Nokian Tyres plc Stock exchange release 31 October 2008 at 8:00 a.m.

# INTERIM REPORT FOR NOKIAN TYRES PLC JANUARY-SEPTEMBER 2008

Sales were up and operating profit improved.

Nokian Tyres' net sales were up 21.6% to EUR 813.2 million (EUR 668.6 million 1-9/2007). Operating profit amounted to EUR 200.5 million (EUR 140.8 million), and EPS rose to EUR 1.22 (EUR 0.88). In 2008, the company is positioned to achieve growth in sales and to outperform the previous year's results.

Key figures, EUR million:

| | 7-9/08 | 7-9/07 | 1-9/08 | 1-9/07 | 2007 |
|---|---|---|---|---|---|
| Net sales | 282.8 | 236.0 | 813.2 | 668.6 | 1,025.0 |
| Operating profit | 71.9 | 51.6 | 200.5 | 140.8 | 234.0 |
| Profit before tax | 67.5 | 46.4 | 185.9 | 128.8 | 213.8 |
| Net profit | 52.4 | 37.4 | 151.5 | 107.5 | 168.9 |
| Earnings per share, EUR | 0.42 | 0.30 | 1.22 | 0.88 | 1.37 |
| Equity ratio, % | | | 51.6 | 53.1 | 61.8 |
| Cash flow from operations, (Cash Flow II) | -141.8 | -89.6 | -288.7 | -213.8 | 105.6 |
| RONA, % (rolling 12 months) | | | 26.0 | 22.9 | 24.2 |
| Gearing, % | | | 63.6 | 60.9 | 14.3 |

Kim Gran, President and CEO:

"The sales of Nokian Tyres continued to grow steeply, and operating profit improved also in the third quarter. Most of the growth came from winter tyre deliveries to Russia and Ukraine. Winter pre-sales were higher than expected in the Nordic countries and North America. The average tyre prices were higher than the year before as a result of price increases and a good sales mix. Production capacity was at full use in all operations. Russian manufacture increased in line with targets, and the advantages thereof improved profitability. The steep economic slowdown decreased clearly the demand for forestry tyres and truck tyres. The outlook for the rest of the year has weakened due to the financial crisis. In Russia slower sales of new cars will have a negative impact on winter tyre sales. Conditions for better sales in Ukraine, Scandinavia and North America as well as a strong demand for pre-season summer tyre sales in Russia and Ukraine will help to offset the loss in the car dealer business.

The changing market in Russia and CIS is an opportunity and in 2008-2010 Nokian Tyres will continue to improve its market leader position. The share of lower cost production in Russia will be increased and we will continue to build our distribution network."

## Market situation

Growth continued in the replacement market for passenger car tyres in Russia and the other CIS countries, but the market shrank in Western Europe. In North America, the winter tyre market grew as a result of the new winter tyre legislation that took effect in Quebec. The Nordic tyre markets grew slightly. The strongest growing product segments were winter tyres, SUV tyres and high-speed summer tyres. The slowdown in the global economy reduced the manufacture of industrial machinery and equipment. The demand for forestry tyres decreased clearly. Several tyre manufacturers raised their prices in response to the higher raw material prices.

The slowing global economy, drop in oil prices and the financial crisis in Russia had only a minor impact on demand in Russia and the other CIS countries. Growth was boosted by the strong performance of car trade in early 2008. It slowed toward the end of the review period, but continued stronger than in the previous year also in the third quarter.

The risks in Russia and CIS have increased and growth has slowed down. The 7% growth of Russia's GDP in 2008 is expected to drop to 4-5% in 2009. The impact of the financial crisis on car and tyre demand for 2009 is not yet fully visible. The decline in car sales of 5-10% is currently forecasted with recovery starting in 2010. Consumer demand remains very strong in the replacement market, but lack of financing will restrict growth for some time before picking up again.

Nokian Tyres Group
July–September 2008

In the third quarter, the Nokian Tyres Group recorded net sales of EUR 282.8 million (EUR 236.0 million), representing a year-over-year increase of 19.8%. Sales in the Nordic countries increased by 4.2%, in Russia and the other CIS countries by 54.9%, in Eastern Europe by 1.6% and in the USA by 15.4%.

Raw material purchase prices in manufacturing (EUR/kg) increased by approximately 10% in the third quarter compared to the corresponding period a year earlier. Fixed costs amounted to EUR 73.0 million (EUR 63.4 million) and their share of net sales decreased to 25.8% (26.8%).

The operating profit of Nokian Tyres improved, amounting to EUR 71.9 million (EUR 51.6 million). Net financial expenses were EUR 4.4 million (EUR 5.2 million).

Profit before tax was EUR 67.5 million (EUR 46.4 million). Net profit amounted to EUR 52.4 million (EUR 37.4 million), while earnings per share increased to EUR 0.42 (EUR 0.30).

Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow II) was EUR -141.8 million (EUR -89.6 million).

January–September 2008

Nokian Tyres Group's net sales in January–September 2008 were EUR 813.2 million (EUR 668.6 million), representing a year-over-year growth rate of 21.6%. The Group's invoicing to the Nordic countries grew by 6.9%, to Russia and the other CIS countries by 54.1% and to the USA by 28.9%. Invoicing to Eastern Europe was down 0.5% from the previous year.

Raw material purchase prices in manufacturing (EUR/kg) increased by 8% in January-September compared to the corresponding period a year earlier. Fixed costs amounted to EUR 221.3 million (EUR 192.9 million) and accounted for 27.2% (28.9%) of net sales.

Nokian Tyres Group's operating profit rose to EUR 200.5 million (EUR 140.8 million). The figure includes a fee of EUR 2.7 million for technical and management support given to the joint venture in Kazakhstan, as well as credit loss reserves to a total of EUR 5.4 million (EUR 6.6 million). In compliance with IFRS 2, an option scheme write-off of EUR 13.5 million (EUR 9.0 million) was recognised in profit and loss.

Net financial expenses were EUR 14.6 million (EUR 12.0 million). Financial expenses include EUR 5.4 million (EUR 1.8 million) in non-cash expenses related to convertible bonds. Net financial expenses include EUR 0.1 million (EUR -0.5 million) of exchange rate differences.

Profit before tax was EUR 185.9 million (EUR 128.8 million). The Group's tax rate was 18.5% (16.6%). Net profit amounted to EUR 151.5 million (EUR 107.5 million), and EPS was EUR 1.22 (EUR 0.88).

Return on net assets (RONA, rolling 12 months) was 26.0% (22.9%). Income financing after the change in working capital, investments and the disposal of fixed assets (cash flow II) was EUR -288.7 million (EUR -213.8 million). The equity ratio was 51.6% (53.1%).

The Group employed an average of 3,766 (3,414) people, and 3,877 (3,646) at the end of the period. The Vianor tyre chain had 1,506 (1,395) employees at the end of the period. The number of employees in Russia was 671 (474).

Tax rate

The company's tax rate has decreased as a consequence of the tax relief in Russia. The tax relief is valid for as long as the company accrues tax on yields corresponding to the amount of the Russian investment, and for two years thereafter.

Since the tax relief from Russia has been realised according to the agreements, and the uncertainty related to the relief has reduced considerably, the company has revised its estimate of the recognition of tax assets in the balance sheet. From now on, tax assets related to the tax relief will be recognised at their probable realisation value. Owing to this change in estimate, the first half of 2008 includes EUR 6.5 million of non-recurring tax relief from the latter half of 2007.

Due to the amendments of subvention laws that were enforced in the second half-year of 2008, these tax subventions became subject to corporate tax. The changes were also applied to all tax subventions not yet cashed; thus the tax subventions are now reported net of tax.

PASSENGER CAR TYRES

| EUR million | Q3/08 | Q3/07 | Change % | 1-9/08 | 1-9/07 | Change % | 2007 |
|---|---|---|---|---|---|---|---|
| Net sales | 212.1 | 169.7 | 25.0 | 597.8 | 457.7 | 30.6 | 691.2 |
| Operating profit | 72.9 | 54.2 | 34.4 | 201.7(* | 137.8 | 46.4 | 212.0 |
| Operating profit,% | 34.4 | 32.0 | | 33.7(* | 30.1 | | 30.7 |
| RONA, % (rolling 12 months) | | | | 34.9 | 29.5 | | 31.2 |

The net sales of Nokian passenger car tyres in January–September were EUR 597.8 million (EUR 457.7 million), representing an increase of 30.6% (33.0%) over the previous year. Operating profit rose to EUR

201.7 million (EUR 137.8 million), and the operating profit percentage was 33.7% (30.1%).
(x The figure includes a fee of EUR 2.7 million for technical and management support given to the joint venture in Kazakhstan.

Both summer and winter tyre sales were up from the previous year, with sales focusing on pre-sales of winter tyres. Growth was strongest in Russia, the other CIS countries and North America. Sales increased also in the Nordic countries. The best-selling winter tyres were the studded Nokian Hakkapeliitta 5, as well as the new Nokian Hakkapeliitta R - the friction tyre that was launched to consumers for the first time this season. Both tyres have scored several top rankings in trade magazines' tyre tests in the Nordic countries and Russia. The sales of SUV tyres also grew strongly in Russia and the other CIS countries.

The average tyre price rose as a result of improved sales mix, new products and successfully implemented price increases. The price increases by approximately. 3% planned for the latter part of the year were implemented and took effect on 1 October 2008.

The production volume rose following the planned capacity increase at the Russian plant. Increased capacity was not, however, sufficient to meet the demand for tyres, and sales in Central European countries had to be restricted.

HEAVY TYRES

| EUR million | Q3/08 | Q3/07 | Change % | 1-9/08 | 1-9/07 | Change % | 2007 |
|---|---|---|---|---|---|---|---|
| Net sales | 24.4 | 23.1 | 5.7 | 77.8 | 73.6 | 5.7 | 100.8 |
| Operating profit | 4.1 | 5.0 | -18.9 | 15.5 | 16.9 | -8.6 | 22.3 |
| Operating profit,% | 16.7 | 21.8 | | 19.9 | 23.0 | | 22.1 |
| RONA, % (rolling 12 months) | | | | 32.0 | 38.8 | | 39.0 |

The net sales of Nokian Heavy Tyres in January–September were EUR 77.8 million (EUR 73.6 million), up 5.7% from the corresponding period the previous year. The operating profit of Heavy Tyres was EUR 15.5 million (EUR 16.9 million), and the operating profit percentage was 19.9% (23.0%).

The slowdown in the global economy and the resulting uncertainty, as well as the decline in the manufacture of forestry machinery, reduced clearly the demand for forestry tyres in the third quarter.
As a result, the focus of manufacture in Nokian Heavy Tyres was turned from forestry tyres to products with strong demand, i.e. to harbour, mining, agricultural and industrial machinery tyres. These products sold well, but their margins are lower compared to forestry tyres. The production capacity was in full use in the review period.

The price increases planned for the latter part of the year were implemented and took effect on 1 October 2008.

VIANOR

| EUR million | Q3/08 | Q3/07 | Change % | 1-9/08 | 1-9/07 | Change % | 2007 |
|---|---|---|---|---|---|---|---|
| Net sales | 64.5 | 56.2 | 14.7 | 191.8 | 170.4 | 12.6 | 278.5 |
| Operating profit | -2.2 | -1.4 | -55.8 | -6.7 | -3.4 | -94.3 | 8.4 |

| | | | | | |
|---|---|---|---|---|---|
| Operating profit, % | -3.4 | -2.5 | -3.5 | -2.0 | 3.0 |
| RONA, % (rolling 12 months) | | | 3.4 | 3.6 | 6.0 |

Vianor’s net sales in January–September were EUR 191.8 million (EUR 170.4 million), representing a year-over-year increase of 12.6%. The growth in net sales was impacted by acquisitions in the USA. Operating profit was EUR -6.7 million (EUR -3.4 million), and the operating profit percentage was -3.5% (-2.0%).

The expenses related to the opening and takeover of new Vianor outlets as well as the low demand for truck tyres weakened profitability in the period under review.

The car summer tyre season sales were good in the Nordic countries and Russia. Winter tyre wholesales increased and service sales accounted for a bigger share than in the previous year. The uncertainty of the general economic outlook reduced demand for new truck tyres in the Nordic countries.

At the end of the review period, the Vianor network comprised a total of 469 outlets in the Nordic countries, Russia, Ukraine, Switzerland, the Baltic countries, the USA and Eastern Europe. Of these, 289 were partner and franchising outlets. In the third quarter, a total of 42 new Vianor outlets were opened.

## OTHER OPERATIONS

The net sales of Nokian truck tyres in January–September were EUR 24.4 million (EUR 21.3 million), up 14.6% on the previous year. Sales grew especially in Russia, Ukraine and Kazakhstan. The unit’s product range mainly consists of winter products, which sell best during the second half of the year.

## RUSSIA AND THE CIS COUNTRIES

Sales in Russia and the CIS countries increased by 54.1% year-over-year during the period under review, and market shares improved. The distribution network was extended by signing distribution agreements and by expanding the Vianor tyre chain.

The number of production lines at the Russian plant increased in the second quarter. The plant now has six lines, which run constantly in three shifts. The plant’s production volume and quality were in line with targets. Production capacity has increased on schedule, and the new lines were launched into a full-scale operation at the beginning of the third quarter. Production capacity will be increased in the last quarter with one additional production line.

The roofing ceremonies of the mixing department and the expanded warehouse were celebrated at the end of the review period. The installation of mixing equipment will start in November 2008, as scheduled. Part of the warehouse expansion will be taken into use in late 2008. The Hakkapeliitta Village, a housing area for the personnel, is also under construction.

## KAZAKHSTAN

On 19 October 2007, Nokian Tyres announced it had signed an agreement with the Kazakhstanian conglomerate Ordabasy Corporation JSC to build a greenfield passenger car tyre factory in Kazakhstan. Nokian Tyres has a 10% stake in the joint venture, with the option to increase its ownership to a minimum of 50%.

The total investment will be approximately EUR 160 million, financed through equity of approximately EUR 40 million and external loans. Nokian Tyres has signed a long-term technical support and management aid agreement with Ordabasy Corporation. The agreement is valued at EUR 12 million. According to the agreement the sum sum will be entered as income over the next three years.

The project is on hold until further notice, due to tighter financing conditions. The income recognition of technical support has been halted.

INVESTMENTS

Investments in the third quarter amounted to EUR 33.9 million (EUR 25.3 million) and EUR 114.2 million (EUR 83.1 million) for the entire review period. The company's total investments in 2008 will be approximately EUR 162 million (EUR 117 million). Around EUR 110 million (EUR 92 million) will be spent on the Russian plant's operations and extension. The remainder comprises production investments in the Nokia plant, moulds for new products and the Vianor expansion projects.

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 2004C on the Helsinki Stock Exchange effective as of 1 March 2008.
There are a total of 245,000 2004C stock options. Each of them entitles the holder to subscribe for ten Nokian Tyres plc shares. The subscription period for options 2004C commenced on 1 March 2008 and expires on 31 March 2010. The total number of shares available for subscription with options 2004C is 2,450,000. The current subscription price with stock options 2004C is EUR 11.78/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 20 December 2007, a total of 898,690 shares were subscribed for with the 2004A stock options attached to the Nokian Tyres' Option Scheme of 2004, and 35,730 shares with the 2004B options. The increase in share capital resulting from the subscription, EUR 186,884, was entered in the Trade Register on 26 February 2008. Trading of the shares, along with the old shares, began on 27 February 2008. Following the increase, the number of Nokian Tyres shares is 124,630,700 and the share capital is EUR 24,926,140.

After the increase in share capital, registered on 26 February 2008, a total of 192,150 shares were subscribed for with the 2004A stock options attached to the Nokian Tyres' Option Scheme of 2004, 3,130 shares with the 2004B options and 1,560 shares with the 2004C options. As a result of the subscriptions, an increase in share capital totalling EUR 39,368 was entered in the Trade Register on 20 May 2008. Trading of the shares, along with the old shares, began on

21 May 2008. Following the increase, Nokian Tyres has a total of 124,827,540 shares and a share capital of EUR 24,965,508.

After the increase in share capital, registered on 20 May 2008, a total of 2,550 shares were subscribed for with the 2,004B stock options attached to the Nokian Tyres' Option Scheme of 2004 and 1,100 shares with the 2004C stock options. The increase in share capital resulting from the subscription, EUR 730, was entered in the Trade Register on 20 August 2008. Trading of the shares, along with the old shares, began on 21 August 2008. Following the increase, the number of Nokian Tyres shares is 124,831,190 and the share capital is EUR 24,966,238.

3. Share price development

Nokian Tyres' share price was EUR 16.80 at the end of the review period (EUR 27.46). The average share price during the period was EUR 26.62 (EUR 21.97), the highest EUR 33.73 (EUR 27.79) and the lowest EUR 16.28 (EUR 13.99). A total of 208,230,495 shares were traded during the review period (189,751,084), representing 167% (154%) of the company's overall share capital. The company's market value at the end of the period was EUR 2.097 billion (EUR 3.386 billion). Finnish nationals accounted for 28.0% (30.7%) and foreign nationals registered in the nominee register for 72.0% (69.3%) of the company's shareholders. The latter figure includes Bridgestone's ownership of approximately 16%.

4. Decisions made at the Annual General Meeting

The Annual General Meeting of Nokian Tyres, held on 3 April 2008, approved the financial statements for 2007 and discharged the Board of Directors and the President from liability. The final dividend was set at EUR 0.50 per share. The record date was 8 April 2008 and the payment date 15 April 2008.

4.1 Board of Directors and auditor

The number of Board members was set at seven. Kim Gran, Hille Korhonen, Hannu Penttilä, Koki Takahashi, Aleksey Vlasov and Petteri Walldén will continue as Board members. Kai Öistämö was elected as a new member of the Board. At its meeting held after the Annual General Meeting, the Board elected Petteri Walldén as Chairman of the Board.

Authorised public accountants KPMG Oy Ab continue as auditors.

4.2 Remuneration of the Board members

The monthly fee paid to the Chairman of the Board was set at EUR 5,833, or EUR 70,000 per year, while that paid to Board members was set at EUR 2,917, or EUR 35,000 per year. The Annual General Meeting also decided that each member of the Committee will receive a meeting fee of EUR 500 for each Committee meeting attended.

A decision was made to follow existing practices and pay 60% of the annual fee in cash and 40% in company shares, so that in the period from 4 April to 30 April 2008, EUR 28,000 of Nokian Tyres plc shares will be purchased at the stock exchange on behalf of the Chairman of the Board and EUR 14,000 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.

4.3 Amendments to the Articles of Association

The Annual General Meeting decided to make the following amendments to the Articles of Association:

- Sections 3 and 4 of the present Articles of Association will be removed, and the numbering will be revised correspondingly.

- Section 5 of the Articles of Association will be changed to the following: "The company's shares belong to the book-entry securities system."

- Section 8 of the Articles of Association will be changed to the following:
"Both the Managing Director and the Chairman of the Board may represent the company alone, and of the Members of the Board, two together."

- Section 10 of the Articles of Association will be changed to the following:
"The company will have one auditor who must be approved by the Central Chamber of Commerce. The term of office of the auditor ends with the election of the following auditor at the Annual General Meeting."

- Section 11 of the Articles of Association will be changed to the following:
"The invitation to the Annual General Meeting must be published no earlier than three months and no later than one week before the date referred to in Chapter 4, section 2, subsection 2 of the Limited Liabilities Companies Act, in accordance with the Board decision, on the company's website and in one national and in one Tampere regional daily newspaper."

- Section 12 of the Articles of Association will be changed to the following:
"In order to participate in the Annual General Meeting, shareholders must inform the company no later than the day stated in the meeting invitation, which may be no earlier than ten days before the meeting. The method of voting is determined by the chairman of the Annual General Meeting."

- Section 13 of the Articles of Association will be changed to the following:
"The Annual General Meeting must be held annually on a date specified by the Board of Directors before the end of May. The Annual General Meeting is held in accordance with the decision by the Board, either at the registered office of the company or in Tampere or in Helsinki.

The Annual General Meeting must present
1. the annual accounts, including the profit and loss account, balance sheet and annual report,
2. the auditor's report;
must decide on
3. the confirmation of the company's annual accounts,
4. the use of profit based on the balance sheet,
5. the discharge from liability of the Board members and the Managing Director,
6. the remuneration for the Board members and auditor,
7. the number of Board members

must elect
8. the Board members,
9. the auditor.

- Section 14 of the Articles of Association will be changed to the following:
"The annual accounts, the Board's annual report and other documents relating to company operations must be submitted to the auditor by the end of March, and the auditor must submit his/her report to the Board before the 15th of April."

CHANGES IN SHARE OWNERSHIP

On 5 May 2008, Nokian Tyres received a notification from Grantham, Mayo, Van Otterloo & CO LLC, according to which Grantham, Mayo, Van Otterloo & Co LLC's holding in Nokian Tyres had dropped under the limit of 5% as a consequence of the share transaction on 30 April 2008. Grantham, Mayo, Van Otterloo & Co LLC now holds a total of 6,220,002 Nokian Tyres' shares, which represents 4.99% of the company's 124,630,700 shares and voting rights.

RISKS, UNCERTAINTY FACTORS AND DISPUTES IN THE NEAR FUTURE

Roughly 35% of the Group's net sales are generated from euro-denominated sales. The most important sales currencies in addition to the euro are the Russian rouble, the US dollar and the Swedish and Norwegian krona. A change of one per cent in the EUR/RUB exchange rate would cause a change of approximately EUR 4.0 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 per cent in the EUR/SEK and EUR/NOK exchange rates would cause a change of roughly EUR 1 million in the company's net sales.

Nokian Tyres' future risks and uncertainty factors are based on the development of the growing markets in Russia and CIS, the success of winter tyre sales in the key markets, the repatriation of receivables and the development of the financial markets and raw material prices. The share of Russian receivables is a half of Nokian Tyres' total receivables. The continued uncertainty in the financial sector may postpone part of the cash flow towards the end of the last quarter. 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 the moment, the company does not expect these proceedings to have any material impact on the performance or future outlook.

MATTERS AFTER THE PERIOD UNDER REVIEW

Changes in share ownership

On 16 October 2008, Nokian Tyres was notified of the ownership of Varma Mutual Pension Insurance Company (business ID 0533297-9) exceeding the 5% limit following share transactions carried out on 16 October 2008. Varma Mutual Pension Insurance Company announced its ownership of 6,870,657 Nokian Tyres shares, which represents 5.50% of the company's 124,831,190 shares and voting rights.

OUTLOOK FOR 2008

In Russia and the CIS countries, the economy and new car sales growth have slowed down considerably. In the Nordic countries, demand is expected to remain at last year’s level. The winter tyre stocks of Central European tyre distributors are exceptionally high, and manufacture in the automobile and tyre industry has been restricted from the summer onwards. The manufacture of industrial machinery and equipment is expected to continue to decrease.

The peak in raw material prices has been reached, and the prices for early 2009 are declining. The average price of raw materials in 2008 is expected to be some 10% higher than in 2007.

Nokian Tyres will execute its growth projects in 2008 as planned. The schedule of any significant additional investment decisions will depend on the general development of the economy. In the event of a recession, Nokian Tyres will carry out investments that can be funded with income financing.

The demand for winter tyres, UHP summer tyres and SUV tyres is still good in Russia, the CIS countries and Eastern Europe. The outlook has improved in the North American winter tyre market, as a result of the new winter tyre legislation in Quebec. Nokian Heavy Tyres will target its sales at the replacement market, the goal being to boost sales and increase market shares in harbour and mining tyres, as well as in other special products. In these product groups, the delivery capacity of Nokian Heavy Tyres has improved from the previous year.

Tyres manufactured in Russia represent an increasingly large portion of the Group’s sales, which contributes to sustaining a good profit margin. The share of lower cost production in Russia will be increased and capacities in Finland will be adjusted to reflect the market demand. Nokian Tyres’ will increase prices by approximately 3% October 1, 2008 and cut costs in all operations.

The last six months of the year, and especially the fourth quarter, have traditionally had the biggest impact on the sales and performance of Nokian Tyres, owing to the seasonal nature of operations and the high share of winter tyres. Growth in Russia and the higher share of pre-sales of tyres have balanced clearly the seasonality, which shows in sales and profits being distributed more evenly over the year.

In 2008, the company is positioned to achieve growth in sales and to outperform the previous year’s results in terms of operating profit and EPS. Q4/2008 results will be below Q4/2007. The outlook for the rest of the year has weakened due to the financial crisis. In Russia slower sales of new cars will have a negative impact on winter tyre sales. Conditions for better sales in Ukraine, Scandinavia and North America as well as a strong demand for pre-season summer tyre sales in Russia and Ukraine will help to offset the loss in the car dealer business. The changing market in Russia and CIS is an opportunity and in 2008-2010 Nokian Tyres will continue to improve its market leader position. The company maintains its target net sales of EUR 1,150–1,200 billion, which corresponds to a growth of approximately 15%. Achieving the target requires a successful winter tyre season in core markets.

This interim report has been prepared in accordance with IFRS compliant recognition and measurement principles and the same accounting policies as in the most recent annual financial statements, but it has not been prepared in compliance with all requirements set out in IAS 34 'Interim Financial Reporting'.

The interim report figures are unaudited.

NOKIAN TYRES
CONSOLIDATED INCOME STATEMENT
Million euros

| | 7-9/08 | 7-9/07 | 1-9/08 | 1-9/07 | Last 12 months | 1-12/07 | Change % |
|---|---|---|---|---|---|---|---|
| Net sales | 282.8 | 236.0 | 813.2 | 668.6 | 1,169.6 | 1,025.0 | 21.6 |
| Cost of sales | -150.9 | -133.1 | -435.9 | -372.5 | -632.5 | -569.1 | 17.0 |
| Gross profit | 131.9 | 103.0 | 377.3 | 296.1 | 537.1 | 455.8 | 27.4 |
| Other operating income | 0.4 | 0.5 | 1.0 | 1.4 | 1.9 | 2.4 | -31.5 |
| Selling and marketing expenses | -47.0 | -40.5 | -143.3 | -124.4 | -198.3 | -179.4 | 15.2 |
| Administration expenses | -6.5 | -5.1 | -17.9 | -16.0 | -25.4 | -23.5 | 11.6 |
| Other operating expenses | -6.9 | -6.3 | -16.6 | -16.3 | -21.6 | -21.3 | 1.8 |
| Operating Profit | 71.9 | 51.6 | 200.5 | 140.8 | 293.7 | 234.0 | 42.4 |
| Financial Income | 5.3 | 7.3 | 27.2 | 20.9 | 69.4 | 63.1 | 30.2 |
| Financial expenses | -9.8 | -12.5 | -41.8 | -32.9 | -92.2 | -83.3 | 27.0 |
| Profit before tax | 67.5 | 46.4 | 185.9 | 128.8 | 270.9 | 213.8 | 44.4 |
| Tax expense (1 | -15.1 | -8.9 | -34.5 | -21.3 | -58.0 | -44.9 | 61.7 |
| Profit for the period | 52.4 | 37.4 | 151.5 | 107.5 | 212.9 | 168.9 | 40.9 |
| Attributable to: | | | | | | | |
| Equity holders of the parent | 52.4 | 37.4 | 151.5 | 107.5 | 212.9 | 168.9 | |
| 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 | 0.42 | 0.30 | 1.22 | 0.88 | 1.73 | 1.37 | 39.0 |
| diluted, euros | 0.43 | 0.29 | 1.17 | 0.84 | 1.68 | 1.31 | 40.0 |

KEY RATIOS

| | 30.9.08 | 30.9.07 | 31.12.07 | Change % |
|---|---|---|---|---|
| Equity ratio, % | 51.6 | 53.1 | 61.8 | |
| Gearing, % | 63.6 | 60.9 | 14.3 | |
| Equity per share, euro | 6.57 | 5.27 | 5.76 | 24.8 |
| Interest-bearing net debt, mill. euros | 521.6 | 395.5 | 102.0 | |
| Capital expenditure, mill. euros | 114.2 | 83.1 | 117.1 | |
| Depreciation and amortisations | | | | |

| | | | |
|---|---|---|---|
| mill. euros | 40.8 | 34.7 | 47.1 |
| Personnel, average | 3,766 | 3,414 | 3,462 |
| | | | |
| Number of shares (million units) | | | |
| at the end of period | 124.83 | 123.31 | 123.70 |
| in average | 124.54 | 122.81 | 122.95 |
| in average, diluted | 132.40 | 128.15 | 129.09 |

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

CONSOLIDATED BALANCE SHEET

| | 30.9.08 | 30.9.07 | 31.12.07 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 493.3 | 399.3 | 419.9 |
| Goodwill | 54.9 | 52.8 | 52.8 |
| Other intangible assets | 13.8 | 7.6 | 7.5 |
| Investments in associates | 0.1 | 0.1 | 0.1 |
| Available-for-sale financial assets | 0.3 | 0.2 | 0.2 |
| Other receivables | 14.0 | 8.6 | 12.8 |
| Deferred tax assets | 27.8 | 25.7 | 17.7 |
| Total non-current assets | 604.2 | 494.3 | 511.0 |
| | | | |
| Current assets | | | |
| Inventories | 275.0 | 225.3 | 193.2 |
| Trade receivables | 598.1 | 434.7 | 225.3 |
| Other receivables | 101.2 | 61.4 | 67.7 |
| Cash and cash equivalents | 13.8 | 10.3 | 158.1 |
| Total current assets | 988.0 | 731.6 | 644.3 |
| | | | |
| Equity | | | |
| Share capital | 25.0 | 24.7 | 24.7 |
| Share premium | 155.0 | 146.6 | 149.0 |
| Translation reserve | -14.7 | -7.8 | -12.8 |
| Fair value and hedging reserves | 0.1 | 0.0 | 0.0 |
| Retained earnings | 655.2 | 486.1 | 551.9 |
| Minority interest | 0.0 | 0.0 | 0.0 |
| Total equity | 820.6 | 649.6 | 712.8 |
| | | | |
| Non-current liabilities | | | |
| | | | |
| Deferred tax liabilities | 28.0 | 28.6 | 30.1 |
| Interest-bearing liabilities | 295.6 | 298.5 | 248.7 |
| Other liabilities | 2.2 | 1.8 | 2.4 |
| Total non-current liabilities | 325.8 | 328.8 | 281.1 |
| | | | |
| Current liabilities | | | |
| Trade and other payables | 204.9 | 139.2 | 148.9 |
| Provisions | 1.1 | 1.0 | 1.1 |
| Interest-bearing liabilities | 239.8 | 107.3 | 11.4 |
| Total current liabilities | 445.8 | 247.5 | 161.4 |
| | | | |
| Total assets | 1,592.2 | 1,225.9 | 1,155.4 |

CONSOLIDATED CASH FLOW STATEMENT

| | 1-9/08 | 1-9/07 | 1-12/07 |
|---|---|---|---|
| Million euros | | | |
| | | | |
| Cash flows from operating activities: | | | |
| Cash generated from | | | |

| | | | |
|---|---|---|---|
| operations | -158.8 | -126.7 | 206.2 |
| Financial items and taxes | -78.0 | -34.7 | -36.3 |
| Net cash from operating activities | -236.8 | -161.4 | 169.9 |
| | | | |
| Cash flows from investing activities: | | | |
| Net cash used in investing activities | -126.2 | -83.3 | -117.7 |
| | | | |
| Cash flows from financing activities: | | | |
| Proceeds from issue of share capital | 6.3 | 4.1 | 6.5 |
| Change in current financial receivables and debt | 228.6 | 53.0 | -44.4 |
| Change in non-current financial receivables and debt | 45.9 | 196.1 | 143.9 |
| Dividends paid | -62.3 | -38.0 | -38.0 |
| Net cash from financing activities | 218.5 | 215.2 | 68.0 |
| | | | |
| Net change in cash and cash equivalents | -144.5 | -29.5 | 120.3 |
| | | | |
| Cash and cash equivalents at the beginning of the period | 158.1 | 39.0 | 39.0 |
| Effect of exchange rate changes | -0.2 | -0.7 | 1.2 |
| Cash and cash equivalents at the end of the period | 13.8 | 10.3 | 158.1 |
| | -144.5 | -29.5 | 120.3 |

The effect of exchange rate changes -0.2 million euros are included in the net cash from operating activities. Year 2007 that effect was -0.7 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 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 |
| Change in minority interest | | | | | | | 0.0 |
| Equity, 30 Sep 2007 | 24.7 | 146.6 | -7.8 | 0.0 | 486.2 | 0.0 | 649.6 |
| | | | | | | | |
| Equity, 1 Jan 2008 | 24.7 | 149.0 | -12.8 | 0.0 | 551.9 | 0.0 | 712.8 |
| Interest rate swaps, net of tax | | | | 0.1 | | | 0.1 |
| Translation differences | | | -2.7 | | | | -2.7 |
| Gains/losses from hedge of net investments in foreign operations, net of tax | | | 0.9 | | | | 0.9 |
| Profit for the period | | | | | 151.5 | | 151.5 |
| Total recognised income and expenses for the period | 0.0 | 0.0 | -1.8 | 0.1 | 151.5 | 0.0 | 149.8 |
| Dividends paid | | | | | -62.3 | | -62.3 |
| Exercised warrants | 0.2 | 6.1 | | | | | 6.3 |
| Share-based payments | | | | | 13.5 | | 13.5 |
| Equity component of the convertible bond | | | | | | | 0.0 |
| Other changes | | | | | 0.4 | | 0.4 |
| Change in minority interest | | | | | | | 0.0 |
| Equity, 30 Sep 2008 | 25.0 | 155.0 | -14.7 | 0.1 | 655.2 | 0.0 | 820.6 |

| SEGMENT INFORMATION Million euros | 7-9/08 | 7-9/07 | 1-9/08 | 1-9/07 | 1-12/07 | Change % |
|---|---|---|---|---|---|---|
| Net sales | | | | | | |
| Passenger car tyres | 212.1 | 169.7 | 597.8 | 457.7 | 691.2 | 30.6 |
| Heavy tyres | 24.4 | 23.1 | 77.8 | 73.6 | 100.8 | 5.7 |
| Vianor | 64.5 | 56.2 | 191.8 | 170.4 | 278.5 | 12.6 |
| Others and eliminations | -18.2 | -13.0 | -54.2 | -33.2 | -45.6 | -63.2 |
| Total | 282.8 | 236.0 | 813.2 | 668.6 | 1,025.0 | 21.6 |
| | | | | | | |
| Operating result | | | | | | |
| Passenger car tyres | 72.9 | 54.2 | 201.7 | 137.8 | 212.0 | 46.4 |
| Heavy tyres | 4.1 | 5.0 | 15.5 | 16.9 | 22.3 | -8.6 |
| Vianor | -2.2 | -1.4 | -6.7 | -3.4 | 8.4 | -94.3 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Others and eliminations | -2.8 | -6.3 | -10.0 | -10.5 | -8.7 | 5.1 |
| Total | 71.9 | 51.6 | 200.5 | 140.8 | 234.0 | 42.4 |
| | | | | | | |
| Operating result, % of net sales | | | | | | |
| Passenger car tyres | 34.4 | 32.0 | 33.7 | 30.1 | 30.7 | |
| Heavy tyres | 16.7 | 21.8 | 19.9 | 23.0 | 22.1 | |
| Vianor | -3.4 | -2.5 | -3.5 | -2.0 | 3.0 | |
| Total | 25.4 | 21.9 | 24.7 | 21.1 | 22.8 | |
| | | | | | | |
| Cash Flow II | | | | | | |
| Passenger car tyres | -142.6 | -77.1 | -244.1 | -186.1 | 102.3 | -31.2 |
| Heavy tyres | -4.0 | 2.5 | -7.9 | 5.2 | 21.0 | -252.3 |
| Vianor | -13.1 | -8.5 | -30.3 | -19.2 | -5.6 | -58.0 |
| Total | -141.8 | -89.6 | -288.7 | -213.8 | 105.6 | -35.1 |

| CONTINGENT LIABILITIES<br>Million euros | 30.9.08 | 30.9.07 | 31.12.07 |
|---|---|---|---|
| FOR OWN DEBT | | | |
| Mortgages | 1.0 | 1.0 | 1.0 |
| Pledged assets | 42.4 | 0.0 | 0.0 |
| | | | |
| OTHER OWN COMMITMENTS | | | |
| Guarantees | 1.9 | 1.0 | 1.0 |
| Leasing and rent commitments | 103.2 | 82.1 | 89.9 |
| Purchase commitments of property, plant and equipment | 2.4 | 26.4 | 28.2 |
| | | | |
| INTEREST RATE DERIVATIVES | | | |
| Interest rate swaps | | | |
| Notional amount | 14.6 | 15.1 | 15.0 |
| Fair value | 0.1 | 0.0 | 0.1 |
| | | | |
| FOREIGN CURRENCY DERIVATIVES | | | |
| Currency forwards | | | |
| Notional amount | 651.3 | 396.4 | 312.1 |
| Fair value | -0.1 | 1.2 | 2.6 |
| Currency options, purchased | | | |
| Notional amount | 40.8 | 83.2 | 4.8 |
| Fair value | 1.4 | 1.0 | 0.1 |
| Currency options, written | | | |
| Notional amount | 74.2 | 63.3 | 4.8 |
| Fair value | -1.2 | -0.6 | 0.0 |

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 are recognised in equity and the potential ineffective portion is recognised in the income statement.

The fair value of forward 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.

Foreign currency derivatives are only used to hedge the Group's net exposure. The changes in fair value of foreign currency derivatives are reported in the income statement excluding the foreign 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 foreign currency derivatives is the euro equivalent of the contracts' currency denominated amount on the balance sheet closing date.

Nokian Tyres plc

Raila Hietala-Hellman
Vice President, Corporate Communications

Further information: Kim Gran, President and CEO,
tel. +358 10 401 7336.

Distribution: NASDAQ OMX and the key media

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Nokian Tyres will publish the January–September 2008 Interim Report on Friday 31 October 2008 at 8:00 am.

The results will be presented in English at an event for analysts and the press on the same day at 10:00 am at Hotel Kämp in Helsinki.

The event can be followed live on the Internet on Friday 31 October 2008, 10:00 am, at:
http://www.nokiantyres.com/resultinfo2008q3

A telephone conference in English will be arranged in conjunction with the event. To participate in the conference, dial the following number 5 to 10 minutes before the event: +44 (0)20 7162 0025. The password is "Nokian Tyres".

The stock exchange release and presentation material will be available for download before the beginning of the event at:
http://www.nokiantyres.com/ir-calendar

A recording of the telephone conference will be available from the same page after the event.

Nokian Tyres 2008 result will be published on February, 2009.
Releases and company information will be found from Internet
www.nokiantyres.com