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NOKIAN TYRES PLC FINANCIAL STATEMENTS BULLETIN 2005

Net sales increased and net profit improved

Nokian Tyres' net sales in 2005 were up by 13.8% on the previous year to EUR 686.5 million (2004: EUR 603.3 million). Operating profit was at the previous year's level at EUR 115.8 million (EUR 115.6 million). EPS was EUR 0.695 (*(EUR 0.687). Net result improved to EUR 82.2 million (EUR 73.8 million). The Board of Directors proposes that a dividend of EUR 0.23 (EUR 0.217) per share be distributed.

Key figures

EUR, million:	10-12 2005	10-12 2004	1-12 2005	1-12 2004	1-3 2005	4-6 2005
Net sales	241.0	211.4	686.5	603.3	129.4	166.0
Operating profit	50.7	50.4	115.8	115.6	14.6	31.5
Profit before taxes	48.6	44.2	112.6	103.0	13.7	33.4
Net profit	35.5	29.8	82.2	73.8	9.4	23.9
EPS, EUR (*	0.297	0.276	0.695	0.687	0.083	0.200
Equity ratio, %			59.1	46.4		
Cash flow from operations, (Cash Flow II)	157.7	93.5	-17.1	42.9	-53.6	-49.8
RONA, % (rolling 12 months)			18.1	24.8		
Gearing, %			25.4	60.9		

(* The per-share key figure includes the effect of the share split carried out on 15 April 2005.

Kim Gran, President and CEO:

"Despite the challenging market situation, stiffer competition and significant investments in our future, Nokian Tyres was able to increase net sales and maintain a healthy profit level.

The consumer sales of winter tyres accelerated at the end of the year, and the strong sales efforts produced good results. The Q4 results were on a par with the previous year. Once the consumer sales of winter tyres got off to a good start, tyre inventories started to diminish and we were able to repatriate sales receivables as expected. However, inventories and receivables were larger than at the previous year-end.

In 2006 we will continue to invest in future growth. Intense competition will persist in the tyre markets, but, as in previous years, Nokian Tyres continues to be well equipped for sales growth and improved profit development."

Market situation

Slower growth in demand was experienced in the European passenger car tyre replacement markets compared with the previous year, and competition was tougher. The consumer sales of winter tyres in the Nordic countries and Russia began exceptionally late and, as a result, the sales season was short. The strongest growth areas included Russia, Eastern Europe, and North America. Sales of new cars grew significantly in Russia and to some extent in the Nordic countries.

A larger number of forestry machines and other industrial machines were manufactured than in the previous year, boosting the demand for heavy special tyres throughout the year. The global shortage of harbour, mining and excavation machinery tyres continued. Demand for new and retreaded truck tyres picked up towards the end of the review period. Raw material prices rose as predicted.

Nokian Tyres October to December 2005

In the period October to December 2005, the Nokian Tyres Group recorded net sales of EUR 241.0 million (EUR 211.4 million), representing an increase of 14.0% over the corresponding period a year earlier. Russia and North America accounted for the strongest growth.

Raw material purchase prices in manufacturing increased by 7% in the final quarter compared with the corresponding period a year earlier.

Fixed costs amounted to EUR 62.1 million (EUR 53.5 million), representing 25.8% (25.3%) of net sales. The increase in fixed costs was attributed to the start-up of the Russian production and the reorganisation of logistics and sales operations in North America and Russia.

The operating profit of EUR 50.7 million remained at the previous year’s level (EUR 50.4 million). Factors dampening the profit included weaker margins than a year earlier, planned costs associated with the development of the Russian business operations and production, and the write-off under IFRS 2 of EUR 2.2 million (EUR 0.6 million) resulting from the option scheme.

Net financing expenses totalled EUR 2.1 million (EUR 6.2 million).

Profit before taxes totalled EUR 48.6 million (EUR 44.2 million). The net result for the period under review was EUR 35.5 million (EUR 29.8 million). EPS were EUR 0.297 (EUR 0.276).

Income financing after the change in working capital, investments and disposal of fixed assets (Cash flow II) improved and was EUR 157.7 million (EUR 93.5 million).

January to December 2005

In the January to December 2005 period, the Nokian Tyres Group booked net sales of EUR 686.5 million (EUR 603.3 million), representing an increase of 13.8% on the corresponding period in 2004. Sales in the Nordic countries increased by 5.5%, in Russia and other CIS countries by 44.3%, in Eastern Europe by 21.4% and in the USA by 55.9% from the previous year.

Raw material purchase prices in manufacturing increased by 7.5% compared with the corresponding period a year earlier. Price increases and a good sales mix resulted in average manufacturing prices rising by 6.2%.

Fixed costs amounted to EUR 209.1 million (EUR 184.2 million), representing 30.5% (30.5%) of net sales.

In compliance with IFRS 2, the operating profit for the review period was burdened by a write-off of EUR 6.7 million (EUR 2.3 million) resulting from the options scheme.

The Nokian Tyres Group's operating profit of EUR 115.8 million remained at the previous year's level (EUR 115.6 million). Net financial expenses were EUR 3.2 million (EUR 12.6 million).

Profit before taxes increased to EUR 112.6 million (EUR 103.0 million). Net profit for the period totalled EUR 82.2 million (EUR 73.8 million) and EPS was EUR 0.695 (EUR 0.687).

Return on net assets (RONA, rolling 12 months) was 18.1% (24.8%). Income financing after the change in the working capital, investments and the disposal of fixed assets (Cash flow II) was EUR -17.1 million (EUR 42.9 million). Equity ratio was 59.1% (46.4%).

The Group's cash flow was weakened by larger investments, inventories and receivables than in the previous year. In terms of receivables and inventories, the situation improved in the final quarter, as expected.

The Group employed an average of 3,041 (2,843) people; 3,201 (2,757) at the end of the period. The tyre chain employed 1,297 (1,220) people at the end of the period. The total number of people working in Russia was 220 of which 172 people worked at the Vsevolozhsk factory.

PASSENGER CAR TYRES

	10-12 2005	10-12 2004	Change %	1-12 2005	1-12 2004	Change %	1-3 2005	4-6 2005
Net sales, EUR million	135.2	118.7	13.9	416.2	364.6	14.2	90.9	94.3
Operating profit, EUR million	34.2	34.4	-0.4	101.9	100.6	1.2	23.5	20.7
Operating profit,%	25.3	28.9		24.5	27.6			
RONA, % (rolling 12 months)				24.1	36.2			

The net sales of Nokian passenger car tyres in January to December increased to EUR 416.2 million (EUR 364.6 million), or 14.2% over the previous year. Operating result amounted to EUR 101.9 million (EUR 100.6 million). The operating profit percentage amounted to 24.5% (27.6%).

Summer tyre sales were good in the Nordic countries, their emphasis falling on products in the UHP (ultra-high performance) segment. To ensure good product availability during the winter tyre season, pre-deliveries of winter tyres in the Nordic countries and Russia were primarily made in the first half. The exceptionally mild start of the winter delayed consumer sales, contributing to higher winter tyre inventories. Consumer sales began in the last weeks of the year and the winter tyre stocks decreased. Russia and North America accounted for the biggest sales in the final quarter.

In the second half, Nokian Tyres sold a larger number of contract-manufactured tyres outside its home market than in the previous year, which decreased the average price and margin. Terms of payment were extended owing to tight competition.

New products represented 27% (36%) and winter tyres 78% (78%) of the unit’s annual net sales. Contract manufactured tyres accounted for 10.6% (8.5%)of the unit’s net sales. Most of the sales growth was generated in Russia, the USA, and Eastern Europe. Sales to car dealers continued to grow in the Nordic countries. The company saw its market share in the Nordic countries shrink slightly, but was able to strengthen its position considerably in Russia and in North America.

Despite the rationalisation measures taken at the end of the year, the production volumes of the Nokia plant grew. Labour productivity (kg/mh) improved by about 6% on the previous year. Average prices per tyre rose by approximately 8%.

Tyre manufacture in Russia started and sales grew according to plan. The plant manufactured approximately 300,000 tyres, some of which were summer tyres. The products were primarily sold in Russia, but also exports from Russia, to the Nordic countries began.

The Nokian branded winter tyres ranked first and second in several winter tyre tests conducted by trade magazines in the Nordic countries and Russia in 2005. Novelties in the review period included Nokian run flat tyres designed for winter driving, as well as the Nokian i3 summer tyre for family cars. Sales of run flat tyres have already begun, and deliveries of the Nokian i3 for European markets will start in early 2006. After the review period two new winter tyre families Nokian Hakkapeliitta 5 and Nokian Hakkapeliitta SUV 5 were launched and sales will commence in summer 2006.

HEAVY TYRES

	10-12 2005	10-12 2004	Change %	1-12 2005	1-12 2004	Change %	1-3 2005	4-6 2005
Net sales, EUR million	22.1	16.9	31.0	76.2	59.6	28.0	17.2	19.2
Operating profit, EUR million	5.4	2.7	97.8	14.7	9.3	57.6	3.1	3.1
Operating profit,%	24.5	16.2		19.3	15.7			
RONA, % (rolling 12 months)				32.4	20.2			

The net sales of Nokian heavy tyres in January to December totalled EUR 76.2 million (EUR 59.6 million), showing an increase of 28.0% over the corresponding period of the previous year. The operating profit for heavy tyres improved, totalling EUR 14.7 million (EUR 9.3 million). The operating profit percentage increased to 19.3% (15.7%).

The manufacture of forestry machinery and other industrial machines continued at a brisk pace, and the demand for tyres picked up. The strong growth and sales of Nokian heavy tyres increased in all product groups and in all key markets. Both sales and operating profit reached a record high. Growth was strong on both original equipment installation and replacement markets. Original equipment installation accounted for 49.0% (43.8%) of the unit’s net sales. The majority of growth came from the Nordic countries and the USA. The price increases carried out in response to the rise in raw material prices improved sales profitability. New products represented 22% (11%) of the unit’s net sales.

Nokian heavy tyres production was operating at full capacity and the implemented development measures helped improve the plant’s delivery capacity, while the production level rose by 27% compared to 2004. The investments launched at year-end with the objective of increasing production volumes and improving service are expected to produce results in 2006.

In its meeting on 2 November 2005, the Board of Nokian Tyres decided to incorporate the Nokian Heavy Tyres profit centre into an independent company, effective as of 1 January 2006. The objective is to simplify business operations and create better opportunities for the further development of the Heavy Tyres unit.

VIANOR

	10-12 2005	10-12 2004	Change %	1-12 2005	1-12 2004	Change %	1-3 2005	4-6 2005
Net sales, EUR million	87.0	83.9	3.7	235.1	223.9	5.0	33.2	63.1
Operating profit, EUR million	7.7	7.1	7.6	5.3	11.4	-53.7	-7.0	7.6
Operating profit,%	8.9	8.5		2.2	5.1			
RONA, % (rolling 12 months)				4.9	10.7			

Vianor's net sales in the January to December period totalled EUR 235.1 million (EUR 223.9 million), showing an increase of 5.0% on the corresponding period a year earlier. Operating result amounted to EUR 5.3 million (EUR 11.4 million), and the operating profit percentage was 2.2% (5.1%). Operating profit improved towards the end of the year once the winter season began.

In the Nordic countries, the summer tyre season remained at the same good level as achieved in 2004. Demand for winter tyres was slower than a year earlier, and the season was short owing to a very mild winter. Wholesale business to car dealers and transport companies grew compared to previous year. Demand for new and retreaded truck tyres picked up towards the end of the third quarter resulting in a growth on annual sales. Nokian-branded tyres represented an increasingly large part of Vianor's sales, especially in Sweden. Vianor's market share improved in Finland.

Planned costs incurred from the acquisition of new sales outlets in Sweden and Russia, as well as the reorganisation of the retreading business, taxed the operating profit.

The number of Vianor service outlets increased, totalling 197 at the end of the review period. There were a total of 22 Vianor outlets in Russia at the end of the review period, two of which are owned by the company and the rest operate on franchising basis. The chain will continue its expansion, mainly through franchising especially in Russia.

OTHER OPERATIONS

The net sales from retreading business and truck tyres totalled EUR 30.1 million (EUR 31.0 million) in the period from January to December. The unit's product range consists mainly of winter products, the sales of which are highest in the second half of the year.

Tyre retreading and new truck tyre sales were slow in the first half, but started to pick up in late autumn. Retreaded tyre sales grew from the previous year while the sales of new truck tyres remained the same. The company introduced the studded Nokian Noktop 41 Stud tread in the review period. Sales of this novelty began in the last quarter of 2005.

In the early part of the year, the company divested its passenger car tyre retreading operations to Mc. Ripper AB in Sweden. In May, Nokian Tyres acquired the truck tyre retreading operations of AGI Däck AB in Sweden.
The Finnish retreading operations were congregated to the Kuopio and Nurmijärvi retreading plants.

Contract manufacturing of truck tyres began as planned at Bridgestone's plant in Spain.

INVESTMENTS

Gross investments in the final quarter totalled EUR 26.4 million (EUR 21.3 million) and EUR 119.6 million (EUR 57.9 million) for the entire period. Net investments amounted to EUR 105.0 million (EUR 52.6 million). The Russian plant represented EUR 60,4 million (EUR 17.8 million) of total investments and Vianor EUR 14.0 million (EUR 4.4 million).

Overall investments include the acquisition of University Wholesalers Inc in North-America and Andel Export-Import in the Czech Republic, which helped Nokian Tyres to enhance its wholesale and logistics in these strategically important winter tyre markets.
Other investments relate to new product launches, automation of the Finnish plant, and Vianor's acquisitions.

The Russian plant rolled out its first Nokian Hakkapeliitta winter tyres in June and was officially inaugurated in September. Sales of tyres manufactured in Russia began in the second half of the year. Production output was approximately 300,000 tyres, some of which were summer tyres. The first production line operates continuously in three shifts and the second production line was introduced at the turn of the year. Construction of the mixing department and central warehouse began in October. Total investments in the plant between 2004 and 2007 amount to approximately EUR 150 million.

OTHER MATTERS

1. Profit warning

On 10 October 2005, Nokian Tyres announced that its Q3 financial result would be weaker than in 2004. Sales growth in the third quarter was hampered by the brisk pre-sales of winter tyres for passenger cars in the first half, which resulted in high inventories for tyre dealers. Expenses related to the development of Russian business operations, the start-up of the new plant, acquisition of new Vianor sales outlets and the establishment of tyre hotels had a negative impact on financial performance.

2.Statutory labour negotiations

On 22 November, 2005 Nokian Tyres announced that it was initiating statutory labour negotiations regarding the lay-off of its personnel and the potential dismissal of approximately 100 passenger car tyre

personnel. This action was taken to adjust passenger car tyre production to the current demand and inventories. However, instead of lay-offs and dismissals, the final solution was to have all personnel groups take unpaid leave between Christmas and New Year.

3. Changes in ownership of shares

Threadneedle Asset Management Limited (registered in the United Kingdom and Wales, no. 573204) announced its ownership of 563,595 Nokian Tyres shares as of 24 January 2005, giving it a 5.193% share in the company’s share capital and votes.

In April, Threadneedle Asset Management announced a change in its ownership that took place on 28 April 2005 and resulted in the company’s share of Nokian Tyres’ share capital and votes decreasing to 4.924%.

In November Deutsche Bank AG London, on behalf of Deutsche Bank AG, announced that as a result of shares traded on 15 November 2005, Deutsche Bank AG and its subsidiaries own a total of 6,390,488 Nokian Tyres shares, representing 5.28% of the company’s share capital of 120,990,470. They also announced that as a result of shares traded on 15 November 2005, Deutsche Bank AG and its subsidiaries own a total of 6,151,552 Nokian Tyres shares, representing 5.08% of the company’s total votes to which the 120,990,470 shares entitle.

4. Acquisition of Andel Export-Import

Nokian Tyres announced in February its acquisition of Andel Export-Import spol s.r.o, a Czech tyre wholesaler and Nokian Tyres’ importer. The acquisition enables the company to concentrate its Central and Eastern European logistics operations in Prague. The goal is to establish the company more firmly in the growing winter tyre markets in Eastern Europe. Andel Export-Import is included in the Nokian Tyres consolidated figures.

5. Acquisition of University Wholesalers

In September, Nokian Tyres acquired University Wholesalers Inc and University Wholesalers of New York Inc in North America. The acquisitions will enable Nokian Tyres to enhance its wholesales and logistics in the strategically important North American winter tyre markets. The University Wholesalers’ fourth-quarter net sales and profits have been consolidated into Nokian Tyres’ figures.

6. Warrants on the Main List of the Helsinki Stock Exchange.

Nokian Tyres plc applied for its 2001C warrants of the 2001 option scheme to be listed on the Main List of the Helsinki Stock Exchange as of 1 March 2005.
On 28 March 2001, the Annual General Meeting of Nokian Tyres plc decided to issue a bond loan with warrants to be subscribed by the personnel of the Nokian Tyres group. The amount of the bond loan was EUR 0.4 million; 216,000 warrants 2001A, 192,000 warrants 2001B and

192,000 warrants 2001C have been issued to the personnel on the basis of the bond loan.
Warrants 2001A were listed on the Helsinki Stock Exchange as of 3 March 2003, and warrants 2001B as of 1 March 2004.

The subscription period of warrants 2001C began on 1 March 2005 and will end on 31 March 2007. Each warrant entitles the holder to subscribe for one share in Nokian Tyres plc with a nominal value of 2 euros at a subscription price of EUR 26.93. The subscription price will be reduced by the amount of dividends paid before the subscription, on the balancing date of each dividend payment.

As a result of subscriptions, the number of company shares may rise, at the most, by 192,000 shares and the share capital, at the most, by EUR 384,000. The warrants were transferred to the book-entry securities system prior to their listing.

On 13 December 2002 the Financial Supervision Authority granted the company an exemption from the duty to publish a prospectus when offering shares to be publicly traded.

7. Shares subscribed for with bonds with warrants

After the increase in share capital registered on 27 December 2004, a total of 5,410 shares were subscribed for with the 2001A bonds with warrants attached to the Nokian Tyres' Option Program of 2001 and 5,010 shares with the 2001B warrants. The increase in share capital resulting from the subscription, EUR 20,840, was entered in the Trade Register on 21.02.05. Trading of the shares along with the old shares began on 22.02.05. After the increase, the number of Nokian Tyres shares is 10,863,301 and the share capital is EUR 21,726,602.00.

After the increase in share capital registered on 21 February 2005, a total of 67,900 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001, 105,100 shares with the 2001B warrants and 625,000 shares with the 2001C warrants. The increase in share capital resulting from the subscription, EUR 159,600, was entered in the Trade Register on 20 May 2005. Trading of the shares along with the old shares began on 23 May 2005. After the increase, the number of Nokian Tyres shares is 120,171,010 and the share capital is EUR 24,034,202.00.

After the increase in share capital registered on 20 May 2005, a total of 229,500 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001, 68,200 shares with the 2001B warrants and 373,210 shares with the 2001C warrants. The increase in share capital resulting from the subscription, EUR 134,182, was entered in the Trade Register on 17 August 2005. Trading of the shares along with the old shares began on 18 August 2005. After the increase, Nokian Tyres has 120,841,920 shares and a share capital of EUR 24,168,384.00.

After the increase in share capital registered on 17 August 2005, a total of 14,700 shares were subscribed for with the 2001A bonds with

warrants attached to the Option Program of 2001; 32,700 shares with the 2001B warrants; and 101,150 shares with the 2001C warrants. The increase in share capital resulting from the subscription, EUR 29,710, was entered in the Trade Register on 11 November 2005. Trading of the shares along with the old shares began on 14 November 2005. After the increase, the number of Nokian Tyres shares is 120,990,470 and the share capital is EUR 24,198,094.00.

After the increase in share capital registered on 11 November 2005, a total of 4,500 shares were subscribed for with the 2001A bonds with warrants attached to the Option Program of 2001, 3,100 shares with the 2001B warrants and 850 shares with the 2001C warrants. The increase in share capital resulting from the subscription, EUR 1,690.00, was entered in the Trade Register on 9 December 2005. Trading of the shares along with the old shares began on 12 December 2005. After the increase, the number of Nokian Tyres shares was 120,998,920 and the share capital was EUR 24,199,784.00.

8. Share issue directed at institutional investors

On 16 February 2005 Nokian Tyres' Board of Directors decided to start accepting subscription commitments related to the directed share issue planned by the company.

The Board of Nokian Tyres plc decided to suspend book-building on 17 February 2005. Demand exceeded the number of shares offered by a factor of 2.5. Based on the authorisation given by the Annual General Meeting on 5 April 2004, the Board of Directors decided to raise the company's share capital, at the most, by EUR 2,148,000, or by a total of 1,074,000 shares, by implementing a share issue directed to a maximum of one hundred institutional investors. The shares were subscribed for by paying a subscription price of EUR 122 per share. The number of shares offered to investors totalled 1,074,000, which corresponds to 9.9% of the company's share capital and votes prior to the implementation of the share issue. Some 13% of the shares offered in the share issue were allocated to Finnish investors, while some 87% went to international investors.

The share issue was carried out on the basis of a book-building process in which institutional investors subscribed for the shares issued by the company on the basis of their subscription undertakings during the book-building between 16 February 2005 and 17 February 2005.

On 22 February 2005 the Board of Directors of Nokian Tyres plc announced its approval of the subscriptions made in the share issue. All of the 1,074,000 shares offered in the share issue were subscribed for. As a result of the share issue, the company's share capital increased by the maximum amount of EUR 2,148,000 stated in the decision made on the increase.

The increase in share capital was entered in the Trade Register on 23 February 2005, and the new shares were offered for public trading on the Main List of the Helsinki Stock Exchange on 24 February 2005.

9. Development of the share price

The price of Nokian Tyres' share was EUR 10.65 at the end of the review period. The average share price during the period was EUR 13.93 the highest being EUR 20.14 and the lowest EUR 9.70. A total of 240,284,231 shares were traded during the period, representing 199% of the company's overall share capital. The company's market value at the end of the period amounted to EUR 1,289 billion. 39.89% of the company's shareholders were Finnish and 60.11% were foreign shareholders registered in the nominee register. This figure also includes Bridgestone's ownership of 16.5%.

10. IFRS-compliant financial information

On 31 March 2005 Nokian Tyres announced its adoption of IFRS-compliant financial reporting as of the beginning of 2005. IFRS-compliant financial reporting for 2004 is available in its entirety on the company's Web site at www.nokiantyres.com. The reports include, among other things, the statements of change in the FAS and IFRS equity (1 January 2004 and 31 December 2004) and profit for 2004.

The interim report has been prepared in accordance with the IFRS and the same principles as in the bulletin mentioned above. The classification and disclosure of few items have been revised.

11. Decision made at the Annual General Meeting

The Annual General Meeting of Nokian Tyres held on 5 April 2005 accepted the profit and loss statement for 2004 and discharged the Board of Directors and the President from liability. The final dividend was set at EUR 2.17 per share, the matching date on 8 April 2005 and the payment date on 15 April 2005.

Board of Directors and auditor

The meeting decided that the Board of Directors shall have seven members. Rabbe Grönblom, Managing Director, AB R.Grönblom International LTD; Satu Heikintalo, M.Sc. (Econ.); Hannu Penttilä, Managing Director, Stockmann plc; Henrik Therman, M.Sc. ; Mitsuhira Shimazaki, Director, Sales Administration, Bridgestone Europe NV/SA and Kim Gran, President and CEO, Nokian Tyres plc, continue as Board members. Petteri Walldén, Managing Director of Onninen Oy, was appointed to the Board as a new member. At its meeting following the Annual General meeting, the Board elected Henrik Therman as Chairman of the Board.

Authorised public accountants KPMG Oy Ab continue as auditors.

Change to the number of shares

To facilitate trading and improve the liquidity of the share, the Annual General Meeting decided to change the nominal value of shares from EUR 2.00 to EUR 0.20 and to increase the number of shares from

11,937,301 at a ratio of 1:10, that is, to 119,373,010 shares without raising the share capital. Section 4 of the Articles of Association will also be changed to the following: "The nominal value of each share is EUR 0.20."

The number of shares that can be subscribed with the warrants linked to the option schemes approved by the Annual General Meetings on 28 March 2001 and 5 April 2004 will change at the same ratio as the share capital is increased, so that the total nominal value and the total subscription price of subscribed shares remain unchanged. As a result of the change, each warrant holder is entitled to subscribe ten (10) new shares with one warrant. The new subscription prices for warrants, adjusted by the dividend paid for 2004, are the following:

2001A 1.268
2001B 2.027
2001C 2.476
2004A 6.079

The increase in the number of Nokian Tyres' shares at a ratio of 1:10, without raising the share capital, was entered in the Trade Register on 15 April 2005. The split share was offered for trading on the Helsinki Stock Exchange on 18 April 2005.

Authorisation granted to the Board of Directors to increase the share capital

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. As a result of the authorisation, the company's share capital may increase by a maximum of EUR 4,000,000. A maximum of 20,000,000 new shares may be issued, each bearing a nominal value of EUR 0.20.

The Board of Directors also has the right to deviate from the shareholders' pre-emptive right to subscribe for shares, provided there is a compelling financial reason, referred to in chapter 4, section 2a of the Companies Act.

The Board of Directors has the right to decide upon the parties who are entitled to subscribe, as well as the subscription prices, terms and conditions of share subscription, and the terms and conditions of convertible bonds.

The validity of the authorisation is one year from the date of the Annual General Meeting. At the same time, any other effective authorisations to increase the share capital are nullified.

Nokian Tyres signed a syndicated revolving credit facility worth EUR 180 million

In April Nokian Tyres signed a EUR 180-million syndicated revolving credit facility for five years with international banks. The facility

will be used to refinance the existing syndicated revolving credit facility of EUR 100 million that was signed on 1 April 2003 and for possible financing needs in the future. The mandated lead arranger for the facility is Danske Bank A/S.

DEVELOPMENTS AFTER THE PERIOD UNDER REVIEW

Newcomers to the Nokian Hakkapeliitta product range

At the end of January, 2006 Nokian Tyres introduced two new Nokian Hakkapeliitta product lines: Nokian Hakkapeliitta 5, a studded winter tyre, and Nokian Hakkapeliitta Sport Utility 5, a tyre designed for sports utility vehicles. The target markets for these products are the Nordic countries and Russia. Tyre deliveries will begin in the second quarter of 2006 and consumer sales will be launched in the autumn.

OUTLOOK FOR 2006

The tyre markets will remain challenging and competition will continue to be tough. Raw material prices will rise, and it will be increasingly difficult to pass the increase on to tyre prices. In Russia, Eastern Europe and North America the demand for winter tyres, UHP summer tyres and SUV tyres will show sustained strong growth, while in the Nordic countries and elsewhere in Europe growth will be more moderate. Strong demand for heavy tyres will continue.

Material costs in manufacturing for the year are expected to be 8% higher than in 2005. The company intends to launch a record number of new products onto the market, thereby improving the chances of maintaining the targeted level for tyre prices. Sales of the tyres manufactured in Russia will help support a good margin level throughout the year.

As in previous years, Nokian Tyres will focus its activities in areas and product segments offering strong growth potential. Special attention will be paid to sales and logistics management, capital management and the expansion and development of the distribution network. Capacity in Russia will be increased according to plan. In Finland, the key objective is to improve productivity. In contract manufacturing, the emphasis will be on expanding the product range. In Heavy Tyres, investments will focus on production bottlenecks, with the objective of creating more capacity in the course of 2006 and 2007.

In the Nordic countries, the objective for 2006 is to improve market shares. However, the company’s sales efforts are increasingly focusing on the growing markets - in other words Russia, North America and Eastern Europe - which will change the manufacturing and sales mix.

Owing to the seasonal nature of the business, a large part of Nokian Tyres’ net sales and operating profit is generated in the latter part of the year, especially in the last quarter, in both manufacturing and distribution. With the entire year's capacity of the Russian plant at our disposal, non-standard operating model adopted last year will be abandoned. A return to the normal course of action and a focus on winter tyre pre-sales on the second and third quarters will be adopted. This will result in a shift of profits to later in the year and weaker results in the beginning. The company is well positioned to reach the target set for 2006, which is to achieve steady sales growth, a steady upward trend in profit development, and better capital management.

Nokian Tyres' overall investments in 2006 will total EUR 88 million (EUR 120 million). The Russian plant accounts for EUR 53 million (EUR 60 million) and the extension of the Vianor chain for EUR 3 million (EUR 8 million). The remainder consists of production investments in the Nokia plant and moulds for new products.

NOKIAN TYRES
CONSOLIDATED PROFIT AND LOSS ACCOUNT

Million euros	10-12/05	10-12/04	1-12/05	1-12/04	Change%
Net sales	241.0	211.4	686.5	603.3	13.8
Operating expenses	180.5	151.9	535.1	454.4	17.8
Depreciation according to plan	9.8	9.1	35.6	33.4	6.8
Operating result	50.7	50.4	115.8	115.6	0.2
Financial income and expenses	-2.1	-6.2	-3.2	-12.6	-75.0
Result before tax	48.6	44.2	112.6	103.0	9.4
Tax expense (1	13.2	14.4	30.4	29.2	4.3
Net result	35.5	29.8	82.2	73.8	11.4
Attributable to:					
Equity holders of the parent	35.6	29.8	82.4	73.8	
Minority interest	-0.1	0.0	-0.2	0.0	
Earnings per share from the profit attributable to equity holders of the parent					
basic, euro (2	0.297	0.276	0.695	0.687	1.2
diluted, euro (2	0.291	0.268	0.676	0.665	1.6

KEY RATIOS	31.12.05	31.12.04	Change%
Equity ratio, %	59.1	46.4	
Gearing, %	25.4	60.9	
Shareholders' equity per share, euro (2	3.89	2.47	57.3
Interest bearing net debt, mill. euros	119.5	163.3	
Capital expenditures, mill. euros	119.6	57.8	
Personnel average	3,041	2,843	

Number of shares (million units)		
at the end of period	121.00	108.53
in average	118.57	107.46
in average, diluted	121.96	110.91

1) Direct tax in the consolidated profit and loss account is based on the taxable profit for the period.
2) The per-share data include the effect of the share split carried out on 15 April 2005.

CONSOLIDATED BALANCE SHEET	31.12.05	31.12.04
Intangible assets	8.5	9.0
Goodwill	50.7	40.5
Tangible assets	304.0	242.3
Investments	0.4	0.8
Deferred tax assets	11.9	8.0
Other long term receivables	2.1	2.8
Total non-current assets	377.6	303.4
Inventories	146.1	98.0
Receivables	228.1	153.1
Cash in hand and at bank	45.7	23.9
Total current assets	419.9	275.0
Shareholders' equity	470.7	268.3
Minority shareholders' interest	0.7	0.0
Total equity	471.4	268.3
Long-term liabilities		
interest bearing	152.5	131.9
deferred tax liabilities	22.7	21.1
other non interest bearing	2.1	2.3
Current liabilities		
interest bearing	12.8	55.3
non interest bearing	136.0	99.5
Total assets	797.4	578.4

CONSOLIDATED CASH FLOW STATEMENT Million euros	1-12/05	1-12/04
Operating activities		
Cash flow from operating activities before the financial items and taxes	90.0	96.0
Financial items and taxes	-59.8	-39.1
Cash flow from operating activities	30.2	56.9

Investing activities		
Cash flow from investing activities	-95.4	-53.2
Financing activities		
Cash flow from financing activities		
Share issues	133.6	3.6
Change in short-term financial receivables and debt	-42.1	18.5
Change in long-term financial receivables and debt	21.4	-4.3
Dividends paid	-25.9	-16.7
Cash flow from financing activities	87.0	1.2
Change in cash and cash equivalents	21.8	4.9
Cash and cash equivalents at the beginning of the period	23.9	19.0
Cash and cash equivalents at the end of the period	45.7	23.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Million euros

	Share capital	Share issue	Share issue premium	Fair value reserve	Retained earnings	Minority Share-holders' interest	Total
Equity, 1.1.2004	21.4	0.0	3.4	-1.5	179.4	0.0	202.7
Share issue	0.4	0.0	3.3				3.6
Dividends paid					-16.7		-16.7
Share based payment					2.3		2.3
Interest rate swaps				0.4			0.4
Translation differencies					0.9		0.9
Result for the period					73.8		73.8
Other changes					1.3		1.3
Equity, 31.12.2004	21.7	0.0	6.7	-1.1	241.0	0.0	268.3
Equity, 1.1.2005	21.7	0.0	6.7	-1.1	241.0	0.0	268.3
Share issue	2.5	0.0	132.3				134.8
Share issue expenses			-1.1				-1.1
Dividends paid					-25.9		-25.9
Share based payment					6.7		6.7
Interest rate swaps				0.6			0.6
Translation differencies					4.8	0.0	4.8
Result for the period					82.4	-0.2	82.2
Other changes					-0.2		-0.2
Change in minority shareholders' interest						0.9	0.9
Equity, 31.12.2005	24.2	0.0	137.8	-0.5	309.1	0.7	471.4

SEGMENT INFORMATION Million euros	10-12/05	10-12/04	1-12/05	1-12/04	Change%
Net sales					
Car and van tyres	135.2	118.7	416.2	364.6	14.2
Heavy tyres	22.1	16.9	76.2	59.6	28.0
Vianor	87.0	83.9	235.1	223.9	5.0
Others and eliminations	-3.3	-8.2	-41.1	-44.7	8.1
Total	241.0	211.4	686.5	603.3	13.8
Operating result					
Car and van tyres	34.2	34.4	101.9	100.6	1.2
Heavy tyres	5.4	2.7	14.7	9.3	57.6
Vianor	7.7	7.1	5.3	11.4	-53.6
Others and eliminations	3.4	6.1	-6.1	-5.8	-5.1
Total	50.7	50.4	115.8	115.6	0.2
Operating result, % of net sales					
Car and van tyres	25.3	28.9	24.5	27.6	
Heavy tyres	24.5	16.2	19.3	15.7	
Vianor	8.9	8.5	2.2	5.1	
Total	21.0	23.8	16.9	19.2	
Cash Flow II					
Car and van tyres	127.6	70.8	-24.5	38.3	-164.0
Heavy tyres	7.3	5.1	15.8	12.2	29.2
Vianor	9.8	11.4	-6.1	-6.0	-1.7
Total	157.7	93.3	-17.1	42.9	-140.0

CONTINGENT LIABILITIES Million euros	31.12.05	31.12.04
FOR OWN DEBT		
Mortgages	0.2	1.0
Pledged assets	0.0	0.0
OTHER OWN COMMITMENTS		
Guarantees	1.0	1.0
Leasing and rent commitments	65.0	24.2
Acquisition commitments	0.7	0.9
INTEREST RATE DERIVATIVES		
Interest rate swaps		
Fair value	-0.7	-1.5
Underlying value	16.5	26.5
CURRENCY DERIVATIVES		
Forward contracts		
Fair value	-1.6	1.1

Underlying value	176.2	68.1
Options, purchased		
Fair value	0.0	0.0
Underlying value	5.3	0.0
Options, written		
Fair value	-0.1	0.0
Underlying value	5.3	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 is recognised in shareholders' equity and the potential ineffective portion is recognised in the profit and loss account.

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

Currency derivatives are used to hedge the Group's net exposure. The changes in the fair values of currency derivatives are reported in the profit and loss account excluding the forward foreign exchange contracts 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 values are wholly deferred in shareholders' equity. The fair value change of those forward foreign exchange contracts was EUR -446 thousand.

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

THE IMPACT OF TRANSITION TO IFRS
On Shareholders' equity in 2004, quarterly

Million euros	31.3.04	30.6.04	30.9.04	31.12.04
Total equity, FAS	254.1	250.6	271.1	303.3
IFRS adjustments:				
IAS 12, Income Taxes	0.0	-0.6	-0.4	-0.1
IAS 16, Property, Plant and Equipment	-0.7	-0.7	-0.7	-0.9
IAS 17, Leases	-3.4	-3.5	-3.5	-3.5
IAS 38, Intangible Assets	-1.3	-0.8	-0.7	-0.7
IAS 39, Financial Instruments: Recognition and Measurement;				
capital loan	-36.0	-36.0	-36.0	-36.0
others	-2.9	-1.6	-1.6	-1.4

IFRS 3, Business Combinations	1.9	3.8	5.7	7.6
IFRS adjustments total:	-42.5	-39.3	-37.2	-35.1
Total equity, IFRS	211.6	211.3	233.8	268.3

On Net result in 2004, quarterly

Million euros	1-3/04	1-6/04	1-9/04	1-12/04
Net result, FAS	6.5	20.0	40.0	68.9
IFRS adjustments:				
IAS 12, Income Taxes	0.5	0.2	0.3	0.0
IAS 17, Leases	-0.1	-0.2	-0.2	-0.2
IAS 38, Intangible Assets	-0.5	0.1	0.1	0.2
IAS 39, Financial Instruments:				
Recognition and Measurement	-0.6	0.1	0.1	0.0
IFRS 2, Share-based Payment	-0.6	-1.1	-1.7	-2.3
IFRS 3, Business Combinations	1.9	3.6	5.4	7.2
IFRS adjustments total:	0.6	2.7	4.0	4.9
Net result, IFRS	7.1	22.7	44.0	73.8

Nokia, 13 February 2006

Board of Directors

Nokian Tyres plc

Raila Hietala-Hellman
Vice President, Communications and IR

Further information: Kim Gran, President and CEO, tel. +358 3 340 7336.

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