Moments from the journey beyond the smooth asphalt

The Nordic scenery is where Nokian Tyres feel most at home. Travelling from southern Finland all the way to the windy shores of the Arctic Ocean in Norway is quite an experience, even for a northern native.

The roads vary from narrow to broad, straight to winding, concave to convex, icy to slushy. The air may be filled with falling rain, snow or freezing drizzle. Greetings from the sky.

The fells cast a blue, majestic silhouette. There is a purple glance of light on the horizon.In all its roughness, the north paints a beautiful picture in your soul.

Contents

Financial review

Safest Tyres for Nordic Conditions

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

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

Expertise in 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 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 with approximately 170 outlets across Finland, Sweden, Norway, Estonia, Latvia and Russia. The majority of the outlets are company's own and part of them are operating on a franchising basis.

Nokian Tyres primarily operates in the 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. Certain products are produced as contract manufacturing in other tyre manufacturers' factories for example in the USA, Indonesia, Slovakia and China Nokian Tyres has its own sales companies in Sweden, Norway, Germany, Switzerland, Russia and the USA.

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 2004, Nokian Tyres booked net sales of EUR 602.2 million and employed 2,757 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. Passenger car tyre production began in 1932. The company's best-known brand, the Nokian Hakkapeliitta tyre, was launched in 1936.

Success factors

Must factors
- focus on core competences and businesses
- strong reputation and brand
- R & D and production of core products in own control

Key factors
- skilled personnel
- strong expertise in northern conditions (marketing, R&D, logistics sesonal management)
- special know-how in Russian markets
- winter tyre technology and innovations
- own distribution in Nordic countries
- direct contact with end users
- cost efficient production and high level technology

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.
- Core products 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.
- Core products include light truck and SUV tyres as well as harbor and mining machinery tyres.

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

Nokian tyres' focus strategy is supported by

Investments in product development, production and logistics
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.
- On-going improvement of quality, productivity and logistics is supported through consistent investment and productivity projects.

Open and participatory corporate culture
A basic factor behind Nokian Tyres' lasting success is a continuous process of personnel development, which is supported by an open and participatory corporate culture.
- The corporate culture aims to create a highly motivated working community that promotes the success of individuals and the company.

Key strategic objectives into 2009

1. Market leader in the home market in Nordic countries
(see pages 13-15 and 17-19)

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 premium tyre supplier in Russia
(see pages 21-23)

The objective is to be the leading winter tyre and forestry 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 25-27)

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 31-33)

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 35-37)

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 39-41)

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 2009

• To double the net sales	EUR 1.2 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.

Manufacturing and Vianor

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 which are the most rapidly growing segments in the tyre markets. Net sales are primarily generated in the Nordic countries and Russia. Other significant market areas are Eastern Europe, the Alpine region, the USA and Canada. The share of winter tyres is close to 80% of the unit's net sales. Approximately 50% of summer tyres are high performance or ultra high performance tyres. Product range has seen the quick introduction of new products, and the market position of Nokian branded tyres has developed favorably in the key market. Research and development work is guided by the principle of sustainable safety and by the innovations improving tyre safety. The core products are manufactured at the Nokia factory in Finland, and sold in the replacement markets. In addition, some products are manufactured as contract manufacturing in Slovakia, Indonesia, China and in the USA.

Heavy tyres

The heavy tyres profit centre comprises tyres for forestry machinery, special tyres for agricultural machinery, tractors and industrial machinery. Product development in this product area concentrates on narrow and growing product niches such as forestry tyres and special tyres for tractors and various industrial machines. Forestry tyres is the number one product segment. The company has about 30% share of the global forestry tyre market. Nokian Tyres has developed tyres for what is known as CTL (Cut to Length) machinery, invented in the Nordic countries, and the company is the world's market leader in this area. Nokian heavy tyres are sold in the original equipment and replacement markets. The share of original equipment is approximately 40% 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 are manufactured at the Nokia factory.

Bicycle tyres

The profit centre manufacturing tyres and inner tubes for standard and special bicycles was sold to the new owner 1.12.2004.

Retreading and truck tyres

Nokian Tyres is the only Nordic manufacturer of retreading materials and the biggest retreader in the Nordic countries. Retreading materials are used for retreading truck tyres, a variety of industrial machinery tyres and car and van tyres. Key products include winter treads for truck tyres. Main markets are the Nordic countries. The strongest growth potential is in Russia and in the North America. Nokian retreading business includes the retreading material production in the Nokia factory, a total of 8 retreading units in Finland, Sweden and Norway and one retreading plant in St. Petersburg in Russia. As of 2005, the unit has been responsible also for the truck tyre development and sales. The contract manufacturing of Nokian truck tyres will be transferred from Poland and Hungary to Spain during 2005.

Vianor

The Nokian Tyres owned Vianor tyre chain is the biggest of its kind in the Nordic countries. The chain consists of approximately 170 own sales outlets located in Finland, Sweden, Norway, Estonia, Latvia and Russia. In addition there are outlets operating on a franchising basis. 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, among others.

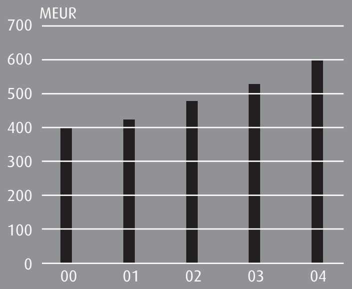
Profit centres in 2004

	Net sales MEUR	Change in net sales from previous year, %	Share of company net sales, %	Operating profit MEUR	Production volume	Share of new products of net sales, %	Personnel (at year-end)
Passenger car and delivery van tyres	363.6	22.8	53	98.5	5.9 million pcs	36.0	880
Heavy tyres	65.4	11.3	10	8.6	10 494 tns	11.3	203
Bicycle tyres	5.3	3.7	1				
Retreading materials	25.0	* not comparable	4	3.2	4 383 tns	17.8	20
Vianor	223.9	5.1	33	EBITA 11.8			1 220

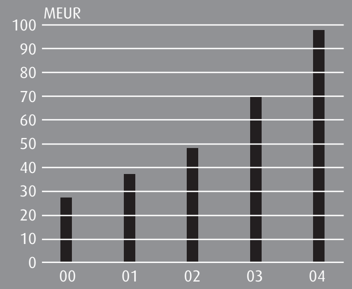
Key financial indicators

	2004	2003	Change %
Net sales, MEUR	602.2	528.7	13.9
Operating profit, MEUR	108.1	79.1	36.7
% of net sales	18.0%	15.0%	
Profit before extra-ordinary items and tax, MEUR	97.9	69.6	40.7
% of net sales	16.3%	13.2%	
Return on net assets, %	27.5%	22.3%	
Return on equity, %	24.3%	20.8%	
Interest bearing net debt, MEUR	107.4	100.0	7.4
% of net sales	17.8	18.9	
Gross investments, MEUR	57.8	44.2	30.7
% of net sales	9.6	8.4	
Cash flow from operations, MEUR	56.9	79.0	-28.0
Earnings per share, EUR	6.23	4.48	38.9
Cash flow per share, EUR	5.29	7.44	-28.9
Shareholders' equity per share, EUR	27.95	23.14	20.8
Equity ratio, %	54.8%	51.9%	
Personnel, average during the year	2 843	2 650	

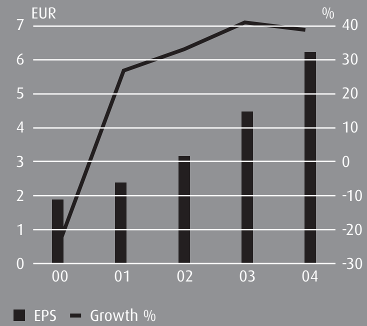
Net sales



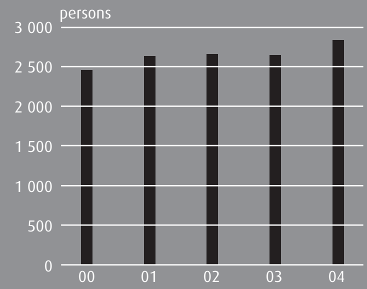
Profit before extraordinary items and tax



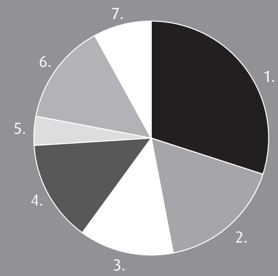
Earnings per share



Average number of personnel



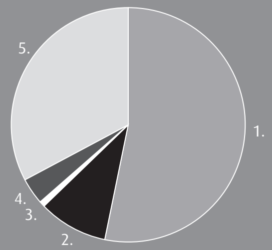
Group's net sales by market area



1. Finland 30%
2. Sweden 17%
3. Norway 13%
4. Russia & CIS 14%
5. Eastern-Europe 4%
6. Other Europe 14%
7. North America 8%

Net sales by profit centre

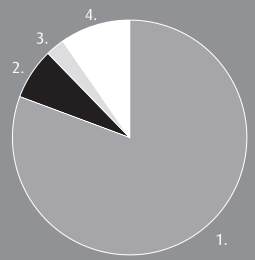
MEUR



1. Passenger car and delivery van tyres 363.6
2. Heavy tyres 65.4
3. Bicycle tyres 5.3
4. Retreading materials 25.0
5. Vianor 223.9

Operating profit (EBIT) by profit centre

MEUR



1. Passenger car and delivery van tyres 98.5
2. Heavy tyres 8.6
3. Retreading materials and bicycle tyres 3.3
4. Vianor EBITA 11.8

Dear reader,

Nokian Tyres put its strategy to work in 2004, focusing strongly on its core markets and products. The results were good, the trust of our customers strong and the Group's position in the main markets more solid than ever. I am glad to note that we have now enjoyed thirteen consecutive years of strong growth and success. Much of this is based on goal-oriented and tireless work in the hakkapeliitta spirit, persistence, and maybe even a bit of luck. Our strategic core areas have seen strongest growth in the tyre markets, and we have made effective use of the opportunities offered to us. Higher raw material prices and the low value of the US dollar against the euro present additional challenges, but investments in new products and customer service have led to improved profitability.

Co-operation, networking, new projects

Our independent and goal-oriented effort to increase trade in Russia was, without doubt, one of the most significant projects in the past year. The construction of our new plant proceeded on schedule, and the logistics centres in St. Petersburg and Moscow worked as expected. We boosted sales operations, began to develop a local production organisation, and put together a skilled Russian core team familiar with the local culture and operating methods. Vianor's expansion into Russia started promisingly in co-operation with our long-term importer.

We have always been proud to present our plant in Nokia, which, despite its long history, is one of the most modern tyre plants in Europe. We are now constructing brand-new production facilities in Vsevolozhsk, featuring ultra-modern premises, machinery and equipment, as well as the latest technology in the field. Our goal is for the Vsevolozhsk facilities to be our second main production plant, serving customers in Russia and all of our main markets.

The first Nokian-branded tyres will be delivered from the Vsevolozhsk plant to tyre outlets and consumer sales this year. Not only machinery and equipment but also skilled staff are key to operations. With this in mind, we have initiated an extensive training programme to develop our local personnel into top professionals in the field. During the first phase a group of Finnish experts will be sent to the plant to control operations and provide training and guidance. We believe, however, that the Russian staff will themselves lead Nokian Tyres to success in the country.

Limited capacity has restricted our growth for years, although the production volumes and contract manufacturing at our plants have increased year by year. To boost growth we signed a manufacturing agreement with the Chinese company Giti Tires and agreed on increasing production volumes at the Matador plant in Slovakia. Contract manufacturing is a fast and flexible way of increasing production capacity without tying down a lot of capital. It enables networking and allows us to focus on increasing the added value of our own production. It also strengthens our own and our partner's skills in both parties' core areas.

The operations of Nokian Tyres saw delightful enhancement over the past year. We introduced several new products, which involve technically highly demanding manufacture. Nevertheless, our production volumes saw considerable growth, added value increased and profitability improved essentially. This was, once again, excellent proof of the true hakkapeliitta spirit of our personnel.

Importance of brand

A specialist in Nordic conditions, Nokian Tyres builds its profitable growth on strong reputation and a valued brand. Over the years the company has won the trust of consumers, the tyre trade and partners in its domestic markets, and the Nokian brand is widely respected. As we move further away from the familiar home markets we must work hard to increase our recognition and strengthen our brand position.

Competition in the growing tyre markets is now clearly stiffer, as shown by more aggressive marketing, distribution and pricing. We must be increasingly attentive to the feedback that customers give on our products, services and prices to be able to develop our operations and strengthen our brand. The customer's voice is our driving force. If we stop listening, we will stray off-course and come to a standstill.

Nordic goes international

Nokian Tyres starts the new year feeling confident, although fully aware of the future challenges. In accordance with our specialisation strategy, we will focus on growth markets, especially on Russia, Eastern Europe and the USA. We will increase production capacity and relieve bottlenecks in production by expanding contract manufacturing. Investments in our Russian plant will be stepped up and the Russian sales network will be strengthened by expanding the Vianor chain. Our new sales and logistics centre in the Czech Republic will support our sales organisation in Eastern and Central Europe. We will also create new production opportunities in Eastern Europe, where our own capacity has not been sufficient for market growth in the past few years. Alternative solutions in Eastern Europe include creating our own production or opting for acquisitions.

There is still room to boost our position and increase sales in the Nordic countries, especially in Sweden. We will expand our distribution network in the Nordic countries and Russia, as well as develop new service concepts. We also plan to invest in our plant in Nokia by enhancing operations and increasing capacity through better productivity.

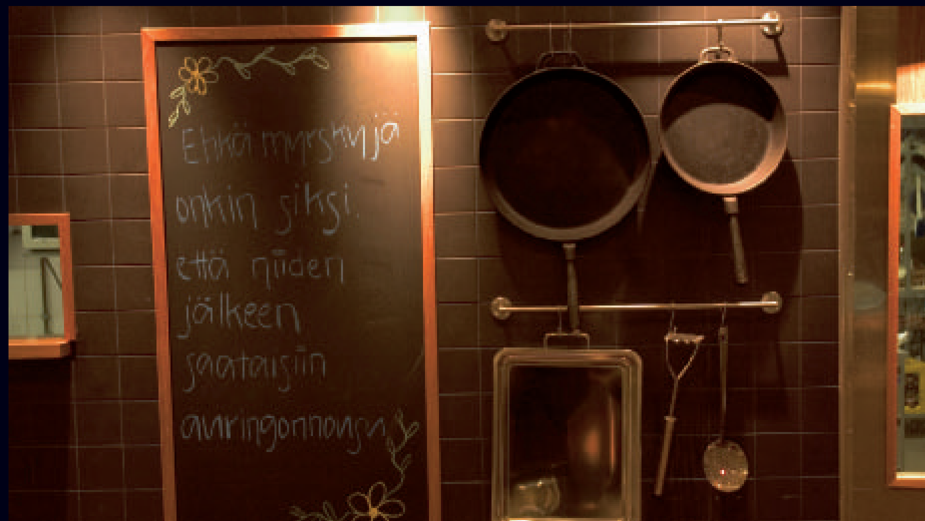
Although Nokian Tyres is heavily geared towards new international markets, our roots and basic skills lie deep in the Nordic soil. The knowledge and experience accumulated over decades, as well as a solid understanding of Nordic conditions, form the cornerstone of our operations. Our customers and tyre users can rely on Nokian-branded tyres guaranteeing top quality always and everywhere. I believe that the Group has every opportunity to become a true international enterprise. We have a clear direction. We are ready and eager to head off.

A successful year gives many good reasons to say thank you. I would like to thank our customers, partners, shareholders and other important interest groups for their trust and encouragement. And many thanks go to the personnel for their goal-oriented and diligent work contributing to the company's success.

Best wishes for 2005

Nokia, 11 February 2005

Kim Gran



Jalasjärvi, Osthrobotnia. The plain begins in the back yard of the Juustoportti café, continues on to its front yard and reaches as far as the eye can see. The wind plays merry-go-round with the light snow. The weather is struggling to keep the snow from turning wet and sticky – and succeeds: the thermometer reads -2.5°C. The surface of the road is damp and tacky. Gathering snow forms a rampart between the lanes.

A red and white structure provides welcome cover for people waiting for a bus. The road cuts through the landscape like an axe through firewood. The darkness grows thicker, beyond the darkest you could ever imagine. Over one hundred per cent black. The nature of this total lightlessness is crystallised in the Finnish word for it: kaamos.

Powerpark, Powerland. A fairy tale castle, an amusement park – a mirage in the northern desert. A giant Ferris wheel in the middle of nowhere. Genuine, primitive bluster. Some local looney's impulse? Or brave creativity? A manifest of fearlessness?

To be the leading tyre manufacturer in the home market

Nordic drivers appreciate safe and durable tyres with comfortable driving properties. 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 Nordic customers.

A strong position in the strategically significant home market is a key success factor. Almost two thirds of Nokian Tyres' net sales are generated in the home market i.e. 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 brands.

Two peak seasons per year

Nokian Tyres considers Finland, Sweden and Norway as single market while respecting the country-specific dissimilarities. Winter tyres are compulsory in all three countries, and there are two peak seasons per year. Winter conditions are quite different in each country and the differences in the weather are reflected in the demand for studded and non-studded winter tyres. Owing to the winter season, it is characteristic of the Nordic tyre trade that profits are concentrated on the final quarter of the year.

The performance during the peak seasons is one of the core success factors. Customer service must be efficient during those few weeks in a year when there is a peak in demand. This sets major challenges to production and delivery capacity. An extensive distribution network, utilisation of own tyre chain, (see pages 17–19) and efficient IT and logistics systems (see pages 35–37) are crucial when managing the seasonal business.

In the Nordic countries, performance tests conducted by trade magazines have an effect on consumer behavior. 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. 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 an asset for Nokian Heavy tyres

The Nordic countries are an important market also for Nokian Heavy tyres, which generates approximately 70% of its net sales in Finland, Sweden and Norway. Key products are forestry tyres, an area where Nokian Tyres has a position at the leading edge of development. Strong expertise in forestry tyres, co-operation with Nordic forestry machinery manufacturers and diverse, continually upgraded product range, have made Nokian Tyres a leading forestry tyre manufacturer in the Nordic countries and elsewhere in the world. Other important products are special tyres for agricultural and industrial machinery.

Centralised truck tyre retreading 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, the retreading business was reorganised and a new profit centre manages the retreading materials production and all related business as well as the truck tyre development and sales.

The material production takes place at the Nokia factory. A total of 8 retreading units operate in Nordic countries. The strengths of the business include the strong expertise of winter conditions, modern and effective production and products tailored for Nordic markets. Cenralised operations give synergy benefits and enhance customer service.

Home market 2004:

- sales increased in Sweden and Norway, in particular
- market shares improved
- winter tyre sales hit record numbers
- summer tyre position strengthened
- sales to car dealers increased

Nokian Hakkapeliitta RSi – studless alternative for the Nordic winter

Nokian Tyres' latest winter product is the Nordic friction tyre Nokian Hakkapeliitta RSi, which was launched on the retail market in the autumn of 2004. The product got good feedback in the Nordic markets, arousing interest among consumers and performing well in tyre tests.

One of the best features of the R-speed category friction tyre (170 km/h), designed especially for drivers in Russia and the Nordic countries, is its excellent winter properties: the steady tyre holds its grip during both braking and accelerating on snowy,slushy,icy or wet roads.

The superb braking and accelerating grip of the Nokian Hakkapeliitta RSi is the result of new technical insights. The brake booster system consists of a dense network of tooth-like sipes that significantly increase the tyre's grip surface.

The proportion of lateral and longitudinal grip has been balanced so that the tyre performs without surprises in sudden situations, and even compensates for the driver's minor steering mistakes. The tyre offers a safe latitude in borderline situations.

The Nokian Hakkapeliitta RSi has been designed to utilise the advanced properties of ABS brakes, traction control and stability programmes available in new cars.

Nokian Tyres' autumn campaign wished long life

Nokian Tyres actively introduces new products, always offering true innovations to improve safety. Safety is, in fact, at the core of the Nokian Tyres brand. The aim of communications is to create an image of Nokian-branded tyres as being the safest in the world.

Nokian Tyres' marketing communications have adopted a rather unique approach to dealing with safety from different aspects. A TV campaign aired in Finland, Sweden, Norway and Russia in autumn 2004 was built around the theme "For a Long Life": young forest animals marvel at the advanced age of an old moose, which reveals that the secret is to be found in the spring of youth. A young fox sets out to check the situation, only to find that the spring is on the other side of the road. The true secret to long life proves to be Nokian-branded tyres, which allow the animals to safely cross the road.

The Mika Salo Circuit, go-karting on a colossal indoor track – every little boy's dream. The chicanes take you around the Brandenburg Gate, the leaning tower of Pisa and other miniature-sized wonders of the world.

Sales of passenger car tyres in the Nordic replacement market between 2000 and 2004 (*

1 000 pcs

Finland	2000	2001	2002	2003	2004
Summer <T	741	721	720	651	564
Summer H	149	155	201	276	331
Summer V	58	73	83	95	87
Summer W/Y/Z	23	31	36	42	58
Summer tyres total	970	979	1 039	1 064	1 039
Winter studded	917	841	926	1 155	1 179
Winter non-studded	200	206	193	231	236
Winter tyres total	1 117	1 047	1 119	1 386	1 415
Car tyres total	2 087	2 027	2 158	2 450	2 454

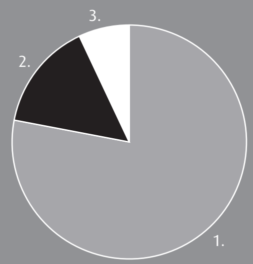
Sweden	2000	2001	2002	2003	2004
Summer <T	884	770	696	681	538
Summer H	302	284	326	342	394
Summer V	207	242	284	341	404
Summer W/Y/Z	90	117	139	178	247
Summer tyres total	1 483	1 413	1 446	1 542	1 584
Winter studded	1 144	1 058	1 161	1 217	1 381
Winter non-studded	449	475	465	516	527
Winter tyres total	1 593	1 533	1 626	1 733	1 908
Car tyres total	3 075	2 946	3 071	3 275	3 491

Norway	2000	2001	2002	2003	2004
Summer <T	440	452	414	364	308
Summer H	208	233	238	248	290
Summer V	69	76	81	85	95
Summer W/Y/Z	40	47	50	56	65
Summer tyres total	757	807	783	753	758
Winter studded	574	553	599	701	751
Winter non-studded	540	568	498	526	673
Winter tyres total	1 114	1 121	1 097	1 227	1 424
Car tyres total	1 871	1 928	1 879	1 980	2 182

*) In this Annual Report the Nordic countries refer to Finland, Sweden and Norway.

The Nordic tyre replacement market in 2004

Total value approximately EUR 1.2 billion



1. Passenger car and delivery van tyres 78%
2. Truck tyres.........15%
3. Others 7%

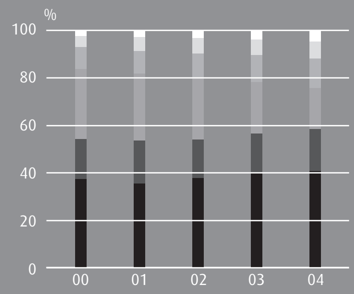
Source: Nokian Tyres 2004

Common speed ratings

Speed rating and highest speed

Q 160 km/h
R 170 km/h
S 180 km/h
T 190 km/h
U 200 km/h
H 210 km/h
V 240 km/h
W 270 km/h
Y 300 km/h

Sales of passenger car tyres in the Nordic replacement markets

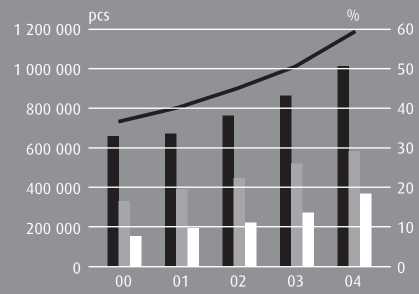


Summer <T Summer H Summer V
W/Y/Z Winter tyres non-studdable
Winter tyres studded/studdable

Source: ERMC 2004

Summer car tyre markets

High Performance -segments in the Nordic countries total

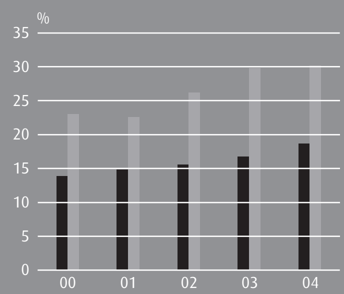


Summer H Summer V Summer W/Y/Z
The share of the high-performance segments of the passenger car summer tyre markets

Source: ERMC 2004

The market share of Nokian Tyres in the Nordic countries

Passenger car tyres

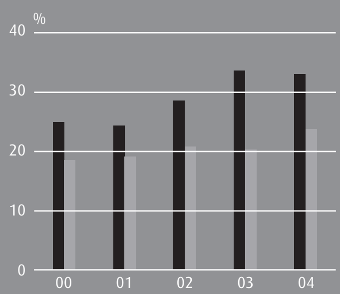


Summer tyres Winter tyres

Source: ERMC 2004

The market share of Nokian Tyres in the Nordic countries

Passenger car winter tyres



Winter studded Winter non-studded

Source: ERMC 2004

Pietarsaari. Narrow streets and alleys winding between mellow-looking wooden houses. Travel back through time to the 19th century. The cross, anchor and heart – faith, hope and love – shining in bright orange light in the window. The naïveté of this decoration thaws out even the most cynical of us. Irresistible innocence.

To be the leading tyre chain in the home market

Vianor is the biggest tyre chain in the Nordic countries with the most extensive geographical reach. With a market share of approximately 20%, 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.

Vianor 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 wants to contribute to the profitability and success in the whole retail business.

There are only a few large tyre chains in the Nordic countries, which are owned by various tyre manufacturers. Vianor is the only tyre chain to geographically cover Finland, Sweden and Norway. In Russia, the chain is expanding mainly on a franchising bases, but also through some own outlets. 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 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 own outlets and advanced IT, logistics and stock management systems (see pages 35–37).

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

Researches indicate that the brand and the salesperson's recommendations have the strongest impact on a consumer's choice of tyre. The own tyre chain provides Nokian Tyres with direct contact with the end-users. The company also receives valuable information for the development of its services, tyre R&D and marketing.

Extensive client base, efficient service

Vianor serves a large customer base from 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.

In order to boost its customer service during the peak seasons, Vianor has outsourced its telephone services. In addition, the customers can book time for the tyre change by using Vianor's internet-based appointment system. Especially the customers who want to book time for the tyre change by phone, place great demands on Vianor personnel's service capacity. In the outsourced service, the telephone calls are taken care by Contact Centers providing Vianor outlets with the needed information. The same model is in use in all Nordic countries.

Vianor 2004:

- more efficient seasonal management
- market share improved
- franchising operations expanded
- new tyre hotels opened
- more synergy benefits for manufacturing business

The environmentally friendly Nokian NRHi does not compromise safety or comfort

The Nokian NRHi, an H-speed category summer tyre, is manufactured exclusively with cleaned, low-aromatic oils. Nokian Tyres has systematically studied and tested various options for replacing harmful oils with cleaner alternatives for about ten years. Long-term research and development work has enabled the company to create an environmentally friendly tyre for high-speed driving, offering excellent wet grip and other safety properties. The greatest challenge in the development of the Nokian NRHi was to find a solution to the wet grip equation when leaving out the HA oils that are ideal for the chemical process. We improved the wet grip of the Nokian NRHi over that of its predecessor by using new types of polymers and silica, in addition to cleaned oils, in the mixture.

The Nokian NRHi performed well in the tests by Nordic, German and Russian car and motor sports magazines, grabbing eight top rankings in the spring of 2004. The tyre was praised for its wet grip and driving comfort. It also caught a lot of media attention in markets emphasising environmental aspects, such as those of Sweden and Germany.

The Nokian NRHi is directed at all markets of Nokian Tyres, the primary sales regions being the Nordic countries, Central Europe and Russia.

Vianor's franchising expands

Nokian Tyres believes that an entrepreneurial approach provides strong added value to Vianor's chain operations. Franchising is, above all, a potential option for expanding the chain's operations in the Nordic countries and Russia.

Vianor's first franchising outlet saw daylight in Finland in 2003, and more outlets operating on the same principle were gradually established in 2004. The company plans to further expand franchising and is looking for sales-oriented entrepreneurs, especially in locations where no Vianor outlet yet exists.

Less risky installations

In 2004 Nokian Tyres launched its Installation Safety Card project, which aims to improve the occupational safety of technicians installing heavy tyres. The objective of installation safety training is to reduce the risks related to the handling and installation of pressurised heavy tyres. Pilot projects were arranged in the company last year, the goal being for all the managers of Vianor outlets and heavy vehicle installers to get the Installation Safety Card by the end of 2005. The company also aims to make the card common throughout the industry in order to promote the safety of the tyre business.

A quick stop. A moment of relief. The man behind the bar/kiosk counter passes the toilet key without any change of facial expression. "Go round outside, to the right, behind the corner, the door is locked." Even kings go here alone. A place to powder your nose. This particular one is stripped of everything unnecessary. The atmosphere is like a Kaurismäki movie. Some 60 kilometres to Oulu.

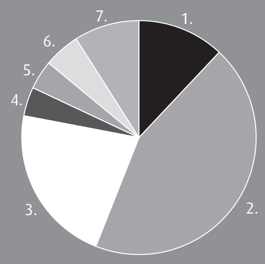
Vianor reshapes trading in the field

The Vianor tyre chain is well on its way to shaping new forms of trading in the industry. The tyre business has traditionally used various types of discounts on manufacturer prices. This has clouded the image of the sector and left consumers feeling unsure about the true price of the products. Each of the chain's outlets in Finland follows the same policy: the tyres are net priced. Net pricing offers reliable information to all consumers as each customer gets the same service and price when doing business with Vianor.

The purchase of passenger car tyres also includes a five-year Vianor tyre guarantee, which replaces a damaged tyre with a new one or repairs a damaged tyre for free. Prices are clearly displayed on posters and in brochures at Vianor outlets. They can also be checked on the chain's web site or by calling the customer service number. Customers can also make an appointment for a tyre change through the web pages or the customer service number. The chain's new services will clearly speed up doing business with Vianor in the busy seasons.

Vianor's service concept also includes "tyre hotels", where Vianor's customers can store their winter or summer tyres until the next tyre change.

Sales per product segments 2004 Nordic countries



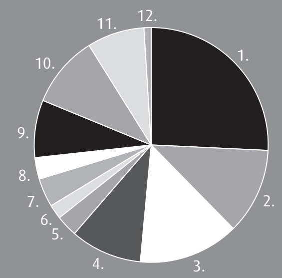
1. Service 12%
2. Car & van tyres 44%
3. Truck tyres........ 22%
4. Agriculture 4%
5. Earth movers and industrial........ 4%
6. Rims 5%
7. Other products........ 9%

Source: Nokian Tyres 2004

Vianor outlets

Total 170 outlets

Sales per customer groups 2004

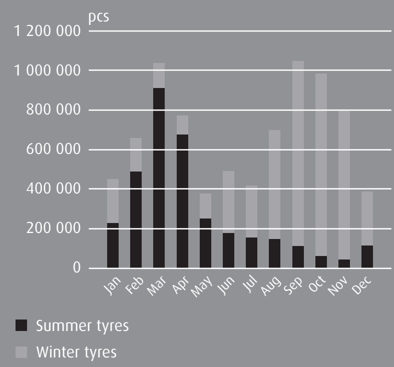


1. Private customers 26%
2. Small transport business 12%
3. Local companies........ 14%
4. Large transport business 10%
5. Communities, states 3%
6. Nation-wide companies 2%
7. Contractors, industries 4%
8. Leasing customers 3%
9. Car dealers 8%
10. Tyre stores 10%
11. Other tyre retailers 8%
12. Others 1%

Source: Nokian Tyres 2004

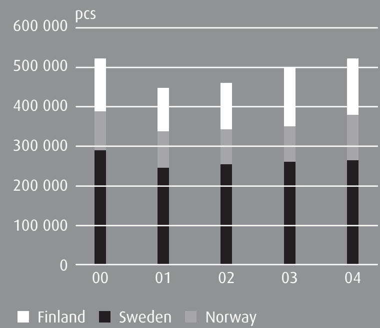
Sales cycles

Sales of passenger car tyres in 2004 from the manufacturer to retailers in the Nordic countries.



Source: ERMC 2004

Registration of new passenger cars in the Nordic countries



Source: ACEA

Reindeers lumber across the road. Cars give them way – this is the antlered creatures' territory. The temperature has fallen to -6.5°C. Around ten a.m. light begins to emerge: the line of dark spruce-tops touching the sky is looming.

To be the leading winter tyre supplier in Russia

Approximately 34 million car tyres were sold in Russia in 2004, over 8 million of which were winter tyres. The tyre market is growing at a rate of approximately 15% per year. The growth is driven by the buoyant Russian economy resulting in a dramatic increase in both imports and local manufacturing of new western cars. In addition the heavy special tyre and retreading markets are increasing. Over the next five years, Nokian Tyres expects the quality tyre market (segments A and B) to triple in Russia whereas the low-end market (segment C) is likely to stay flat or decline.

Nokian Tyres wants to be the leading premium tyre supplier in Russia, maintaining its leading position in winter tyres and improving its market share in summer tyres. The company has exported Nokian-branded tyres to Russia since 1964, and the share of the Group's net sales has risen to 14%. Nokian-branded tyres are among the best-known quality tyres in Russia. In 2004, Nokian Tyres was a leading premium tyre supplier with the 20 % market share. All well-known western brands are competing in the growing market.

Tyres designed for Nordic conditions suit well 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 a local manufacturer

The Russian tyre industry is undergoing an intense period of modernisation. Tyre plants are being upgraded and new products introduced to the market. Especially demand for quality tyres is growing rapidly. Like its western competitors, Nokian Tyres has active operations in Russia. The company's objective is to become one of the top local manufacturers of premium car tyres and retreading materials.

Demand for Nokian branded tyres has grown in Russia so rapidly, that it clearly exceeds the production capacity of the factory in Finland. The Finnish factory will reach its maximum annual capacity, i.e. 7 million tyres in the coming years. To fully benefit from the market growth and maintain its strong market position in Russia, Nokian Tyres has started constructing its own greenfield factory in Vsevolozhsk, nearby St. Petersburg. The factory will manufacture A-segment, Nokian-branded car tyres, initially focusing on the Russian market. The objective is to reach the output of 1.5 million tyres in 2006, gradually increasing the production capacity up to 8 million tyres a year through further investments. The factory will become one of Nokian Tyres' two main production units. Also Vianor tyre chain in expanding in Russia.

In the growing retreading market in Russia, Nokian Tyres' position is reinforced by its own retreading plant, acquired in 2003.

Investments in logistics and distribution

Nokian Tyres has its own national sales company in Russia with offices in Moscow and St. Petersburg. Nokian Tyres has built successful long-term relations with the Russian tyre 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 factory must be logistically close to customers. In 2004, Nokian Tyres established logistics centres in the Moscow and St. Petersburg regions, which will further improve the company's services to its Russian customers. The logistics centres currently have the capacity to store some 350,000 tyres. They also offer tyre studding as well as mounting for car dealers.

Russia 2004:

- sales increased and market share improved
- construction of the Russian factory proceeded as planned
- key personnel for the Russian organization was recruited
- Russian sales organization was established
- logistic centres in Moscow and St. Petersburg were established

Nokian Hakkapeliitta 4: square stud and canola oil provide secure grip

The Nokian Hakkapeliitta 4 winter tyre gets its grip from a square stud. The environmentally friendly tread with good grip is made exclusively with purified oils and Finnish canola oil, which improves the tyre's winter and wet grip and increases its tear resistance.

The speciality of the Nokian Hakkapeliitta 4 is its square stud, featuring an angular hard-metal pin to improve grip on ice. This allows for better handling of the car in extreme situations and at gripping point.

The wide distribution of studs increases grip and lowers tyre noise. The elastic cushion under the stud softens the stud impact on the road, lowers the stud noise and increases the stud wear.

The Nokian Hakkapeliitta 4 has over 2,000 sharp siping edges, which guarantee grip on ice and in snow. The thin zigzag-patterned curving sipes bite into the road firmly.

The arrow-shaped tread design and grooves that forcefully flare to the sides keep the tyre clean and make the slush recede from the tyre's contact patch.

The product continued its success, convincing Nordic and Russian consumers of its winter properties. Its good grip on ice and in snow was praised in car magazine tests and got top rankings in tyre tests carried out by Russian and Nordic trade magazines in the autumn of 2004.

Local manufacturing at a critical stage

The Russian tyre industry is undergoing a period of modernisation. Tyre plants are upgraded and new products enter the market. Currently, Russian made tyres fall into the C-segment including low price and quality tyres for Russian made cars. Their share of the Russian market is approximately 70%.

B-segment tyres are average in terms of price and quality and represent only approximately 10% of the market. The B-segment includes medium brands of major tyre manufacturers. Approx. 20% of the tyre market are imported A segment high price and quality level tyres for western cars.

The A-segment is expected to increase its share to approximately 40% by 2009. Approximately 60% of this will be high-quality tyres manufactured in Russia and 40% imported western brands. As the local tyre manufacturing develops, the B-segment will gradually supersede segment C which is expected to decrease its share below 40% and, the B-segment to increase to more than 20% 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.

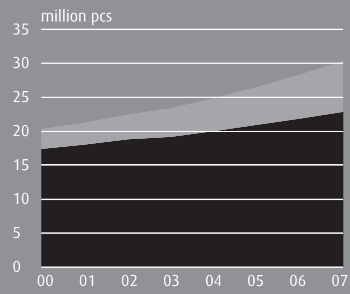
The Arctic Circle. This is where true North begins, this is Lapland. You can buy coffee and souvenirs. In its pen, a reindeer examines visitors from head to toe. The weather is cold but bright.

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

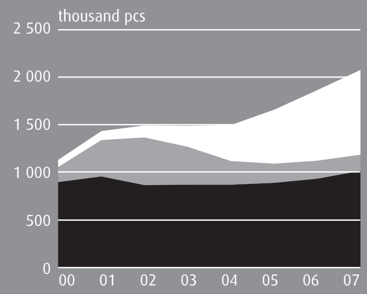
Number of cars in Russia



Foreign brands
Russian brands

Source: Strategica Management Consulting 2004

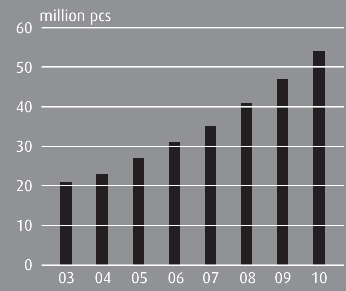
Car sales dynamics in Russia 2000-2007



New foreign brand imports/assembledt
Secondhand foreign imports
Russian brands

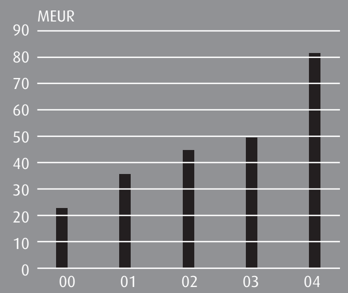
Source: Strategica Management Consulting 2004

Replacement car tyre market in Russia



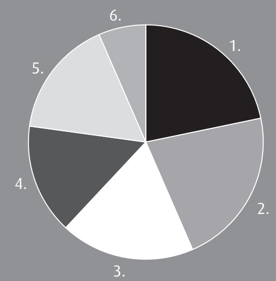
Source: Strategica Management Consulting 2004

Net sales of Nokian Tyres in Russia 2000–2004



Major tyre importers in Russia

A-segment in 2004

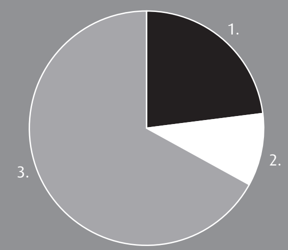


1. Nokian Tyres 20%
2. Continental 20%
3. Goodyear 17%
4. Bridgestone 14%
5. Michelin 15%
6. Pirelli 6%

Source: Nokian Tyres estimate

Russian tyre market by product segments

2004

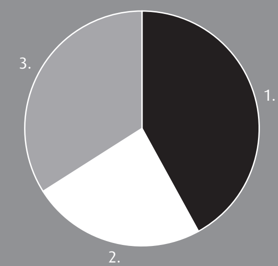


1. Imported high quality tyres 23%
2. Secondary brands of major tyre manufacturers 10%
3. Russian tyres 67%

Source: Strategica Management Consulting 2004

Russian tyre market by product segments

2009 (estimate)



1. Imported high quality tyres 42%
2. Secondary brands of major tyre manufacturers 24%
3. Russian tyres 34%

Source: Strategica Management Consulting 2004

The border between Finland and Sweden. Just a bridge between the two countries. Not very impressive, not very formal, rather cosy and common – practical.

To be a strong player in core products globally

Nokian Tyres seeks growth in global markets 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 Eastern Europe, the Alpine region and North America. In these regions the conditions are 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 2004, Nokian-branded tyres were sold in 60 countries. In addition to Russia, the most powerful growth area over the past few years has been Eastern Europe.

Tailored products for diverse markets

Nokian Tyres is the only tyre manufacturer in the world that tailors its car and van winter tyres to meet the needs and demands of consumers in the selected market areas. Friction tyres designed for Contiental 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 SUV and light truck tyres. Nokian Tyres is for example the only manufacturer of studded SUV winter tyres in the world. Key products in the summer tyre segment include high-speed and ultra high speed tyres representing the rapidly growing tyre category in the tyre markets.

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% 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.

Global markets 2004:

- sales to the USA increased remarkably
- summer tyres novelties strengthened company's position as a summer tyre manufacturer
- co-operation with Matador in Slovakia expanded
- contract manufacturing started in China

Nokian TRI 2 – secure grip all year round

The Nokian TRI 2 is a versatile tyre developed for tractors and road maintenance equipment. It facilitates farming work, increases driving comfort and improves the traffic safety of road maintenance work.

Designed for year-round use, the Nokian TRI 2 meets the challenges posed by the maintenance of winter roads and wet fields. Nokian Tyres' expertise in Nordic conditions is reflected in the durability, grip and environmental friendliness of the Nokian TRI 2.

Thanks to its speed category of 65 km/h, the tyre also works well for hauling and transportation. The Nokian TRI 2 is an environmentally friendly product because its rubber compound only contains cleaned low-aromatic oils processed by extraction methods.

Nokian Z combines hi-tech and environmental friendliness

In the autumn of 2004 Nokian Tyres launched Nokian Z, a top-speed (270 km/h) tyre that features excellent wet grip, precise controllability and environmentally friendly rubber compounds. The tyre is manufactured entirely without harmful high-aromatic oils.

The superiority of the Nokian Z becomes evident in two core aspects: safety in extreme situations and environmental friendliness. Achieving both in a top-speed tyre calls for profound technical skills and solid experience.

The car industry is offering technically more advanced vehicles with increasingly better performance. The same requirements apply to tyres as to cars: power, strength and extreme performance. High speeds demand a lot from tyres.

The ultra-high-performance segment (UHP), comprised of tyres in the maximum performance categories (speed ratings V, W and Y), is seeing rapid growth in Europe. Nokian Tyres predicts a 70% increase on 2003 volumes in the sales of UHP tyres by 2008.

The secret to the good properties and excellent driving qualities of the Nokian Z, designed for demanding use, is a brand-new tread solution. The full silica tread is made of five different rubber compounds.

The Nokian Z is sold in the Nordic countries, Central Europe and Russia.

A kick sled is a practical means of transportation on snow-covered and icy roads. This one is parked nicely: perhaps its driver is currently fuelling up his/her legs? 95-octane petrol costs one euro 13 cents per litre. The windshield is dirty and sticky, in great need of refreshing water.

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.

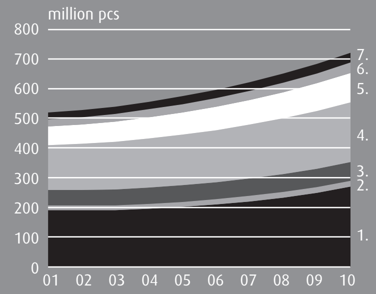
Skidder – whole tree logging

- 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.

World Market For Replacement Passenger Car Tyres



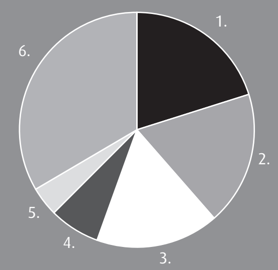
1. USA	34%
2. Canada	3%
3. Japan	10%
4. Europe	30%
5. Asia-Pacific	13%
6. Middle-East & Africa	5%
7. Latin America	5%

Source: Global Industry Analysts
2002 & 2003: GIA Estimates
2004-2010: GIA Projections

Five biggest tyre companies in the world

Total value approximately USD 80 billion

Net sales 2003

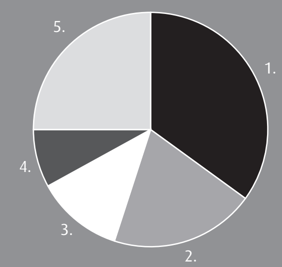


1. Group Michelin, France	16 150
2. Bridgestone Corp., Japan	14 800
3. Goodyear Tire & Rubber Co., USA	13 600
4. Continental AG, Germany	5 600
5. Pirelli S.p.A, Italy	3 255
6. Others	26 844

Source: Tire Business 2004

Passenger car tyre replacement market in Europe

Market in 2004 approximately 190 million pcs

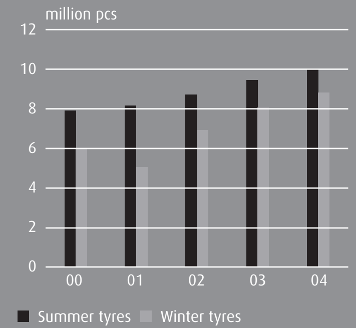


1. Summer tyres <T	35%
2. Summer tyres H	20%
3. Summer tyres V	12%
4. Summer tyres W/Y/Z	8%
5. Winter tyres	25%

Source: Nokian Tyres 2004

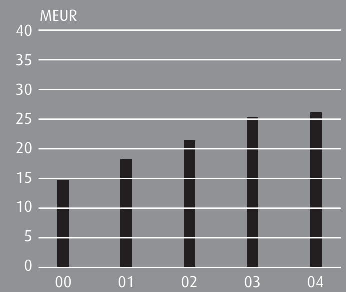
Passenger car tyre replacement market in Eastern Europe

Excluding Russia, CIS



Source: ERMC 2004

Net sales of Nokian Tyres in Eastern Europe 2000–2004



Clouds flow like rags of cotton, softly kissing the face of land. The sun is still there. The river plays a winter ballad with dark tunes.

The road is frozen solid. It feels rough under your hands and bottom, wrinkled like an old, shabby sweater. Light snow wraps the road in clouds of powder. The snow makes funny squeaking sounds under your feet. Next to the activity centre rests a Volvo, reminding you to beware of the elk.

Pajala. The novel "Populäärimusiikkia Vittulajänkältä" by Mikael Niemi painted a colourful picture of this tiny little village. The café/kiosk is the heart of the market place, where people meet. The woman behind the counter has hard-worked fingertips and a sunny smile.

Leading expertise and R&D excellence in core products

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 upgrade its product range. The renewed product selection allows the company to consolidate its position and maintain the desired price and margin level in the tough competition.

The main objective of the R&D work 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 remained the same for as many as 70 years: 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 in order to put its ideas into profitable commercial use. The square-shaped stud model and the multitread made of five different rubber compounds are both recent examples of inventions that improve tyre safety and driving comfort.

Safety also means the development of environmentally friendly products and technology. The company has been a pioneer in developing tyres that are manufactured by using only environmentally friendly low aromatic oils. The use of harmful high aromatic oils ended totally at the Nokian plant in the end of 2004.

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 customised products, in other words precision innovations. Markets and consumer groups are becoming more and more 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, high-speed tyres has grown considerably. Particularly in this segment, Nokian Tyres has introduced new products. In the heavy tyres product area, special emphasis is placed on radial tyres. New tyres are developed for forestry and industrial machinery and army vehicles alike.

Retreading materials development draws on the vast range of tyre technology know-how and expertise accumulated at Nokian Tyres.

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

Nokian Tyres invests approximately 2.5% of its net sales in product development. The corresponding figure in car and van tyres is 4%. According to the target, the share of new products should reach the minimum of 25% of net sales every year. The development of a new product takes 2-4 years.

Approximately 50% of the R&D costs are invested in testing. The majority of winter tyre testing takes place in the world's northernmost tyre testing center. It is located in Ivalo, Finland, 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 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 region. An automatic sprinkler system is probably on of a kind in the world. Driving comfort is measured with the help of the Comfort track section built in the test center in 2004.

Research and Development in 2004:

- new ultra high speed summer tyre, Nokian Z was launched
- Nokian TRI 2, a new special tyre for tractors was introduced
- a solution was found to replace high aromatic oils with low aromatic ones without weakening tyre properties
- share of new products 36% of car tyre division's net sales

Ivalo puts tyres to test

Ivalo houses Nokian Tyres' 700-hectare testing facilities, where tyre properties come under the spotlight in thorough tests. The world's northernmost testing premises are active throughout the winter season, from November to May.

The highly professional staff use quality equipment and methods to test tyres in all extreme situations encountered in winter driving. The versatile tests provide accurate and objective results, rounded off with the subjective views of experienced test drivers.

Among other things, winter tyres are subjected to numerous grip tests. Ice grip is assessed both on ice tracks and in braking and acceleration tests. Snow grip and lateral grip on ice are essential to the development of safe winter tyres. Winter testing in Ivalo can be carried out on a variety of ice surfaces and tracks, including a circuit and hard packed snow surfaces.

The hill climb test evaluates tyre features on a steep slope rising at an angle of 20%. A 15-kilometre snow-covered road winds its way around the testing facilities, offering test drivers a chance to evaluate tyre behaviour on a snow-packed road.

Use of purified oil requires special expertise

High-aromatic oils, originating as by-products of oil refining, were introduced to the manufacture of tyres in the 1950s. HA oil used as a softener in tyre treads helps the different raw materials to mix with each other and makes the mixture easy to process. The HA oil affects the tyre's properties like wear resistance, grip characteristics and rolling resistance.

It is demanding to manufacture a good summer tyre in terms of driving properties and wet grip without HA oils. The production of high-performance, high-speed summer tyres using purified oil requires particular chemical know-how. The compositions of the rubber mixtures must be changed, and thorough tests are required to ensure the functionality and improvement of the tyres.

Latest safety innovations of Nokian Tyres

1999 DSI, Driving Safety Indicator
The Driving Safety Indicator on the centre rib of the tyre indicates groove depth. The numbers stamped on the tread show the remaining groove depth in millimetres. The numbers fade one at a time as the tyre wears down. This innovation is included in all Nokian Tyres' newest products.

2002 Haka siping
Thanks to the Haka siping, new cellular grip edges that improve grip in snow and on ice are formed as the tyre wears down. The Haka siping retains the stiffness of the surface pattern despite the heavy siping, which means that handling characteristics, in particular driving stability, are excellent.

2003 Canola oil in the tread mixture
The tread compound of the Nokian Hakkapeliitta 4 contains canola 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.

The tread is a promise, technology its fulfilment
A tyre is a sophisticated technical product that consumers demand a lot from: reliability, durability, high quality – in short, carefree kilometres. At best, a car tyre is a carefully designed entity that integrates technology and aesthetics on close and equal terms, with neither one subduing the other.

The driver's purchasing decision is influenced by the brand, previous experience, test results and the salesperson's recommendation. When displayed in racks at tyre outlets, the products simply look round and black. Closer investigation begins to conjure up images and bring out differences between products. While looks are not everything, qualities that interest and attract customers are important considerations.

The main task of Nokian Tyres is to develop safe tyres. A Nokian-branded tyre should give an impression of safety at first glance.

Appearance indicates the purpose and need the product was designed for. The tread makes promises the technology stands to fulfil. Product appearance must not convey conflicting messages: a tyre that looks slippery will not convince buyers. The image becomes reality in actual use. The product must perform in line with its appearance: a firm tyre that promises good grip really bites into the road.

Design is part of routine product development in the tyre business. It is as inherent a part of the process as is creating technical solutions or overcoming production challenges.

Good design supports the functional characteristics of the product, improving its quality and facilitating manufacture.

The design can be based on a graphic sketch or an intersection of lines giving inspiration to the designer, as well as a technical boundary condition or an invention related to product operations, which needs to be complemented with good form.

2004 Combination of five rubber compounds
The full silica Nokian Z tread is made of five different rubber compounds. The centre rib compound ensures accurate steering and makes the tyre easy to handle. The compound used in the shoulder area improves grip and ensures safety in extreme handling situations. The narrow wing zone in the outer edge of the shoulders provides excellent resistance to the strong deformations caused by cornering and a springing motion.
A compound layer that reduces rolling resistance, reduces heat emission and reinforces the tyre structure has been inserted over the steel belt package. The compound deepest down attaches to the steel belt package to improve the structural durability of the tyre.

2003 Square stud
The novel stud design improves driving safety in winter. The hardmetal 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 High-performance HA oil-free summer tyre
2004 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.

Finland is a long and narrow country. Maid-Finland has the figure of a model. Under her stretched-out left arm there is a safe and comfortable place. What is the shortest way to Norway?

Growth in profitability thanks to best processes in the field

As the bulk of Nokian Tyres' profits is created during two short seasons, the process development related to customer service and the distribution chain are key factors in improving profits. By controlling the information and material flows and by operating close to the end customers, Nokian Tyres promotes its order-delivery process, enhancing sales and releasing net assets. The improvement include all tangible and intangible operations needed to develop, manufacture and market products and services cost-effectively.

The two roles of Vianor

Owing to the seasonality, the distributors and the Vianor tyre chain must effectively control the order-delivery process. The process is preceded by collecting demand information, which is used to manage logistics and marketing, as well as production, in the future. Unlike its competitors, Nokian Tyres has opted for a distributed order-delivery system in Nordic countries. The service of the logistics centre in Nokia are supported by Vianor's 170 sales outlets. In addition to operating as Nokian Tyres' sales channels, Vianor outlets also work as company's delivery points for distributors in the vicinity. Some Vianor outlets use an automatic stock replenishment system to control the stock level and to handle orders from the plant to the outlets. The implementation of the system is expanding.

Vianor network is a cost-effective distribution channel, especially for small and special deliveries. The availability has improved, turnover speeded up and net capital employed reduced. The standard delivery time 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 is 24–48 hours.

Outside the home market the delivery system has been centralised. In Central Europe, the own sales companies mainly deliver tyres to distributors from one delivery centre. In Moscow and St. Petersburg the logistic centers started to operate in 2004.

In order to secure its competitive edge in all distribution channels, Nokian Tyres invests in the transparency of its logistics processes (GVI, Global Visibility system). The company is also working on an electronic order channel, which will enable the distributors to get information about availability, enter the orders and follow the status of the orders in real time.

Successful partnerships

Raw material costs account for nearly 30% of the net sales from the manufacturing. 15% of the company's raw material suppliers –i.e some 25 companies– supply 80% of the total value of the raw materials. With the critical raw material suppliers, the co-operation is developed on a partnership basis aiming to have at least two partner suppliers for each critical raw material. Nokian Tyres and its partners control the product development of raw materials and components, and develop material flow control. Compatible and transparent information systems are used to optimise inventory levels, delivery times and transportations.

Successful partnerships secure the delivery reliability and uniform tyre quality and ensure the production capacity increase in line with the strategy. Effective inventory and transport free up production space for the manufacture of core products at the Nokia tyre plant.

The role of partnerships is further emphasised as Nokian Tyres increases the capacity in a multi-plant environment. The main challenges in the coming years include improving productivity at the Nokia plant, setting up a new tyre plant in Russia, increasing contract manufacturing, and developing logistics.

Processes 2004:

- the use of high aromatic oils ended at the Nokia factory
- own production volumes and contract manufacturing increased
- call center service and internet based appointment system enhanced seasonal management
- logistic centers started to operate in Moscow and St. Petersburg
- the expansion of the logistic center in the town of Nokia started

Nokian Tyres has moved to purified oils in its manufacturing business

At the end of 2004 Nokian Tyres moved over to using only purified, low-aromatic oils in its own manufacturing. Purified oils have replaced HA (High-Aromatic) oils labelled as hazardous. The change will affect all passenger car tyres, heavy tyres and retreading materials produced at Nokia plant.

Thorough and continuous product development has made Nokian Tyres a front runner in the manufacture of environmentally friendly tyres. The company has studied and tested the replacement of high-aromatic oil with non-labelled oil for more than ten years. The product development process has enabled the company to develop impeccable rubber compounds using purified oils. The difficult-to-achieve wet grip properties have been created, for example, by using some entirely new polymer types.

Nokian Tyres began to replace harmful oils with purified ones back in 2000. Environmentally friendly oils were first used in the manufacture of Nordic winter tyres for passenger cars and vans, and purified oils gradually replaced HA oils in the manufacture of summer tyres. In 2002 Nokian Tyres introduced the first summer tyre with an HA-oil-free tread, the Nokian NRT2. The autumn of 2003 saw the launch of the Nokian NRHi, the first H-speed rated summer tyre containing only purified oils. The Nokian Z, an environmentally friendly tyre for high-speed driving (270 km/), entered the scene a year later.

The level of PAH (polyaromatic hydrocarbon) compounds in the purified oils used by Nokian Tyres remains under the limit stated in the future EU directive on this issue. The directive, which is to take effect in 2010 at the latest, requires tyre manufacturers to switch over to purified oils.

Extension of logistics center increases delivery capacity

Work on enlarging the Nokian Tyres logistics centre started in autumn 2004, and the extension, covering 34,000 square metres, will be completed by the end of 2005. The new premises provide storage capacity for 600,000 tyres. The extension will be built next to the 32,000-square-metre logistics centre constructed in the town of Nokia in 2001. Current storage facilities have a maximum capacity of roughly 600,000 tyres.

The extension to the logistics centre will increase the current delivery capacity by as much as 50%, thus essentially improving customer service during peak seasons. Nokian Tyres has signed a 15-year lease for the property, with a purchase option. The value of the investment is approximately EUR 17 million.

Kilpisjärvi. Fuel up both the car and the driver. Sushi or Italian? Tuulan Herkku (Tuula's Deli), the only open restaurant, serves traditional Finnish treats: ham, beet & vegetable mix, fish, salad, casseroles. For dessert, oven-baked porridge with thick prune soup, generously sugared, just like Granny used to make it.

Contract manufacturing on the increase

Nokian Tyres' manufacturing business focuses on the company's core products, such as winter tyres for passenger cars, high-speed summer tyres, forestry tyres and other heavy special tyres. To be able to offer a wide product range to its distributors and other customers, Nokian Tyres has increasingly transferred its other products to contract manufacturing - that is, to the plants of other tyre manufacturers around the world. Contract manufacturing is a good way of increasing production capacity without tying down a lot of capital. It also frees up resources at the company's own plant to the manufacture of core products.

Nokian passenger car tyres are contract manufactured in Indonesia, the USA, Slovakia and China. Some Nokian-branded agricultural tyres are manufactured in India, while the contract manufacturing of truck tyres is to be transferred from Hungary and Poland to Spain. The volume of contract manufactured car tyres amounted to approximately one million pcs in 2004.

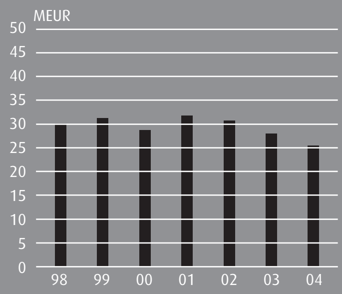
Contract manufacturing of Nokian Tyres

Net sales MEUR	2000	2001	2002	2003	2004
Cooper (USA)	5,5	2,5	3,4	9,4	12,0
Dunlop (Great Britain, Germany, France, Japan)	6,7	3,0	0,6		
Gajah Tunggal (Indonesia)	2,3	1,3	2,4	10,0	13,5
Tofan (Romania)	0,1	0,1			
Michelin (Poland, Hungary)		3,6	6,9	9,1	7,7
Matador (Slovakia)				2,3	7,8
Amtel (Russia)			1,5	5,3	
Total	14,6	10,5	14,8	36,1	41,0
% of net sales	3,7	2,5	3,1	6,8	6,8

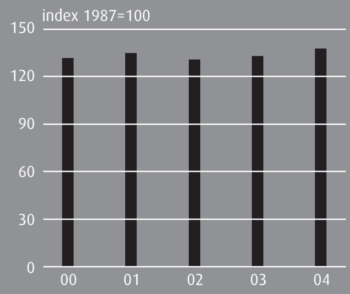
Source: Nokian Tyres 2004

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

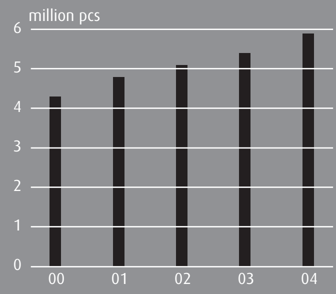
Value 91 MEUR total



Raw material price development index

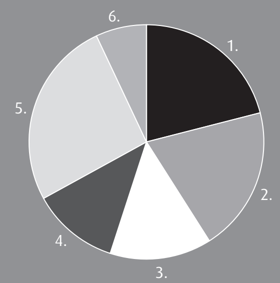


Car tyre production at the Nokia plant



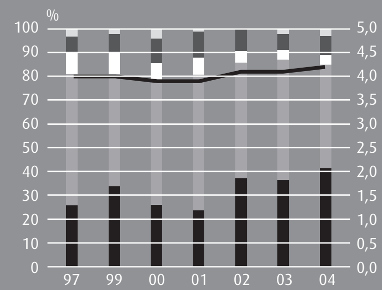
The use of raw materials in 2004

Percentage values according to purchase value



1. Natural rubber 21%
2. Synthetic rubber 20%
3. Black carbon 14%
4. Other chemicals 12%
5. Cords 26%
6. Others 7%

Customer satisfaction development



- Very satisfied
- Relatively satisfied
- No opinion
- Some aspects to improve
- Much to improve
- Average 1-5

At Tromssa harbour the sea is calm and quiet. Fishing boats and vessels float side by side with their twins, the reflections from the water. You can taste the humid, salty air. The fog fades the lines of lights and portrays a landscape painted with a big brush and a gentle hand.

Increased competitiveness through competence development

Managing and developing the employees' skills and know-how is an essential part of the growth strategy adopted by Nokian Tyres. The chosen tool for competence development is an HR strategy that determines the skills areas and measures important for growth, which will be used to develop the staff's strategic competence. By surveying its strategic skills areas Nokian Tyres focuses competence development on areas that are essential for the future.

The business environment has changed rapidly in the current decade and the trend looks like continuing. Internationalisation, networking, changes in staff composition, management, social responsibility, and changes in the business environment are future challenges. Employees must be prepared to face these challenges by adapting to them and seizing new opportunities. Nokian Tyres wants to offer its employees the opportunity to develop their competence – and, as a result, their workplace. It is also important to ensure that employees can use their full learning potential at work, and, in this way, contribute to the company's success.

Versatile development

Nokian Tyres has defined the strategically important skills areas to include individual skills, management of the tyre business, marketing of tyres, and tyre technology and manufacturing. Aspects related to individual skills have emerged as a particularly important issue. These include, for example, understanding the company's business strategy, developing the corporate culture, initiative, innovation and interaction skills. Regularly conducted work atmosphere surveys and performance appraisals, as well as individual learning plans, are a good indication of development needs. Developing recruiting, training, on-the-job learning and various forms of work enables the company to meet future skills requirements.

Nokian Tyres actively participates in the Tampere Business Campus (TBS), which encourages the region's companies to form networks with one another in order to enhance their learning processes and convey good practices related to the development of learning. TBC has provided Nokian Tyres with training in skills management, well-being at work, financial and business skills, project management and managerial skills. Nokian Tyres makes use of the training projects offered by the EU-financed Leonardo programme, as well as apprenticeship training, which combines work and studies for specialist qualifications in management, sales, fitting and technology.

In the Hakkapeliitta Spirit

The corporate culture of Nokian Tyres goes by the name Hakkapeliitta spirit and is based on entrepreneurship, inventiveness and team spirit (see page 5). The staff's activity, initiative and internal entrepreneurship provide good support for developing the Group's skills and, in that way, its strategy. Many recreational and exercise activities were set up around the Hakkapeliitta spirit last year, with the "Young Hakkapeliitta" group coming under special focus. Its under-40s managers and superiors promote the Hakkapeliitta spirit and train for future challenges by, for example, learning about deep management.

Rewarding supports the strategy

Nokian Tyres' wage and reward system is based on three 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.

Competence development 2004:

- new methods for competence development
- personnel Deed of the Year award for emphasising equality
- continued utilisation of the networking training offered by Tampere Business Campus
- progress in apprenticeship training; the first students completed their further qualifications
- personnel training programs for the Russian employees started

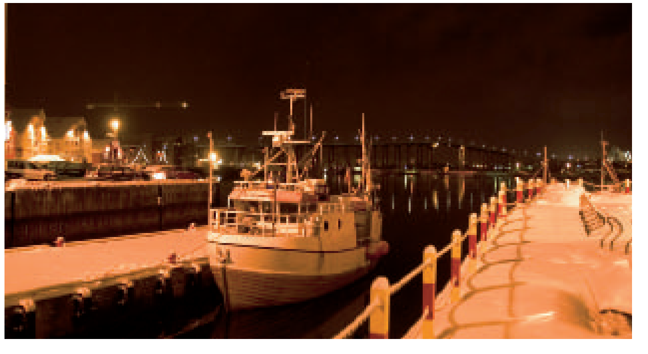
The wage increases for workers and white-collar employees are based on an increase in the competence requirements, a clear increase in the amount of work, or an improvement in work quality. The following Figure explains the wage and reward system for employees. All of the company's employees are also covered by an incentive scheme. The incentives are based on the company's performance. Nokian Tyres has also created an option scheme covering the entire personnel, which is described in more detail on pages 72–74.

Personnel Deed of the Year

Nokian Tyres took part in the "Equality promoting surplus value" project, which was undertaken by the Work Research Centre at the University of Tampere. The aim was to update the equality plans of participating companies. Nokian Tyres wished to expand its equality policies to more comprehensively deal with equality between its employees, for example in terms of age, gender, education and race. To activate the staff, the company arranged a proposal campaign that allowed all employees to influence defects in their working environment. The campaign resulted in 550 proposals, which were used as background material and concrete information for the new equality plan. Dubbed "Tyres in balance", the campaign earned Nokian Tyres the Personnel Deed of the Year 2004 prize presented by the Finnish Association for Human Resource Management (HENRY ry).

140 Vianor employees in apprenticeship training

The Vianor tyre chain is developing its competence and know-how by offering its employees extensive training. The programme, launched in Finland, now involves a total of 140 people and is also being adopted at Vianor's sites in Norway and Sweden. National training arrangements are handled by Tampere Vocational Adult Education Centre (TAKK). The 140 apprenticeship agreements made in Finland aim at a vocational qualification in vehicle technology, further qualification in sales, or special qualification in management. The development project was launched two years ago, and the first 20 students graduated in 2004.



An idyllic Norwegian town: gingerbread houses with cute decorations. Falling snow muffles noises. The snowfall is constant. The big, heavy, wet flakes wrap Tromssa under a soft blanket, tucks the town up and provides a safe night sleep.

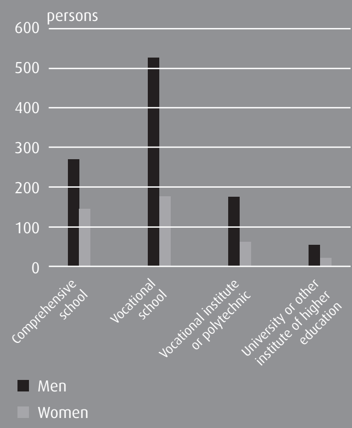
Average age 39, average employment relationship 14 years
The average age of parent company personnel in 2004 was 39 (2003: 39). The average age for women was 40 years (41) and for men 38 years (38). The average age for workers was 37 years (39), and 43 years (43) for office employees. The duration of an average employment term was 14 years (14). Roughly half of the personnel had worked for Nokian Tyres for more than ten years. The average employment term for workers was 13 years (13) and 17 years (16) for office employees.

Distribution of personnel by profit centre in 2004	Men	Women	Total
Passenger car and delivery van tyres	606	274	880
Heavy tyres	182	21	203
Retreading materials	20		20
Vianor			1 220

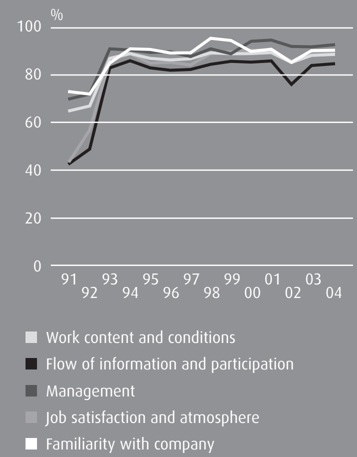
Average age of employees and average length of employment relationships	Average age	Avg. length of employment relationships
Employees total	39	14
Women	40	15
Men	38	13
Shop floor employees	37	13
Office employees	43	17

Figures are for the parent company

Educational background



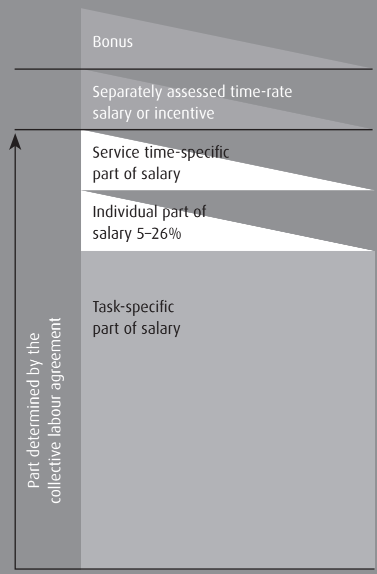
Development of internal atmosphere



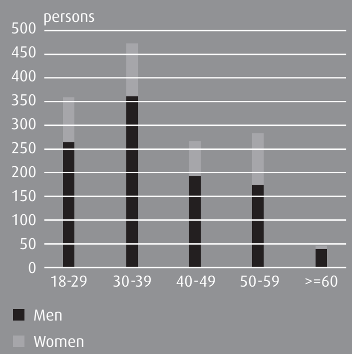
The graphs represent the number of employees who did not strongly disagree with the positive statement concerning dimension.

Wage structure

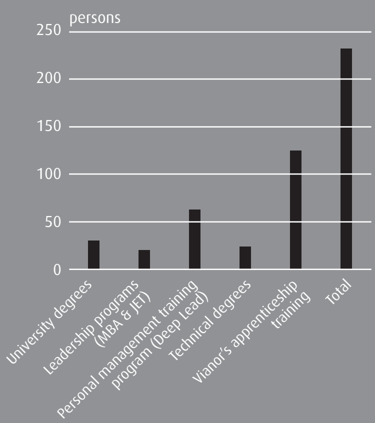
Example of the wage structure of an employee who belongs to the Union of Salaried Employees.



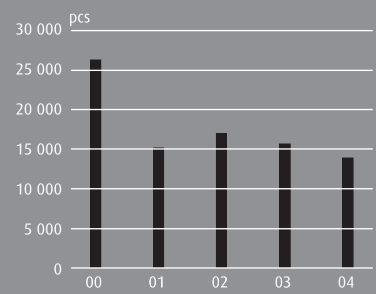
Age structure



Ongoing registered educational programs



Number of initiatives



No more snowfall. Shiny white clouds. The sky turns bright and blue. Calm in its eternal serenity, grey water rests in the fjord. Some clouds reach low to touch the ground. Red houses at the bottom of the fjord bay.

Sustainable added value from environmental and safety responsibility

Nokian Tyres follows the principles of the responsible corporate citizenship. Responsible operations oblige the company to care for its personnel, as well as its relations with society and interest groups. Respect for nature and safety is an inherent part of the research and product development philosophy related to sustainable operations. Responsibility and safety mean safe, environmentally friendly products and effective, top-of-the-field production processes.

Environmental and safety management encompasses environmental, personnel and property protection, and is managed at Group level. The activities have evolved from meeting authority requirements to independent action and predicting the expectations of our main interest groups.

By implementing environmental and safety operations, Nokian Tyres secures the continuity of its manufacturing operations. The company aims to minimise interference and risk to ensure cost-effective production and performance in an increasingly international operating environment. When developing its operations, Nokian Tyres aims to apply best practices in all of its units and implements solutions that are more advanced than the minimum requirements set by legislation and standards.

Environmental and safety aspects are also key to the main success factors: the development, manufacture and marketing of tyres. Attention is paid 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. Sustainable safety is a basis of research and development activities, as well as the main argument in marketing. This leads to competitive advantages in environmentally friendly tyres in terms of material choices and in innovations promoting the safety (see pages 31–33).

Practical well-being in the working and living environments
Nokian Tyres carries out its environmental and safety operations in co-operation with the personnel, occupational health care, authorities and experts. The operations are coordinated by a safety department, which ensures and controls that the organisation is aware of the regulations and complies with them. The goal is a safe and efficient working environment that takes into consideration the physical, mental and social well-being of the personnel, the living environment and its inhabitants.

The company implements practical environmental and safety operations through department-specific environmental and safety programmes, continuous audits and surveys that aim to develop working conditions and manage risks. These offer a starting point for the systematic induction and training of the personnel. Learning focuses on, for example, responsibilities concerning the organisation's activities, work ability and ergonomics, environmental and 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 to prevent harmful impacts on the environment and safety. Its risk management methods include process and safety planning, technical equipment, instructions and training.

Leading company in the field
In its environmental and safety activities, Nokian Tyres puts 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 adjoining environmental effect indicators). Best Available Techniques (BAT) have not been defined for

Environment 2004:
- environmental and safety responsibilities were fulfilled and the organisation prepared themselves for future obligations and operating environment changes
- key indicators developed in line with the targets
- environmental and safety issues at the Russian plant were prepared on the basis of best practices
- the fourth environmental report came in joint second as Finland's best Eco Management and Audit Scheme (EMAS)
- a significant international co-operation project was launched for waste rubber utilisation

emissions from the rubber industry. Nokian Tyres actively monitors the development of techniques, acquires the latest effective technology and applies best practices in its operations. The company's experience and ongoing benchmarking also guide the safety-level development of its contract partners. The level of the partners' environmental and safety activities is mainly compared with that of the parent company's. Nokian Tyres will continue to aim 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

RAW MATERIALS
textiles (rayon, polyester) • steel (belt, cable) • rubber (synthetic and natural rubber) • plasticizers (oil)
fillers (carbon black, silica) • rubber chemicals

TYRE PRODUCTION
air emissions (VOC) • odour, noise, waste

USE
fuel consumption, tyre noise • effect on terrain
road wearing • tyre dust to terrain

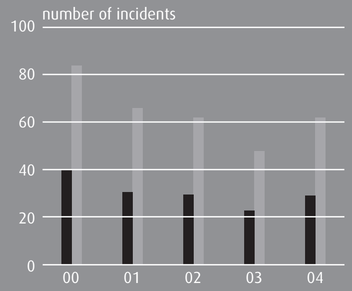
USED TYRES

REPROCESSING
retreading

REMOVAL FROM USE
material recycling • utilisation as energy

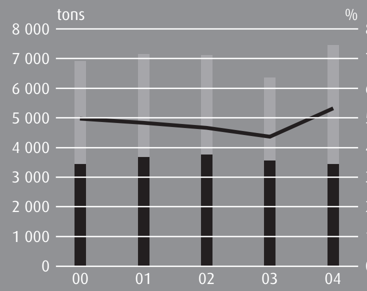
Europe 6. Sounds grandiose. Dark humour? The convex, glaze-surfaced road curls like streamers. The average speed drops to 70 km/h. Frozen water has built porticos of thick icicles on the mountainside. Heavy-duty vehicles come down the road, rear tyres in a slide. Perhaps such bravery is necessary to meet the schedule.

Accidents



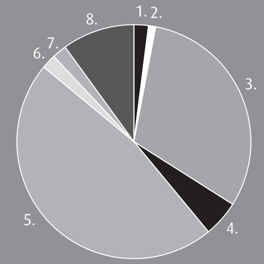
- Injuries over 3 days/million h
- Injuries over 3 days

Share of recycling of total waste



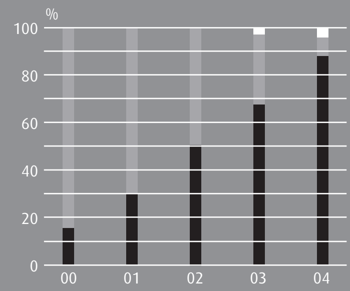
- Total unrecycled waste
- Further utilisation
- Utilisation percentage

Material sent for recycling



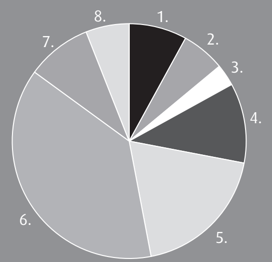
1. Cardboard 2%
2. Others 1%
3. Scrap tyres 31%
4. Compound mixing waste 5%
5. Wood 47%
6. Plastic 2%
7. Energy waste 2%
8. Scrap iron and steel 10%

Development in the use of oils



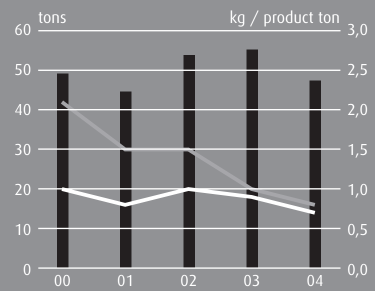
- Canola
- HA (High Aromatic, carsinogenic)
- LA (Low Aromatic, non-carsinogenic)

Hazardous waste



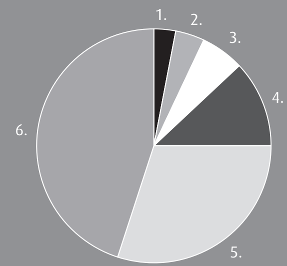
1. Solid oil waste 8%
2. Burning organic waste, solid 6%
3. Paint waste, solvent waste 3%
4. Cleaning waste, dust 11%
5. Other oil waste 19%
6. Gasket oil waste 38%
7. Pumped pasta 9%
8. Batteries, fluorescent lamp and others 6%

Voc (Volatile Organic Compounds)



- Tons
- Kg / product ton
- Objective kg / product ton

Rubber compound raw material composition



1. Protective agents 3%
2. Booster chemicals 4%
3. Vulcanizing agents 6%
4. Plasticizers 12%
5. Filler substances 30%
6. Rubber 45%

From the left:
Alexej von Bagh, Kim Gran, Antero Juopperi,
Raimo Mansikkaoja, Mika Savolainen, Sirkka Hagman,
Risto Järvinen, Rami Helminen, Kari-Pekka Laaksonen,
Antero Turunen, Seppo Kupi and Deniz Bavautdin

From the left (pictures down):
Raila Hietala-Hellman, Esa Eronen, Teppo Huovila,
Janne Nyblom and Keijo Salonen

Situation 31.12.2004

Kim Gran
Year of birth: 1954
President and CEO
Bachelor of Science in Economics
With the company from 1995
Bonds with warrants: 36 600 pcs

Deniz Bavautdin
Year of birth: 1953
Vice President,
Sales and Sales Offices
Diploma in Business and Administration
With the company from 2002
Bonds with warrants: 13 500 pcs

Esa Eronen
Year of birth: 1957
Production Service Manager
Engineer
With the company from 1988
Bonds with warrants: 4 400 pcs

Sirkka Hagman
Year of birth: 1958
Vice President, Personnel and Safety
Master of Science; Licentiate of Administrative Science
With the company from 1980
Bonds with warrants: 6 600 pcs

Rami Helminen
Year of birth: 1966
Vice President CFO,
Finance and Control
Master of Economic Sciences
With the company from 1990
Bonds with warrants: 12 000 pcs

Raila Hietala-Hellman
Year of birth: 1952
Vice President,
Communication and IR
Diploma in Business and Administration
With the company from 1979
Bonds with warrants: 5 000 pcs

Teppo Huovila
Year of birth: 1963
Product Development Manager
Master of Science, MBA
With the company from 1989
Bonds with warrants: 6 000 pcs

Risto Järvinen
Year of birth: 1964
International Department Union of Salaried Employees TU
Technician Engineer
With the company from 1989
Bonds with warrants: 65 pcs

Antero Juopperi
Year of birth: 1954
Vice President, Car and Van Tyres
Master of Sciences (Organic Chemistry)
With the company from 1992
Bonds with warrants: 17 600 pcs

Seppo Kupi
Year of birth: 1950
Managing Director, Vianor
Engineer
With the company from 1974
Bonds with warrants: 15 000 pcs

Kari-Pekka Laaksonen
Year of birth: 1967
Vice President, Logistics and Purchasing
Master of Science (Eng.)
With the company from 2001
Bonds with warrants: 6 000 pcs

Raimo Mansikkaoja
Year of birth: 1962
Vice President,
Corporate Development
Master of Science, MBA
With the company from 1995
Bonds with warrants: 5 500 pcs

Janne Nyblom
Year of birth: 1970
Professional employees
Engineer
With the company from 1995
Bonds with warrants: 1 500 pcs

Keijo Salonen
Year of birth: 1953
Chief Shop Steward
With the company from 1970
Bonds with warrants: 105 pcs

Mika Savolainen
Year of birth: 1971
Vice President,
Information Technology
Master of Science
With the company from 1995
Bonds with warrants: 6 760 pcs

Antero Turunen
Year of birth: 1945
Vice President, Heavy Tyres
Master of Science (Eng.)
With the company from 1993
Bonds with warrants: 12 000 pcs

von Bagh Alexej
Year of birth: 1968
Vice President,
Retreading operations
Master of Science (Eng.)
With the company from 1995
Bonds with warrants: 4 840 pcs

Members of the Management did not own Nokian Tyres shares.

Grab a brush and work it. One cubic meter after another, the car emerges from under the snow. Gradually you begin to see metal decorated by ice. Yes, this is ours. Heavy snowfall. Thick, heavy snow that covers everything, wets everything. Snowflakes melt on car windows. And each one of them is unique.

The sun rises from behind the mountains. A reflection of light shimmers on the fjord. The ferry pushes steadily forward. The water shivers as the ferry breaks its calm surface. Pale yellow sunlight shoves the clouds apart, like a light blow breaking smoke.

KEY FINANCIAL INDICATORS

Figures in million euros unless otherwise indicated		2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Net sales		602.2	528.7	479.2	423.4	398.5	322.6	251.3	211.6	192.6	187.2
growth, %		13.9%	10.3%	13.2%	6.3%	23.5%	28.4%	18.7%	9.9%	2.9%	14.0%
Operating profit before depreciation		146.8	115.1	95.0	81.9	68.4	61.9	47.5	39.2	32.7	28.2
Depreciation according to plan		38.7	36.0	34.9	31.3	28.9	19.8	14.3	11.7	9.2	8.0
Operating profit		108.1	79.1	60.1	50.5	39.4	42.1	33.2	27.5	23.5	20.2
% of net sales		18.0%	15.0%	12.5%	11.9%	9.9%	13.1%	13.2%	13.0%	12.2%	10.8%
Profit before extraordinary items and tax		97.9	69.6	48.0	37.0	27.2	35.9	29.3	25.1	20.0	16.2
% of net sales		16.3%	13.2%	10.0%	8.7%	6.8%	11.1%	11.7%	11.8%	10.4%	8.7%
Profit before tax		99.9	69.6	48.0	37.0	27.2	35.5	29.9	25.1	20.0	15.2
% of net sales		16.6%	13.2%	10.0%	8.7%	6.8%	11.0%	11.9%	11.8%	10.4%	8.1%
Return on equity, %		24.3%	20.8%	16.9%	14.3%	13.7%	23.6%	22.7%	21.9%	21.3%	20.5%
Return on capital employed, %		27.5%	22.3%	17.1%	14.3%	12.1%	16.9%	19.8%	21.5%	20.8%	20.2%
Total assets		553.8	476.1	450.9	459.8	464.0	391.8	269.3	188.1	171.0	154.0
Interest bearing net debt (1		107.4	100.0	122.5	158.2	182.1	170.4	94.2	39.6	35.4	32.2
Equity ratio, %		48.3%	44.4%	38.9%	32.4%	28.3%	30.9%	37.1%	45.2%	41.9%	39.6%
Equity ratio, % (1		54.8%	51.9%	46.9%	40.2%	36.1%	30.9%	37.1%	45.2%	41.9%	39.6%
Gearing, % (1		35.4%	40.5%	57.9%	85.5%	108.9%	140.6%	94.3%	46.6%	49.4%	52.8%
Cash flow from operations		56.9	79.0	69.3	70.8	26.6	22.3	21.2	24.6[2]	17.0[2]	19.3[2]
Gross investments		57.8	44.2	26.0	45.3	67.5	85.7	72.7	25.7	17.7	13.0
% of net sales		9.6%	8.4%	5.4%	10.7%	16.9%	26.6%	28.9%	12.2%	9.2%	6.9%
R&D expenditure		9.6	8.3	8.5	8.3	8.3	7.8	6.6	5.6	5.0	4.3
% of net sales		1.6%	1.6%	1.8%	2.0%	2.1%	2.4%	2.6%	2.7%	2.6%	2.3%
Dividends	(proposal)	23.6	16.7	11.7	8.8	6.9	9.0	7.6	6.0	4.9	4.1
Personnel, average during the year		2 843	2 650	2 663	2 636	2 462	2 023	1 620	1 358	1 329	1 350

PER SHARE DATA

		2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Earnings per share, euro		6.23	4.48	3.17	2.38	1.88	2.51	2.04	1.68	1.40	1.17
growth, %		38.9%	41.3%	33.2%	26.9%	-25.2%	23.0%	21.3%	20.4%	19.8%	19.7%
Earnings per share (diluted), euro		6.03	4.37	3.13	2.37	1.88	2.51	2.04	1.68	1.40	1.17
growth, %		38.1%	39.5%	31.9%	26.5%	-25.2%	23.0%	21.3%	20.4%	19.8%	19.7%
Cash flow per share, euro		5.29	7.44	6.55	6.69	2.52	2.14	2.05	2.41[2]	1.69[2]	1.92[2]
growth, %		-28.9%	13.7%	-2.2%	165.8%	17.8%	4.1%	-14.8%	42.9%	-12.2%	-9.4%
Dividend per share, euro	(proposal)	2.17	1.56	1.11	0.83	0.65	0.85	0.73	0.59	0.49	0.40
Dividend pay out ratio, %	(proposal)	35.2%	35.0%	35.0%	34.9%	34.7%	34.4%	36.3%	35.2%	35.1%	34.8%
Shareholders' equity per share, euro		24.63	19.77	16.57	14.08	12.41	11.47	9.69	8.30	7.06	6.04
Shareholders' equity per share, euro (1		27.95	23.14	19.97	17.48	15.81	11.47	9.69	8.30	7.06	6.04
P/E ratio		18.0	13.4	10.7	14.7	9.5	15.1	13.6	16.6	11.8	6.4
Dividend yield, %	(proposal)	1.9%	2.6%	3.3%	2.4%	3.6%	2.3%	2.6%	2.1%	3.0%	5.5%
Market capitalisation 31 December		1 213.4	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		10.75	10.62	10.58	10.58	10.57	10.42	10.30	10.22	10.09	10.05
diluted, million units		11.09	10.90	10.72	10.61	10.57	10.42	10.30	10.22	10.09	10.05
Number of shares 31 December, million units		10.85	10.68	10.58	10.58	10.58	10.54	10.32	10.24	10.14	10.09
Number of shares entitled to a dividend 10 February, million units		10.86	10.68	10.58	10.58	10.58	10.54	10.32	10.24	10.14	10.09
Number of shares entitled to a dividend 17 February, million units		11.94									
Dividends accordingly		25.9									
Dividend pay-out ratio, % accordingly		38.7									

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

DEFINITIONS

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

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

NET SALES AND PROFIT

The demand for car winter tyres and high-speed summer tyres remained high during the whole period in review. Also the sales of forestry tyres and special tractor tyres were brisk. The strongest market growth was seen in the Nordic countries, Russia and Eastern Europe. The value of the US dollar against the euro weakened and raw material prices increased.

The winter season started late in the Nordic countries and Russia and the sales period was therefore shorter than a year earlier. Regardless, Nokian Tyres' manufacturing business and Vianor tyre chain increased net sales and improved profits. Market shares increased in the core markets. Sales growth was fastest in the Nordic countries, Russia and the USA. Vianor sold more Nokian-branded tyres than the previous year and synergy benefits with the manufacturing business increased. Seasonal management was enhanced. The majority of sales consisted of winter tyres and other special products with high profit margins. Material costs in production were higher than a year ago due to the increased raw material prices, but the new products and implemented price increases improved sales profitability. Own production volumes rose and contract manufacturing volumes increased.

January-December 2004

Consolidated net sales totalled EUR 602.2 million (EUR 528.7 million), or 13.9% more than the year before. Net sales from manufacturing rose by 23.4% to EUR 459.5 million (EUR 372.3 million). Vianor's net sales rose by 5.1% to EUR 223.9 million (EUR 213.0 million).

Operations outside Finland generated 70% (68%) of net sales. The Group's invoicing to the Nordic countries grew by 8%, to Russia and other CIS countries by 53%, and to North America by 43%.

Price increases, an improved sales mix featuring new products, and better productivity resulted in more profitable sales.

Raw material costs in manufacturing were 4.8% higher than the average prices in the previous year. Fixed costs increased by EUR 15.7 million, or 9.0%, totalling EUR 190.4 million (EUR 174.7 million). They represented 31.6% (33.0%) of net sales. Vianor's fixed costs increased by EUR 3.6 million.

The Group's operating profit improved, totalling EUR 108.1 million (EUR 79.1 million). Operating profit from the manufacturing business amounted to EUR 107.0 million (EUR 75.6 million), and Vianor's operating profit before the depreciation of goodwill was EUR 11.8 million (EUR 11.8 million). The depreciation of goodwill amounted to EUR 7.2 million (EUR 6.9 million) and related entirely to the Vianor tyre chain.

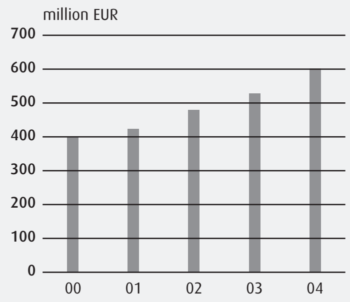
The Group's net financial expenses amounted to EUR 10.2 million (EUR 9.5 million), representing 1.7% (1.8%) of net sales.

Profit before taxes improved and totalled EUR 99.9 million (EUR 69.6 million), including a net change in deferred taxes totalling EUR 2.0 million, booked in extraordinary items in the second quarter, due to a reduction of the Finnish corporate tax rate. Net profit for the period improved, amounting to EUR 68.9 million (EUR 47.6 million). Earnings per share were up by 38.9% to EUR 6.23(EUR 4.48).

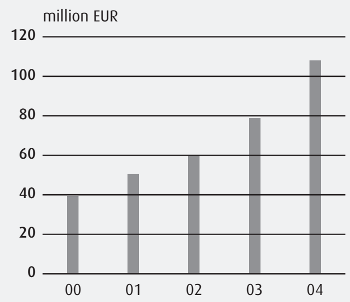
The return on net assets (RONA, rolling 12 months) was 24.6% (19.5%). Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow II) was EUR 39.8 million (EUR 65.7 million). The equity ratio picked up from 51.9% to 54.8%, including the capital loan booked under shareholders' equity. The capital loan will mature on 29 April 2005. Product development expenses totalled EUR 9.6 million (EUR 8.3 million), or 2.1% of net sales from manufacturing.

During the financial year the Group employed 2,843 (2,650) and the parent company 1,455 (1,368) people on average. At the end of the financial year the Group employed 2,757 (2,736) and the parent company 1,399 (1,398) people. Vianor employed 1,220 (1,230) people at year end.

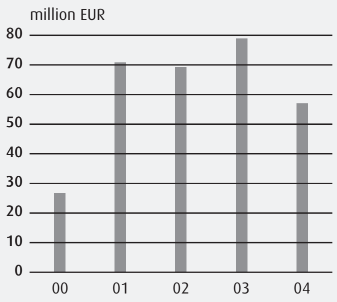
Net sales



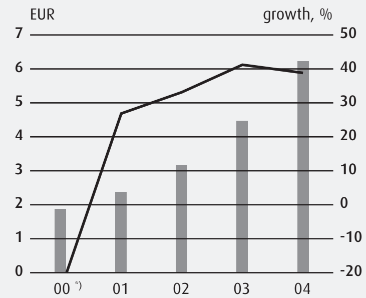
Operating result, EBIT



Cash flow from operating activities



EPS growth %



*) growth % -25,2

MANUFACTURING BUSINESS

Passenger car tyres

Net sales from Nokian passenger car tyres increased by 22.8% to EUR 363.6 million (EUR 296.0 million). Operating profit improved, totalling EUR 98.5 million (EUR 69.5 million).

Sales picked up from the previous year, especially in Russia, North America and Nordic countries. Summer tyre sales were good and the increase in contract manufacturing of summer tyres supported core product sales. Winter tyre sales hit record numbers, even though the season started later than the year before. The season's novelty was the new studless winter tyre, Nokian Hakkapeliitta RSi, which performed well in tyre tests carried out by trade magazines. The best-selling product, however, was the studded Nokian Hakkapeliitta 4 winter tyre. Winter tyres accounted for 80% (75%) and new products for 36% (50.2%) of the profit centre's net sales. Nokian-branded tyres increased their market share in the Nordic countries from 24.3% to 25.5%, while the market share of winter tyres rose from 29.8% to 30.2%. Enhanced customer service and logistics solutions brought a considerable improvement to seasonal delivery capacity.

A good sales mix and price increases raised average tyre prices. As a result of production investments and productivity-boosting measures the Nokia plant's production volumes in tons increased by 13.9%, and totalled 5.9 million (5.4 million) tyres. The productivity of work (kg/mh) improved by 7%. Increased contract manufacturing of low-speed summer tyres released the own capacity for the manufacture of core products. Even so, the capacity was not sufficient to cater for the increased demand in all markets.

Despite the weakened US dollar, sales were also good in the USA. Increased sales volumes, a better sales mix and price increases compensated for the impact of the dollar value.

The environmentally friendly summer tyre, Nokian NRHi, boosted the company's position as a summer tyre manufacturer in the Nordic countries and especially in Germany. A new W-speed category (270 km/h) summer tyre for passenger cars, the Nokian Z, was introduced in the autumn. The novelty forms part of the strongly growing Ultra High Performance segment and will become available to consumers in the spring of 2005. The tyre is manufactured without high-aromatic oils that are labelled as harmful.

Heavy tyres

The net sales of Nokian heavy tyres business totalled EUR 65.4 million (EUR 58.8 million), showing an increase of 11.3% on the previous year. Operating profit improved, totalling EUR 8.6 million (EUR 5.0 million).

The heavy tyre markets improved clearly from the previous year. The increased manufacture of machinery and equipment boosted the forestry tyre sales in particular. Similarly, special tractor tyres and various tyres for industrial machines sold better than a year earlier. A good sales mix and price increases improved sales profitability. The strongest growth areas were the Nordic countries and Germany.

Original equipment installation represented 43.8% and new products 11.3% of the unit's net sales. Annual production capacity increased by 12%, amounting to 10,494 tons (9,317 tons). The plant operated at full capacity, and production volumes were at a record high in the latter part of the year. Productivity of work (kg/mh) improved by 5% on the previous year. Contract manufacturing also increased.

The main novelty of the season was the Nokian TRI2 tyre designed for road maintenance machinery and tractors. Its rubber compound only contains environmentally friendly low-aromatic oils. All of the heavy tyre manufacturing switched over to using rubber compounds made exclusively of low-aromatic oils.

Bicycle tyres

The net sales from Nokian bicycle tyres amounted to EUR 5.3 million (EUR 5.1 million), an increase of 3.7% on the previous year.

Nokian Tyres sold its bicycle tyres business to Suomen Rengastehdas Oy. The new owner also took over the manufacture of heavy inner tubes and will provide Nokian Tyres with contract manufacturing services in this area in the future. The unit's 59 employees were employed by the new owner under their existing contracts as of 1 December 2004. The total sales price amounted to EUR 3.6 million. The sales profit of EUR 0.4 million was booked in the last quarter.

Retreading business

An organisational change was carried out in the retreading unit at the end of 2003. The unit now includes the manufacture of retreading materials and retreading factories and thus the figures for 2004 are not comparable with the previous year's figures. Net sales from retreading business amounted to EUR 25.0 million (EUR 11.0 million), while operating profit was EUR 3.2 million (EUR 1.5 million).

The summer season was good in the retreading business, but the winter season started later than the previous year. The sales of retreaded tyres declined, but the sales of retreading materials increased. The growing export regions were Norway, the Baltic States and the USA. New products boosted sales volumes and improved profitability. The Group's own products were used more frequently in the company's own retreading plants. The share of new products in material sales accounted for 17.8% of net sales. Production volumes amounted to 4,383 (4,318) tons.

In Russia, the retreading factory moved to the new premises in St. Petersburg, and the project of concentrating Finnish retreading operations in Nurmijärvi and Kuopio proceeded as planned. The construction of the new Nurmijärvi plant was completed and it will handle all retreading needs in Finland in the future, jointly with the plant in Kuopio. The retreading of passenger car tyres came to an end in December when the operations were sold to the Swedish company Mac Ripper AB.

RoadSnoop

The markets for pressure watch devices continued to develop slowly. The RoadSnoop unit was integrated to Nokian Tyres' product development in December, the aim being to develop a pressure watch application for original equipment installation.

VIANOR

Vianor's net sales totalled EUR 223.9 million (EUR 213.0 million), or 5.1% more than the year before. Operating profit before the depreciation of goodwill remained at previous' years level totalling EUR 11.8 million (EUR 11.8 million). A one off cost of 3 MEUR was booked in Q4. The depreciation of goodwill amounted to EUR 7.2 million (EUR 6.9 million). Cash flow II was EUR –6.0 million (EUR 1.8 million).

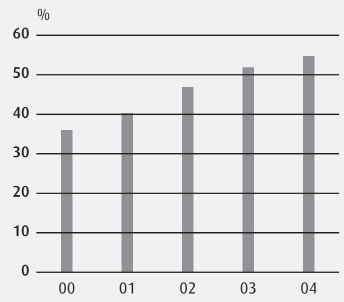
The summer season was good, but the winter season started clearly later than the previous year, hence sales and profits from the last quarter were below target levels. Enhanced customer service and logistics solutions made seasonal management more effective than the year before. Vianor's total market share in Nordic countries rose from 19.2% to 20.0%. The consumer prices of tyres, as well as Vianor's service prices, were raised. Nokian-branded tyres clearly increased their share over the previous year. Vianor had an important role in increasing Nokian Tyres' market share and prices in Nordic and Baltic countries.

Vianor was able to maintain a moderate cost level and raise the average prices of products. Franchising expanded in Finland, and new tyre hotels were opened.

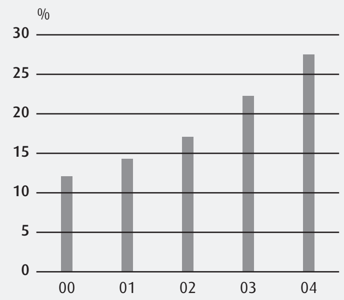
INVESTMENTS

Nokian Tyres spent a total of EUR 57.8 million (EUR 44.2 million) on investments in 2004. Production and operating investment at the Nokia factory accounted for some EUR 33.8 million. The majority of investments concerned moulds for new products, as well as machinery and equipment purchases to remove production bottlenecks at the factory in Nokia. Vianor's investments amounted to EUR 4.5 million (EUR 7.4 million). The total investment related to the tyre plant in Russia was EUR 17.8 million.

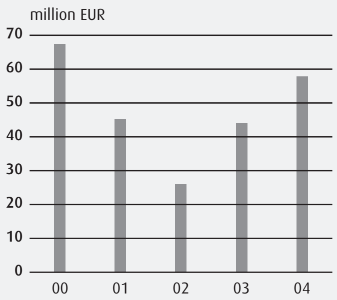
Equity ratio



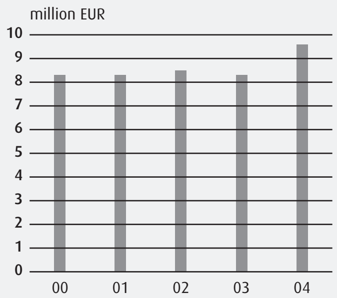
Return on capital employed



Gross investments



R & D expenses



CONTRACT MANUFACTURING

Contract manufacturing of Nokian-branded passenger car tyres in Indonesia, Slovakia and the USA progressed as planned with the production volume almost doubling compared to the previous year. In September the company signed an agreement that made the Chinese company Giti Tires a new contract manufacturer for Nokian Tyres. The tyres manufactured in China will initially cover Nokian-branded summer tyres intended primarily for the North American markets. The objective is to manufacture 500,000 tyres in 2005 and to gradually increase the volume to 1.5 million tyres.

In November Nokian Tyres and Matador AS agreed on increasing the contract manufacturing of passenger car tyres at Matador's plant in Slovakia. The parties also signed an agreement on machinery purchases, under which Nokian Tyres will spend some EUR 3 million on machinery for Matador's tyre plant to ensure production capacity. The objective is to raise production volumes from 300,000 to 500,000 tyres in 2005 and to gradually increase the volume to 1.0 million tyres. The tyres will be mainly Nokian-branded passenger car tyres for the Central European markets.

The contract manufacturing of Nokian-branded truck tyres will be transferred from the Michelin plants in Poland and Hungary to Bridgestone's Bilbao facility in Spain in early 2005.

OTHER MATTERS

Nokian Tyres' projects in Russia

In March Nokian Tyres announced that its Russian operations would focus on the sales of Nokian-branded tyres and on the construction of its own tyre plant in the St. Petersburg region. The company decided to terminate the operations of its Russian joint venture, Amtel-Nokian Tyres, which was in charge of Nordman-branded tyre sales.

Land construction for the new plant began in the spring, and a contracting agreement on plant construction was signed with Lemcon Oy in May. The contract is worth EUR 21 million. The cornerstone of the new plant was laid in June. The construction work has progressed as planned and on schedule. Topping out took place in January, and the first machine installations will be carried out in the spring.

Production will start in 2005, the objective being to manufacture some 1.5 million tyres in 2006. The Nokian-branded passenger car tyres manufactured at the plant will be sold primarily in Russia. In the initial phase, the plant will employ approximately 200 people, most of them Russian.

The first phase of the plant will have a total area of some 21,000 square metres, which provides capacity for an annual production of approximately 4 million tyres. The plant will be gradually expanded with additional investments, aiming at a capacity of some 8 million tyres. A decision was made to accelerate the construction and machinery investments of the second phase earlier in order to reach the capacity of 4 million tyres already in 2008.

The logistics centres established in the vicinity of Moscow and St. Petersburg further strengthened the distribution and sales network of Nokian-branded tyres in Russia.

Extension of logistics centre in Nokia

In September Nokian Tyres and Nordisk Renting signed an agreement on the construction of an extension to the logistics centre in Nokia. Nokian Tyres signed a 15-year lease for the property, with a purchase option. The investment is worth some EUR 17 million. The extension, covering some 34,000 square metres, will be completed in late 2005 and will provide storage capacity for 600,000 tyres.

Shares subscribed for with bonds with warrants

After the increase in share capital registered on 10 December 2003, a total of 2,460 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001. The increase in share capital resulting from the subscription, EUR 4,920, was entered in the Trade Register on 18 February 2004. Trading of the shares along with the old shares started on 19 February 2004. The company's share capital after the increase is EUR 21,368,882.00.

After the increase in share capital registered on 18 February 2004, a total of 15,250 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001 and 36,785 shares with the 2001B warrants. The increase in share capital resulting from the subscription, EUR 104,070, was entered in the Trade Register on 14 May 2004. Trading of the shares along with the old shares began on 17 May 2004. After the increase, the number of Nokian Tyres shares is 10,736,476 and the share capital is EUR 21,472,952.00.

After the increase in share capital registered on 14 May 2004, a total of 13,270 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001 and 51,965 shares with the 2001B warrants. The increase in share capital resulting from the subscription, EUR 130,470, was entered in the Trade Register on 16 August 2004. Trading of the shares along with the old shares began on 17 August 2004. After the increase, the number of Nokian Tyres shares is 10,801,711 and the share capital is EUR 21,603,422.00.

After the increase in share capital registered on 16 August 2004, a total of 6,070 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001 and 22,430 shares with the 2001B warrants. The increase in share capital resulting from the subscription, EUR 57,000, was entered in the Trade Register on 5 November 2004. Trading of the shares along with the old shares began on 8 November 2004. After the increase, the number of Nokian Tyres shares is 10,830,211 and the share capital is EUR 21,660,422.00.

After the increase in share capital registered on 5 November 2004, a total of 5,410 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001 and 17,260 shares with the 2001B warrants. The increase in share capital resulting from the subscription, EUR 45,340, was entered in the Trade Register on 27 December 2004. Trading of the shares along with the old shares began on 28 December 2004. After the increase, the number of Nokian Tyres shares is 10,852,881 and the share capital is EUR 21,705,762.00.

DECISIONS MADE AT THE ANNUAL GENERAL MEETING

The Annual General Meeting of Nokian Tyres held on 5 April 2004 accepted the profit and loss statement for 2003 and discharged the Board of Directors and the President from liability. The final dividend was set at EUR 1.56 per share, the matching date on 8 April 2004 and the payment date on 19 April 2004.

The meeting decided that the Board of Directors would have eight members. Rabbe Grönblom, Chairman of the Board, Kotipizza Oyj; Bo-Erik Haglund, Doctor of Science h.c.; Satu Heikintalo, Managing Director, G2 Helsinki Oy; Hannu Penttilä, Managing Director, Stockmann plc; Henrik Therman, Master of Science; Matti Vuoria, President and CEO Varma Mutual Pension Insurance Company; and Kim Gran, President and CEO Nokian Tyres plc, were elected as Board members. Mitsuhira Shimazaki, Director, Sales Administration, Bridgestone Europe NV/SA, was appointed as a new member to the Board. At its meeting following the Annual General meeting, the Board elected Henrik Therman as Chairman of the Board.

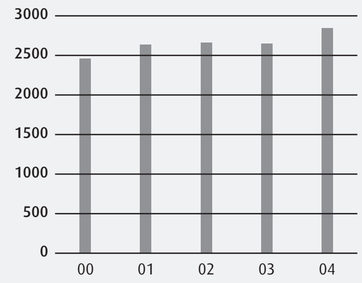
Authorised public accountants KPMG Wideri Oy were appointed as auditors.

Authorisations granted to the Board of Directors

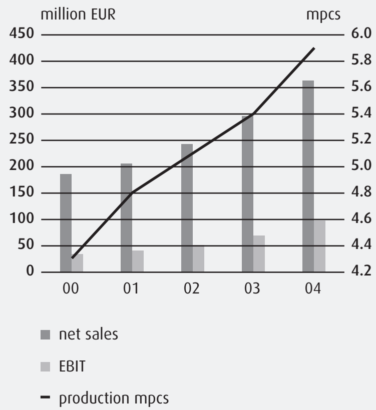
As previously noted the Annual General Meeting authorised the Board of Directors to make a decision regarding an increase in the share capital on one or more occasions by issuing new shares and/or convertible bonds. The share capital of the company may be increased by a maximum of EUR 4 million. A maximum of 2,000,000 new shares can 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 for the company as referred to in Chapter 4:2a of the Companies Act, such as acquisitions and other corporate arrangements. The Board of Directors has the right to decide upon the parties who are entitled to subscribe, as well as the

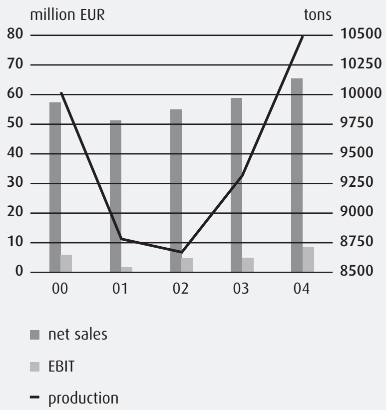
Average number of personnel



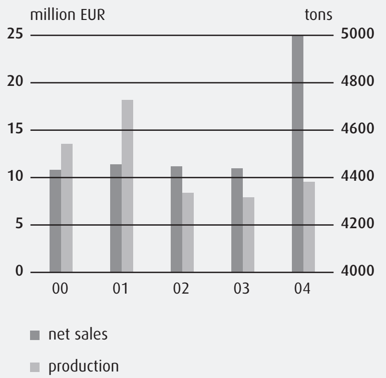
Passenger car tyres net sales, EBIT and production



Heavy tyres net sales, EBIT and production



Retreading materials net sales and production



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.

In the light of the numerous attractive expansion opportunities, the company continues to evaluate its capital structure on an ongoing basis, in regards to both debt and equity, in order to optimise the cost of capital and maintain financial flexibility.

Bonds with warrants

The Annual General Meeting decided to issue bonds with warrants to the staff of the Nokian Tyres Group and to Direnic Oy, a wholly owned subsidiary of Nokian Tyres plc. A deviation will be made from the shareholders' pre-emptive subscription right because the warrants are designed to be part of the Group's incentive scheme. The number of warrants is 735,000. A total of 245,000 warrants will be marked with the symbol 2004A, 245,000 with the symbol 2004B and 245,000 with the symbol 2004C. The warrants entitle the subscription of a maximum of 735,000 Nokian Tyres plc shares. The Board presented its intention to issue the shares in the spring of 2004 (2004A warrants), 2005(2004B warrants) and 2006 (2004C warrants).

The share subscription price for warrants 2004A shall be the average price of a Nokian Tyres plc share weighted by the share trading volume on the Helsinki Exchanges between 1 January and 31 March 2004. For warrants 2004B, the price shall be the average price of a share weighted by the share trading volume on the Helsinki Exchanges between 1 January and 31 March 2005, and for warrants 2004C, the average price of a share weighted by the share trading volume on the Helsinki Exchanges between 1 January and 31 March 2006.

The price of shares subscribed for with warrants shall be reduced by the amount of dividends paid after the commencement of the period for which the subscription price was determined, and dividends paid before the subscription on the record date of each dividend payment. The share subscription period for warrants 2004A is 1 March 2006–31 March 2008, for warrants 2004B 1 March 2007–31 March 2009, and for warrants 2004C 1 March 2008–31 March 2010. As a result of the subscriptions with the 2004 bonds with warrants, the share capital may be increased by a maximum of EUR 1,470,000 and the number of shares by a maximum of 735,000 new shares.

The Board of Directors' decision regarding the distribution of bonds with warrants

The Board of Directors of Nokian Tyres plc approved the distribution of bonds with warrants directed to the personnel of the Group and to the wholly owned subsidiary of Nokian Tyres plc, issued by the Annual General Meeting of Shareholders on 5 April 2004. A total of 211,875 2004A bonds with warrants were distributed to the Nokian Tyres personnel. The remaining bonds with warrants were granted to Direnic Oy, a wholly owned subsidiary of Nokian Tyres, to be further distributed to the present and future personnel of the Group.

The maximum number of Nokian Tyres plc shares that can be subscribed for with the bonds with warrants is 735,000. The share subscription price for warrants 2004A is EUR 62.96 (the trade volume weighted average quotation of the Nokian Tyres plc share in the Helsinki Exchanges between January and March 2004), for warrants 2004B the trade volume weighted average quotation of the Nokian Tyres plc share in the Helsinki Exchanges between January and March 2005, and for warrants 2004C the trade volume weighted average quotation of the Nokian Tyres plc share in the Helsinki Exchanges between January and March 2006.

The subscription period for warrants 2004A is 1 March 2006–31 March 2008, for warrants 2004B 1 March 2007–31 March 2009, and for warrants 2004C 1 March 2008–31 March 2010.

The Annual General Meeting approved the issue of bonds with warrants on 5 April 2004, and the terms and conditions of the bonds with warrants were published in a stock exchange release on 12 February 2004.

Adoption of IFRS

Nokian Tyres is ready to adopt IFRS when the new reporting procedures come into force. The move will not have any material impact on the company's profit or balance sheet. In the first quarter of 2005 Nokian Tyres will disclose its opening balance sheet, comparison figures and accounting principles with balancing calculations based on the Finnish accounting standards valid in 2004. Further information on the adoption of IFRS is available on the company's web site at www.nokiantyres.com.

MATTERS AFTER THE PERIOD UNDER REVIEW

Change in share of ownership

Threadneedle Asset Management Limited (registered in England and Wales No 573204) informed that it owns a total of 563,595 Nokian Tyres' shares as of January 24, 2005 and its share of Nokian Tyres' share capital and voting rights has increased to 5.193%.

Vianor expansion

Nokian Tyres informed February 7, 2005 that the Vianor tyre chain is expanding in Russia and in Sweden. New Vianor outlets have been opened in the towns of Rostov and St. Petersburg in Russia. In Sweden Nokian Tyres' has acquired two tyre shops. Nokian Tyres will invest approx. EUR 10 million in establishing own Vianor outlets in Moscow and St. Petersburg. It is the target to open a total of 30, mainly franchising based Vianor outlets in Russia during 2005. Mr. Juri Melnik, a former importer of Nokian branded tyres, will manage the Vianor operations in Russia.

Vianor chain expands also in Sweden where Nokian Tyres has acquired two new tyre shops, Sjögrens Vulk AB and Degerfors Vulkcentral. Vianor will continue to grow in Sweden through franchising and acquisitions.

Acquisition of Andel Export-Import

Nokian Tyres informed February 8, 2005 that it has acquired its importer and a tyre wholesaler Andel Export-Import spol s.r.o in the Czech Republic. The agreement was signed February 7, 2005. The acquisition enables Nokian Tyres to concentrate its Eastern and Western European logistics operations in Prague. The company aims at getting a stronger foothold in the rapidly growing East European winter tyre markets.

OUTLOOK FOR 2005

Nokian Tyres will continue to grow and to focus operations in line with its strategy, aiming to outperform the results of 2004 in terms of net sales and profit. Similar to previous years, the first-quarter profit will be low, with most of the profit generated in the second half of the year, due to the winter season.

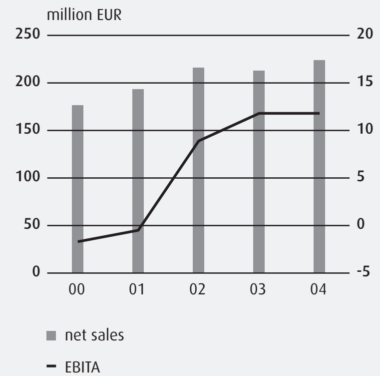
Raw material prices will continue to increase, as will tyre prices. Nokian Tyres estimates its raw material costs in the first quarter to be some 7% higher than those of the corresponding period last year. The value of the US dollar against the euro is likely to remain low.

Healthy demand for passenger car winter tyres, high-performance summer tyres and heavy special tyres will continue in the Group's main markets, where the company has a strong position. An upgraded product range, increasing production volumes and effective logistics make Nokian Tyres more capable to meet with growing demand in its core areas.

The production capacity at the Nokia plant and the productivity will be increased. Distribution will particularly focus on seasonal management. The growth in contract manufacturing will release capacity at the Nokia plant for the production of core products. The Vianor store network will be expanded and measures will be taken to improve cost efficiency.

The main projects aiming at growth in 2005 and the years to come are related to the construction of the Russian factory, the further development of the local sales organisation, the expansion of the Vianor chain in the Nordic countries and Russia, as well as to expand the distribution network in the USA and Eastern Europe, and to build capacity in Eastern Europe.

Vianor net sales and EBITA



The construction of the Russian plant will be accelerated. A total of EUR 140 million will be invested in order to reach a production volume of four million tyres by 2008 instead of 2009 as previously announced. The Vianor chain will be expanded through franchising and by acquiring own sales outlets in the Nordic countries and Russia. The company is targeting growth in Eastern Europe by acquisitions, an increase in contract manufacturing and investment in production capacity.

Total investment for 2005 is EUR 85 million (EUR 57.8 million). Investment in Russia is EUR 50 million, the rest being investment in future expansion in Finland and acquisitions of Vianor.

Nokia, 10 February 2005

Nokian Tyres plc

Board of Directors

In 1 000 euros 1.1. – 31.12.	Notes	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Net sales	(1)	602 235	528 682	402 346	326 985
Total cost of goods sold	(2)(3)(4)	-336 177	-303 460	-240 833	-205 181
Gross margin		266 058	225 221	161 513	121 804
Selling and marketing expenses	(3)(4)	-128 652	-119 674	-29 221	-26 776
Administration expenses	(3)(4)	-11 646	-9 527	-10 892	-8 804
Other operating expenses	(3)(4)	-14 468	-12 929	-12 926	-11 815
Other operating income		3 422	2 355	1 068	271
Goodwill amortisation	(4)	-6 570	-6 362		
Total other costs		-157 915	-146 137	-51 971	-47 124
Operating profit	(5)	108 144	79 084	109 542	74 680
Financial income and expenses	(6)	-10 216	-9 469	-3 706	-4 678
Result before extraordinary items, appropriations and tax		97 927	69 615	105 836	70 002
Extraordinary items	(7)	1 999	0	-221	0
Result before appropriations and tax		99 926	69 615	105 615	70 002
Increase in accumulated depreciation in excess of plan	(8)			-2 461	-3 063
Income tax					
Direct tax for the year		-32 461	-21 771	-28 808	-18 507
Change in deferred tax	(16)	1 431	-247	-253	27
Profit applicable to minority shareholders		0	0		
Net result for the year		68 896	47 598	74 093	48 459

In 1 000 euros 31.12.	Notes	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
ASSETS					
Fixed assets and other non-current assets					
Intangible assets	(9)	12 389	13 669	7 490	7 607
Goodwill	(9)	30 230	36 397		
Tangible assets	(9)	223 832	202 377	177 246	172 573
Shares in Group companies	(10)(11)			26 458	26 347
Shares in associated companies	(10)(11)	532	451	1 245	1 783
Shares in other companies	(11)	231	252	56	78
Total non-current assets		267 214	253 146	212 495	208 388
Current assets					
Inventories	(12)	98 605	85 074	43 804	36 690
Long-term receivables	(13)	1 959	1 946	34 207	29 018
Deferred tax asset	(16)	8 178	6 196	1 915	2 388
Short-term receivables	(14)	153 962	110 754	190 756	134 832
Cash in hand and at bank		23 874	18 955	2 373	847
Total current assets		286 578	222 925	273 055	203 775
Total		553 792	476 071	485 550	412 163

In 1 000 euros 31.12.	Notes	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	(15)				
Share capital		21 706	21 363	21 706	21 363
Share issue		14	1	14	1
Share issue premium		6 676	3 390	6 676	3 390
Retained earnings		170 057	138 847	93 683	61 892
Net result for the year		68 896	47 598	74 093	48 459
Capital loan		36 000	36 000	36 000	36 000
Total shareholders' equity		303 348	247 199	232 172	171 105
Minority shareholders' interest		0	0		
Untaxed reserves and provisions					
Accumulated depreciation in excess of plan				65 585	63 124
Liabilities					
Deferred tax liability	(16)	21 270	22 552	0	0
Long-term liabilities	(17)				
interest bearing		77 852	82 151	62 849	81 613
interest-free		0	17	0	0
		77 852	82 168	62 849	81 613
Short-term liabilities	(18)				
interest bearing		53 466	36 819	62 020	39 478
interest-free		97 856	87 333	62 924	56 843
		151 322	124 152	124 944	96 321
Total liabilities		250 444	228 872	187 793	177 934
Total		553 792	476 071	485 550	412 163

In 1 000 euros 1.1. – 31.12.	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Cash flow from operating activities:				
Payments received from sales	559 938	520 873	373 774	321 808
Expenses paid for operating activities	-463 927	-413 610	-274 843	-221 149
Cash flow from operating activities before the financial items and taxes	96 011	107 263	98 931	100 659
Interest paid and other financial expenses	-14 123	-10 504	-9 152	-10 368
Interest received from operating activities	1 654	1 285	2 891	4 927
Dividends received from operating activities	178	59	621	983
Income taxes paid	-26 827	-19 062	-25 403	-15 768
Cash flow from operating activities before extraordinary items	56 893	79 041	67 888	80 433
Cash flow from operating activities (A)	56 893	79 041	67 888	80 433
Cash flow from investing activities:				
Acquisition of tangible and intangible fixed assets	-58 501	-44 349	-34 259	-33 873
Proceeds from sale of tangible and intangible assets	5 297	4 439	3 755	1 224
Acquisition of group companies, net of acquired cash	0	-2 751	-112	-1 701
Investments in other shares	39	0	28	0
Cash flow from investing activities (B)	-53 165	-42 661	-30 588	-34 350

In 1 000 euros 1.1. – 31.12.	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Cash flow from financing activities:				
Share issues	3 643	1 645	3 643	1 645
Change in short-term financial receivables	1 899	-5 599	-21 337	-6 769
Change in long-term financial receivables	-13	287	-5 189	5 866
Change in financial short-term debt	16 646	-8 078	22 541	-22 338
Change in financial long-term debt	-4 316	-14 407	-18 764	-15 736
Dividends paid	-16 668	-11 746	-16 668	-11 746
Cash flow from financing activities (C)	1 191	-37 898	-35 774	-49 078
Change in cash and cash equivalents (A+B+C) increase + / decrease -	4 919	-1 518	1 526	-2 995
Cash and cash equivalents at the beginning of the period	18 955	20 473	847	3 842
Cash and cash equivalents at the end of the period	23 874	18 955	2 373	847
	4 919	-1 518	1 526	-2 995

Notes to the cash flow statements

Acquisition of group companies	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Cash flow from the acquisition				
Acquisition cost of the acquired companies	0	2 788	0	0
Cash and cash equivalents of the acquired companies	0	-38		
	0	2 751	0	0

Principles of consolidation

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

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

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

Acquisitions of companies are accounted for using the purchase method. A consolidation difference arises from the acquisition cost if it is more than the total equity at the moment of the acquisition. If the fair value of the assets exceeds the book value, the elimination difference is allocated to the acquired company's assets and is amortised according to the plan on the basis of the estimated useful life of the assets. The rest of the elimination difference is treated as goodwill and is amortised on a straight-line basis over its expected useful life. This varies between five and ten years depending upon the nature of the acquisition. The goodwill arising from the acquisitions of the retail companies between years 1998 and 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% and 50% 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% 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 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
1. NET SALES BY SEGMENTS AND MARKET AREAS				
Manufacturing				
Car and Van tyres	363 602	296 049	326 335	258 689
Heavy tyres	65 436	58 816	58 964	51 182
Bicycle tyres and inner tubes	5 296	5 106	5 295	5 106
Retreading materials	25 022	11 007	11 648	10 695
RoadSnoop	106	1 325	104	1 313
Total	459 462	372 303	402 346	326 985
Tyre chain	223 858	213 045		
Others and eliminations	-81 085	-56 666	0	0
Total	602 235	528 682	402 346	326 985
Finland	178 362	169 827	111 934	105 180
Other Nordic countries	186 296	167 378	88 099	66 954
Baltic States and Russia	81 851	55 224	70 449	43 340
Other European countries	103 611	98 294	96 300	88 464
North America	47 951	33 223	31 653	18 498
Other countries	4 164	4 737	3 911	4 550
Total	602 235	528 682	402 346	326 985
2. TOTAL COST OF GOODS SOLD				
Raw materials	101 398	85 387	101 398	85 387
Goods purchased for resale	131 023	123 653	31 926	26 945
Wages and social costs of goods sold	46 988	41 697	46 988	41 697
Other costs	33 653	28 185	34 954	28 585
Depreciation of production	23 238	19 147	23 238	19 147
Sales freights	13 408	11 618	9 444	7 550
Change in inventories	-13 531	-6 227	-7 115	-4 130
Total	336 177	303 460	240 833	205 181

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
3. WAGES, SALARIES AND SOCIAL EXPENSES				
Wages and salaries	87 137	82 996	50 464	45 659
Pension contributions	14 060	13 201	9 494	7 797
Other social expenses	23 650	19 629	15 927	14 130
Total	124 847	115 826	75 885	67 586
Remuneration of the members of the Boards, President and Managing Directors on cash basis	1 607	1 358	609	398
of which incentives	201	120	176	75

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

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Personnel, average during the year				
Production	1 202	1 118	1 195	1 118
Sales and marketing	1 468	1 369	87	87
Others	173	163	173	163
Total	2 843	2 650	1 455	1 368

4. DEPRECIATION

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Depreciation according to plan by asset category				
Intangible assets	2 905	2 111	1 772	1 475
Goodwill	6 570	6 362		
Buildings	7 933	2 349	1 693	1 675
Machinery and equipment	20 838	24 214	22 771	20 726
Other tangible assets	412	963	329	333
Total	38 659	35 999	26 565	24 209

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
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.

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Depreciation by function				
Production	23 238	21 126	23 238	21 126
Sales and marketing	6 337	5 850	514	422
Administration	916	917	915	917
Other operating depreciation	1 598	1 744	1 898	1 744
Goodwill amortisation	6 570	6 362		
Total	38 659	35 999	26 565	24 209

5. OPERATING RESULT

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Manufacturing	107 008	75 569		
Tyre chain	4 633	4 871		
Eliminatios	-3 497	-1 356		
Total	108 144	79 084		

6. FINANCIAL INCOME AND EXPENSES

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Dividend income				
From the Group companies			320	659
From others	178	59	301	324
Total	178	59	621	983
Interest income, long-term				
From the Group companies			1 311	1 811
From others	18	73	49	80
Total	18	73	1 360	1 891
Other interest and financial income				
From the Group companies			1 608	1 517
From others	1 650	1 228	691	661
Total	1 650	1 228	2 299	2 178
Exchange rate differentials (net)	140	996	312	1 923
Interest and other financial expenses				
To the Group companies			-65	-396
To others	-8 029	-10 690	-7 510	-10 593
Other financial expenses	-4 173	-1 134	-723	-664
Total	-12 202	-11 824	-8 298	-11 653
Total financial income and expenses	-10 216	-9 469	-3 706	-4 678

7. EXTRAORDINARY ITEMS

The extraordinary items in both the Group and the Parent Company in 2004 contain the effect on deferred tax caused by the decrease of the corporate tax rate.

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Decrease of corporate tax rate in deferred tax	1 999	0	-221	0
Total	1 999	0	-221	0

8. APPROPRIATIONS

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Change in accumulated depreciation in excess of plan				
Intangible assets			98	218
Buildings			-309	787
Machinery and equipment			2 825	2 124
Other tangible assets			-152	-66
Total			2 461	3 063

9. FIXED ASSETS

in 1 000 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 2004	22 893	75 484	4 259	83 834	287 702	4 800	8 526
Decrease/Increase	-385	-451	-134	-4 112	32 872	-167	13 822
Accumulated cost, Dec 31st 2004	22 508	75 033	4 125	79 722	320 574	4 633	22 348
Translation difference	0	0	-49	-310	-1 370	-93	0
Accum. depr. acc. to plan, Dec 31st 2004	-10 119	-44 803	0	-20 530	-183 371	-2 725	0
Revaluation , Dec 31st 2004	0	0	0	877	0	0	0
Book value, Dec 31st 2004	12 389	30 230	4 076	59 759	135 833	1 815	22 348
Book value, Dec 31st 2003	13 669	36 397	4 241	63 645	123 704	2 261	8 526

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 888 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 2004	13 055		814	62 479	244 911	3 534	8 525
Decrease/Increase	1 486		-68	-2 970	28 530	-39	-3 391
Accumulated cost, Dec 31st 2004	14 541		746	59 509	273 441	3 495	5 134
Translation difference							
Accum. depr. acc. to plan, Dec 31st 2004	-7 052		0	-13 018	-149 727	-2 334	0
Book value, Dec 31st 2004	7 490		746	46 491	123 714	1 161	5 134
Book value, Dec 31st 2003	7 607		814	49 111	112 603	1 520	8 525
Accum. depreciation in excess of plan, Dec 31st 2004	1 151			17 156	47 372	-94	
Accum. depreciation in excess of plan, Dec 31st 2003	1 053			17 465	44 548	58	

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	51	
Posiber Oy, Nokia, Finland	100	
AS Vianor, Estonia	100	
Vianor AB, Sweden	100	
Vianor AS, Norway	100	
Grimstad Vulk AS, Norway	100	
Mandal Vulk AS, Norway	100	
Associated companies		
OOO Amtel Nokian-Tyres, Moscow, Russia	50	50
Kiint. Oy Nokian Nosturikatu 18, Nokia, Finland	33	33
Sammaliston Sauna Oy, Nokia, Finland *)	33	33

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

	Group share ownership	Parent company share ownership
Group companies	%	%
Nokian Däck AB, Sweden	100	100
Nokian Dekk AS, Norway	100	100
Nokian Reifen GmbH, Germany	100	100
Nokian Reifen AG, Switzerland	100	100
Nokian Tyres Inc., USA	100	100
Nokian Tyres (North America) Ltd. , Canada	100	100
Nokian Tyres Slovakia s.r.o., Slovakia	100	100
OOO Nokian Shina, Vsevolozhsk, Russia	100	100
Nokian Renkaat Holding Oy, Nokia, Finland	100	99
OOO Nokian Shina, Moscow, Russia	100	
OOO Nokian Tyres, Vsevolozhsk, Russia	100	
NT Tyre Machinery Oy, Nokia, Finland	100	100
Direnic Oy, Nokia, Finland	100	100
RoadSnoop Oy, Nokia, Finland	100	100
Suomen Rengas-Service Oy, Imatra, Finland	100	100

11. INVESTMENTS

In 1 000 euros	GROUP Shares in associated companies reported according to the equity method	Shares in other companies	PARENT COMPANY Shares in group companies	Shares in associated companies	Shares in other companies
Accumulated cost, Jan 1st 2004	451	252	26 347	1 783	78
Decrease/Increase	81	-22	112	-538	-22
Accumulated cost, Dec 31st 2004	532	231	26 458	1 245	56
Translation difference	0	0			
Book value, Dec 31st 2004	532	231	26 458	1 245	56
Book value, Dec 31st 2003	451	252	26 347	1 783	78

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

	GROUP		PARENT COMPANY	
In 1 000 euros	2004	2003	2004	2003
12. INVENTORIES				
Raw materials and supplies	10 305	7 565	9 521	6 673
Work-in-progress	2 762	2 455	2 762	2 455
Finished goods	85 538	75 054	31 521	27 562
Total book value	98 605	85 074	43 804	36 690
13. LONG-TERM RECEIVABLES				
Loan receivables from the Group companies			33 325	28 423
Loan receivables from the Assoc. companies	0	0	0	0
Loan receivables	1 959	1 868	882	595
Other receivables	0	78	0	0
Total	1 959	1 946	882	595
Total long-term receivables	1 959	1 946	34 207	29 018

Loans to directors

Managing Directors and the members of the Board of Directors in the Group have been granted loans, totalling 256,708 euros. Loans have yearly installments.

	GROUP		PARENT COMPANY	
In 1 000 euros	2004	2003	2004	2003
14. SHORT-TERM RECEIVABLES				
Receivables from the Group companies				
Trade debtors			50 820	31 470
Loan receivables			77 438	55 602
Accrued revenues and deferred expenses			3 113	967
Total			131 371	88 039
Receivables from the Assoc. companies				
Trade debtors	0	1 203	0	1 203
Loan receivables	0	500	0	500
Accrued revenues and deferred expenses	0	1	0	328
Total	0	1 704	0	2 031
Trade debtors	136 025	90 953	51 375	38 778
Loan receivables	336	618	0	0
Other receivables	10 725	8 299	5 056	1 898
Accrued revenues and deferred expenses	6 875	9 179	2 955	4 087
Total	153 962	109 049	59 386	44 763
Total short-term receivables	153 962	110 754	190 756	134 832
Significant items under accrued revenues and deferred expenses				
Taxes	644	1 398	0	547
Annual discounts, purchases	1 745	2 608	390	677
Financial items	1 610	427	2 940	1 215
Social payments	400	856	302	695
Insurance compensation	0	630	0	630
Planning costs in Russian factory			1 429	0
Other items	2 476	3 261	1 008	1 618
Total	6 875	9 179	6 068	5 382

In 1 000 euros	GROUP 2004	2003	PARENT COMPANY 2004	2003
15. SHAREHOLDERS' EQUITY				
Share capital, Jan 1st	21 363	21 164	21 363	21 164
Emissions	343	199	343	199
Share capital, Dec 31st	21 706	21 363	21 706	21 363
Share issue, Jan 1 st	1	0	1	0
Share issue, Dec 31st	14	1	14	1
Share issue premium, Jan 1st	3 390	1 944	3 390	1 944
Emission gains	3 286	1 446	3 286	1 446
Share issue premium, Dec 31st	6 676	3 390	6 676	3 390
Retained earnings, Jan 1st	186 445	152 267	110 351	73 638
Dividends to shareholders	-16 668	-11 746	-16 668	-11 746
Translation adjustment	279	-1 672		
Retained earnings, Dec 31st	170 057	138 848	93 683	61 892
Net profit for the year	68 896	47 598	74 093	48 459
Capital loan	36 000	36 000	36 000	36 000
Total shareholders' equity	303 348	247 199	232 172	171 105

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.

In 1 000 euros	GROUP 2004	2003	PARENT COMPANY 2004	2003
Specification of the distributable equity, December 31st				
Retained earnings, Dec 31st	170 057	138 848	93 683	61 892
Net profit for the year	68 896	47 598	74 093	48 459
The share of untaxed reserves and appropriations recorded in	-			
shareholders' equity	50 208	-47 228		
Subsidiaries' reserve funds	-1 381	-1 329		
Formation expenses	0	-538		
Distributable equity, Dec 31st	187 364	137 351	167 776	110 351
16. DEFERRED TAX LIABILITIES AND ASSETS				
Deferred tax assets from				
Untaxed reserves and provisions	825	937		
Consolidation	4 691	2 599		
Temporary differences	2 662	2 660	1 915	2 388
Total	8 178	6 196	1 915	2 388
Deferred tax liabilities from				
Untaxed reserves and provisions	20 469	21 971		
Consolidation	0	0		
Temporary differences	801	581	0	0
Total	21 270	22 552	0	0

The deferred tax assets contain the deferred tax assets for the years 2005 and 2006 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, 4,700 thousand euros, has been accounted for up to year 2006.

Deferred tax liabilities arising from the goodwill of the buildings, total 775 thousand euros, and revaluation, total 231 thousand euros, are not included in the amounts reported above.

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
17. LONG-TERM LIABILITIES				
Interest bearing				
Bonds	10 000	10 000	10 000	10 000
Loans from financial institutions	53 602	55 901	38 599	55 363
Pension premium loans	14 250	16 250	14 250	16 250
Total	77 852	82 151	62 849	81 613
Interest-free				
Other long-term loans	0	17	0	0
Total long-term liabilities	77 852	82 168	62 849	81 613
Bonds				
1/2002 variable interest rate based on Euribor 3.1840% bullet maturity on 2009.	10 000	10 000	10 000	10 000
Liabilities maturing after five years				
Loans from financial institutions	17 265	19 167	7 500	19 167
Pension premium loans	6 250	8 250	6 250	8 250
Total	23 515	27 417	13 750	27 417
Maturing of long-term liabilities				
Maturity				
2006	10 169	10 231	10 167	10 167
2007	4 193	3 667	3 667	3 667
2008	22 505	22 492	3 667	22 492
2009	17 470	13 667	31 599	13 667
2010 and later	23 515	13 750	13 750	13 750
Total	77 852	63 807	62 849	63 742

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
18. SHORT-TERM LIABILITIES				
Interest bearing				
Liabilities to the Group companies				
Finance loans			12 781	7 593
Loans from financial institutions	51 466	34 819	47 238	29 885
Pension premium loans	2 000	2 000	2 000	2 000
Total	53 466	36 819	49 238	31 885
Total interest bearing	53 466	36 819	62 020	39 478
Interest-free				
Liabilities to the Group companies				
Trade creditors			1 406	6
Accrued expenses and deferred revenues			0	2 837
Total			1 406	2 843
Trade creditors	36 770	38 373	24 687	22 968
Liabilities to the others	11 003	5 040	3 177	2 775
Accrued expenses and deferred revenues	49 871	43 026	33 654	28 258
Advance payments	213	895		
Total	97 856	87 333	61 518	54 001
Total interest-free liabilities	97 856	87 333	62 924	56 843
Total short-term liabilities	151 322	124 152	124 944	96 321

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Significant items under accrued expenses and deferred revenues				
Wages and salaries	20 430	20 928	12 934	11 884
Annual discounts, sales	4 430	2 215	2 841	281
Taxes	13 361	8 220	10 353	7 233
Financial items	2 895	3 757	2 893	3 663
Royalty	784	272	321	272
Uninvoiced receipts	593	323	0	2 224
Marketing support	0	2 200	0	2 200
Advance payments	0	621	0	0
Guarantee commitments	886	659	886	659
Group support			0	921
Other items	6 492	3 831	3 426	1 757
Total	49 871	43 026	33 654	31 095

19. CONTINGENT LIABILITIES

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
For own debt				
Mortgages	1 045	1 030	0	0
Pledged assets	47	526	0	0
On behalf of Group companies and associated companies				
Guarantees			15 229	1 326
Rent commitments			884	1 048

The amount of debts that the Parent company has mortgaged for are total 15,229 thousand euros.

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
On behalf of other companies				
Guarantees	0	56	0	48

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Other own commitments				
Guarantees	1 009	1 009	1 009	1 009
Leasing and rent commitments				
Payments due in 2005/2004	7 513	6 641	2 674	2 006
Payments due in subsequent years	27 940	28 211	11 378	12 220
Acquisition commitments	894	743	894	743

20. DERIVATIVE CONTRACTS

In 1 000 euros	GROUP 2004	GROUP 2003	PARENT COMPANY 2004	PARENT COMPANY 2003
Interest rate derivatives				
Interest rate swaps				
Fair value	-1 462	-2 164	-1 462	-2 164
Underlying value	26 500	36 500	26 500	36 500
Currency derivatives				
Forward contracts				
Fair value	1 137	853	1 137	853
Underlying value	68 058	92 386	68 058	92 386

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.

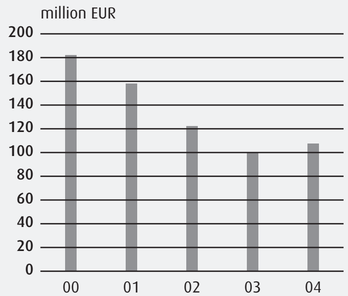
Currency derivatives are used only to hedge the Group's net exposure.

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.

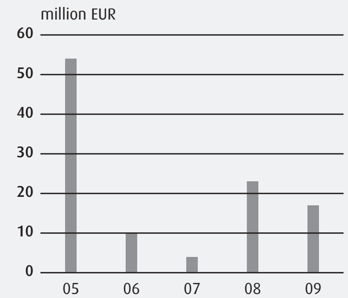
21. ENVIRONMENTAL COMMITMENTS AND -EXPENSES

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

Interest bearing net debt



Current maturities of long-term loans



Financing and financial risk management

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. Risks of Nokian Tyres Group are managed in accordance with the financial policy approved by the Board of Directors.

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 24 million at the end of 2004. Furthermore, the Group had unused short-term credit limits of some EUR 164 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 131 million, compared to EUR 119 million a year earlier. Non-euro currencies represented 18% of all long-term loans (19% in 2003). The average interest rate of long-term loans was 3.62% (3.58% in 2003). Moreover, Nokian Tyres has an EUR 36-million capital loan issued in 2000 with an interest rate of 7.25 %. The capital loan will mature in 2005.

In September 2004 OOO Nokian Tyres, a Russian subsidiary of Nokian Tyres plc, signed a nine year loan agreement with the European Bank for Reconstruction and Development and a syndicate of international banks. The Loan Facility of EUR 50 million will be used to finance the construction of a new tyre plant at Vsevolozhsk near St. Petersburg.

By the end of the year 15 million euros of the Loan Facility was in use.

Short-term interest-bearing liabilities amounted to EUR 53 million (EUR 37 million in 2003), which includes loan repayments to be made within one year.

Investments in 2004 totalled EUR 58 million (EUR 44 million in 2003).

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 34 months at the end of the year, compared to 44 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 2004, 32% of the parent company's invoicing was in non-euro currencies (25% in 2003). The most significant exchange rate gains and losses incurred from the fluctuation of the Swedish and Norwegian krona, as well as the US dollar and Russian rouble.

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% 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% 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.

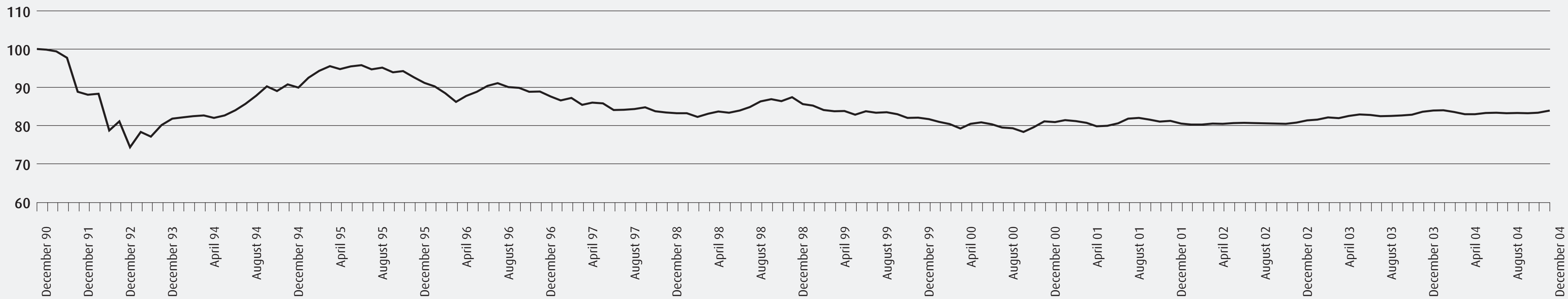
Counterparty risk

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.

Exchange rate index weighted by export currencies

(Index 1990=100, euros)



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. On 31 December 2004, the company's share capital entered into the trade register was EUR 21,705,762,00 (EUR 21,363,962 in 2003). A total of 10,852,881 (10,681,981 in 2003) company shares had been issued by the end of 2004. After the board meeting, held on 10 February 2005, the number of shares carrying the right to dividend totalled 10,863,301 and after the share issue carried out on 17 February, 2005, a total of 11,937,301 shares.

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 nine 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 2004

At the end of 2004, the price of Nokian Tyres' share was EUR 111.80 showing an increase of 86.64% on the previous year's closing price of EUR 59.90. At its highest, Nokian Tyres' share was quoted at EUR 116.44 (EUR 67.22 in 2003) and EUR 56.01 (EUR 32.90) at its lowest. During the year, a total of 9,836,256 (9,737,633 in 2003) Nokian Tyres' shares were traded on the Helsinki Exchanges. At the end of the year, the market capitalisation of the share capital was EUR 1,213,352,096 (EUR 639,850,662 in 2003).

Authorisations granted to the Board of Directors

At the Annual General Meeting held on April 5, 2004, 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. 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.

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

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. After the 2004 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 was 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 8 April 2004, the subscription price for warrants 2001A is EUR 14.85, warrants 2001B EUR 22.44 and warrants 2001C 26.93 EUR.

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

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.

Bond loan with warrants 2004 directed at personnel

The Annual General Meeting held April 5, 2004, decided to issue bonds with warrants to the staff of the Nokian Tyres Group and to Direnic Oy, a wholly-owned subsidiary of Nokian Tyres plc. A deviation was made from the shareholders' pre-emptive subscription right because the warrants are designed to be part of the Group's incentive scheme. The number of warrants is 735,000. A total of 245,000 warrants will be marked with the symbol 2004A, 245,000 with the symbol 2004B and 245,000 with the symbol 2004C. The warrants entitle to the subscription of a maximum of 735,000 Nokian Tyres plc shares. The Board's intention was to issue the shares in spring 2004 (2004A warrants), 2005 (2004B warrants) and 2006 (2004C warrants).

The share subscription price for warrants 2004A is the average price of a Nokian Tyres plc share weighted by the share trading volume on the Helsinki Exchanges between 1 January-31 March 2004, i.e. 62.96 euros. For warrants 2004B, the price shall be the average price of a share weighted by the share trading volume on the Helsinki Exchanges between 1 January–31 March 2005, and for warrants 2004C, the average price of a share weighted by the share trading volume on the Helsinki Exchanges between 1 January–31 March 2006.

The price of shares subscribed for with warrants shall be reduced by the amount of dividends paid after the commencement of the period for which the subscription price was determined, and dividends paid before the subscription, on the record date of each dividend payment. The share subscription period for warrants 2004A is 1 March 2006-31 March 2008, for warrants 2004B 1 March 2007–31 March 2009, and for warrants 2004C 1 March 2008–31 March 2010. As a result of the subscriptions with the 2004 bonds with warrants, the share capital of Nokian Tyres plc may be increased by a maximum of EUR 1,470,000 and the number of shares by a maximum of 735,000 new shares.

In its meeting held in May 2004, the Board of Directors of Nokian Tyres plc approved the distribution of bonds with warrants directed to the personnel of the Group and to the wholly-owned subsidiary of Nokian Tyres plc. A total of 211,875 2004A bonds with warrants were distributed to the Nokian Tyres Group personnel. The remaining bonds with warrants were granted to Direnic Oy, a wholly-owned subsidiary of Nokian Tyres plc, to be further distributed to the present and future personnel of the Group.

Warrants 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 and 2001B warrants as of 1 March 2004. In 2004, at its highest, Nokian Tyres' 2001A warrants were quoted at EUR 100.00 (EUR 50.00 in 2003) and EUR 46.01 (EUR 14.52) at its lowest. The highest rate for 2001B warrants was EUR 92.27 and the lowest EUR 48.40. During the year, a total of 203,110 (131,990 year 2003) Nokian Tyres' 2001A and 2001B warrants were traded on the Helsinki Exchanges.

Subscription details for 2004 can be seen on the table on page 74.

Management's shareholding

The President and CEO of Nokian Tyres held a total of 36,600 Nokian Tyres' bonds with warrants and the Board of Directors a total of 776 Nokian Tyres' shares as of 31 December 2004. The shares and bonds with warrants represent 0.3% of the total number of votes.

Identifiers of Nokian Tyres plc's share

ISIN code:	FI0009005318
Trading code:	NRE1V
Lot size:	10 pcs
Nominal value:	2 euros
Currency:	euro

SHARE ISSUES

Method of share capital increase	Subscription period	Excercise price in euros (*	New shares pcs	Date of approval	New capital total of 1,000 euros	New share total of 1,000 euros	Share capital after issue in euros
Personnel issue	29.5.1995–2.6.1995	5.45	92 286	6/19/96	503	155	16 974 007
Management bonds 1/95	1.12.1996–31.1.1998	6.05	47 000	12/10/96	284	79	17 053 055
Management bonds 1/95	1.12.1996–31.1.1998	6.05	103 000	3/7/97	623	173	17 226 288
Management bonds 1/96	1.12.1997–31.1.1999	7.62	2 000	12/19/97	15	3	17 229 652
Management bonds 1/96	1.12.1997–31.1.1999	7.62	10 500	12/29/97	80	18	17 247 312
Management bonds 1/96	1.12.1997–31.1.1999	7.62	65 000	3/9/98	495	109	17 356 634
Management bonds 1/96	1.12.1997–31.1.1999	7.62	17 500	12/1/98	133	29	173 886 067
Management bonds 1/95	1.12.1998–31.1.2000	6.05	64 500	12/1/98	390	108	17 494 548
Management bonds 1/95	1.12.1998–31.1.2000	6.05	4 000	12/9/98	24	7	17 501 276
Management bonds 1/95	1.12.1998–31.1.2000	6.05	31 500	3/25/99	191	53	17 554 255
Management bonds 1/95	1.12.1998–31.1.2000	6.05	40 000	11/23/99	242	67	17 621 530
Management bonds 1/95	1.12.1998–31.1.2000	6.05	10 000	11/24/99	61	17	17 638 349
Management bonds 1/96	1.12.1999–31.1.2001	7.62	57 500	12/8/99	438	97	17 735 057
Management bonds 1/96	1.12.1999–31.1.2001	7.62	37 500	4/3/00	286	63	17 798 127
Personnel bonds 2001A	1.3.2003–31.3.2007	17.52	100	5/5/03	1 752		
Personnel bonds 2001A	1.3.2003–31.3.2007	16.41	21 930	5/5/03	359	44	21 208 632
Personnel bonds 2001A	1.3.2003–31.3.2007	16.41	51 200	8/7/03	840	102	21 311 032
Personnel bonds 2001A	1.3.2003–31.3.2007	16.41	13 395	10/23/03	220	27	21 337 822
Personnel bonds 2001A	1.3.2003–31.3.2007	16.41	13 070	11/27/03	214	26	21 363 862
Personnel bonds 2001A	1.3.2003–31.3.2007	16.41	2 460	11/2/04	40	5	21 368 882
Personnel bonds 2001A	1.3.2003–31.3.2007	16.41	15 250	5/4/04	250	104	21 472 952
Personnel bonds 2001B	1.3.2004–31.3.2007	22.44	36 785	5/4/04	825	"	"
Personnel bonds 2001A	1.3.2003–31.3.2007	16.41	13 270	8/5/04	217	130	21 603 422
Personnel bonds 2001B	1.3.2004–31.3.2007	22.44	51 965	8/5/04	1 166	"	"
Personnel bonds 2001A	1.3.2003–31.3.2007	16.41	6 070	10/29/04	99	57	21 660 422
Personnel bonds 2001B	1.3.2004–31.3.2007	22.44	22 430	10/29/04	503	"	"
Personnel bonds 2001A	1.3.2003–31.3.2007	16.41	5410	12/01/04	88	45	21 705 762
Personnel bonds 2001B	1.3.2004–31.3.2007	22.44	17 260	12/01/04	387	"	"

(* Dividend-adjusted subscription price

Share ownership by shareholder category 31.12.2004

Foreign shareholders (*	68.44%
Public organisations	10.95%
Private individuals	8.21%
Financial institutions	5.48%
Non-profit organisations	4.38%
Corporations	2.53%

(* includes shares registered in the name of nominee

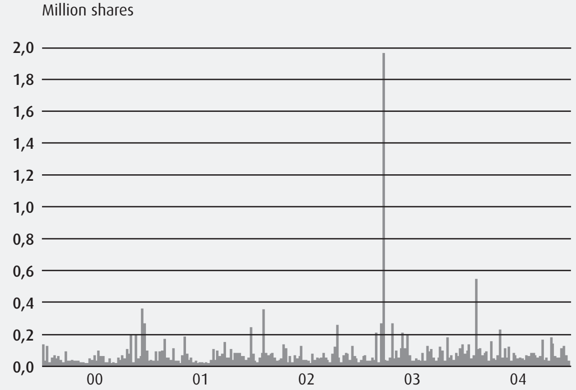
Nokian Tyres major shareholders on 31 December 2004

	Shares	Number of shares %
1. Bridgestone Europe NV / SA (*	2 000 000	18.43
2. Varma Mutual Pension Insurance Company	353 925	3.26
3. Ilmarinen Mutual Pension Insurance Company	331 020	3.05
4. The Local Government Pension Institution	251 540	2.32
5. OP-Delta Investment Foundation	98 450	0.91
6. Tapiola Mutual Pension Insurance Company	90 000	0.83
7. Tapiola Mutual Life Insurance Company	84 660	0.78
8. The Finnish Cultural Foundation	70 600	0.65
9. The State's Pension Institution	60 000	0.55
10. The Finnish Association of Graduates in Econ. and BA	50 000	0.46
Total		31.24
Foreign shareholders (* incl. Bridgestone)		68.44

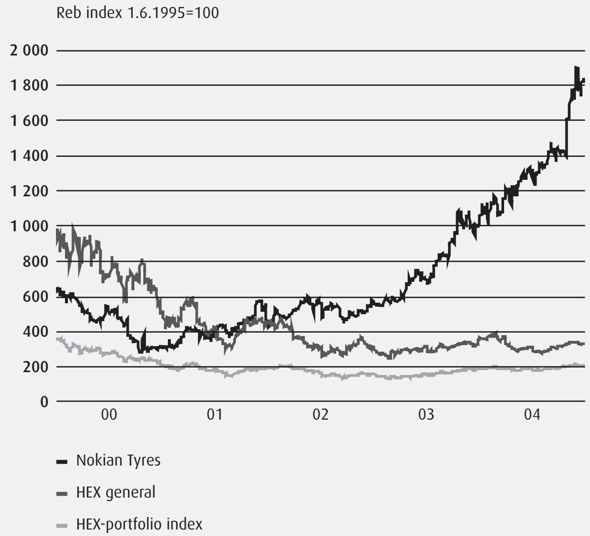
Share ownership brakedown 31 December 2004 (by number of shares owned)

Number of shares	Number of shareholders	% of shareholders	Shares	% of shares and votes
1–100	3 777	62.82	193 900	1.79
101–1 000	1 977	32.88	618 786	5.7
1 001–10 000	215	3.58	617 398	5.69
10 001–100 000	36	0.6	1 160 188	10.69
100 001–	7	0.12	8 262 609	76.13
Total	6 012	100	10 852 881	100

Nokian Tyres' share volumes on the Helsinki Stock Exchange 1 January 2000–31 December 2004



Development of Nokian Tyres' share price 1 January 2000–31 December 2004



Nokian Tyres plc complies with the rules and regulations of its Articles of Association and the Finnish Companies Act, as well as those published by Helsinki Exchanges concerning listed companies. It has also adopted the corporate governance recommendation for listed companies, in force since 1 July 2004, which was drafted by the Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The company also complies with the insider guidelines published by the Helsinki Exchanges, which it has supplemented with its own insider regulations.

Board of Directors

According to the Articles of Association of Nokian Tyres, the Board of Directors comprises no less than three and no more than eight members. Members of the Board 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. Remunerations payable to Board members are confirmed at the Annual General Meeting. The Board of Directors appoints a chairman from among its members at the first constituent meeting following the Annual General Meeting. The chairman presides until the end of the following Annual General Meeting.

The Board of Nokian Tyres had eight members in 2004. Further information about them is available on page 81. Board members Rabbe Grönblom, Bo-Erik Haglund, Satu Heikintalo, Hannu Penttilä, Henrik Therman and Matti Vuoria were independent. The Board does not have special committees; it assesses its activities and operating methods by carrying out a self-evaluation once a year. The President of Nokian Tyres ensures that Board members have adequate and necessary information about the company's operations. The Board met seven times in 2004, with a member participation rate of 98%. In 2004 remunerations to Board members totalled EUR 170,000 of which 776 pcs Nokian Tyres' shares worth EUR 57,000. Board members are not included in the company's option scheme.

Board's duties

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. Furthermore, it is responsible for appointing the President and CEO, and for other duties described in the Companies Act.

The Board of Nokian Tyres deals with and decides on all matters of principle, as well as issues that carry financial and business significance, such as:

- Group and profit centre strategies
- decisions concerning the structure and organisation of the Group
- interim reports and consolidated financial statements
- the Group's budget, action and investment plans
- significant individual investments, acquisitions, divestitures and reorganisations
- the Group's risk management and reporting procedures
- the Group's insurance and financing policies
- reward and incentive scheme for Group management

Organisation of business activities and responsibilities

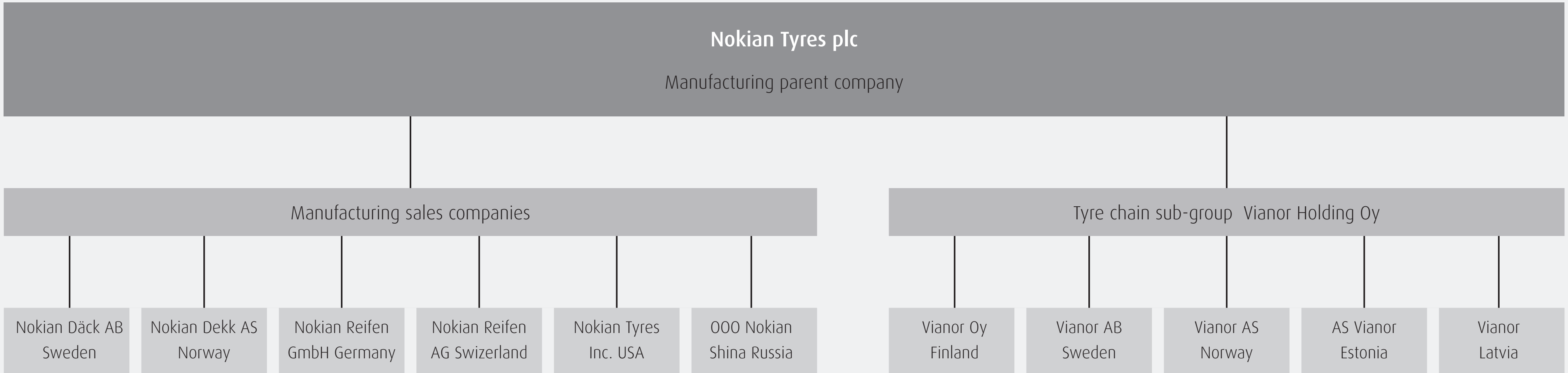
The business activities of the Nokian Tyres Group are divided into two areas: the manufacturing business and the tyre chain. The manufacturing business consists of three profit centres: Passenger car and Delivery Van Tyres, Heavy Tyres and Retreading Operations. Each profit centre is responsible for its business area and its financial performance, balance sheet and investments, supported by the different Service functions, such as logistics and purchases, sales, financial administration, communication, business development, human resources and production services. The Group's sales companies provide marketing services and serve as product distribution channels in local markets.

The tyre chain is organised into a separate sub-group, whose parent company is Vianor Holding Oy, fully owned by the parent company Nokian Tyres plc. The tyre outlets operating in each country are part of the sub-group. A general legal outline of the Group structure is presented in the diagram on the next page.

President, Group management, management and reward systems

The President runs the Group's business operations and implements 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 on pages 46–47.

The Group management meets regularly to discuss matters related to the company's operative business activities. In compliance with the Group's meeting practice, the Management Work-



shop convenes once a month, and is attended by the President and profit centre management, as well as the management for sales, logistics and finance operations. A more extensive Management General Meeting, attended by the Management Workshop members, as well as the representatives of personnel groups and all those responsible for service functions, is also held on a monthly basis. The Group's investments are handled 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.

The Managing Directors of Nokian Tyres' subsidiaries are responsible for the daily operations and administration of their companies. They report to the Sales Director of Nokian Tyres, while the Managing Directors of the Vianor chain report to the director of the Vianor profit centre. Nokian Tyres has a written Management Guideline, which defines the corporate governance operations and responsibilities at Nokian Tyres subsidiaries.

The Board of Directors makes decisions concerning the President's salary and other benefits, The President's annual remuneration, including the monthly salary and incentives, amounted to EUR 439,000 in 2004. The salary and benefits are specified in a written agreement. The President's age of retirement is 60 years and the period of notice is 24 months. In 2004 the President of Nokian Tyres held 36,600 bonds with warrants but not company shares.

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. Management rewards are based on a monthly remuneration determined by the competence classification of the tasks and on a separate annual bonus. 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 pages 72–74.

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 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 also reports all audit findings to the Group's management.

The parent company's auditing fees in 2004 amounted to EUR 263,000. The fees paid to the authorised public accountants for other services totalled EUR 124,000.

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 if needed. 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, which supports the achievement of goals and ensures business continuance. The risk management policy encompasses all the risks related to business operations and strategy, and ensures that customers and end-users can trust the company's products and services. By managing risks the company can improve its competitiveness and seize opportunities more efficiently than its competitors.

Nokian Tyres takes deliberate risks that are a natural part of its strategy and goals, and which it aims to reduce in various ways. Once the risks related to decisions and policies have been identified and recognised, the company can take action in a controlled manner without endangering business continuance, products, services, brand, reputation, personnel or the safety of core interest groups. Risk management also ensures that the company's operations comply with legislation and regulations.

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 page 71.

Insider trading

Nokian Tyres complies with the guidelines for insider trading drawn up by the Helsinki Exchanges, the 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, insider refers to:

1. Nokian Tyres' Board members, President and CEO, auditor, and the official of the authorized 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. Insiders by definition include, among others, all members of the management and their assistants, those responsible for stock exchange and financial press releases in Corporate Communications, and all key employees in the Finance and Control unit.
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 must 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.

THE BOARD’S PROPOSAL FOR THE USE OF PROFIT

The distributable reserves in the shareholders’ equity of the Parent Company on 31 December 2004 total 167,776,003.07 euros, which can be distributed as dividends. The distributable reserves in the shareholders’ equity of the Group total 187,364,000 euros and do not restrict the profit distribution of the Parent Company. There are 10,863,301 shares entitled to a dividend.

The Board of Directors proposes that a dividend of 2.17 euros (a total of 23,573,363.17 euros) be paid out for the 2004 fiscal year.

Nokia, 10 February 2005

Henrik Therman **Hannu Penttilä**

Rabbe Grönblom **Mitsuhira Shimazaki**

Bo-Erik Haglund **Matti Vuoria**

Satu Heikintalo **Kim Gran**
President

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 2004. 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 parent 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 parent company’s Board of Directors and the President have complied with the rules of the FinnishCompanies’ 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 with the Finnish Companies’ Act.

Nokia, 11 February 2005

KPMG OY AB

Matti Sulander

Authorised Public Accountant

From the left: Hannu Penttilä, Satu Heikintalo, Matti Vuoria, Henrik Therman, Bo-Erik Haglund, Mitsuhira Shimazaki, Kim Gran and Rabbe Grönblom.

Chairman:
Henrik Therman
Year of birth: 1937
Master of Science
Retired
Member of the Board since 2003
Independent of the company
Shares: 155 pcs
Other simultaneous positions of trust: Member of the Boards: Scottish & Newcastle Plc, Hartwall Ltd, Hartwall Capital Ltd

Rabbe Grönblom
Year of birth: 1950
Director, Ab R Grönblom International LTD
Member of the Board since 2003
Independent of the company
Shares: 103 pcs
Other simultaneous positions of trust: Member of the Board: Restel

Bo-Erik Haglund
Year of birth: 1934
Doctor of Economic Sciences h.c.
Retired
Member of the Board since 2001
Independent of the company
Shares: 103 pcs
No other simultaneous positions of trust

Satu Heikintalo
Year of birth: 1956
Master of Economic Sciences
Member of the Board since 2002
Independent of the company
Shares: 103 pcs
Other simultaneous positions of trust: Member of the Boards: Altia Oyj and Edita Oyj

Hannu Penttilä
Year of birth: 1953
Master of Laws
CEO, Stockmann plc
Member of the Board since 1999
Independent of the company
Shares 103 pcs
Other simultaneous positions of trust: Chairman of the Board, Helsinki Chamber of Commerce
Member of the Boards: Debuty Chairman of the Board; The Central Chamber of Commerce of Finland, Trade Employers' Federation, Employers' Federation of Service Industries, Federation of Finnish Commerce
Member of the Supervisory Boards: Mutual Insurance Company Kaleva and Varma Mutual Pension Insurance Company

Mitsuhira Shimazaki
Year of birth: 1958
Bachelor of Arts in international relations
Director, Sales Administration, Bridgestone Europe NV/SA
Member of the Board since 2004
Shares: 106 pcs
No other simultaneous positions of trust

Matti Vuoria
Year of birth: 1951
Master of Laws
Executive President and CEO, Varma Mutual Pension Insurance Company
Member of the Board since 2003
Independent of the company
Shares: 103 pcs
Other simultaneous positions of trust: Chairman of the Board: Windwind Oy, Deputy Chairman of the Board: Danisco A/S, Member of the Board: Sampo plc and The Central Chamber of Commerce of Finland

Kim Gran
Year of birth: 1954
Bachelor of Science in Economics
President and CEO of Nokian Tyres plc
Member of the Board since 2002
Bonds with warrants 36.600 pcs
Other simultaneous positions of trust:
Chairman of the Board of the Rubber Manufacturers' Accociation
Member of the Boards: Kuusakoski Oy and Kuusakoski Group Oy, M-real plc and Confederation of Finnish Industries

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.

Investor relations contact persons:
Raila Hietala-Hellman, Vice President,
Corporate Communications and IR
Tel. +358 3 340 7298
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Anne Aittoniemi, Communications Assistant
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E-mail: info@nokiantyres.com

STOCK EXCHANGE RELEASES 2004

In 2004, Nokian Tyres published a total of 29 stock exchange releases or announcements. Head lines of the most significant releases are given below. All releases published in 2004 and earlier years can be seen in Nokian Tyres' home pages.

January 20 Nokian Tyres Russian projects

February 11 Nokian Tyres Russian projects

February 12 Nokian Tyres year 2003

March 15 Nokian Tyres in Russia

April 4 Decisions of the Annual General Meeting

May 5 Interim Report January-March 2004

August 6 Interim Report January-June 2004

September 28 Nokian Tyres to start contract manufacturing in China

October 1 Nokian Tyres to sell its bicycle tyre business

November 1 Interim Report January-September 2004

November 8 Contract manufacturing in Slovakia to be increased

ANALYSTS

At least the following analysts have made investments analyses in 2004:

Alfred Berg
Veikko Valli
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veikko.valli@alfredberg.fi

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Enskilda Securities AB
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Per-Åke Beijersten

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Managing Director Dennis Gaede

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TYRE CHAIN

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Managing Director Seppo Kupi

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Managing Director
Bengt Heggertveit

AS Vianor/Estonia
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ESTONIA
Tel. +372 605 1060
Fax +372 605 1067
Managing Director Petri Siipola

Annual General Meeting
The Annual General Meeting of Nokian Tyres plc will be held at Nokian Tyres, Pirkkalaistie 7, Nokia on Tuesday 5 April 2005, 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 24 March 2005 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 29 March 2005 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 2.17 per share be paid for the financial year 2004. The record date for the dividend payment will be 8 April 2005 and the dividend payment date 15 April 2005, provided that the Board's proposal is approved.

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

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

Interim Report for three months............on 13 May 2005
Interim Report for six months ....on 11 August 2005
Interim Report for nine months ....on 3 November 2005
Financial Statements Bulletin 2005 ......in February 2006
Annual Report 2005 ....in March 2006

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

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

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