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INTERIM REPORT FOR NOKIAN TYRES PLC JANUARY-SEPTEMBER 2007

Strong growth also in the third quarter.

Nokian Tyres’ net sales were up by 25.2% to EUR 668.6 million (1-9/2006: EUR 533.9 million). Operating profit was EUR 140.8 million (EUR 85.6 million), and EPS EUR 0.88 (EUR 0.49). In 2007, the company is positioned to achieve strong growth in sales and to continue to outperform the previous year's results with slightly improved profitability.

Key figures, EUR million:

	7-9/07	7-9/06	1-9/07	1-9/06	2006
Net sales	236.0	184.5	668.6	533.9	835.9
Operating profit	51.6	37.0	140.8	85.6	153.1
Profit before tax	46.4	35.8	128.8	77.8	139.3
Profit for the period	37.4	27.5	107.5	59.3	107.3
Earnings per share, EUR	0.30	0.23	0.88	0.49	0.88
Equity ratio, %			53.1	50.5	63.0
Cash flow from operations, (Cash Flow II	-89.6	-73.3	-213.8	-165.1	77.7
RONA, % (rolling 12 months)			22.9	18.1	19.4
Gearing, %			60.9	69.7	22.8

Kim Gran, President and CEO:

“The third quarter, in line with the earlier part of the year, was a success for Nokian Tyres. Net sales grew in all profit centres, and the operating profit improved from the previous year both during the third quarter and the period January-September. Sales grew in all key markets, particularly in Russia. Passenger car tyre sales consisted mainly of winter tyres. The average tyre prices rose as a result of the improved sales mix, new products and successfully implemented price increases. Benefits gained from the manufacture in Russia promoted business profitability. The outlook for the rest of the year is good, and we expect the growth to continue throughout the last quarter of the year. However, due to capacity restraints growth will be more moderate than so far during the year and in the corresponding period last year."

Market situation

No relevant changes took place in the market situation compared with the earlier part of the year. Passenger car tyre replacement markets in Russia, the CIS countries and Eastern Europe grew from the year before; however, Nordic countries and Western Europe recorded a moderate decline in volumes. The winter tyre, SUV tyre and high-speed summer tyre markets accounted for the strongest growth. The demand for heavy special tyres and truck tyres was high and there was a shortage of heavy special tyres. Several tyre manufacturers raised their prices in response to the higher raw material prices.

Nokian Tyres Group
July to September 2007

In the period July to September 2007 the Nokian Tyres Group recorded net sales of EUR 236.0 million (EUR 184.5 million), representing an increase of 27.9% over the corresponding period a year earlier. The Group’s invoicing to the Nordic countries grew by 16,3%, to Russia and other CIS countries by 51.9%, to the Eastern Europe by 37.3% and to the USA by 6.7%.

Raw material purchase prices in manufacturing (EUR/kg) increased by 3.0% in the third quarter compared to the corresponding period a year earlier. Fixed costs amounted to EUR 63.4 million (EUR 52.3 million). The share of fixed costs of net sales decreased to 26.8% (28.4 %).

Nokian Tyres Group's operating profit rose to EUR 51.6 million (EUR 37.0 million). Net financial expenses were EUR 5.2 million (EUR 1.2 million). Net financial expenses include EUR 1.8 million in calculatory non-cash expenses related to convertible bond.

Profit before taxes was EUR 46.4 million (EUR 35.8 million). Profit for the period amounted to EUR 37.4 million (EUR 27.5 million) while earnings per share increased to EUR 0.30 (EUR 0.23).

Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow II) was EUR -89.6 million (EUR -73.3 million).

January to September 2007

In the period January to September 2007 the Nokian Tyres Group booked net sales of EUR 668.6 million (EUR 533.9 million), representing an increase of 25.2% on the corresponding period the year before. The Group’s invoicing to the Nordic countries grew by 13.3%, to Russia and other CIS countries by 52.0% and to the Eastern Europe by 55.2%. Sales to the United States decreased by 12.9% from the previous year as sales were restricted due to the weak U.S. dollar.

Raw material purchase prices in manufacturing (EUR/kg) increased by 4.5% in the period January-September compared to the corresponding period a year earlier. The rise in raw material prices led the company to increase the prices of passenger car tyres and heavy tyres. Price increases and a good sales mix resulted in average manufacturing prices rising from the year before. Fixed costs amounted to EUR 192.9 million (EUR 165.3 million), representing 28.9% (31.0%) of the net sales.

Nokian Tyres Group's operating profit rose to EUR 140.8 million (EUR 85.6 million). This figure comprises credit loss reserves to a total of EUR 6.6 million (EUR 5.3 million). In compliance with IFRS 2, the operating profit for the review period was burdened by an option scheme write-off of EUR 9.0 million (EUR 5.8 million). Option scheme write-offs according to IFRS 2 for the entire year 2007 will amount to approx EUR 14.0 million (EUR 8.0 million). The Group’s tax rate was reduced to 17% as a consequence of tax reliefs in compliance with the Russian agreements.

Net financial expenses were EUR 12.0 million (EUR 7.8 million). Net financial expenses include EUR 1.8 million in calculatory non-cash expenses related to convertible bond. Net financial expenses contain EUR -0,5 million (EUR -1.7 million) of exchange rate differences.

Profit before taxes was EUR 128.8 million (EUR 77.8 million). Profit for the period amounted to EUR 107.5 million (EUR 59.3 million) and EPS were EUR 0.88 (EUR 0.49).

Return on net assets (RONA, rolling 12 months) was 22.9% (18.1%). Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow II) was EUR -213.8 million (EUR -165.1 million). Equity ratio was 53.1% (50.5%).

The Group employed an average of 3,414 (3,172) people over the period, and 3,646 (3,239) at the end of the period. The Vianor tyre chain had 1,395 (1,268) employees at the end of the period. The number of employees in Russia was 474 (288).

PASSENGER CAR TYRES

EUR million	Q3/07	Q3/06	Change %	1-9/07	1-9/06	Change %	2006
Net sales	169.7	122.1	39.0	457.7	344.2	33.0	533.2
Operating profit	54.2	35.2	54.0	137.8	81.0	70.2	133.4
Operating profit,%	32.0	28.8		30.1	23.5		25.0
RONA, % (rolling 12 months)				29.5	22.2		24.6

The net sales of Nokian passenger car tyres in January to September totalled EUR 457.7 million (EUR 344.2 million), 33.0% more than in the previous year. Operating profit rose to EUR 137.8 million (EUR 81.0 million), and the operating profit percentage was 30.1% (23.5 %).

Passenger car tyres sold very well in the key markets and especially in Russia. Sales consisted mostly of winter tyres and preseason sales to the distributors were active. Nokian Hakkapeliitta 5 and Nokian Hakkapeliitta SUV 5 tyres accounted for the largest sales growth. The launch of the Nokian Hakka summer tyre range boosted the summer tyre sales.

As a result of the good sales mix, new products and successfully implemented price increases, the average tyre prices rose from the previous year.

The production grew as planned due to increase of capacity at the Russian plant. The share of Russian manufacture grew clearly from the previous year, and the benefits thereof improved profitability.

In September, Nokian Tyres introduced three new passenger car tyre ranges, Nokian Hakka Z and Nokian Hakka SUV summer tyres, and the Nokian Hakkapeliitta R SUV winter tyre. These new products, which will be launched to consumers in 2008, are designed for demanding conditions and aimed at the Nordic and Russian markets. Nokian Hakka Z and Nokian Hakka SUV tyres complement the Nokian Hakka summer tyre range, whose first products, Nokian Hakka V and Nokian Hakka H, became available to consumers in the spring of 2007.

Nokian-branded tyres did well and achieved several number one positions in the latest tyre tests published by motor magazines.

HEAVY TYRES

EUR million	Q3/07	Q3/06	Change %	1-9/07	1-9/06	Change %	2006
Net sales	23.1	20.5	12.6	73.6	65.7	12.1	90.1
Operating profit	5.0	4.4	13.1	16.9	15.3	10.3	19.9
Operating profit,%	21.8	21.7		23.0	23.3		22.1
RONA, % (rolling 12 months)				38.8	41.8		39.0

The January-September net sales of Nokian Heavy Tyres totalled EUR 73.6 million (EUR 65.7 million), showing an increase of 12.1% on the corresponding period of the previous year. The operating profit for Heavy Tyres increased to EUR 16.9 million (EUR 15.3 million), and the operating profit percentage was 23.0% (23.3%).

Demand remained strong in the Heavy Tyres. Sales and order income grew in all product groups and in all core markets for both original equipment and replacement markets. Raised prices along with a good sales mix, raised average prices.

Production volumes grew from the previous year, but the capacity was not sufficient to meet the high demand in the market. Lack of rims slowed down deliveries to customers.

VIANOR

EUR million	Q3/07	Q3/06	Change %	1-9/07	1-9/06	Change %	2006
Net sales	56.2	50.9	10.5	170.4	149.9	13.7	246.9
Operating profit	-1.4	-1.7	15.8	-3.4	-6.0	42.9	2.3
Operating profit %	-2.5	-3.3		-2.0	-4.0		0.9

RONA, % (rolling 12 months)	3.6	2.0	1.8

Vianor’s January to September net sales totalled EUR 170.4 million (EUR 149.9 million), showing an increase of 13.7% year on year. Operating loss amounted to EUR -3.4 million (EUR -6.0 million), and the operating profit percentage was -2.0% (-4.0%).

In Vianor the main season of summer tyres showed good results, and preseason sales of winter tyres to wholesale was brisk. Also new and retreaded truck tyres and heavy tyres improved sales compared to the previous year. The sales of services grew and improved the profitability slightly. The share of Nokian-branded products increased of Vianor’s sales.

The Vianor network grew during the review period in Sweden and in Russia and expanded to Switzerland, Ukraine and Kazakhstan. After the review period Vianor expanded to the United States when the company acquired Goss Tire Company, a company engaging in retail tyre sales with five stores in Vermont and one in New York State. As a result of the most recent acquisitions, the Vianor network comprises a total of 340 outlets, 166 of which are partner and franchising stores.

OTHER OPERATIONS

The net sales of Nokian truck tyres in January–September were EUR 21.3 million (EUR 20.4 million), up 4.8% on the previous year. The unit’s product range mainly consists of winter products, the sales of which are highest in the second half of the year.

The sales of new truck tyres and retreading materials improved over the previous year. A revamped truck tyre range and higher production capacity boosted sales growth.

RUSSIA

Sales in Russia and in the CIS countries increased by 52.0% compared to previous year during the period January-September, and the market shares improved. The distribution network was extended by signing distribution agreements and through Vianor’s activities.

The four production lines of the Russian plant operate continuously in three shifts, and the plant’s production volume and quality level are on target.

On 15 February 2007 the Board of Directors of Nokian Tyres decided to launch the extension and capacity increase measures at the Russian plant, which will more than double the production volume of the Vsevolozhsk plant. The objective is to reach a production volume of 10 million tyres by 2011.

An extension of 32,500 square metres is being built adjacent to the existing plant, which has a capacity of four million tyres. The extension will enable the planned increase in production volume. The earthmoving part of the construction work commenced in March 2007, and the extension will be completed in March 2008. Installation of machinery and equipment will start as planned in the beginning of 2008. The objective is to increase production capacity at a steady rate annually, following the growth in demand.

The expansion plans of the mixing department have been started with the intention to start the construction work during 2008. The mixing capacity will start to increase in the beginning of the year 2009 when the new mixing lines can be utilized. Also the expansion of the office premises will be executed during 2009.

The total investment in 2007-2010, amounts to approximately EUR 195 million, of which EUR 92 million is allocated to 2008. Increasing the capacity also requires future investments in the expansion and machinery lines of the compound production facilities.

INVESTMENTS

Investments in the third quarter amounted to EUR 25.3 million (EUR 23.5 million) and EUR 83.1 million (EUR 76.1 million) for the entire review period. The company’s total investments in 2007 are approximately EUR 110 million (EUR 97 million), and some EUR 62.0 million (EUR 60.0 million) will be spent on the Russian plant’s operations and extension. Other investments include production investments at the Nokia plant, moulds for new products, and business acquisitions associated with Vianor’s growth plans.

OTHER MATTERS

1. Stock options on the Main List of the Helsinki Stock Exchange

The Board of Directors of Nokian Tyres plc has decided to apply for the listing of stock options 2004B on the Helsinki Stock Exchange effective as of 1 March 2007. There are a total of 245,000 2004B stock options. Each stock option 2004B entitles the holder to subscribe for ten Nokian Tyres plc shares. The subscription period for options 2004B commenced on 1 March 2007 and expires on 31 March 2009. The total amount of shares available for subscription with options 2004B is 2,450,000. The current subscription price with stock options 2004B is EUR 11.649 per share. The annually paid dividends shall be deducted from the share subscription price.

2. Shares subscribed for with stock options

After the increase in share capital registered on 21 August 2006, a total of 39,550 shares were subscribed for with the 2001A stock options under Nokian Tyres' Option Schemes of 2001 and 2004, 104,100 shares with the 2001B options, 143,340 shares with the 2001C options, and 127,350 shares with the 2004A options. The increase in share capital resulting from the subscription, EUR 82,868, was entered in the Trade Register on 12 January 2007. Trading of the shares along with the old shares began on 15 January 2007. Following the increase, the number of Nokian Tyres shares is 122,446,610 and the share capital is EUR 24,489,322.

After the increase in share capital registered on 12 January 2007, a total of 34,800 shares were subscribed for with the 2001A bonds with warrants attached to the Nokian Tyres' Option Schemes of 2001 and 2004, 72,300 shares with the 2001B warrants, 91,600 shares with the 2001C warrants, and 7,630 shares with the 2004A warrants.
The increase in share capital resulting from the subscription, EUR 41,266, was entered in the Trade Register on 22 February 2007. Trading of the shares along with the old shares began on 23 February 2007. Following the increase, the number of Nokian Tyres shares is 122,652,940 and the share capital is EUR 24,530,588.

After the increase in share capital registered on 22 February 2007, a total of 60,600 shares were subscribed for with the 2001A bonds with warrants attached to the Nokian Tyres' Option Schemes of 2001 and 2004, 77,400 shares with the 2001B warrants, 128,850 shares with the 2001C warrants, and 21,310 shares with the 2004A warrants. The increase in share capital resulting from the subscription, EUR 67,336, was entered in the Trade Register on 21 May 2007. Trading of the shares along with the old shares began on 22 May 2007.
The total number of Nokian Tyres shares after the increase is 122,989,620, and the share capital is EUR 24,597,924.

After the increase in share capital registered on 21 May 2007, a total of 202,090 shares were subscribed for with the 2,004A bonds with warrants attached to the Nokian Tyres' Option Program of 2004 and 120,200 shares with the 2,004B warrants. The increase in share capital resulting from the subscription, EUR 64,458, was entered in the Trade Register on 20 August 2007. Trading of the shares along with the old shares began on 21 August 2007. Following the increase, the number of Nokian Tyres shares is 123,311,910 and the share capital is EUR 24,662,382.

3. Share price development

The Nokian Tyres’ share price was EUR 27,46 at the end of the review period (EUR 14.19). The average share price during the period was EUR 25,26 (EUR 12.43), the highest EUR 27,79 (EUR 14.37) and the lowest EUR 22,08 (EUR 9.95). A total of 53,772,389 shares were traded during the period (65,778,208), representing 44% (54 %) of the company's overall share capital. The company’s market value at the end of the period was EUR 3,386 billion (EUR 1.732 billion). The company’s percentage of Finnish shareholders was 30,7% (40.8 %) and 69,3% (59.2 %) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's ownership of approximately 16%.

4. Decision made at the Annual General Meeting

At the Annual General Meeting of Nokian Tyres held on 3 April 2007, the financial statements for 2006 were approved and the Board of Directors and the President were discharged from liability. The final dividend was set at EUR 0.31 per share. The matching date was 10 April 2007 and the payment date on 17 April 2007.

4.1 Board of Directors and auditor

The number of Board members was set at seven. Kim Gran, Rabbe Grönblom, Hille Korhonen, Hannu Penttilä, Koki Takahashi, Aleksey Vlasov and Petteri Walldén will continue as Board members. In a meeting held after the Annual General Meeting, Petteri Walldén was elected Chairman of the Board. In its meeting in May, the Board of Nokian Tyres decided to establish a committee for appointments and rewards. Board members Hille Korhonen and Hannu Penttilä and the Chairman of the Board Petteri Walldén are members of the committee.

Authorised public accountants KPMG Oy Ab continue as auditors.

4.2 Remuneration of the Board members

It was decided that the monthly fee paid to the Chairman of the Board would be EUR 5,000 or EUR 60,000 per year, while that paid to Board members was set at EUR 2,500 or EUR 30,000 per year. It was also decided that, according to the existing practices, 60% of the annual fee be paid in cash and 40% in company shares, such that in the period from 4 April to 30 April 2007, EUR 24,000 of Nokian Tyres plc shares will be purchased on the stock exchange on behalf of the Chairman of the Board and EUR 12,000 of shares on behalf of each Board member. This decision means that the final remuneration paid to Board members is tied to the company’s share performance. No separate compensation will be paid to the President and CEO for Board work. Each member of the Committee will receive a meeting fee of EUR 500 for each Committee meeting attended.

4.3 The Board of Directors’ authorisation to make a decision on a share issue and on granting special rights entitling to shares

The Annual General Meeting authorised the Board of Directors to make a decision to offer no more than 24,000,000 shares through a share issue or by granting special rights under Chapter 10, section 1 of the Finnish Companies Act that entitle to shares (including convertible bonds) on one or more occasions. The Board may decide to issue new shares or shares held by the company. The maximum number of shares included in the authorisation accounts for approximately 20% of the company’s entire share capital. The company has one type of share with a nominal value of EUR 0.20.

The authorisation includes the right to issue shares or special rights through private offering, in other words to deviate from the shareholders' pre-emptive right subject to provisions of the law.

Under the authorisation, the Board of Directors will be entitled to decide on the terms and conditions of a share issue, or the granting of special rights under Chapter 10, section 1 of the Finnish Companies Act, including the recipients of shares or special rights entitling to shares, and the compensation to be paid. It was decided that the authorisation should be exercised for purposes determined by the Board.

The authorisation will be effective for five years from the decision made at the Annual General Meeting. This authorisation invalidates all other Board authorisations regarding share issues and convertible bonds.

4.4 The issue of stock options

The Annual General Meeting decided that stock options will be issued to the personnel of the Nokian Tyres Group, as well as to a wholly-owned subsidiary of Nokian Tyres plc. The company has a weighty financial reason for issuing stock options since the stock options are intended to form part of the incentive and commitment programme for the personnel. The purpose of the stock options is to encourage the personnel to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the personnel to the company.

The maximum total number of stock options issued shall be 6,750,000. The stock options entitle their holders to subscribe for a maximum total of 6,750,000 new shares in the company. The stock options now issued can be exchanged for shares, constituting a maximum total of 5.2% of the company’s shares and votes of the shares after the potential share subscription.

The share subscription price shall be based on the prevailing market price of the Nokian Tyres plc share on the Helsinki Stock Exchange in January–March 2007, January–March 2008 and January–March 2009.

The share subscription period for stock options 2007A shall be 1 March 2009–31 March 2011, for stock options 2007B, 1 March 2010–31 March 2012 and for stock options 2007C, 1 March 2011–31 March 2013.

A share ownership plan shall be incorporated with the 2007 stock options, according to which the Group’s senior management shall be obliged to acquire the Company’s shares with a proportion of the income gained from the stock options.

5. Convertible bond loan for Finnish and international institutional investors

On 20 June 2007 the Board of Directors of Nokian Tyres announced the issue of a convertible bond totalling EUR 130.4 million, deviating from the pre-emptive rights of the company’s shareholders, for subscription by Finnish and international institutional investors in the tender procedure. The loan was heavily oversubscribed within three hours of the beginning of the tender procedure. With reference to the earlier announcement, on 20 June 2007 Nokian Tyres announced the issue of a convertible bond loan totalling EUR 130.4 million, expiring in 2014.

The Board of Directors of Nokian Tyres accepted the final terms of the loan and, on the basis of the authorisation granted by the Annual General Meeting on 3 April 2007, issued a loan for institutional investors, deviating from the pre-emptive rights of the company’s shareholders.

The loan was issued to finance the company’s strategy-based investments, to refinance existing financial arrangements, and for the company’s general needs.

The loan was issued as bonds with a capital of EUR 100,000. The loan was issued up to 100 % of the amount of its capital and will not bear interest during the loan period. The loan will be redeemed when it finally expires for an amount producing an annual yield of 3.0%, or for 123 % of the loan capital, unless it has previously been exchanged, redeemed, purchased or cancelled. Each bond of EUR 100,000 can be traded for 2,672 company shares. The premium on the exchange rate is 40% higher than the reference price of the company share EUR 26.73 on 20 June 2007. The right to trade the loan for company shares starts on 7 August 2007 and ends on 20 June 2014 at 4:00 p.m. Finnish time. If the loan is traded for company shares in its entirety, the total number of new shares issued by the company will be 4,008,441, corresponding to 3.3% of the total amount of company shares on 20 June 2007 (providing the over-allocation option is fully executed).

The due date of the loan is 27 June 2014, unless it is redeemed, exchanged, purchased or cancelled prior to this date. The company may redeem the loan for the capital price accumulated by its due date at any given time on 27 June 2011 or after this date, providing the price of the company share multiplied by the exchange ratio figure is at least 130% of the then applicable accumulated capital for 20 trading days during 30 consecutive trading days. Furthermore, the company has the right to redeem the loan at any given time when the outstanding total capital of the loan is 15%, or less, of the original capital of the issued loan.

The payment of the issue took place on 27 June 2007, and the issue was entered into the Finnish Trade Register on 28 June 2007.

Nokian Tyres granted an over-allocation option to Nomura International Plc. On the basis of this option, extra loan may be subscribed for to a maximum of EUR 19.6 million, only to cover excessive demand, and the option may be used at any given time, but no later than 20 July 2007.

The trading of the loan on the Euro MTF market of Luxembourg commenced on 17 July 2007. The company issued a Listing Document concerning the listing of the loan (and its terms) on 17 July 2007. The new shares issued in conjunction with converting the loan will be listed on the Helsinki Stock Exchange.

The parties arranging the issue are Nomura International Plc (Sole Bookrunner and Joint Lead Manager) and Carnegie Investment Bank AB (Joint Lead Manager).

On 17 July 2007 Nokian Tyres announced that Nomura International Plc, the party arranging the company's convertible bond loan expiring in 2014, had executed the over-allocation option of EUR 19.6 million in full. The additional loan of EUR 19.6 million will only be used to cover excessive demand. Following the execution of the over-allocation option, the sum total of the convertible bond loan is EUR 150 million.

6. Changes in share holdings

On 20 July 2007 Nokian Tyres received a notification from Grantham, Mayo, Van Otterloo & CO LLC, according to which, Grantham, Mayo, Van Otterloo & Co LLC's holding of Nokian Tyres has exceeded the limit of 5 % as a consequence of the share transaction on 19 July 2007. Grantham, Mayo, Van Otterloo & Co LLC hold 6,224,719 shares in Nokian Tyres, which correspond to 5.06% of the company's 122,989,620 shares and votes.

RISKS, INSECURITY FACTORS AND LITIGATIONS IN THE NEAR FUTURE

Roughly 40% of the Group's net sales is generated from euro-denominated sales. The most important sales currencies in addition to the euro are the Russian ruble, U.S. dollar, and Swedish and Norwegian krona. A change of one % in the EUR/RUB exchange rate would cause a change of approximately EUR 2.5 million in the company's net sales. A corresponding change in the EUR/USD exchange rate would cause a change of approximately EUR 0.5 million in the company's net sales. A change of one % in the EUR/SEK and EUR/NOK exchange rates would cause a change of roughly one million euro in the company's net sales.

Nokian Tyres' future risks and uncertainty factors have to do with the development of the growing markets, the success of winter tyre sales in the key markets, and the development of raw material prices. The Russian plant capacity increase has been implemented as planned, but future success depends on the availability of skilled personnel.

Nokian Tyres has certain pending legal proceedings and litigations in some countries. At this moment, the company does not expect these proceedings to have any material impact on the performance or future outlook.

SEASONALITY IN SALES AND PERFORMANCE

Traditionally, the sales and performance of Nokian Tyres are focused on the second half of the year, and in particular on the last quarter of the year, owing to the seasonal nature of the operations and the high share of winter tyres. Growth in Russia and the higher share of preseason tyre sales have brought some balance to the seasonality, which shows in more evenly divided sales and profits within the year.

TAX BASE

As a consequence of tax relief from Russia, the company’s tax rate has reduced. The tax relief is valid for as long as the company gains yields corresponding to the amount of the Russian investment, and for two years thereafter. Tax returns are entered on the basis of cash and are not divided by periods. The company estimates the tax rate of the entire year 2007 to be 20 %, and anticipates the tax rate to continue reducing slightly in 2008.

DEVELOPMENTS AFTER THE PERIOD UNDER REVIEW

1. An agreement with Kazakhstanian Ordabasy Corporation JSC

On the 19 October 2007 Nokian Tyres informed that it has signed an agreement with the Kazakhstanian multi-industrial company Ordabasy Corporation JSC in order to build a greenfield passenger car tyre factory in Kazakhstan. The new factory will be a joint venture company called Ordabasy – Nokian Tyres JSC. Nokian Tyres' share of the joint-venture company will be 10%. Nokian Tyres has an option to increase its ownership to a minimum of 50%.

Nokian Tyres will provide the joint-venture company with the know-how and expertise needed to build a tyre factory and to produce tyres. The factory will produce Nokian and Nordman –branded products for Nokian Tyres and in addition a new product that shall be developed for the joint-venture company. The products will be sold in Kazakhstan, as well in Central-Asia, Russia and Eastern Europe.

The factory shall resemble the existing Nokian Tyres' factory in Vsevolozhsk, Russia. The factory will be built in the Capital of Kazakhstan, Astana and become operational during 2009 with the target to reach the full capacity of 4 million car tyres by the year 2012 - 2013. During the first five years 35-65% of the capacity shall be reserved for Nokian Tyres and a minimum of 35% thereafter.

The total investment will be approximately EUR 160 million financed through equity of approximately EUR 40 million and external loans. Nokian Tyres has made a long-term technical and management aid agreement with Ordabasy Corporation.

2. Changes in share holdings

On 22 October, 2007 Nokian Tyres received an announcement according to which the ownership of Grantham, Mayo, Van Otterloo & Co LLC has decreased from the previous share of 5,06% to 4.96% of the voting rights and share capital in Nokian Tyres as a result of a share transaction concluded on 10 October 2007. Grantham, Mayo, Van Otterloo & Co LLC now holds a total of 6,121,442 Nokian Tyres’ share, which represents 4.96% of company’s 123,311,910 shares and voting rights.

OUTLOOK FOR THE YEAR-END

The outlook for the last quarter of the year is good. The growth in demand for winter tyres, UHP summer tyres and SUV tyres is continuing, particularly in Russia, the CIS countries and Eastern Europe, whereas in the Nordic countries and in Western Europe markets remain flat. Manufacture of forest and other machinery remain active and the global shortage of heavy special tyres is continuing.

The increase in raw material prices have slowed down and year end prices will remain at Q3 level. Total y.o.y increase for 2007 vs. 2006 is estimated at 3%.

No major sales price increases for tyres are expected for Q4. Average sales price growth will be a function of mix improvement.

The company’s product range contains a large number of new products, which, together with an enhanced distribution network, offer good opportunities for sales growth and for achieving the desired profit margin. Top test ratings of Nokian-branded winter tyres in motor magazines have further increased the appeal of the brand and the demand for tyres. Tyres manufactured in Russia represent an increasingly large proportion of the Group’s sales, which contributes to sustaining a good profit margin.

Nokian Tyres pays specific attention to growth projects, sales and logistics management, as well as to expanding the distribution network. Capacity will be raised in accordance with an accelerated plan in Russia. Heavy Tyres will focus on production bottlenecks in order to further increase capacity.

In 2007, the company is positioned to achieve strong growth in sales and to continue to outperform the previous year's results with slightly improved profitability. The outlook for the rest of the year is good with growth to continue throughout the last quarter of the year. However, due to capacity restraints the growth will be more moderate than so far during the year and in the corresponding period last year. The Group’s targeted net sales growth for the entire year is approximately or slightly higher than 15%, i.e. net sales of EUR 950-1,000 million, depending on the success of the winter tyre season in the key markets.

The interim report figures are unaudited.

NOKIAN TYRES
CONSOLIDATED INCOME STATEMENT

Million euros	7-9/07	7-9/06	1-9/07	1-9/06	Last 12 months	1-12/06
Net sales	236.0	184.5	668.6	533.9	970.5	835.9
Cost of sales	-133.1	-105.4	-372.5	-313.6	-550.2	-491.3
Gross profit	103.0	79.1	296.1	220.3	420.3	344.5
Other operating income	0.5	0.5	1.4	1.4	2.0	2.0

Selling and marketing expenses	-40.5	-34.6	-124.4	-109.2	-172.8	-157.6
Administration expenses	-5.1	-4.1	-16.0	-12.9	-22.0	-18.9
Other operating expenses	-6.3	-3.9	-16.3	-14.0	-19.3	-17.0
Operating profit	51.6	37.0	140.8	85.6	208.3	153.1
Financial income	7.3	3.2	20.9	18.5	24.8	22.3
Financial expenses	-12.5	-4.4	-32.9	-26.3	-42.7	-36.2
Profit before tax	46.4	35.8	128.8	77.8	190.3	139.3
Tax expense (1	-8.9	-8.4	-21.3	-18.5	-34.8	-32.0
Profit for the period	37.4	27.5	107.5	59.3	155.5	107.3
Attributable to:						
Equity holders of the parent	37.4	27.5	107.5	59.3	155.5	107.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Earnings per share from the profit attributable to equity holders of the parent						
basic, euros	0.30	0.23	0.88	0.49	1.28	0.88
diluted, euros	0.29	0.22	0.84	0.47	1.24	0.86

KEY RATIOS	30.9.07	30.9.06	31.12.06
Equity ratio, %	53.1	50.5	63.0
Gearing, %	60.9	69.7	22.8
Equity per share, euro	5.27	4.17	4.56
Interest-bearing net debt, mill. euros	395.5	354.4	126.9
Capital expenditure, mill. euros	83.1	76.3	97.0
Depreciation and amortisations, mill. euros	34.7	30.3	40.8
Personnel, average	3,414	3,172	3,234
Number of shares (million units)			
at the end of period	123.31	122.03	122.03
in average	122.81	121.49	121.63
in average, diluted	128.15	124.88	125.15

1) Tax expense in the consolidated income statement is based on the taxable profit for the period.

CONSOLIDATED BALANCE SHEET	30.9.07	30.9.06	31.12.06
Non-current assets			
Property, plant and equipment	399.3	341.5	353.2
Goodwill	52.8	51.3	51.8
Other intangible assets	7.6	8.2	8.2
Investments in associates	0.1	0.1	0.1
Available-for-sale financial assets	0.2	0.3	0.2

Other receivables	8.6	1.1	0.8
Deferred tax assets	25.7	22.0	14.3
Total non-current assets	494.3	424.6	428.6
Current assets			
Inventories	225.3	189.1	159.8
Trade receivables	434.7	330.3	209.7
Other receivables	61.4	52.4	47.6
Cash and cash equivalents	10.3	11.5	39.0
Total current assets	731.6	583.4	456.1
Equity			
Share capital	24.7	24.4	24.5
Share premium	146.6	141.5	142.7
Translation reserve	-7.8	1.6	-2.2
Fair value and hedging reserves	0.0	-0.2	-0.1
Retained earnings	486.1	341.2	391.6
Minority interest	0.0	0.0	0.0
Total equity	649.6	508.5	556.6
Non-current liabilities			
Deferred tax liabilities	28.6	23.1	20.5
Interest-bearing liabilities	298.5	195.0	110.6
Other liabilities	1.8	1.9	1.9
Total non-current liabilities	328.8	220.0	133.0
Current liabilities			
Trade and other payables	139.2	107.6	138.9
Interest-bearing liabilities	107.3	171.0	55.3
Total current liabilities	247.5	279.5	195.2
Total assets	1225.9	1008.0	884.7

CONSOLIDATED CASH FLOW STATEMENT Million euros	1-9/07	1-9/06	1-12/06
Cash flows from operating activities:			
Cash generated from operations	-126.7	-102.2	165.7
Financial items and taxes	-34.7	-41.9	-59.1
Net cash from operating activities	-161.4	-144.1	106.6
Cash flows from investing activities:			
Net cash used in investing activities	-83.3	-67.9	-89.8
Cash flows from financing activities:			
Proceeds from issue of share capital	4.1	3.9	5.2
Change in current financial receivables and debt	53.0	158.3	42.5
Change in non-current financial receivables and debt	196.1	43.4	-41.0

Dividends paid	-38.0	-27.9	-27.9
Net cash from financing activities	215.2	177.8	-21.2
Net change in cash and cash equivalents	-29.5	-34.2	-4.5
Cash and cash equivalents at the beginning of the period	39.0	45.7	45.7
Effect of exchange rate changes	-0.7		2.2
Cash and cash equivalents at the end of the period	10.3	11.5	39.0
	-29.5	-34.2	-4.5

The effect of exchange rate changes -0.7 million euros are included in the net cash from operating activities. Year 2006 that effect was -1.3 million euros.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Million euros

	Share capital	Share premium	Translation reserve	Fair Value and hedging reserves	Retained earnings	Minority interest	Total
Equity, 1 Jan 2006	24.2	137.8	5.7	-0.5	303.4	0.7	471.4
Interest rate swaps, net of tax				0.3			0.3
Translation differences			-3.5				-3.5
Gains/losses from hedge of net investments in foreign operations, net of tax			0.4				0.4
Profit for the period					59.3		59.3
Total recognised income and expenses for the period	0.0	0.0	-3.1	0.3	59.3	0.0	56.4
Dividends paid					-27.9		-27.9
Exercised warrants	0.2	3.7					3.9
Share-based payments					5.8		5.8
Other changes			-1.0		0.8		-0.2
Change in minority interest						-0.7	-0.7
Equity, 30 Sep 2006	24.4	141.5	1.6	-0.2	341.2	0.0	508.5
Equity, 1 Jan 2007	24.5	142.7	-2.2	-0.1	391.6	0.0	556.6
Interest rate swaps, net of tax				0.2			0.2
Translation differences			-6.6				-6.6
Gains/losses from hedge of net investments in foreign operations, net of tax			0.9				0.9
Profit for the period					107.5		107.5
Total recognised income and expenses for the period	0.0	0.0	-5.7	0.2	107.5	0.0	102.0
Dividends paid					-38.0		-38.0

Exercised warrants	0.2	3.9					4.0
Share-based payments					9.0		9.0
Equity component of the convertible bond					16.0		16.0
Other changes							0.0
Equity, 30 Sep 2007	24.7	146.6	-7.8	0.0	486.2	0.0	649.6

SEGMENT INFORMATION Million euros	7-9/07	7-9/06	1-9/07	1-9/06	1-12/06
Net sales					
Passenger car tyres	169.7	122.1	457.7	344.2	533.2
Heavy tyres	23.1	20.5	73.6	65.7	90.1
Vianor	56.2	50.9	170.4	149.9	246.9
Others and eliminations	-13.0	-9.0	-33.2	-26.0	-34.3
Total	236.0	184.5	668.6	533.9	835.9
Operating result					
Passenger car tyres	54.2	35.2	137.8	81.0	133.4
Heavy tyres	5.0	4.4	16.9	15.3	19.9
Vianor	-1.4	-1.7	-3.4	-6.0	2.3
Others and eliminations	-6.3	-0.9	-10.5	-4.7	-2.5
Total	51.6	37.0	140.8	85.6	153.1
Operating result, % of net sales					
Passenger car tyres	32.0	28.8	30.1	23.5	25.0
Heavy tyres	21.8	21.7	23.0	23.3	22.1
Vianor	-2.5	-3.3	-2.0	-4.0	0.9
Total	21.9	20.1	21.1	16.0	18.3
Cash Flow II					
Passenger car tyres	-77.1	-62.0	-186.1	-143.0	68.9
Heavy tyres	2.5	1.1	5.2	6.1	19.4
Vianor	-8.5	-5.4	-19.2	-7.4	7.5
Total	-89.6	-73.3	-213.8	-165.1	77.7

CONTINGENT LIABILITIES Million euros	30.9.07	30.9.06	31.12.06
FOR OWN DEBT			
Mortgages	1.0	0.0	0.0
Pledged assets	0.0	0.0	0.0
OTHER OWN COMMITMENTS			
Guarantees	1.0	1.0	1.0
Leasing and rent commitments	82.1	87.6	82.5
Purchase commitments of property, plant and equipment	26.4	3.4	5.3

INTEREST RATE DERIVATIVES

Interest rate swaps			
Fair value	0.0	-0.3	-0.2
Notional amount	15.1	10.0	15.4
Options, purchased			
Fair value	0.0	0.0	0.0
Notional amount	0.0	50.0	0.0
CURRENCY DERIVATIVES			
Forward contracts			
Fair value	1.2	-0.5	1.1
Notional amount	396.4	248.7	199.9
Options, purchased			
Fair value	1.0	0.0	0.0
Notional amount	83.2	6.9	12.6
Options, written			
Fair value	-0.6	-0.1	-0.1
Notional amount	63.3	6.9	12.6

The fair value of interest rate derivatives is defined by cash Flows due to contracts. Interest rate swaps are wholly designated as cash flow hedges and their changes in fair value relating to the effective portion of the hedge is recognised in equity and the potential ineffective portion is recognised in the income statement.

The fair value of forward foreign exchange contracts is calculated at The forward rates on the balance sheet closing date on the basis of cash flows arising from contracts. The fair value of currency options is calculated by using the Garman-Kohlhagen option valuation model.

Currency derivatives are only used to hedge the Group's net exposure. The changes in the fair value of currency derivatives are reported in the income statement excluding the currency derivatives that are hedging the foreign currency denominated net investment in a foreign subsidiary. Hedge accounting is applied for those hedges and for hedges meeting the hedge accounting criteria the changes in the fair value are wholly deferred in equity except for the potential ineffective portion and the time value of currency options, which are recognised in the income statement.

The notional amount of currency derivatives is the euro equivalent of the contracts' currency denominated amount on the balance sheet closing date.

Nokian Tyres plc

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Distribution: OMX and the key media

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Nokian Tyres will publish the January-September 2007 Interim Report on Thursday, November 1st, 2007 at 8.00 am Finnish time.

The result presentation to analysts and media will be held on the same day at Hotel Kämp, Helsinki at 10.00 am Finnish time. The presentation language will be English.

The presentation can be listened through audiocast via internet on Thursday, November 1, 2007 at 10.00 am Finnish time
http://www.nokiantyres.com/Resultinfo2007q3

To be able to ask questions during the event you can participate in the conference call. Please dial in 5-10 minutes before the beginning of the event:
+44 (0)20 7162 0025
Password: Nokian Tyres

Stock exchange release and presentation material will be available before the event at http://www.nokiantyres.com/ir-calendar

After the event the audio recording can be found at the same address.