling it to employ its strategic factors as comprehensively as possible. It provides support to superiors in skills management and helps the development of a learning organisation. Work atmosphere surveys and monitoring support individual improvement measures. Co-ordinating well-being at work helps the personnel cope with the demands of work. To meet future competence needs, the company develops recruitment, training and learning at work.

To develop its competence, Nokian Tyres actively participates in joint competence development projects in its field. It is, for example, a founding member of the TBC (Tampere Business Campus) project, which involves companies networking to enhance their learning and learning processes. Nokian Tyres also utilises the training projects offered by the EU-financed Leonardo programme.

Apprenticeship training has become part of the company's routine operations, with opportunities for this kind of training being increased, especially in Vianor.

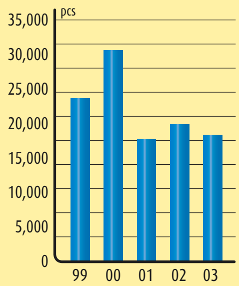
Nokian Tyres aims to introduce the best practices of its HR competence to its joint ventures and partners.

In the Hakkapeliitta Spirit

Nokian Tyres develops its operating culture in the Hakkapeliitta Spirit, based on entrepreneurship, inventiveness and team spirit (see page 5). An active and entrepreneurial attitude to the development of individual competence supports the company's strategy and goal to be a good corporate citizen.

The Hakkapeliitta Spirit is a thematic concept that aims to strengthen the collective spirit of the personnel, independent of the age, sex, education or nationality of the employee. A versatile range of activities and events has been created around the theme. The "Young Hakkapeliitta" group is a special focus, the goal being to train the under-40-year-old members

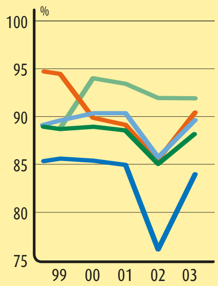
Number of initiatives *)



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.

*) Figures are for the parent company.

Development of internal atmosphere



- Work content and conditions
- Flow of information and participation
- Management
- Job satisfaction and atmosphere
- Familiarity with company

The graphs represent the number of employees who did not strongly disagree with the positive statement concerning dimension.

Source: Syvätutkimus Oy 2003

as future superiors that will promote and enhance the Hakkapeliitta Spirit.

Rewarding supports the strategy

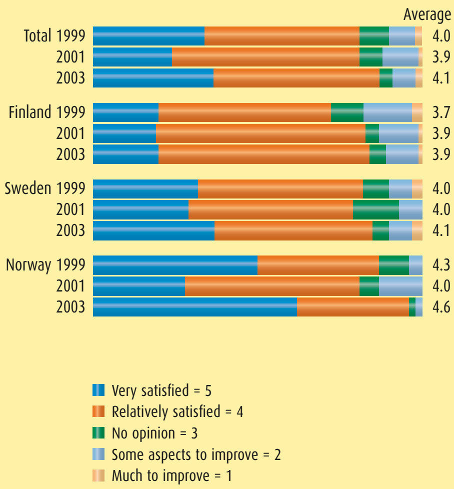
The wage and reward system of Nokian Tyres aims to support the business strategy. The company's wage policy is based on three main principles: internal fairness, external competitiveness and encouragement.

The company employs both tangible and intangible incentives to support the achievement of overall goals, as well as top individual and group performance.

The wage increases of the staff are based on an increase in the competence requirements, a clear increase in the amount of work or an improvement in work quality. The following example explains the wage and reward system for employees. All of the company's employees are also covered by an incentive scheme. The incentives are based on the company's performance. In addition, the company has a bond loan with warrants offered to the whole personnel (see page 43).

Customer satisfaction

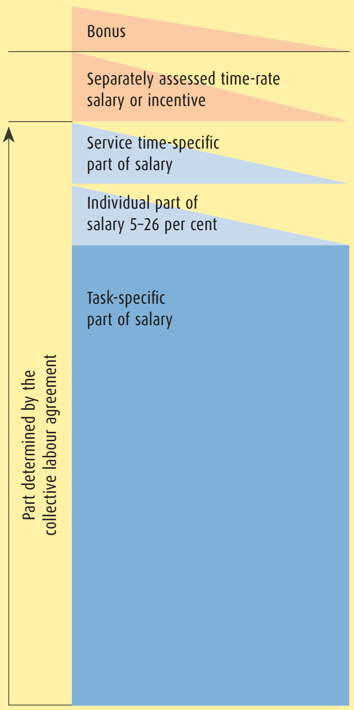
Retailer satisfaction with Nokian Tyres' operations in the Nordic countries



Source: Taloustutkimus 2003

Wage structure

Example of the wage structure of an employee who belongs to the Union of Salaried Employees.



Tyre Assembler
Khaled Bardo:

"We don't give up easily."

Nokian Tyres values an entrepreneurial spirit characterised by results, persistence and resistance. In addition to entrepreneurship, we value good management of environmental issues and follow the principles of good citizenship in our operations.

Also shown: Quality Controller Helmi Viita

Competitive advantage through good environmental and safety management

Environment and safety 2003

- Statutory safety and environment responsibilities were fulfilled, key indicators showed mainly positive development
- Lifecycle thinking and a product development philosophy based on sustainable safety were implemented in individual tyre innovations
- Security protection procedures were assessed and development investments launched
- The Safety 24 project, in which Nokian Tyres represented rubber industry, received a Good Practice Award from the European Agency for Safety and Health at Work
- Research on waste utilisation was enhanced

Environmental and safety management encompasses environmental, personnel and property protection, and is managed at Group level. Activities follow the principles of sustainable improvement and are based on the social responsibility assumed by the company, as well as the strategic goals of business. The activities have evolved from meeting authority requirements to predicting the expectations of all stakeholders and independent action.

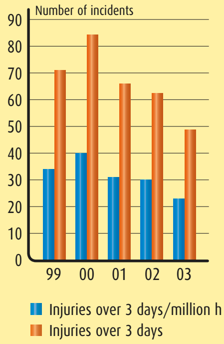
By continuously improving environmental and safety issues, Nokian Tyres secures continuance of its business and production, creates added value and enhances its critical success factors.

By promoting environmental and safety operations, Nokian Tyres secures the continuity of its manufacturing operations in particular. The company aims to minimise disturbances and risks to ensure cost-efficient production, which is particularly important for promoting profitability in a multi-plant operating environment. When developing operations, the company aims at solutions that are more advanced than the minimum required by legislation and standards.

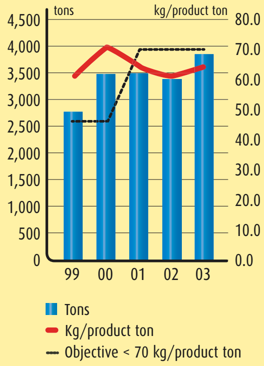
Environmental and safety aspects are also key to the main success factors of Nokian Tyres: the development, manufacture and marketing of tyres. Sustainable safety is a central dimension of research and development activities, as well as the main argument in marketing.

The company considers environmental and safety issues in a larger context, paying attention to the entire lifecycle of its products from material selection planning to product disposal. Nokian Tyres aims to improve the management of environmental and safety issues in its own operations as well as in distribution chains. In terms of direct competitive advantages, this means safety innovations for tyres (see pages 28–29).

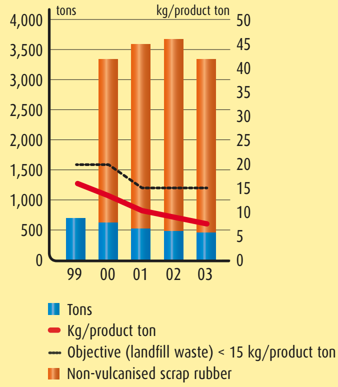
Accidents



Material sent for recycling



Landfill waste



Multi-level promotion of environmental and safety management

Nokian Tyres continuously improves its environmental and safety operations in co-operation with the personnel, occupational health care, authorities and experts. The goal is a safe and efficient work environment that takes into consideration the physical, mental and social well being of the personnel.

The company works towards its goals through, for example, department-specific environmental and safety programmes, ongoing audits and risk management surveys. These offer a starting point for the systematic induction and training of the personnel. Among other things, personnel training focuses on work ability and ergonomics, chemicals safety and minimisation of fires and other risks.

Nokian Tyres' technology policy also supports the achievement of goals. The company invests in the most advanced production technology possible to prevent harmful impacts on the environment and safety.

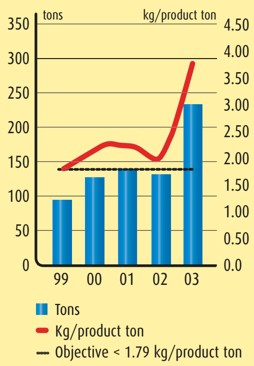
The Nokian Tyres personnel very actively take the initiative to improve environmental and occupational safety. Suggestions made by the employees (see page 36) often involve safety and environmental aspects.

Leading company in the field

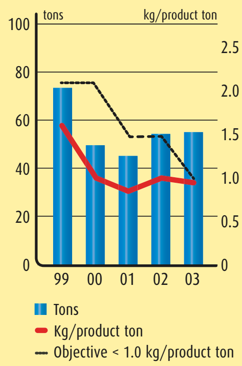
In its environmental and safety activities Nokian Tyres has, by and large, been able to put the principles of continuous improvement into effect in accordance with the European Union's EMAS (Eco-Management and Audit Scheme) regulations and the international ISO 14001 environmental standard (see the environmental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

To maintain its high level of safety, Nokian Tyres keeps developing its reporting and monitoring systems. The feedback received and the ongoing benchmarking also guide the safety-level development of the company and it's contract partners. The level of the partners'

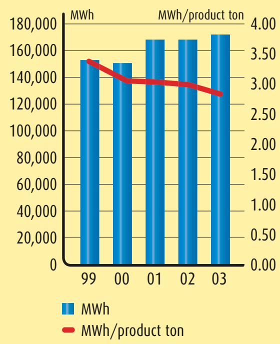
Hazardous waste



VOC (Volatile
Organic Compounds)



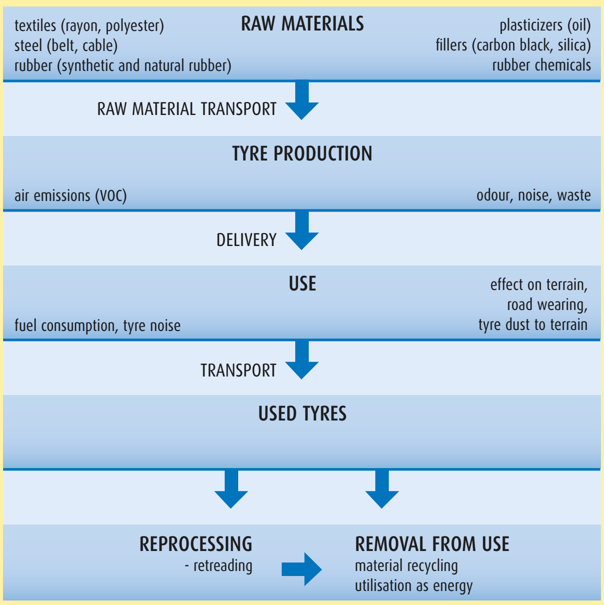
Energy consumption



environmental and safety activities is mainly compared with that of the parent company's.

Nokian Tyres will continue to persist being at a global lead position in its field in terms of the level of environmental and safety operations. The "Safe company, safe tyres" slogan is an essential part of maintaining the company's reputation.

Lifecycle of tyres



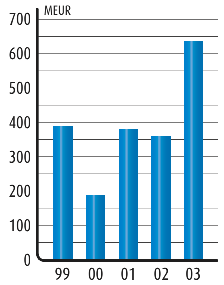
Research on waste utilisation completed

Last autumn saw the completion of a Master's Thesis made for Nokian Tyres on the utilisation of unvulcanized tyre rubber waste. The work surveyed current knowledge of the treatment of rubber waste, as well as different utilisation options. Co-operation in related research will continue with the Tampere University of Technology this year.

Identifiers of Nokian Tyres plc's share:

Trading code: NOR1V
(NRE1V as of 1 April 2004)
ISIN code: FI0009005318
Lot size: .... 10 pcs
Nominal value: ....2 euros
Currency: .... euro

Market value of share capital



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 21,363,962 on 31 December 2003. A total of 10,681,981 company shares had been issued by the end of 2003. After the board meeting, held on 11 February 2004, the number of shares carrying the right to dividend, totalled 10,684,441.

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 distributing approximately 35% of net profits in dividends.

Share price development and trading volume in 2003

At the end of 2003, the price of Nokian Tyres' share was EUR 59.90 showing an increase of 76.2 per cent on the previous year's closing price of EUR 33.99. At its highest, Nokian Tyres' share was quoted at EUR 67.22 in 2003 and EUR 32.90 at its lowest. During the year, a total of 9,737,633 Nokian Tyres' shares were traded on the Helsinki Exchanges. At the end of the year, the market capitalisation of the share capital was EUR 639,850,662.

Authorisations granted to the Board of Directors

At the Annual General Meeting held on March 26, 2003, the Board of Directors of Nokian Tyres was authorised to make a decision within one year of the Annual General Meeting to increase the share capital with one or more rights issues and/or by taking out a convertible bond in one or more instalments. 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. After the 2003 Annual General Meeting, the Board of Directors had no rights to issue 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 loan with warrants 2001 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 amounted 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 were issued. 600,000 warrants were attached to the bonds, 216,000 of which were attached to the type I bond certificates and marked with the symbol 2001A; 192,000 were attached to type II bond certificates and marked with the symbol 2001B; and 192,000 were attached to type III bond certificates and marked with symbol 2001C.

The Board of Directors of Nokian Tyres plc approved the subscriptions for the bond loan with warrants directed at 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 for bond loan with warrants in the amount of EUR 65,634 was approved to the Nokian Tyres subsidiary Direnic Oy for later offer to employees of the Nokian Tyres Group or persons recruited to the employ of the Nokian Tyres Group.

The share subscription price for warrants 2001A I was originally EUR 19.00, for warrants 2001B the trade volume weighted average quotation of the Nokian Tyres plc share on 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 on 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. After 31 March 2003 the subscription price for warrants 2001A is EUR 16.41.

The share subscription period for warrants 2001A began on 1 March 2003, for warrants 2001B on 1 March 2004 and for warrants 2001C it will begin 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.

BOND WITH WARRANTS 1999 AND AN INCENTIVE SCHEME FIXED TO THE SHARE PRICE

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. The company cancelled a total of 433,800 1999 warrants, which were returned to the Group in the conversion. A total of 42,525 2001A warrants and 41,025 2001B warrants were not returned to the company.

In December 2001, Nokian Tyres plc announced the launch of an incentive scheme based on the company's share price development. The scheme covered those holders of the 1999 warrants who did not exchange their 1999 warrants for the new 2001A warrants. The new incentive scheme replaced these warrants, after which the 1999 warrants no longer exist.

There were no other outstanding bonds with warrants or convertible bonds entitling to shares in 2003.

Warrants were listed on the Helsinki Exchanges

Nokian Tyres' 2001A warrants for the option scheme 2001 were listed on the Helsinki Exchanges main list as of 3 March 2003. At its highest, Nokian Tyres' warrants were quoted at EUR 50.00 in 2003 and EUR 14.52 at its lowest. During the year, a total of 131,990 Nokian Tyres' warrants were traded on the Helsinki Exchanges.

As a result of the subscription, the number of company shares may increase by a total of 216,000 shares and the share capital by a maximum of EUR 432,000.

Subscription details for 2003 can be seen on the table on page 44.

Management's shareholding

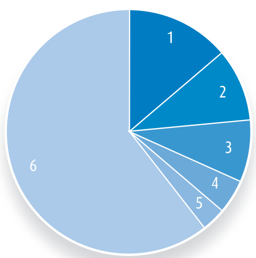
The Board of Directors and the President and CEO of Nokian Tyres held a total of 41,200 Nokian Tyres' bonds with warrants but no shares as of 31 December 2003. These shares represent 0,4 per cent of the total number of votes.

Share issues

Method of share capital increase	Subcription period	Exercise price in euros (*	New shares pcs	Date of approval	New capital total 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 Dec 1999	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
Personnel bonds 2001A	1.3.2003-31.3.2007	17.52	100	5 May 2003	175		
Personnel bonds 2001A	1.3.2003-31.3.2007	16.41	21,930	5 May 2003	359	44	21,208,632
Personnel bonds 2001A	1.3.2003-31.3.2007	16.41	51,200	7 Aug 2003	840	102	21,311,032
Personnel bonds 2001A	1.3.2003-31.3.2007	16.41	13,395	23 Oct 2003	220	27	2,.337,822
Personnel bonds 2001A	1.3.2003-31.3.2007	16.41	13,070	27 Nov 2003	214	26	21,363,862

(*Dividend-adjusted subscription price

Share ownership by shareholder category



1. Corporations.........................13.88%
2. Financial institutions.............9.64%
3. Public organisations...............8.35%
4. Non-profit organisations........4.40%
5. Private individuals.................3.17%
6. Foreign shareholders ....60.56% (includes also shares registered in the namee of a nominee)

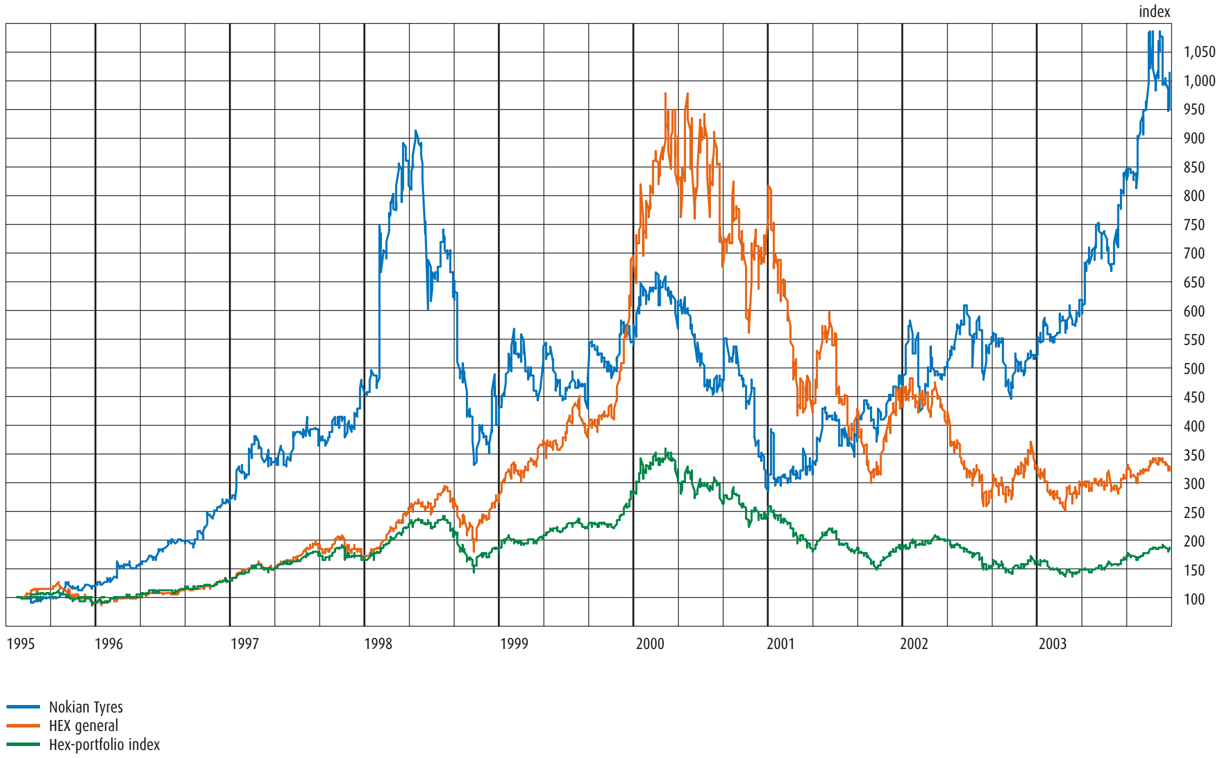
Nokian Tyres´ major shareholders on 31 December 2003

	Shares	% of share
1. Bridgestone Europe NV/SA	approx. 2,000,000	approx. 18.70
2. Ilmarinen Mutual Pension Insurance Company	363,490	3.40
3. The Local Government Pension Institution	261,540	2.45
4. Tapiola Mutual Pension Insurance Company	257,500	2.41
5. Varma Mutual Pension Insurance Company	252,695	2.36
6. Tapiola General Mutual Insurance Company	212,200	1.99
7. Tapiola Mutual Life Insurance Company	113,400	1.06
8. The State's Pension Institution	105,000	0.98
9. Nordea Life Insurance Finland	71,780	0.67
10. The Finnish Cultural Foundation	70,000	0.65
Total		34.67
Foreign shareholders		60.56

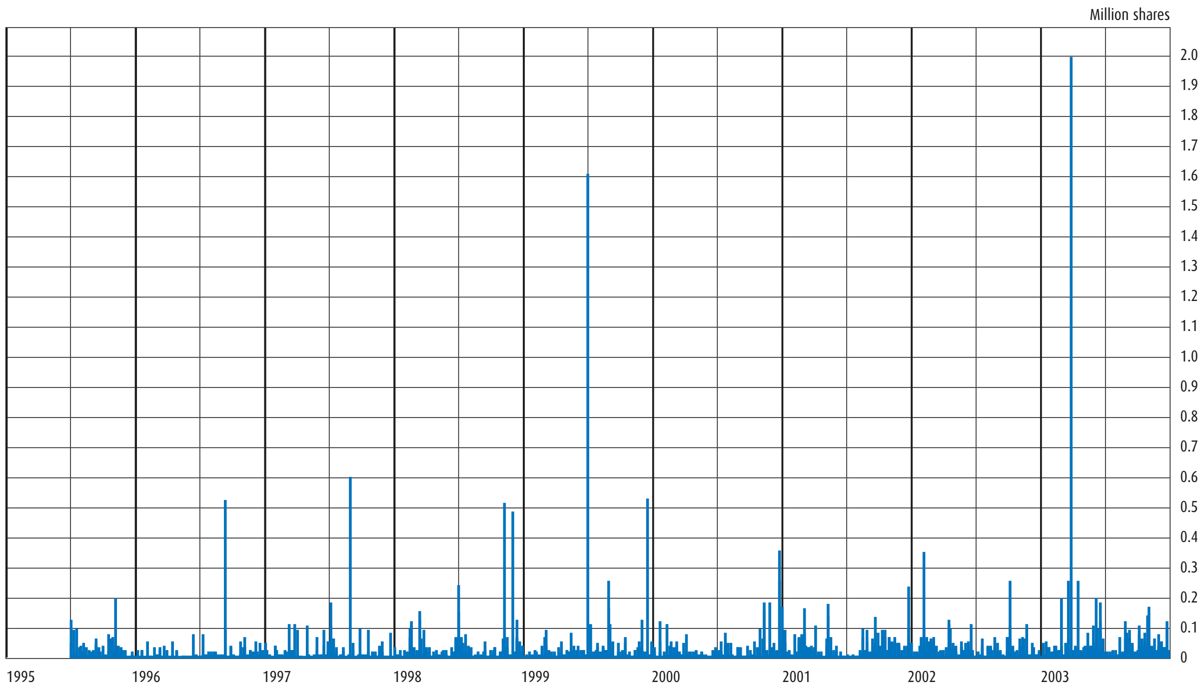
Share ownership brakedown 31 December 2003 (by number of shares owned)

Number of shares	Number of shareholders	% of shareholders	Shares	% of shares and votes
1–100	2,500	52.73	145,998	1.37
101–1 000	1,940	40.92	635,878	5.95
1 001–10 000	242	5.10	733,867	6.87
10 001–100 000	49	1.03	1,217,690	11.40
100 001–	10	0.21	7,948,548	74.41
Total	4,741	100.00	10,681,981	100.00

Development of Nokian Tyres´ share price 1 June 1995 – 31 December 2003



Nokian Tyres´ share volumes on the Helsinki Stock Exchange 1 June 1995 – 31 December 2003



In addition to the Finnish Companies Act, Nokian Tyres plc complies with the corporate governance guidelines for public joint-stock companies published in 1997 by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The company is preparing to adopt the corporate governance recommendation for listed companies drafted by the working group set up by Hex Plc, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers as of July 2004 at the latest. The company also complies with the insider guidelines published by the Helsinki Exchanges and has supplemented these guidelines with its own insider regulations.

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 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 presides until the end of the following Annual General Meeting.

The Board comprises no less than three and no more than eight members. It is responsible for corporate governance and the appropriate conduct of activities, for appointing the President and CEO, and for other duties described in the Companies Act. The Board of Directors also deals with 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 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. It also defines the principles governing the company's organization, accounting and finance. Remunerations payable to Board members are confirmed at the Annual General Meeting. In 2003, remunerations to Board members totalled EUR 98,400. Further information on the Board members can be found on page 75.

The Board met five times in 2003, with a member participation rate of 95 per cent.

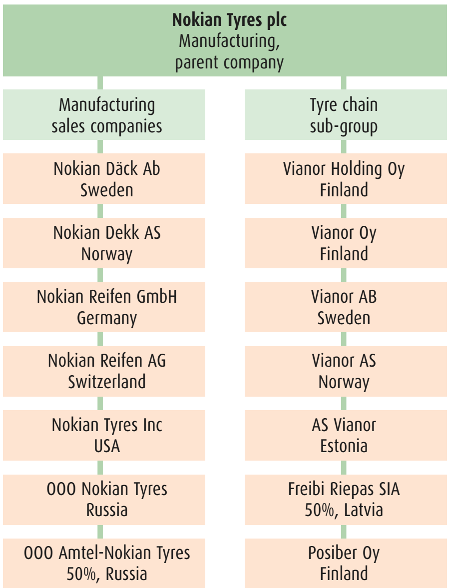
President, Group management and management system

The President's duty is 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 team, the responsibility areas of which are indicated in the member presentation and organizational chart on page 50-51. The President's proposal for the salaries and other benefits of managerial employees, as well as the employee incentive scheme, is subject to the Board's approval.

The management team assists the President in operative management. The Group management meets regularly to discuss matters related to the company's operative business activities. The Management workshop, whose participants include The President, the management of the core profit centres, as well as the management for sales, logistics and finance operations, meets once a month. A more extensive Management General Meeting, whose participants include the Management workshop members and all those responsible for service functions, as well as the representatives of personnel groups, is convened once a month. The Group's investments are handled at a separate meeting once a month in accordance with the company's written investment guidelines. In addition, issues related to different market areas are dealt with at separate monthly meetings.

Managing directors at Nokian Tyres subsidiaries are responsible for the daily operations and administration of their companies. They report to the sales director of Nokian Tyres. Managing directors of Vianor chain report to the director of the Vianor profit centre. Nokian Tyres has a written Management Guideline including the definition of corporate governance and internal control system at Nokian Tyres subsidiaries.

NOKIAN TYRES CORPORATE STRUCTURE



Management rewards are based on a monthly remuneration determined by the competence classification of the tasks, and on a separate annual bonus that is determined by the annually defined target indicators. The Group has also created an option scheme covering the entire personnel, which aims to provide long-term incentive. A more detailed description of the option scheme can be found on page 43.

The Board of Directors makes decisions concerning the President's salary and other benefits, which totalled approximately EUR 296,000 in 2003. The President´s salary and other benefits are specified in a written agreement. The President's age of retirement is 60 years and the period at notice is 24 months. On 31 December 2003 the President of Nokian Tyres held 41,200 bonds with warrants, but no company shares.

Organisation of business activities and responsibilities

The business activities of the Nokian Tyres Group 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 systems business conducted under the RoadSnoop name has been operating as a separate profit centre since the beginning of 2002. In addition, the Group's areas of responsibility have been divided into units responsible for producing the services required by the profit centres. Each of the profit centres is responsible for its business area and its financial performance, balance sheet and investments, supported by the different Group units. 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, whose parent company is Vianor Holding Oy, fully owned by Nokian Tyres plc, the parent company of the Nokian Tyres Group. 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; 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. The subsidiaries' cash flows into the parent company 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. Auditing fees in 2003 of the parent company amounted to approximately EUR 52,000. The fees paid to the authorised public accountants for other services totalled approximately EUR 23,000.

Internal audit

The Group has organised an internal audit for all of Vianor, which focuses on controlling sales outlets and ensuring that activities comply with the activity system. The parent company and sales companies buy internal auditing as a service from public accountants. The audit focuses on items separately determined each time.

Risk management

The Group has adopted a risk management policy approved by the Board of Directors. Risk management aims to improve the company's competitiveness and manage the risks related to operations by making better use of opportunities than the company's competitors. Risk management encompasses all the risks related to operations and strategy and ensures that customers and end-users can trust the company's products and services.

The goal of risk management is to systematically and comprehensively identify and take into consideration operations-related risks and ensure that they are appropriately managed when making business-related decisions. The company's risk management supports the accomplishment of goals and ensures business continuance. It also aims to ensure the security of the staff, as well as the company's products and services. Risk management also protects the company's brand and image and ensures compliance with legislation and regulations.

Nokian Tyres takes risks that are a natural part of its strategy and goals. These risks are managed and reduced in various ways. The company is not prepared to take risks that may endanger the security of its customers, staff or other individuals, or hurt its brand image. Risks that jeopardize business continuance, as well as uncontrollable risks, are not acceptable.

The risk management process aims to identify and evaluate risks, and to plan and implement practical measures for each one. Such measures may include, for example, avoiding the risk, reducing it in different ways or transferring the risk through insurances or contracts. Risk management is not allocated to a separate organisation; its tasks follow the general distribution of responsibilities adopted in the organisation and other business activities. The main risks detected in risk surveys are reported to the company's Board of Directors once a year.

More details regarding financial risk management are given on pages 72–73.

Insider trading

Nokian Tyres complies with the guidelines for insider trading drawn up by the Helsinki Exchanges, Central Chamber of Commerce, and the Confederation of Finnish Industry and Employers. The company has also drafted its own guidelines and regulations for insider trading that aim to harmonise and enhance insider trading operations at Nokian Tyres.

In Nokian Tyres' own insider trading guidelines and regulations, insiders refers to:

1. Nokian Tyres' Board members, President and CEO, auditor, and the official of the authorised public accountants acting as the principal auditor *(statutory insider)*.
2. Other Nokian Tyres employees defined as permanent insiders *(insiders by definition)*. Following the insider guidelines of the Helsinki Exchanges, Nokian Tyres has defined as insiders such employees who have regular access to information with a considerable effect on the company's share value.
3. Individuals that the company has entered in the project-specific register *(project-specific insider)*. A project is a confidentially prepared, uniquely identifiable system or collection of topics that includes insider information and which, if realised, may essentially affect the value of the company's share. The Financial Supervision Authority is entitled to access information related to the management of the company's project-specific insider information.

Duty to declare, insider register and trading prohibition

The Securities Market Act sets a duty on Nokian Tyres to declare the statutory insiders and obliges the company to maintain an insider register on its statutory insiders. The same obligation concerning the maintenance of an insider register and duty to declare also applies to insiders by definition.

Permanent insiders shall carry out trading in Nokian Tyres shares in a way that does not erode confidence in the securities markets. Insiders are not allowed to trade the company's shares in the 30 days preceding the publication of interim reports and financial statement bulletins. This period may be extended if necessary. In addition to permanent insiders, the restriction on trading applies to individuals under their guardianship and associations in which they exercise authority.

The trading prohibition applies to project-specific insiders until the termination or publication of the project.

Management of insider trading

Nokian Tyres maintains its insider register in the Finnish Central Securities Depository's SIRE system and has appointed a person to manage the tasks related to insider trading. The company also has an insider registrar, who deals with the practical tasks related to the insider register.

Nokian Tyres annually reviews the basic skills and trading related to the permanent insiders' duty to declare. Based on the review, the company prepares an annual report including the date and results of the survey.

NOKIAN TYRES MANAGEMENT MEETING

The Management meetings constitute the key management forum at Nokian Tyres.
The meetings are also attended by representatives of the personnel groups.
(Bonds with warrants and shareholding, situation 31 December 2003.)

Kim Gran, 49
President
Bonds with warrants: 41,200

Janne Nyblom, 33
Professional employees
Bonds with warrants: 1,100

Antero Juopperi, 49
Car and Van Tyres
Bonds with warrants: 15,200

Kari-Pekka Laaksonen, 36
Logistics and Purchasing
Bonds with warrants: 6,000

Seppo Kupi, 53
Vianor Holding
Bonds with warrants: 14,000

Antero Turunen, 58
Heavy Tyres and Bicycle Tyres
Bonds with warrants: 12,000

Ari Maunula, 37
Retreading Materials
Bonds with warrants: 4,000

Alexej von Bagh, 36
Retreading operations
as of 1 April 2004
Bonds with warrants: 2,520

Tomi Lundell, 43
RoadSnoop
Bonds with warrants: 2,240
Shareholding: 500

Deniz Bavautdin, 50
Sales
Bonds with warrants: 12,000

Rami Helminen, 37
Finance and Control
Bonds with warrants: 12,000

Raila Hietala-Hellman, 51
Public Information and IR
Bonds with warrants: 4,000
Shareholding: 300

Raimo Mansikkaoja, 41
Corporate Development
Bonds with warrants: 4,000

Sirkka Hagman, 45
Personnel and Safety
Bonds with warrants: 9,600

Esa Eronen, 46
Production Service
Bonds with warrants: 800

Teppo Huovila, 40
Product development
Bonds with warrants: 4,700

Mika Savolainen, 32
Information Technology
Bonds with warrants: 7,520

Risto Järvinen, 39
Union of Salaried Employees TU
Bonds with warrants: 180

Keijo Salonen, 51
Chief Shop Steward
Bonds with warrants: 180

Key financial indicators

Figures in million euros unless otherwise indicated		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Net sales		**528.7**	479.2	423.4	398.5	322.6	251.3	211.6	192.6	187.2	164.2
growth, %		**10.3%**	13.2%	6.3%	23.5%	28.4%	18.7%	9.9%	2.9%	14.0%	14.5%
Operating profit before depreciation		**115.1**	95.0	81.9	68.4	61.9	47.5	39.2	32.7	28.2	24.9
Depreciation according to plan		**36.0**	34.9	31.3	28.9	19.8	14.3	11.7	9.2	8.0	7.7
Operating profit		**79.1**	60.1	50.5	39.4	42.1	33.2	27.5	23.5	20.2	17.2
% of net sales		**15.0%**	12.5%	11.9%	9.9%	13.1%	13.2%	13.0%	12.2%	10.8%	10.4%
Profit before extraordinary items and tax		**69.6**	48.0	37.0	27.2	35.9	29.3	25.1	20.0	16.2	13.3
% of net sales		**13.2%**	10.0%	8.7%	6.8%	11.1%	11.7%	11.8%	10.4%	8.7%	8.1%
Profit before tax		**69.6**	48.0	37.0	27.2	35.5	29.9	25.1	20.0	15.2	13.3
% of net sales		**13.2%**	10.0%	8.7%	6.8%	11.0%	11.9%	11.8%	10.4%	8.1%	8.1%
Return on equity, %		**20.8%**	16.9%	14.3%	13.7%	23.6%	22.7%	21.9%	21.3%	20.5%	19.5%
Return on capital employed, %		**22.3%**	17.1%	14.3%	12.1%	16.9%	19.8%	21.5%	20.8%	20.2%	18.1%
Total assets		**476.1**	450.9	459.8	464.0	391.8	269.3	188.1	171.0	154.0	145.2
Interest bearing net debt [1]		**100.0**	122.5	158.2	182.1	170.4	94.2	39.6	35.4	32.2	44.9
Equity ratio, %		**44.4%**	38.9%	32.4%	28.3%	30.9%	37.1%	45.2%	41.9%	39.6%	36.5%
Equity ratio, % [1]		**51.9%**	46.9%	40.2%	36.1%	30.9%	37.1%	45.2%	41.9%	39.6%	36.5%
Gearing, % [1]		**40.5%**	57.9%	85.5%	108.9%	140.6%	94.3%	46.6%	49.4%	52.8%	84.7%
Cash flow from operations		**79.0**	69.3	70.8	26.6	22.3	21.2	24.6 [2]	17.0 [2]	19.3 [2]	21.2 [2]
Gross investments		**44.2**	26.0	45.3	67.5	85.7	72.7	25.7	17.7	13.0	14.4
% of net sales		**8.4%**	5.4%	10.7%	16.9%	26.6%	28.9%	12.2%	9.2%	6.9%	8.8%
R&D expenditure		**8.3**	8.5	8.3	8.3	7.8	6.6	5.6	5.0	4.3	4.0
% of net sales		**1.6%**	1.8%	2.0%	2.1%	2.4%	2.6%	2.7%	2.6%	2.3%	2.5%
Dividends	(proposal)	**16.7**	11.7	8.8	6.9	9.0	7.6	6.0	4.9	4.1	3.4
Personnel, average during the year		**2,650**	2,663	2,636	2,462	2,023	1,620	1,358	1,329	1,350	1,240

Per share data

		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Earnings per share, euro		**4.48**	3.17	2.38	1.88	2.51	2.04	1.68	1.40	1.17	0.97
growth, %		**41.3%**	33.2%	26.9%	-25.2%	23.0%	21.3%	20.4%	19.8%	19.7%	19.4%
Earnings per share (diluted), euro		**4.37**	3.13	2.37	1.88	2.51	2.04	1.68	1.40	1.17	0.97
growth, %		**39.5%**	31.9%	26.5%	-25.2%	23.0%	21.3%	20.4%	19.8%	19.7%	19.4%
Cash flow per share, euro		**7.44**	6.55	6.69	2.52	2.14	2.05	2.41 [2]	1.69 [2]	1.92 [2]	2.12 [2]
growth, %		**13.7%**	-2.2%	165.8%	17.8%	4.1%	-14.8%	42.9%	-12.2%	-9.4%	112.4%
Dividend per share, euro	(proposal)	**1.56**	1.11	0.83	0.65	0.85	0.73	0.59	0.49	0.40	0.34
Dividend pay out ratio, %	(proposal)	**35.0%**	35.0%	34.9%	34.7%	34.4%	36.3%	35.2%	35.1%	34.8%	34.5%
Shareholders' equity per share, euro		**19.77**	16.57	14.08	12.41	11.47	9.69	8.30	7.06	6.04	5.30
Shareholders' equity per share, euro [1]		**23.14**	19.97	17.48	15.81	11.47	9.69	8.30	7.06	6.04	5.30
P/E ratio		**13.4**	10.7	14.7	9.5	15.1	13.6	16.6	11.8	6.4	
Dividend yield, %	(proposal)	**2.6%**	3.3%	2.4%	3.6%	2.3%	2.6%	2.1%	3.0%	5.5%	
Market capitalisation 31 December		**639.9**	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		**10.62**	10.58	10.58	10.57	10.42	10.30	10.22	10.09	10.05	10.00
diluted, million units		**10.63**	10.72	10.61	10.57	10.42	10.30	10.22	10.09	10.05	10.00
Number of shares 31 December, million units		**10.68**	10.58	10.58	10.58	10.54	10.32	10.24	10.14	10.09	10.00

1) capital loan included in equity

2) according to previous cash flow statement definitions

Definitions

Return on equity, % = $\dfrac{\text{Profit after financial items - taxes x 100}}{\text{Shareholders' equity + minority interests (average)}}$

Return on capital employed, % = $\dfrac{\text{Profit after financial items + interest and other financial expenses x 100}}{\text{Total assets - interest-free debt (average)}}$

Equity ratio, % = $\dfrac{\text{Shareholders' equity + minority interests x 100}}{\text{Total assets - advances received}}$

Equity ratio [1], % = $\dfrac{\text{Shareholders' equity}^{(1} \text{ + minority interests x 100}}{\text{Total assets - advances received}}$

Gearing [1], % = $\dfrac{\text{Interest bearing net}^{(1} \text{ debt x 100}}{\text{Shareholders' equity}^{(1} \text{ + minority interests}}$

Earnings per share, euro = $\dfrac{\text{Profit after financial items - taxes}}{\text{Average adjusted number of shares during the year}}$

Earnings per share (diluted [2]), euro = $\dfrac{\text{Profit after financial items - taxes}}{\text{Average adjusted and diluted}^{(2} \text{ number of shares during the year}}$

Cash flow per share, euro = $\dfrac{\text{Cash flow from operations}}{\text{Average adjusted number of shares during the year}}$

Dividend per share, euro = $\dfrac{\text{Dividend for the year}}{\text{Number of shares entitled to a dividend}}$

Dividend pay-out ratio, % = $\dfrac{\text{Dividend for the year x 100}}{\text{Profit after financial items - taxes}}$

Shareholders' equity per share, euro = $\dfrac{\text{Shareholders' equity}}{\text{Adjusted number of shares on the balance sheet date}}$

Shareholders' equity per share [1], euro = $\dfrac{\text{Shareholders' equity}^{(1}}{\text{Adjusted number of shares on the balance sheet date}}$

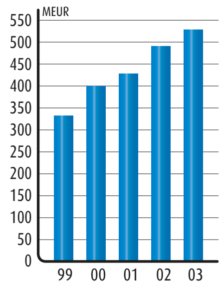
P/E ratio = $\dfrac{\text{Share price, 30 December}}{\text{Earnings per share}}$

Dividend yield, % = $\dfrac{\text{Dividend per share}}{\text{Share price, 30 December}}$

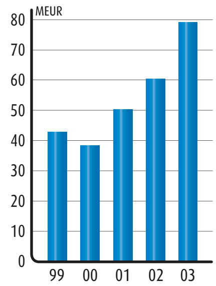
1) capital loan included in equity

2) the bonds with warrants affect the dilution as the market price exceeds the defined strike price

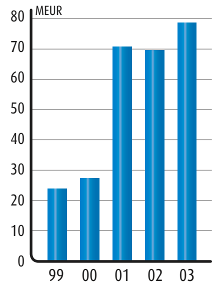
Net sales



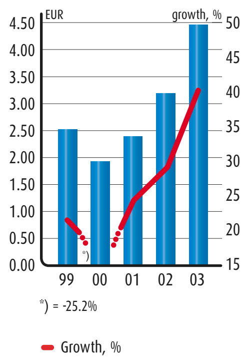
Operating result



Cash flow from operations



Earnings per share (EPS)



NET SALES AND PROFIT

The situation in Nokian Tyres' main markets and core products continued to show positive development, although global economic uncertainty, the weak US dollar and increasing raw material prices affected the tyre business overall. The demand for passenger car winter tyres, high-speed summer tyres and heavy special tyres increased in the key markets. The sales of new cars continued their strong growth in Finland and Sweden, and the importation of used cars increased considerably in Finland.

Nokian Tyres Group performed well in 2003. Net sales and operating profit were up and market shares improved considerably in the key markets. The Nordic countries, especially Sweden, as well as Eastern Europe and Russia, were the strongest sales regions of Nokian Tyres. The Vianor chain sold clearly more Nokian tyres than the year before, especially in Sweden. Co-operation between manufacturing and Vianor produced a considerable increase in synergy benefits. The production volumes of the Nokia plant grew, as did the amount of contract manufacturing. Productivity (kg/mh) improved, especially in the car tyre production.

October-December 2003

Nokian Tyres' consolidated net sales were up by 11.4% to EUR 187.2 million (EUR 168.0 million in the corresponding period in 2002). Net sales from manufacturing grew by 18.3% and Vianor's net sales by 2.8% on the previous year. Vianor's net sales and operating profit include the sales of the four new Norwegian outlets acquired in September.

Fixed costs increased by 3.1%, totalling EUR 50.3 million (EUR 48.8 million). Raw material costs for the manufacturing business were 2% lower than the previous year.

The Group's operating profit improved, totalling EUR 40.7 million (EUR 36.1 million). Operating profit from the manufacturing business amounted to EUR 28.3 million (EUR 23.5 million), while Vianor's operating profit before depreciation of goodwill was EUR 9.8 million (EUR 10.6 million). Depreciation of goodwill was EUR 1.7 million (EUR 2.0 million) and related the Vianor chain in its entirety.

The Group's profit before taxes improved, totalling EUR 37.8 million (EUR 33.2 million), and the net profit for the period totalled EUR 25.8 million (EUR 23.7 million).

January-December 2003

In 2003 Nokian Tyres booked net sales of EUR 528.7 million (EUR 479.2 million), which is 10.3% more than in the previous year. Net sales from manufacturing grew by 18.0% while Vianor's fell by 1.5% on the previous year. Vianor's comparable net sales, however, increased by 6.5% on the previous year as its comparable net sales 2002 included sales to the Finnish car dealers, which were transferred from Vianor to the parent company in late 2002. From the beginning of 2003, sales to Finnish car dealers have been included in the net sales of the Nokian passenger car tyre unit.

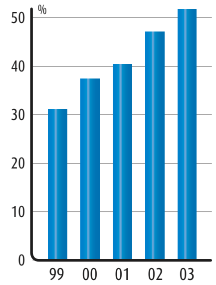
Invoicing from outside Finland accounted for 68% (70%) of the consolidated net sales. Group's sales in the Nordic countries increased by 11.1%, in Russia and other CIS countries by 21.4%, in Eastern Europe by 17.8% and in North America by 4.2% on the previous year.

Profitability improved due to a better sales mix enhanced by new products, higher share of winter tyres, implemented price increases and improved productivity.

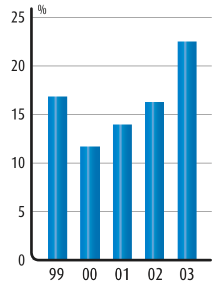
The Group's fixed costs increased by EUR 4.0 million, i.e. 2.3%, totalling EUR 174.7 million (EUR 170.8 million). The share of fixed costs decreased to 33.0% (35.6%). Vianor's fixed cost decreased by EUR 1.9 million. Raw material costs in manufacturing were 2% higher than the average prices in 2002.

The Group's operating profit improved, totalling EUR 79.1 million (EUR 60.1 million). Operating profit from the manufacturing business amounted to EUR 75.6 million (EUR 59.5 million), while Vianor's operating profit before depreciation of goodwill was EUR 11.8 million (EUR 8.9 million). Depreciation of goodwill amounted to EUR 6.9 million (EUR 7.9 million)

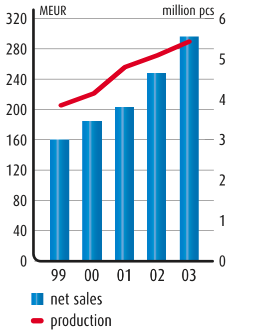
Equity ratio



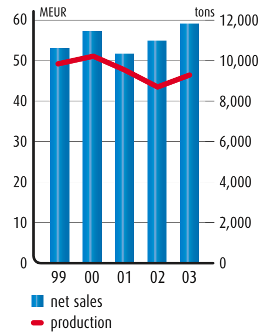
Return on capital employed



Passenger car tyres
Net sales and production



Heavy tyres
Net sales and production



and related Vianor in its entirety.

The Group's net financial expenses amounted to EUR 9.5 million (EUR 12.1 million) and represented 1.8% (2.5%) of net sales.

Profit before taxes improved to EUR 69.6 million (EUR 48.0 million). The operating profit for the period improved, totalling EUR 47.6 million (EUR 33.6 million). Earnings per share were up to EUR 4.48 (EUR 3.17), i.e. 41.3%.

The return on net assets (RONA, rolling 12 months) was up to 19.5% (15.0%). Income financing after the change in the working capital, investments and the disposal of fixed assets (Cash Flow II) was EUR 65.7 million (EUR 70.1 million). The equity ratio rose from 46.9% to 51.9%, including the capital loan booked under shareholders' equity.

Research and development costs totalled EUR 8.3 million (EUR 8.5 million), representing 2.2% of the manufacturing net sales.

Over the year the Group employed an average of 2,650 people (2,663). Meanwhile, the parent company employed 1,368 (1,334) people. At the end of the financial year the Group employed 2,736 (2,585) people and the parent company 1,398 (1,340). At year-end Vianor employed 1,230 (1,150) people.

MANUFACTURING

Passenger car tyres

The net sales generated from the Nokian passenger car tyre business grew by 21.9% on the previous year and amounted to EUR 296.0 million (EUR 242.8 million). Operating profit improved, totalling EUR 69.5 million (EUR 51.4 million).

Nokian passenger car tyres sold well throughout the period under review, reaching particularly good figures in the last quarter. Key markets included the Nordic countries, Eastern Europe, Russia and North America. Sales to the Nordic car dealers developed particularly favourably. The increase in imports of used cars also boosted the demand for tyres in Finland. Market shares improved in all key markets. In the Nordic countries the market share of Nokian-brand tyres increased from 21.7% to 24.3%. The market share for winter tyres picked up from 26.2% to 29.8%.

Winter tyres and other products with high profit margins accounted for a large portion of total sales. Winter tyres represented 75% (73%) and new products 50.2% (44%) of the profit centre's net sales.

The Nokian Hakkapeliitta 4, a new studded winter tyre introduced in early 2003, spearheaded winter tyre sales. Several number one rankings in trade magazine tyre tests boosted the demand for the tyre. Thanks to increased production volumes, improved customer service and logistics solutions, the company's delivery capacity during the peak seasons was considerably better than the previous year and winter tyre sales set a new record.

Despite the weak US dollar, sales in the USA were also good. Increased sales volumes, a better sales mix, and price increases were successfully used to compensate for the influence of the low value of the dollar.

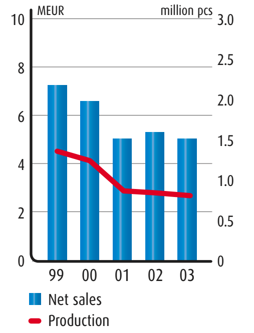
Another important novelty introduced in the spring was the new Nokian NRHi, a summer tyre in the H speed category manufactured using only purified, low aromatic oils. Consumer sales in the Nordic countries, Russia and Continental Europe will start in the spring of 2004.

Production volumes in Finland increased from 5.1 million to 5.4 million tyres. For the first time, the sales of Nokian tyres exceeded 6 million units sold. Productivity (kg/mh) improved by 7% on the previous year. The average price per product unit increased by an average of 8%

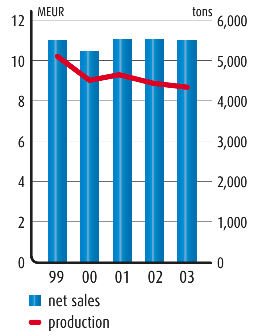
Heavy tyres

The net sales of Nokian heavy tyres business totalled EUR 58.8 million (EUR 55.0 million),

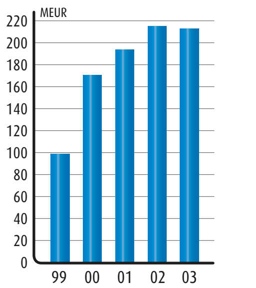
Bicycle tyres
Net sales and production



Retreading materials
Net sales and production



Vianor
Net sales



showing an increase of 7.0% on the previous year. Operating profit improved, totalling EUR 5.0 million (EUR 4.7 million).

The demand for heavy special tyres improved throughout the period under review. Forestry tyres, heavy industrial tyres and flotation tyres designed for agricultural use showed the strongest growth. The original equipment installation of forestry tyres was good throughout the period and the replacement market started picking up in the last quarter. The US forestry tyre markets showed signs of recovery. Co-operation with Vianor produced good results and led to an increase in the sales of Nokian truck tyres over the previous year.

Original equipment installation represented 39% and new products 6% of the heavy tyres' net sales. The annual output of the heavy tyre production was 9,317 tonnes (8,670 tonnes). Contract manufacturing proceeded as planned.

Bicycle tyres

The net sales from Nokian bicycle tyres were EUR 5.1 million (EUR 5.5 million, down by 7.9% on the previous year. Operating profit remained at the previous year's level and cash flow was positive.

The demand for bicycle tyres remained on a low level. However, the bicycle tyre unit developed its operations and improved profitability, despite the challenges in the operating environment.

New products accounted for 12% of the net sales. Manufacturing volumes at the Lieksa factory totalled 784,000 (830,000) bicycle tyres.

Retreading materials

The net sales of Nokian retreading materials business totalled EUR 11.0 million (EUR 11.2 million), remaining close to the previous year's level. Operating profit improved and cash flow was positive.

The demand for truck tyre retreading materials was weak in the Nordic countries during the period under review, although car tyre retreading materials sold better than the year before. Nokian Tyres improved its position in the Nordic retreading material market. The retreading factory acquired in St. Petersburg last summer strengthened company's position in the growing Russian markets.

New products accounted for 12% of the profit centre's net sales. Production volumes amounted to 4,318 (4,336) tonnes.

RoadSnoop

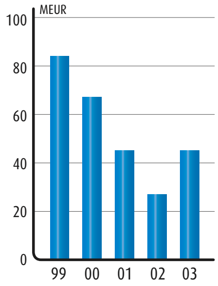
The RoadSnoop pressure watch production started in May with sales initiated in some 30 countries. The unit registered net sales of EUR 1.3 million (EUR 0 million). The RoadSnoop pressure watch is the world's first, and so far the only, wireless battery-operated tyre pressure control device.

The research and development work was active and new versions were created for a variety of end-users. Development work resulted in a pilot control system for the tyres of heavy vehicles, as well as a 12V version designed for taxi drivers, police officers, ambulance drivers and other frequently travelling professional drivers. In addition, the development and sales of the pressure watch designed for the original equipment installation of car manufacturers started.

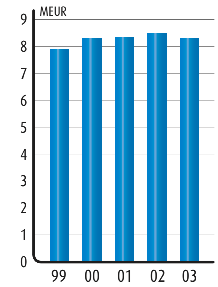
VIANOR

Vianor registered net sales of EUR 213.0 million (EUR 216.2 million), i.e. 1.5% less than the year before, but with comparable net sales increasing by 6.5%. The comparable 2002 figures for Vianor's net sales included sales to the Finnish car dealers, which were transferred from Vianor to the parent company at the end of 2002. Operating profit before depreciation of goodwill improved, totalling EUR 11.8 million (EUR 8.9 million). The depreciation of goodwill

Gross investments



R&D expenditures



amounted to EUR 6.9 million (EUR 7.9 million). Cash flow II totalled EUR 1.8 million (EUR 10.3 million).

The Vianor chain expanded with four new outlets in Norway as a result of Nokian Tyres acquiring the Grimstad Vulk AS and Mandal Vulk AS tyre outlets in September. The net sales and operating profit of the new outlets were consolidated into Vianor as of 1 October 2003.

Both the winter and summer seasons were good for Vianor, and its market share in all Nordic countries rose from 18.5% to 19.2%. The demand for truck tyres increased clearly in the latter part of the year and the sales of agricultural tyres were good. The demand for retreaded tyres remained weak. Consumer prices of tyres, as well as Vianor's service prices, were raised. The share of Nokian branded tyres increased considerably over the previous year, in Vianor Sweden in particular providing the parent company with a wealth of synergy benefits.

Profitability boosting measures in Vianor continued with good results especially in Sweden. Vianor Finland saw another record year.

INVESTMENTS

Nokian Tyres spent a total of EUR 44.2 million (EUR 26.0 million) on investments in 2003. Production and operative investments accounted for EUR 41.6 million. Vianor's investments amounted to EUR 7.4 million (EUR 3.0 million). The majority of investments in 2003 were moulds for new products, as well as machinery and equipment purchases to remove production bottlenecks at the Nokia plant.

AMTEL-NOKIAN TYRES

Contract manufacturing at the Amtel plant proceeded as planned, with the production volumes of Nordman tyres amounting to 602,000 units. The Nordman tyres were sold in Russia by Amtel-Nokian Tyres, a 50/50 joint venture company established by Nokian Tyres and Amtel in co-operation with Amtelshintorg. The sales totalled 468,000 units and EUR 9.5 million (EUR 0 million). Half of that as well as half of the net profit, i.e. EUR 0.7 million were consolidated into Nokian Tyres.

CONTRACT MANUFACTURING

The contract manufacturing of passenger car tyres increased clearly over the previous year, amounting to some 600,000 tyres.

In 2003 the team of suppliers was joined by Matador AS, with whom Nokian Tyres signed a co-operation agreement for contract manufacturing in January. Compliant with the agreement, Matador started to manufacture Nokian branded summer tyres for passenger cars in the S, T and H speed categories at its plant in Slovakia. Sold in the Eastern European countries, the tyres will form part of the Nokian Tyres product range. The agreement is valid until the end of 2005 and renewable for one year at a time.

The aim of co-operation in contract manufacturing is to ensure opportunities for growth in Eastern Europe, a strongly expanding market. It also releases production capacity at the Nokia plant for the manufacture of ultra-high-performance tyres.

Contract manufacturing in Indonesia and the USA also improved as planned.

OTHER MATTERS

Decisions of the Annual General Meeting

On March 26,2003, Nokian Tyres Annual General Meeting accepted the profit and loss statement for 2002 and discharged the Board of Directors and the President from liability. A decision was made on a dividend of 1.11 euros per share. The matching date was to be

31 March 2003 and the payment date 7 April 2003.

The meeting decided that the Board of Directors will have seven members. Rabbe Grönblom, Chairman of the Board, Kotipizza Oyj; Bo-Erik Haglund, Doctor of Science h.c.; Satu Heikintalo, M.Sc (Econ); Hannu Penttilä, Managing Director Stockmann plc; Henrik Therman, Master of Science; Matti Vuoria, Chairman of the Board, Fortum Oyj and Kim Gran, President and CEO Nokian Tyres plc were elected. Authorised public accountants KPMG Wideri Oy continue as auditors. In the Board meeting, held after the Annual General Meeting, Mr. Matti Vuoria was elected Chairman of the Nokian Tyres Board of Directors.

Authorisations granted to the Board of Directors

The Annual General Meeting of Nokian Tyres held in March 2003 authorised the Board of Directors to make a decision about increasing the share capital on one or more occasions by an issue of new shares and/or convertible bonds. As a result of 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 bearing a nominal value of EUR 2.00.

The Board of Directors may also deviate from the shareholders' pre-emptive subscription right, provided there is a compelling financial reason, such as acquisitions or other corporate arrangements, as referred to in section 4:2a of the Companies Act.

The Board of Directors has the right to decide upon the parties who are entitled to subscribe, as well as the subscription prices, terms and conditions of share subscription, and the terms and conditions of convertible bonds. The validity of the authorisation is one year from the date of the Annual General Meeting. At the same time, any other effective authorisations to increase the share capital are nullified.

Shares subscribed with option rights

In May a total of 22,030 shares were subscribed with the 2001A option rights attached to the Nokian Tyres plc's Option Program of 2001. As a result of the subscription, an increase in share capital of EUR 44,060 was entered in the Trade Register on 12 May 2003. Trading of the shares along with the old shares started on 13 May 2003. After the increase the number of shares was 10,604,316 and the share capital EUR 21,208,632.00.

After the increase in share capital registered on 12 May 2003 a total of 51,200 shares were subscribed with the 2001A option rights attached to the Nokian Tyres plc's Option Program of 2001. As a result of the subscription, an increase in share capital of EUR 102,400 was entered in the Trade Register on 14 August 2003. Trading of the shares along with the old shares started on 15 August 2003. After the increase the number of Nokian Tyres plc shares was 10,655,516 and the share capital EUR 21,311,032.00.

After the increase in share capital registered on 14 August 2003 a total of 13,395 shares were subscribed with the 2001A option rights attached to the Nokian Tyres plc's Option Program of 2001. As a result of the subscription, an increase in share capital of EUR 26,790 was entered in the Trade Register on 31 October 2003. Trading of the shares along with the old shares started on 3 November 2003. After the increase the number of Nokian Tyres shares was 10,668,911 and the share capital EUR 21,337,822.00.

After the increase in share capital registered on 31 October 2003 a total of 13,070 shares were subscribed with the 2001A option rights attached to the Nokian Tyres plc's Option Program of 2001. As a result of the subscription, an increase in share capital of EUR 26,140 was entered in the Trade Register on 10 December 2003. Trading of the shares along with the old shares started on 11 December 2003. After the increase the number of Nokian Tyres shares was 10,681,981 and the share capital EUR 21,363,962.00.

Changes in ownership structure

A share transaction on 19 August 2003 reduced Nokia plc's share of the votes and share capital of Nokian Tyres plc from 18.9% to 0%. The transaction implemented the agreement signed on 24 February 2003 by Nokia plc and Bridgestone Europe NV/SA, which was reported on 24 February 2003 in compliance with Chapter 2, section 10 of the Securities Market Act. Bridgestone Europe NV/SA announced that its share of the votes and share capital of Nokian Tyres plc was 18.9%.

As a result of a share transaction made on 19 August 2003 the Ilmarinen Mutual Pension Insurance Company's share of the Nokian Tyres plc share capital and votes fell below one-twentieth.

Ilmarinen now holded 520,500 Nokian Tyres shares, and its share of the company's share capital and votes decreased to 4.88%.

The foreign ownership of Nokian Tyres has been increasing steadily and amounted to 60.5% (31.4%) at the end of the period under review.

ADOPTION OF IFRS REPORTING

Nokian Tyres began preparations for the adoption of International Financial Reporting Standards (IFRS) in 2002. The company made surveys in different areas aiming to identify the differences between the IFRS and Finnish accounting practices concerning the preparation of consolidated financial statements. An IFRS project team, monitored by the Vice President, Finance and Control, was set up in 2003. The company also arranged several training and informative events for the management and other responsible persons concerning the adoption of IFRS and the main standards from the Group's point of view.

Tasks for 2004 include decisions on the optional principles for preparing financial statements, as well as calculating the information for the opening IFRS balance sheet and the 2004 comparison data for the interim reports in 2005. The system modifications required to launch IFRS-compliant reporting at the beginning of 2005 will also be carried out this year.

According to a preliminary survey, the procedures of Nokian Tyres may cause changes in the booking of financial leasing agreements. In terms of requirements related to more extensive segment information, Nokian Tyres' information is already largely available at the required level. Other calculation principles may be subject to minor changes.

More information about the phases and impact of transferring to the new reporting practices will be published along the year on the company's home pages at www.nokiantyres.com.

MATTERS AFTER THE PERIOD UNDER REVIEW

In January Nokian Tyres introduced Nokian Hakkapeliitta RSi, a new non-studded winter tyre for passenger cars. The new tyre is the successor to the successful Nokian Hakkapeliitta Q friction tyre, and is designed for the Nordic, Russian and North American markets. The Nokian Hakkapeliitta RSi offers a wide range of sizes and consumer sales will start in the autumn of 2004.

OUTLOOK FOR 2004

The company continues its operations in a profitable growth path, aiming to outperform the results of 2003 in terms of net sales and profit in 2004. As in previous years, the first quarter will show a low profit. The demand for tyres in the domestic market is normally weak early in the year, while fixed costs that are not linked to sales will tax the profitability steadily throughout the year. Overall performance is expected to improve dramatically in the second half, and particularly in the final quarter because of the winter season.

The recovery of the global economy and the increasing tyre manufacture in China will result in pressure to increase raw material prices. Nokian Tyres estimates that its raw material prices in the first quarter will increase by some 4% on the corresponding period last year. The price of natural rubber, in particular, appears to be increasing steeply. The value of the US dollar against the euro is likely to remain low.

According to its strategy, Nokian Tyres will focus on the expanding and profitable winter and forest 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 heavy special tyres is expected to increase further in the Nordic countries, Eastern Europe, Russia and the USA.

The markets for heavy special tyres also look favourable. The sales of RoadSnoop products are expected to improve on the previous year.

Nokian Tyres is well positioned to meet the growing demand in its core areas. The production capacity of the Nokia plant will be increased, the aim being a production volume of over 6 million tyres in 2004. Productivity will be further increased by investing in resolving bottlenecks, while distribution will be improved by focusing on seasonal logistics. Increasing contract manufacturing will release more capacity at the Nokia plant for the manufacture of high-profit special products. In Russia, the increased market and production efforts, as well as the sales of Nordman branded tyres will strengthen Nokian Tyres' position in the strongly growing market. Contract manufacturing in Eastern Europe enables the company to better meet the needs of growing markets.

Nokian Tyres launched a project to construct a tyre factory of its own in the St. Petersburg region. The goal is to start the production in 2005, which means that the construction work must begin in 2004. Authorities are currently processing construction and other related permits. The total investment of the first phase will be EUR 52 million in the years 2004-2005.

The sales mix will continue to improve thanks to the various top-segment novelties in the company's product range. The consumer sales of the new car summer and winter tyres, as well as the heavy tyres, will start during this year. The car tyre prices were increased by some 4% at the beginning of the year.

Vianor continues to enhance production efficiency and increase the share of own products, the share of work and service sales, and implement rationalisation methods, particularly in Sweden and Norway.

Actions will be taken in order to further improve return on capital and to cut the growth of fixed costs. Investments will focus on opening the bottlenecks at the Nokia plant and on production possibilities in Russia.

The overall investments in 2004 total EUR 64.0 million (EUR 44.2 million), including the initial investment of EUR 22 million reserved for the new plant in Russia. Other investments include production investments and new product moulds for the Nokia factory.

Nokia, 12 February 2004

Nokian Tyres plc
Board of Directors

in '000 euros	1.1.–31.12.	Notes	GROUP 2003	2002	PARENT COMPANY 2003	2002
Net sales		(1)	**528,682**	479,205	**326,985**	279,648
Total cost of goods sold		(2)(3)(4)	**-303,460**	-275,510	**-205,181**	-178,500
Gross margin			**225,221**	203,695	**121,804**	101,148
Selling and marketing expenses		(3)(4)	**-119,674**	-117,678	**-26,776**	-25,784
Administration expenses		(3)(4)	**-9,527**	-9,179	**-8,804**	-7,312
Other operating expenses		(3)(4)	**-12,929**	-11,471	**-11,815**	-10,845
Other operating income			**2,355**	1,957	**271**	130
Goodwill depreciation		(4)	**-6,362**	-7,263		
Total other costs			**-146,137**	-143,634	**-47,124**	-43,811
Operating profit		(5)	**79,084**	60,061	**74,680**	57,337
Financial income and expenses		(6)	**-9,469**	-12,097	**-4,678**	-9,398
Result before extraordinary items, appropriations and tax			**69,615**	47,964	**70,002**	47,939
Extraordinary items		(7)	**0**	0	**0**	-481
Result before appropriations and tax			**69,615**	47,964	**70,002**	47,458
Increase in accumulated depreciation in excess of plan		(8)			**-3,063**	-4,008
Income tax						
Direct tax for the year			**-21,771**	-14,083	**-18,507**	-11,562
Change in deferred tax		(16)	**-247**	-320	**27**	-20
Profit applicable to minority shareholders			**0**	0		
Net result for the year			**47,598**	33,561	**48,459**	31,868

			GROUP		PARENT COMPANY	
in '000 euros	31.12.	Notes	**2003**	2002	**2003**	2002
ASSETS						
Fixed assets and other non-current assets						
Intangible assets		(9)	**13,669**	12,518	**7,607**	6,740
Goodwill		(9)	**36,397**	40,758		
Tangible assets		(9)	**202,377**	195,445	**172,573**	165,000
Shares in Group companies		(10)(11)			**26,347**	26,147
Shares in associated companies		(10)(11)	**451**	417	**1,783**	282
Shares in other companies		(11)	**252**	225	**78**	78
Total non-current assets			**253,146**	249,363	**208,388**	198,247
Current assets						
Inventories		(12)	**85,074**	78,847	**36,690**	32,560
Long-term receivables		(13)	**1,946**	2,188	**29,018**	34,884
Deferred tax asset		(16)	**6,196**	5,837	**2,388**	2,362
Short-term receivables		(14)	**110,754**	94,201	**134,832**	121,416
Cash in hand and at bank			**18,955**	20,473	**847**	3,842
Total current assets			**222,925**	201,546	**203,775**	195,064
			476,071	450,909	**412,163**	393,311
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity		(15)				
Share capital			**21,364**	21,164	**21,364**	21,164
Share issue premium			**3,390**	1,944	**3,390**	1,944
Retained earnings			**138,847**	118,706	**61,892**	41,770
Net result for the year			**47,598**	33,561	**48,459**	31,868
Capital loan			**36,000**	36,000	**36,000**	36,000
Total shareholders' equity			**247,199**	211,375	**171,105**	132,746
Minority shareholders' interest			**0**	0		
Untaxed reserves and provisions						
Accumulated depreciation in excess of plan					**63,124**	60,060
Liabilities						
Deferred tax liability		(16)	**22,552**	21,271	**0**	0
Long-term liabilities		(17)				
interest bearing			**82,151**	98,032	**81,613**	97,352
interest-free			**17**	140	**0**	0
			82,168	98,172	**81,613**	97,352
Short-term liabilities		(18)				
interest bearing			**36,819**	44,898	**39,478**	61,816
interest-free			**87,333**	75,193	**56,843**	41,337
			124,152	120,091	**96,321**	103,153
Total liabilities			**228,872**	239,534	**177,934**	200,505
			476,071	450,909	**412,163**	393,311

		GROUP		PARENT COMPANY	
in '000 euros	1.1.–31.12.	**2003**	2002	**2003**	2002
Cash flow from operating activities:					
Payments received from sales		**520,873**	470,120	**321,808**	268,012
Expenses paid for operating activities		**-413,610**	-378,802	**-221,149**	-199,531
Cash flow from operating activities before the financial items and taxes		**107,263**	91,318	**100,659**	68,481
Interest paid and other financial expenses		**-10,504**	-12,785	**-10,368**	-15,052
Interest received from operating activities		**1,285**	1,247	**4,927**	5,438
Dividends reiceived from operating activities		**59**	10	**983**	7
Income taxes paid		**-19,062**	-10,498	**-15,768**	-7,283
Cash flow from operating activities before extraordinary items		**79,041**	69,292	**80,433**	51,591
Cash flow from operating activities (A)		**79,041**	69,292	**80,433**	51,591
Cash flow from investing activities:					
Acquisition of tangible and intangible fixed assets		**-44,349**	-26,542	**-33,873**	-22,413
Proceeds from sale of tangible and intangible assets		**4,439**	1,011	**1,224**	983
Acquisition of group companies, net of acquired cash		**-2,751**	-665	**-1,701**	0
Investments in other shares		**0**	0	**0**	-183
Cash flow from investing activities (B)		**-42,661**	-26,196	**-34,350**	-21,613
Cash flow from financing activities:					
Share issues		**1,645**	0	**1,645**	0
Change in short-term financial receivables		**-5,599**	-185	**-6,769**	9,342
Change in long-term financial receivables		**287**	183	**5,866**	-3,752
Change in financial short-term debt		**-8,078**	5,449	**-22,338**	14,102
Change in financial long-term debt		**-14,407**	-37,533	**-15,736**	-38,710
Dividends paid		**-11,746**	-8,783	**-11,746**	-8,783
Cash flow from financing activities (C)		**-37,898**	-40,869	**-49,078**	-27,801
Change in cash and cash equivalents (A+B+C) increase + / decrease -		**-1,518**	2,227	**-2,995**	2,177
Cash and cash equivalents at the beginning of the period		**20,473**	18,246	**3,842**	1,665
Cash and cash equivalents at the end of the period		**18,955**	20,473	**847**	3,842
		-1,518	2,227	**-2,995**	2,177

Notes to the cash flow statements				
Acquisition of group companies				
Cash flow from the acquisition				
Acquisition cost of the acquired companies	**2,788**	493	**0**	0
Cash and cash equivalents of the acquired companies	**-38**	154		
	2,751	647	**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 per cent of the voting rights and associated companies, where Nokian Tyres plc owns between 20 per cent and 50 per cent 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 2003 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 per cent and 50 per cent of the voting rights are reported according to the equity method of accounting except for the Russian joint venture OOO Amtel-Nokian Tyres. This is accounted for using the proportional (50 per cent shareholding) purchase method on each row as the operation of the company is based on the equal influence and responsibility stipulated by agreements. 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 2003	2002	PARENT COMPANY 2003	2002
1. NET SALES BY SEGMENTS AND MARKET AREAS				
Manufacturing				
Car and Van tyres	**296,049**	242,849	**258,689**	215,766
Heavy tyres	**58,816**	54,954	**51,182**	47,497
Bicycle tyres and inner tubes	**5,106**	5,544	**5,106**	5,544
Retreading materials	**11,007**	11,155	**10,695**	10,841
RoadSnoop	**1,325**		**1,313**	
Total	**372,303**	314,502		
Tyre chain	**213,045**	216,187		
Others and eliminations	**-56,666**	-51,484	**0**	0
Total	**528,682**	479,205	**326,985**	279,648
Finland	**169,827**	145,378	**105,180**	73,952
Other Nordic countries	**167,378**	158,934	**66,954**	57,228
Baltic States and Russia	**55,224**	43,860	**43,340**	35,659
Other European countries	**98,294**	93,904	**88,464**	83,901
North America	**33,223**	32,065	**18,498**	24,009
Other countries	**4,737**	5,064	**4,550**	4,899
Total	**528,682**	479,205	**326,985**	279,648
2. TOTAL COST OF GOODS SOLD				
Raw materials	**85,387**	76,329	**85,387**	76,329
Goods purchased for resale	**123,653**	98,836	**26,945**	9,225
Wages and social costs of goods sold	**41,697**	38,226	**41,697**	38,226
Other costs	**28,185**	25,400	**28,585**	26,742
Depreciation of production	**19,147**	17,258	**19,147**	17,258
Sales freights	**11,618**	11,300	**7,550**	7,715
Change in inventories	**-6,227**	8,161	**-4,130**	3,005
Total	**303,460**	275,510	**205,181**	178,500
3. WAGES, SALARIES AND SOCIAL EXPENSES				
Wages and salaries	**82,996**	79,157	**45,659**	41,921
Pension contributions	**13,201**	15,410	**7,797**	7,684
Other social expenses	**19,629**	18,094	**14,130**	13,055
Total	**115,826**	112,661	**67,586**	62,660
Remuneration of the members of the Boards, President and Managing Directors on accr. basis	**1,434**	1,385	**474**	316
of which incentives	**196**	136	**151**	76

No special pension commitments have been granted to the members of the Boards and President.
The President's and one subsidiary's Managing Director's agreed retirement age is 60 years.

in '000 euros	GROUP 2003	2002	PARENT COMPANY 2003	2002
Personnel, average during the year				
Production	**1,118**	1,077	**1,118**	1,077
Sales and marketing	**1,369**	1,413	**87**	84
Others	**163**	173	**163**	173
Total	**2,650**	2,663	**1,368**	1,334
4. DEPRECIATION				
Depreciation according to plan by asset category				
Intangible assets	**2,111**	2,182	**1,475**	1,193
Goodwill	**6,362**	7,263		
Buildings	**2,349**	2,135	**1,675**	1,665
Machinery and equipment	**24,214**	22,297	**20,726**	18,750
Other tangible assets	**963**	1,040	**333**	330
Total	**35,999**	34,917	**24,209**	21,938

	GROUP		PARENT COMPANY	
in '000 euros	**2003**	2002	**2003**	2002
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.

Depreciation by function				
Production	**21,126**	19,326	**21,126**	19,326
Sales and marketing	**5,850**	5,999	**422**	283
Administration	**917**	928	**917**	928
Other operating depreciation	**1,744**	1,401	**1,744**	1,401
Goodwill	**6,362**	7,263		
Total	**35,999**	34,917	**24,209**	21,938

5. OPERATING RESULT

Manufacturing	**75,569**	59,462		
Tyre chain	**4,871**	938		
Eliminatios	**-1,356**	-339		
Total	**79,084**	60,061		

6. FINANCIAL INCOME AND EXPENSES

Dividend income				
From the Group companies			**659**	0
From others	**59**	10	**324**	7
Total	**59**	10	**983**	7
Interest income, long-term				
From the Group companies			**1,811**	1,889
From others	**73**	114	**80**	71
Total	**73**	114	**1,891**	1,960
Other interest and financial income				
From the Group companies			**1,517**	2,209
From others	**1,228**	1,155	**661**	604
Total	**1,228**	1,155	**2,178**	2,813
Exchange rate differentials (net)	**996**	-826	**1,923**	-1,558
Interest and other financial expenses				
To the Group companies			**-396**	-477
To others	**-10,690**	-12,099	**-10,593**	-11,917
Other financial expenses	**-1,134**	-450	**-664**	-226
Total	**-11,824**	-12,549	**-11,653**	-12,620
Total financial income and expenses	**-9,469**	-12,097	**-4,678**	-9,398

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.

Dissolution loss	**0**	0	**0**	-481
Total	**0**	0	**0**	-481

8. APPROPRIATIONS

Change in accumulated depreciation in excess of plan				
Intangible assets			**218**	17
Buildings			**787**	970
Machinery and equipment			**2,124**	3,085
Other tangible assets			**-66**	-64
Total			**3,063**	4,008

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 2003	20,765	72,578	4,042	83,901	254,590	4,113	4,486
Decrease/Increase	2,128	2,906	217	-67	33,112	687	4,040
Accumulated cost, Dec 31st 2003	22,893	75,484	4,259	83,834	287,702	4,800	8,526
Translation difference	176	-854	-18	-619	-1,533	-85	0
Accum. depr. acc. to plan, Dec 31st 2003	-9,400	-38,233	0	-20,251	-162,465	-2,454	0
Revaluation , Dec 31st 2003	0	0	0	681	0	0	0
Book value, Dec 31st 2003	13,669	36,397	4,241	63,645	123,704	2,261	8,526
Book value, Dec 31st 2002	12,518	40,758	4,083	65,481	119,386	2,009	4,486

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.
Intangible rights and fixed assets under construction contains capitalized development expenses total 1,827 thousand euros in accordance with Finnish Accounting Act chapter 5 article 8 and resolution 50/1998 of MTI.

	Intangible assets	Goodwill	Land property	Buildings	Machinery and equipment	Other tangible assets	Advances and fixed assets under construction
Parent Company							
Accumulated cost, Jan 1st 2003	10,713		634	61,426	220,342	3,501	4,486
Decrease/Increase	2,342		180	1,053	24,569	33	4,039
Accumulated cost, Dec 31st 2003	13,055		814	62,479	244,911	3,534	8,525
Translation difference							
Accum. depr. acc. to plan, Dec 31st 2003	-5,448		0	-13,368	-132,308	-2,014	0
Book value, Dec 31st 2003	7,607		814	49,111	112,603	1,520	8,525
Book value, Dec 31st 2002	6,740		634	49,733	108,327	1,820	4,486
Accum. depreciation in excess of plan, Dec 31st 2003	1,053			17,465	44,548	58	
Accum. depreciation in excess of plan, Dec 31st 2002	835			16,678	42,423	124	

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	
Posiber Kiinteistöt Oy, Nokia, Finland	100	
Kiinteistö Oy Pintamo, Savonlinna, Finland	100	
AS Vianor, Estonia	100	
Vianor AB, Sweden	100	
Vianor AS, Norway	100	
Grimstad Vulk AS, Norway	100	
Mandal Vulk AS, Norway	100	
Bergs Gummi-Industri AS, Norway	100	
Marco Trading 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
NT Tyre Machinery Oy, Nokia, Finland	100	100
Direnic Oy, Nokia, Finland	100	100
RoadSnoop Oy, Nokia, Finland	100	100
Nokian Renkaat Holding Oy, Nokia, Finland	100	100
OOO Nokian Shina, Russia	100	
Suomen Rengas-Service Oy, Imatra, Finland	100	100
OOO Nokian Tyres, Russia	100	
Associated companies		
Freibi Riepas SIA, Latvia	50	
OOO Amtel-Nokian Tyres, Russia	50	50
Kiint. Oy Nokian Nosturikatu 18, Nokia, Finland	33	33
Sammaliston Sauna Oy, Nokia, Finland *)		33

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

11.INVESTMENTS

in '000 euros	GROUP		PARENT COMPANY		
	Shares in associated companies reported according to the equity method	Shares in other companies	Shares in group companies	Shares in associated companies	Shares in other companies
Accumulated cost, Jan 1st 2003	417	226	26,147	282	78
Decrease/Increase	34	26	200	1,501	0
Accumulated cost, Dec 31st 2003	451	252	26,347	1,783	78
Translation difference	0	0			
Book value, Dec 31st 2003	451	252	26,347	1,783	78
Book value, Dec 31st 2002	417	226	26,147	282	78

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

	GROUP		PARENT COMPANY	
in '000 euros	**2003**	2002	**2003**	2002
12. INVENTORIES				
Raw materials and supplies	**7,565**	8,487	**6,673**	7,469
Work-in-progress	**2,455**	2,245	**2,455**	2,245
Finished goods	**75,054**	68,115	**27,562**	22,846
Total book value	**85,074**	78,847	**36,690**	32,560
13. LONG-TERM RECEIVABLES				
Loan receivables from the Group companies			**28,423**	33,616
Loan receivables from the Assoc. companies	**0**	560	**0**	0
Loan receivables	**1,868**	1,595	**595**	1,268
Other receivables	**78**	33	**0**	0
Total	**1,946**	1,628	**595**	1,268
Total long-term receivables	**1,946**	2,188	**29,018**	34,884

Loans to directors

Managing Directors and the members of the Board of Directors in the Group have been granted loans, totalling 88,028 euros. Loans have yearly installments.

	GROUP 2003	GROUP 2002	PARENT COMPANY 2003	PARENT COMPANY 2002
14. SHORT-TERM RECEIVABLES				
Receivables from the Group companies				
Trade debtors			**31,470**	29,825
Loan receivables			**55,602**	48,963
Accrued revenues and deferred expenses			**967**	1,431
Total			**88,039**	80,219
Receivables from the Assoc. companies				
Trade debtors	**1,203**	862	**1,203**	862
Loan receivables	**500**	370	**500**	370
Accrued revenues and deferred expenses	**1**	8	**328**	8
Total	**1,704**	1,240	**2,031**	1,240
Trade debtors	**90,953**	82,659	**38,778**	35,790
Loan receivables	**618**	120	**0**	0
Other receivables	**8,299**	3,173	**1,898**	2,308
Accrued revenues and deferred expenses	**9,179**	7,010	**4,087**	1,860
Total	**109,049**	92,962	**44,763**	39,958
Total short-term receivables	**110,754**	94,201	**134,832**	121,416

	GROUP		PARENT COMPANY	
in ’000 euros	**2003**	2002	**2003**	2002
Significant items under accrued revenues and deferred expenses				
Taxes	**1,398**	1,318	**547**	4
Annual discounts, purchases	**2,608**	610	**677**	549
Financial items	**427**	458	**1,215**	1,330
Social payments	**856**	909	**695**	679
Insurance compensation	**630**	0	**630**	0
Other items	**3,261**	3,723	**1,618**	737
Total	**9,180**	7,018	**5,382**	3,299

15. SHAREHOLDERS’ EQUITY				
Share capital, Jan 1st	**21,164**	17,798	**21,164**	17,798
Emissions in 2003	**1**	0	**1**	0
Bonus issue from issue premiums	**199**	3,366	**199**	3,366
Share capital, Dec 31st	**21,364**	21,164	**21,364**	21,164
Share issue premium, Jan 1st	**1,944**	5,310	**1,944**	5,310
Bonus issue to share capital	**1,446**	-3,366	**1,446**	-3,366
Share issue premium, Dec 31st	**3,390**	1,944	**3,390**	1,944
Retained earnings, Jan 1st	**152,267**	125,923	**73,638**	50,553
Dividends to shareholders	**-11,746**	-8,783	**-11,746**	-8,783
Translation adjustment	**-1,672**	1,566	**0**	0
Retained earnings, Dec 31st	**138,848**	118,706	**61,892**	41,770
Net profit for the year	**47,598**	33,561	**48,459**	31,868
Capital loan	**36,000**	36,000	**36,000**	36,000
Total shareholders’ equity	**247,200**	211,375	**171,105**	132,746

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				
Retained earnings, Dec 31st	**138,848**	118,706	**61,892**	41,770
Net profit for the year	**47,598**	33,561	**48,459**	31,868
The share of untaxed reserves and appropriations recorded in shareholders’ equity	**-47,228**	-44,954		
Subsidiaries’ reserve funds	**-1,329**	-1,474		
Formation expenses	**-538**			
Distributable equity, Dec 31st	**137,351**	105,839	**110,351**	73,638

16. DEFERRED TAX LIABILITIES AND ASSETS				
Deferred tax assets from				
Untaxed reserves and provisions	**937**	1,173		
Consolidation	**2,599**	1,846		
Temporary differences	**2,660**	2,818	**2,388**	2,361
Total	**6,196**	5,837	**2,388**	2,361
Deferred tax liabilities from				
Untaxed reserves and provisions	**21,971**	20,374		
Consolidation	**0**	0		
Temporary differences	**581**	897	**0**	0
Total	**22,552**	21,271	**0**	0

The deferred tax assets contain the deferred tax assets for the years 2004 and 2005 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, 6,291 thousand euros, has been accounted for up to year 2005.

Deferred tax liabilities arising from the goodwill of the buildings, total 895 thousand euros and revaluation, total 196 thousand euros are not included in the amounts reported above.

	GROUP		PARENT COMPANY	
in '000 euros	**2003**	2002	**2003**	2002
17. LONG-TERM LIABILITIES				
Interest bearing				
Bonds	**10,000**	10,000	**10,000**	10,000
Loans from financial institutions	**53,901**	73,032	**53,363**	72,352
Pension premium loans	**18,250**	15,000	**18,250**	15,000
Total	**82,151**	98,032	**81,613**	97,352
Interest-free				
Other long-term loans	**17**	140	**0**	0
Total long-term liabilities	**82,168**	98,172	**81,613**	97,352
Bonds				
1/2002 variable interest rate based on Euribor				
3,168 % bullet maturity on 2009.	**10,000**	10,000	**10,000**	10,000
Liabilities maturing after five years				
Loans from financial institutions	**19,167**	13,333	**19,167**	13,333
Pension premium loans	**8,250**	15,000	**8,250**	15,000
Total	**27,417**	28,333	**27,417**	28,333
Maturing of long-term liabilities				
Maturity				
2005	**54,344**	53,540	**53,871**	53,371
2006	**10,231**	9,667	**10,167**	9,667
2007	**3,667**	3,167	**3,667**	3,167
2008	**22,492**	3,167	**22,492**	3,167
2009 and later	**27,417**	25,167	**27,416**	25,167
Total	**118,151**	94,708	**117,613**	94,538

18. SHORT-TERM LIABILITIES				
Interest bearing				
Liabilities to the Group companies				
Finance loans			**7,593**	17,298
Loans from financial institutions	**34,819**	43,398	**29,885**	43,018
Pension premium loans	**2,000**	1,500	**2,000**	1,500
Total	**36,819**	44,898	**31,885**	44,518
Total interest bearing	**36,819**	44,898	**39,478**	61,816
Interest-free				
Liabilities to the Group companies				
Trade creditors			**6**	17
Accrued expenses and deferred revenues			**2,837**	376
Total			**2,843**	393
Trade creditors	**38,373**	33,177	**22,968**	15,531
Liabilities to the others	**5,040**	6,264	**2,775**	2,363
Accrued expenses and deferred revenues	**43,026**	35,612	**28,258**	23,050
Advance payments	**895**	141		
Total	**87,333**	75,193	**54,001**	40,944
Total interest-free liabilities	**87,333**	75,193	**56,844**	41,337
Total short-term liabilities	**124,152**	120,091	**96,321**	103 153

	GROUP		PARENT COMPANY	
in ’000 euros	**2003**	2002	**2003**	2002
Significant items under accrued expenses and deferred revenues				
Wages and salaries	**20,928**	18,389	**11,884**	10,810
Annual discounts, sales	**2,215**	1,389	**281**	484
Taxes	**8,220**	5,692	**7,233**	4,213
Financial items	**3,757**	3,477	**3,663**	3,233
Royalty	**272**	251	**272**	251
Uninvoiced receipts	**323**	302	**2,224**	302
Marketing support	**2,200**	1,107	**2,200**	1,107
Advance payments	**621**	0	**0**	0
Guarantee commitments	**659**	555	**659**	555
Group support			**921**	
Other items	**3,831**	4,450	**1,757**	2,471
Total	**43,026**	35,612	**31,094**	23,426

19. CONTINGENT LIABILITIES

For own debt				
Mortgages	**1,030**	1,030	**0**	0
Mortgage on company assets	**0**	0	**0**	0
Pledged assets	**526**	31	**0**	0
On behalf of Group companies and associated companies				
Guarantees			**1,326**	841
Rent commitments			**1,048**	779

The amount of debts that the Parent company has mortgaged for are total 1,326 thousand euros.

On behalf of other companies				
Guarantees	**56**	57	**48**	48
Other own commitments				
Guarantees	**1,009**	1,009	**1,009**	1,009
Leasing and rent commitments				
Payments due in 2004/2003	**6,641**	6,699	**2,006**	1,869
Payments due in subsequent years	**28,211**	32,010	**12,220**	13,827
Acquisition commitments	**743**	1,163	**743**	1,163

20. DERIVATIVE CONTRACTS

Interest rate derivatives				
Interest rate swaps				
Fair value	**-2,164**	-2,052	**-2,164**	-2,052
Underlying value	**36,500**	46,500	**36,500**	46,500
Currency derivatives				
Forward contracts				
Fair value	**853**	775	**853**	775
Underlying value	**92,386**	50,493	**92,386**	50,493

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

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

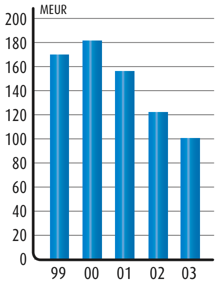
Currency derivatives are used only to hedge the Group’s net exposure.

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.

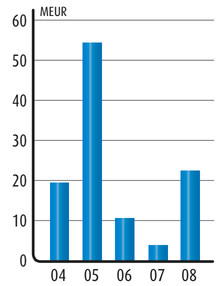
21. ENVIRONMENTAL COMMITMENTS AND -EXPENSES

Nokian Tyres has no material environmental commitments or expenses. In addition to the environmental aspects presented in the Annual Report, Nokian Tyres will issue an Environmental Report in 2004.

Interest bearing net debt

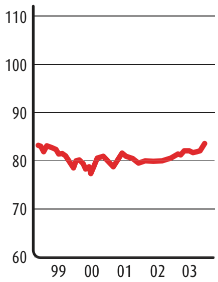


Current maturities of long-term loans



Exchange rate index weighted by export currencies

(Index 1990=100, euros)



Risks of Nokian Tyres Group 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. The internal and external financing and financial risk management of Nokian Tyres is centralised to the parent company's Treasury unit. 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 19 million at the end of 2003. Furthermore, the Group had unused short-term credit limits of some EUR 167 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 119 million, compared to EUR 143 million a year earlier. Non-euro currencies represented 19 per cent of all long-term loans (14 per cent in 2002). The average interest rate of long-term loans was 3,58 per cent (4.16 per cent in 2002). 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.

The Syndicated Revolving Credit Facility DEM 125 million signed December 1997 was refinanced in April 2003. The lifetime of the new EUR 100 million Revolving Credit Facility is five years.

Short-term interest-bearing liabilities amounted to EUR 37 million (EUR 45 million in 2002), which includes loan repayments to be made within one year.

Investments in 2003 totalled EUR 44 million (EUR 26 million in 2002).

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 44 months at the end of the year, compared to 36 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 2003, 25 per cent of the parent company's invoicing was in non-euro currencies (27 per cent in 2002). 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 distributable reserves in the shareholders' equity of the Parent Company on 31 December 2003 total 110,350,512.33 euros, which can be distributed as dividends. The distributable reserves in the shareholders' equity of the Group total 137,352,000 euros and do not restrict the profit distribution of the Parent Company. There are 10,684,441 shares entitled to a dividend.

The Board of Directors proposes that a dividend of 1.56 euros (a total of 16,667,727.96 euros) be paid out for the 2003 fiscal year.

Nokia, 11 February 2004

Matti Vuoria *Hannu Penttilä*

Rabbe Grönblom *Henrik Therman*

Bo-Erik Haglund *Kim Gran*
President

Satu Heikintalo

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 2003. 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, 12 February 2004

KPMG WIDERI OY AB

Matti Sulander
Authorised Public Accountant

Back row, from the left:
Hannu Penttilä
Master of Laws
Managing Director,
Stockmann plc
Member of the Board
since 1999

Rabbe Grönblom
Chairman of the Board,
Kotipizza plc
Member of the Board
since 2003

Bo-Erik Haglund
Doctor of Economic
Sciences h.c.
Member of the Board
since 2001

Henrik Therman
Master of Science
Member of the Board
since 2003

Front row, from the left:
Kim Gran
Bachelor of Science
in Economics
President and CEO of
Nokian Tyres plc
Member of the Board
since 2002

Satu Heikintalo
Master of
Economic Science
Planning Director
until 14 April 2004,
Managing Director
as of 15 April 2004,
G2 Helsinki Oy
Member of the Board
since 2002

Chairman:
Matti Vuoria
Master of Laws
Executive
Vice President
until 31 May 2004,
President as of
1 June 2004,
Varma Mutual
Pension Insurance
Company
Chairman of the Nokian
Tyres Board since 2003

The Board members did
not own Nokian Tyres shares
on 31 December 2003.

Principles of investor relations

The goal of Nokian Tyres' investor relations is to regularly and consistently provide the stock market with essential, correct, sufficient and up-to-date information used to determine the share value. The operations are based on equality, openness, accuracy and good service.

The Management of Nokian Tyres is strongly committed to serving the capital markets. The company's President and Vice President, Corporate Communications and IR, are the main parties dealing with and answering questions from analysts and investors. The practical matters related to meetings and contacts are handled by the contact persons for investor relations.

Nokian Tyres adopts a three-week period of silence before the publication of financial information. Analyst and investor meetings are held both in Finland and abroad in conjunction with the publication of the company's financial results. At other times analysts and investors are mainly answered by phone or e-mail.

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Further investor information about Nokian Tyres can be found
on the Group's Internet site at www.nokiantyres.com.

Stock exchange releases 2003

Nokian Tyres published a total of 23 stock exchange releases or announcements in 2003. Short summaries of the most significant releases are given below:

January 15, Nokian Tyres and Matador started contract manufacturing
Nokian Tyres plc and Matador AS informed that they had signed a contract manufacturing agreement. According to the agreement Matador was to start manufacturing of Nokian branded speed categories S, T and H car summer tyres at its factory in Slovakia. The tyres are targeted to the East European markets as a part of the total Nokian product range. The agreement is valid until the end of the year 2005 and after that on a one-year basis.

January 24, New studded car winter tyre introduced to the markets
Nokian Tyres launched a new studded car winter tyre, Nokian Hakkapeliitta 4 for the Nordic and Russian markets. Its consumer sales started during the spring 2003. In the tyre development, the main focus has been on tyre's grip properties and environmental issues.

February 14, Application for listing of warrants on the Helsinki Exchanges
Nokian Tyres Plc applied for its 2001A warrants of the option scheme 2001 to be listed on the Helsinki Exchanges main list as of March 3, 2003.

February 18, Nokian Tyres in 2002
Group's net sales and operating profit improved markedly. All product areas, including Vianor,

improved operating profits. Profit before taxes was up 29.5% to EUR 48.0 million (2001: EUR 37.0 million). EPS were EUR 3.17 (EUR 2.38). Net sales was up 13.2% to EUR 479.2 million (EUR 423.4 million). The Board of Directors proposes that a dividend 35% of the net profit, i.e. EUR 1.11 (0.83) per share, be distributed.

March 19, Nokia Oyj's holding to Bridgestone

The holdings of Nokia Corporation in Nokian Tyres plc was reduced from 18.9% to 0% of the voting rights and share capital in Nokian Tyres plc. The share transaction was executed in accordance with the agreement between Nokia Corporation and Bridgestone Europe NV/SA dated February 24, 2003 that was notified under Chapter 2, Section 10, of the Securities Markets Act on February 24, 2003.

Bridgestone Europe NV/SA informed that its holdings in Nokian Tyres plc had reached 18.9% of the voting rights and share capital in Nokian Tyres plc.

March 26, Decisions of the Annual General Meeting

On March 26, 2003, Nokian Tyres Annual General Meeting accepted the profit and loss statement for 2002 and discharged the Board of Directors and the President from liability. A decision was made on a dividend of 1.11 euros per share. The Annual General Meeting authorised the Board of Directors to decide upon increasing the share capital on one or more occasions by an issue of new shares and/or convertible bonds.

April 2, Nokian Tyres signed a syndicated revolving credit facility

Nokian Tyres plc signed an EUR 100 million syndicated revolving credit Facility for 5 years with international banks on the 1st of April. The Facility will be used to refinance the Syndicated Revolving Credit Facility of EUR 63.9 million signed 9th of December 1997 and for general corporate purposes.

April 25, Joint venture company in Russia

Nokian Tyres and Amtel Holdings announce that they had formed and officially registered in Russian Federation joint venture company Amtel-Nokian Tyres LLC. Amtel-Nokian Tyres LLC or ANT had been formed according to the Framework Agreement signed between the two tire manufacturers in December 2002.

May 6, Interim Report January-March 2003

Group's net sales increased, result was positive and better than th previous year. EPS increased to EUR 0.06 (EUR -0.31 in Q1/2002). Net sales rose by 13.2% to EUR 95.7 million (EUR 84.5 million). Operating profit improved to EUR 3.2 million (EUR -1.0 million). Return on net assets and equity ratio improved. Main objective for 2003 is to outperform the results of 2002 in terms of net sales and profit.

June 13, New retreading factory from St. Petersburg and reorganisation of retreading operations

Nokian Tyres purchased a retreading plant called Eurobandag in St.Petersburg, in Russia. In addition, the company informed that it will reorganise its retreading business in Nordic countries by establishing a new profit centre to manage Group's retreading operations.

August 8, Interim Report January-June 2003

The Group's consolidated net sales and operating profit increased from the previous year in the 2nd quarter and the entire period in review. Operating profit was EUR 16.7 million (EUR 8.7 million in January-June 2002). EPS were up to EUR 0.78 (EUR 0.10). Net sales rose 9.1% to EUR 210.9 million (EUR 193.3 million). The main objective for 2003 is to outperform the results of 2002 in terms of net sales and profit.

August 21, Change in ownership

Ilmarinen Mutual Pension Insurance Company informed that its share of Nokian Tyres' share capital and voting rights has fell below one-twentieth as a result of a share transaction made August 19, 2003.

October 24, Interim Report January-September, 2003

Group's net sales and profit increased in Q3 and in the entire period in review. Net sales rose by 9.8% to EUR 341.5 million (EUR 311.2 million, Jan-Sept 2002). Group's operating profit improved to EUR 38.4 million (EUR 23.9 million). All profit centres improved their operating profits. EPS were up to EUR 2.05 (EUR 0.93). Main objective is to outperform the year 2002 results in terms of net sales and profit.

Analysts

At least the following analysts have made investment analyses of Nokian Tyres in 2003:

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as of 1 April 2004

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Managing Director Janis Biksons

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Managing Director Petri Siipola

Annual General Meeting

The Annual General Meeting of Nokian Tyres plc will be held at Marina Congress Center, Katajanokanlaituri 7 in Helsinki on Monday 5 April 2004, 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 26 March 2004 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 31 March 2004 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 1.56 per share be paid for the financial year 2003. The record date for the dividend payment will be 8 April 2004 and the dividend payment date 19 April 2004, 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 5 May 2004
Interim Report for six months	on 6 August 2004
Interim Report for nine months	on 1 November 2004
Financial Statements Bulletin 2004	in February 2005
Annual Report 2004	in March 2005

Financial reports may be ordered from Nokian Tyres' corporate communications
telephone +358 3 340 7641
fax +358 3 340 7799
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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.

Editorial office: Selander & Co. Communications Agency, layout: Juha Immonen, portraits: Kimmo Torkkeli. Printed by Hämeen Kirjapaino Oy in 2004.

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