Nokian Tyres plc Stock Exchange Release 5 August 2010, 8.00 a.m.

INTERIM REPORT FOR NOKIAN TYRES PLC JANUARY-JUNE 2010:
Rapid improvement in demand, sales and profitability

The Group’s net sales increased by 28.1% to EUR 444.2 million (EUR 346.7 million in Jan-June 2009). Operating profit grew to EUR 82.0 million (EUR 17.5 million) and Earnings per share increased to EUR 0.58 (EUR 0.01).

Outlook and guidance (updated):
In 2010, the company is positioned to clearly improve net sales and operating result compared to 2009.

Previous guidance from 6 May, 2010:
In 2010, the company is positioned to improve net sales and operating result compared to 2009.

Key figures, EUR million:

	4-6/10	4-6/09	1-6/10	1-6/09	2009
Net sales	260.4	191.1	444.2	346.7	798.5
Operating profit	60.9	20.3	82.0	17.5	102.0
Result before tax	60.6	12.0	82.8	-5.3	73.5
Result for the period	52.6	11.9	72.6	1.5	58.3
Earnings per share, EUR	0.42	0.10	0.58	0.01	0.47
Equity ratio,%			60.9	51.8	62.0
Cash flow from operations	-2.5	7.4	-27.3	-88.6	123.1
RONA,% (rolling 12 months)			13.5	10.8	8.4
Gearing,%			37.3	68.0	34.8

Kim Gran, President and CEO:

”The positive current is gaining strength and our operations are ramped up accordingly. The demand on Nokian Tyres’ core products have recovered driven by improving economies, higher car sales, better consumer confidence and strong restocking by distributors. Sales during Q2 were strong in all tyre categories and have left us with low inventories. Strong summer tyre sales, preseason deliveries of winter tyres and OE demand for forestry tyres boosted top line and allowed us to increase capacity utilization. Operating profit picked up due to improved productivity, lower year-over-year raw material cost and beneficial exchange rates of our main sales currencies.

Going in to the second half of 2010 our order book is good and it provides us with a good possibility to increase sales and results and to provide a strong cash flow. Our restructuring operations have left us with potential to further increase capacity both in Russia and in Finland. An 8th production line will come on stream during Q3 in Russia and it will, combined with increased production in Finland, help us to improve output and productivity and to serve a growing market.

However, many challenges remain and the second half of the year with consumer winter tyre sales will be decisive for Nokian Tyres' results. Due to low factory inventories production needs to be increased in order not to restrict sales. Increased raw material prices present a major challenge and strong headwind to us during the rest of the year. Our target is to further improve sales mix and push for a price increase of 2-6% in all product groups during summer and autumn."

Market situation

The global economy turnaround that started in late 2009 has continued. Easier monetary policies and low interest rates improved global macro indicators. Growth rates of the developed countries were exceeded by those in the emerging markets. In Europe the economic recovery is still slowed down by the uncertainty related to the governmental borrowing and its effects to financial markets.

Positive signs in the Nokian Tyres' core markets strengthened during the second quarter. In the first half of 2010 the new car sales increased in the Nordic countries by 34% year-over-year. In Russia the car sales development turned positive in March with growth of 32% in Q2 and it is expected to increase by 10-15% in 2010 compared to 2009.

The aftermarket sales volume for car tyres increased in the Nordic countries by an estimated 9% and in Europe by 10% in H1/2010 year-over-year. Tyre deliveries increased more clearly in Russia, trailing the stabilizing economy, lower stocks of distributors and improved consumer confidence. Strong winter tyre consumer sales in Q1 and true winter with heavy snowfall in all Europe and Russia have cut inventory levels and present good opportunities for sales growth in 2010.

Excess supply of summer tyres in the European markets resulted in some price erosion in early 2010. Prices for winter tyres have resisted the general price erosion better than summer tyres. The tyre industry has announced price increases in Europe and in North America, effective from early summer, to offset the effect of increasing raw material costs. Raw material prices have risen significantly since the second half of 2009. The price for natural rubber has more than doubled since mid 2009. Oil-based materials have also risen significantly and some materials are in short supply. Cheaper raw material carry-over stocks and contracts from 2009 supported tyre industry results in the first half of 2010.

Heavy tyres' demand has continued to recover supported by clear increase in forest machine manufacture and some increase in special use machine manufacture, i.e. container handling and mining. The increase derives from improved demand and prices of pulp, sawmill products and metals.

Overall, the market environment has improved clearly and demand is expected to exceed supply in some product groups and sizes.

April-June 2010

In the second quarter of 2010 Nokian Tyres Group recorded net sales of EUR 260.4 million (EUR 191.1 million), showing an increase of 36.2% on the corresponding period a year earlier. Sales increased in the Nordic countries by 26.3% and in Russia by 118.5%. The consolidated sales in Russia and CIS grew by 122.8%. In Central and Eastern Europe sales grew by 45.9% while in North America sales decreased by 10.7%.

Raw material costs (eur/kg) in manufacturing decreased in the second quarter 4.1% year-over-year and increased 15.0% versus the first quarter of 2010. Fixed costs were EUR 74.6 million (65.6), accounting for 28.6% (34.3%) of net sales.

Nokian Tyres Group’s operating profit was EUR 60.9 million (20.3). The operating profit was positively affected by a real estate sales profit of EUR 1.8 million. Net financial expenses were EUR 0.3 million (8.3). Net interest expenses were EUR 5.1 million including EUR 2.0 million in non-cash expenses related to convertible bonds. Net financial expenses include EUR 4.8 million (-4.8) of exchange rate differences.

Result before tax was EUR 60.6 million (12.0). Result for the period amounted to EUR 52.6 million (11.9), and EPS was EUR 0.42 (EUR 0.10).

Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow from operations) was EUR -2.5 million (7.4).

January-June 2010

Nokian Tyres Group recorded net sales of EUR 444.2 million (346.7), showing an increase of 28.1% on the corresponding period a year earlier. In the Nordic countries sales increased by 24.1% representing 41.9% (43.2%) of the group’s total sales. Sales in Russia increased by 71.9%. Russia and CIS consolidated sales grew by 41.4% and formed 21.8% (19.7%) of the group’s total sales. In Central and Eastern Europe sales were up by 39.7% year-over-year representing 26.6% (24.4%) of the group’s total sales. In North America sales decreased by 5.6% and was 9.2% (12.4%) of the group’s total sales.

Sales of passenger car tyres were up by 30.1% representing 64.7% (63.0%) of the group’s total sales. Heavy tyres’ sales increased by 63.1% and were 7.5% (5.9%) of the group’s total sales. Vianor’s sales grew by 8.5% forming 24.5% (28.7%) of the group’s total sales. The sales of Other operations was up by 66.7% representing 3.2% (2.5%) of the group’s total sales.

Raw material cost (eur/kg) in manufacturing decreased in the review period by 16.2% year-over-year. Fixed costs amounted to EUR 147.6 million (136.9), accounting for 33.2% (39.5%) of net sales. Total salaries and wages were EUR 68.4 million (65.5).

Nokian Tyres Group's operating profit amounted to EUR 82.0 million (17.5). This was negatively affected by the IFRS 2 -compliant option scheme write-off of EUR 2.9 million (5.6) but positively affected by expensed credit losses and provisions of EUR -0.4 million (1.3).

Net financial income was EUR 0.8 million (-22.9). Net interest expenses were EUR 9.9 million (7.9) including EUR 3.9 million (3.7) in non-cash expenses related to convertible bonds. Net financial income includes EUR 10.7 million (-15.1) of exchange rate differences.

Result before tax was EUR 82.8 million (-5.3). Result for the period amounted to EUR 72.6 million (1.5), and EPS were EUR 0.58 (EUR 0.01).

Return on net assets (RONA, rolling 12 months) was 13.5% (10.8%). Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow from operations) was EUR -27.3 million (-88.6).

The Group employed an average of 3,221 (3,650) people, and 3,264 (3,509) at the end of the period. The Vianor tyre chain employed 1,349 (1,386) people and Russian operations 691 (644) people at the end of the period.

Financial position by 30 June 2010

Gearing ratio was 37.3% (68.0%). Interest-bearing net debt amounted to EUR 319.6 million (474.4). Equity ratio was 60.9% (51.8%)

The Group’s interest-bearing liabilities totalled EUR 371.0 million (498.5) of which current interest-bearing liabilities amounted to EUR 167.6 million (196.9). The average interest rate of interest-bearing liabilities was 3.56% (3.89%). The average interest rate of interest-bearing liabilities was 1.51% (2.41%) with calculatory non-cash expenses related to the convertible bond eliminated.

At the end of the review period the company had unused credit limits amounting to EUR 381.0 million of which EUR 235.8 million were committed. The current credit limits and the commercial paper program are used to finance inventories, trade receivables, subsidiaries in distribution chains and thus control the typical seasonality in the Group’s cash flow due to changes in the working capital.

Tax rate

The Group’s tax rate in 2010 is expected to fall below the rate of 2009 (20.7%). The tax rate is effected by tax relieves in Russia continuing for the next two years based on present investments and thereafter subject to further investment-related incentive agreements.

PASSENGER CAR TYRES

	4-6/10	4-6/09	Change%	1-6/10	1-6/09	Change%	2009
Net sales, m€	179.5	127.6	40.7	318.7	245.0	30.1	527.3
Operating result, m€	51.5	18.7	174.9	86.9	34.8	150.0	106.2
Operating result,%	28.7	14.7		27.3	14.2		20.1
RONA,% (rolling 12 months)				17.6	14.4		11.7

The net sales of Nokian Passenger Car Tyres in January-June totalled EUR 318.7 million (245.0), up by 30.1% from the corresponding period in 2009. Operating result was EUR 86.9 million (34.8) and the operating result percentage was 27.3% (14.2%).

Most of the sales growth came from a significant increase in winter tyre preseason sales in Russia as well as in Central and Eastern Europe. Sales were up also in the Nordic Countries. Nokian Tyres increased its market share in all three sales areas mentioned. The winter tyres’ share of total sales grew year-over-year.

The Average Selling Price increased compared with the corresponding period a year earlier, despite that in Russia the somewhat weaker winter tyre sales mix had a negative effect on the ASP.

At the end of the review period the car tyre inventory was significantly smaller than a year earlier. Cash flow improved compared to 1-6/2009.

The increased production volumes and restructuring with a higher share of production in Russia improved productivity. Profitability was boosted by a lower raw material cost year-over-year. The currencies in the core markets were stronger against the Euro, thus improving the operating profit.

The increasing raw material prices did not impact the financial result in the review period; the effects will become evident in the second half of 2010. In order to compensate for this, price increases for summer and some winter tyre ranges are being implemented along with several other manufacturers. In winter tyres Nokian Tyres has less room for price increases in 2010 due to a still challenging pricing environment. Seasonally winter tyre prices will increase during the second half of the year. An improving market together with strong core market currencies will help to defend prices.

In the review period Nokian summer tyres achieved several significant test victories in industry and car magazines in the Nordic countries, in Central Europe and in Russia.

Due to the recovering economy and the distributors’ low carry-over stocks demand seems very healthy for the rest of 2010. The production capacity needs to be ramped up further in order not to restrict Nokian car tyre sales during the second half of 2010. The focus will be on ensuring sales growth and adjusting production to increasing demand. Other main targets are optimizing the tyre range and the tyre price levels as well as controlling the working capital.

HEAVY TYRES

	4-6/10	4-6/09	Change%	1-6/10	1-6/09	Change%	2009
Net sales, m€	20.3	10.2	99.6	37.1	22.7	63.1	50.1
Operating result, m€	3.9	-1.9	309.2	7.7	-4.0	291.1	0.0
Operating result,%	19.3	-18.4		20.8	-17.8		0.0
RONA,% (rolling 12 months)				19.0	3.4		0.0

The January–June net sales of Nokian Heavy Tyres totalled EUR 37.1 million (22.7), up by 63.1% year-over-year. Operating result was EUR 7.7 million (-4.0), and the operating result percentage was 20.8% (-17.8%).

Demand for heavy tyres has continued to grow in the forestry, mining and container handling sectors. Sales improved significantly in all special use product groups during the review period, with forestry tyres showing strongest growth. Tyre inventory decreased compared to June 2009.

The increase in product volumes improved capacity utilization and productivity. Fixed costs were down supported by the production restructuring actions in 2009. The Average Selling Price decreased slightly due to a larger share of sales to original equipment manufacturers.

Lower raw material cost year-over-year had a positive impact on profitability. Raw material cost will increase significantly in H2/2010 versus H1/2010. Nokian Heavy Tyres increased prices by 4-6% in July in order to compensate for the rapidly growing raw material cost.

The demand for heavy tyres is healthy and the production capacity is ramped up further in order not to restrict sales during the second half of 2010. The focus is to further improve the utilization of the production capacity, to bring in new customers and to speed up the development process for new products and customer service concepts.

VIANOR

Equity-owned operations

	4-6/10	4-6/09	Change%	1-6/10	1-6/09	Change%	2009
Net sales, m€	78.7	71.1	10.6	120.9	111.4	8.5	273.2
Operating result, m€	6.8	3.0	124.9	-5.1	-8.6	41.3	-3.0
Operating result,%	8.6	4.2		-4.2	-7.7		-1.1
RONA,% (rolling 12 months)				-1.0	0.3		-3.2

Vianor’s net sales in January-June were EUR 120.9 million (111.4), up by 8.5% on the previous year. Operating result improved to EUR -5.1 million (-8.6) but was still negative due to seasonality. The operating result was positively affected by a real estate sales profit of EUR 1.8 million. The operating result percentage was -4.2% (-7.7%).

Tyre sales and the related service sales improved due to the prolonged winter and a solid summer tyre season. Vianor’s market shares in the core market areas are estimated to have improved from previous year.

In 2010 focus will be on improving sales and market shares further, developing the fast fit services business, increasing retail tyre prices as well as improving cost efficiency.

Franchising and partner operations

In the second quarter Vianor expanded the franchise and partner network on Nokian Tyres’ core markets by 31 outlets. At the end of the review period, Vianor operated in 19 countries; most extensively in the Nordic countries, in Russia and in Ukraine. The global Vianor network comprised of 673 outlets of which 503 were partners and 170 equity-owned. Market shares improved as a result of the expansion.

Expanding the partner franchise network will continue according to earlier plans; target is to have more than 740 outlets by the end of 2010.

OTHER OPERATIONS

Truck Tyres

The net sales of Nokian Truck Tyres were EUR 15.9 million (9.6), up by 66.7% from the previous year. Sales development was good in all market areas. Nokian Tyres increased its market share in the Nordic countries. Sales of retreading materials improved due to better utilization rate in the transport sector and restocking by customers.

Inventories were reduced year-over-year and reached the target level. Truck Tyres benefited from the decreased raw material cost in both contract manufacturing purchases and in the own retreading operations.

In 2010 the focus will be on utilizing the stronger winter product range, especially the Nokian Hakkapeliitta Truck tyres for Nordic conditions. The product range will be extended with new tyre sizes during the year. The expansion to Russia, CIS and Eastern Europe utilizing the “Vianor truck” service concept will continue.

RUSSIA AND THE CIS COUNTRIES

Nokian Tyres’ sales in Russia increased by 71.9% to EUR 91.5 million (52.7). Sales in CIS countries (excluding Russia) were EUR 9.9 million (18.5). Consolidated sales in Russia and CIS increased by 41.4% to EUR 101.4 million (71.7).

Sales in Russia grew significantly due to recovering consumer demand and distributors’ improving credit capability. Especially the winter tyre preseason sales increased substantially. Nokian Tyres improved market shares in Russia and maintains its position as the market and price leader in the A-segment of premium branded tyres. Sales in other CIS countries declined due to the timing of preseason sales and delivery restrictions relating to distributors’ carry-over stocks.

The distribution network was extended by signing additional distribution agreements and expanding the Vianor network. The Vianor tyre chain was expanded by 16 franchising outlets in Q2/2010 and there were a total of 378 Vianor outlets in Russia and CIS countries at the end of the review period.

Seven production lines of the Russian plant were operating since early June. The eighth production line is being installed, production to start during Q3/2010. Productivity has improved along with the increased production volumes.

A significant share of the production was exported. Backed by the oil price the Russian Rouble has strengthened against the Euro, thus bringing in more Euros to the Nokian Tyres’ result.

Russian economy recovered at a real GDP growth of 5.4% in Q2/2010 versus Q2/2009. Russia is expected to show healthy growth of 5–6% already this year. Consumer purchasing power is expected to improve in 2010.

New car sales, the main driver for premium tyres, increased by 32% in Q2/2010 compared to Q2/2009. In June the car sales increased by 45% year-over-year, supported by the scrappage incentive program and the credit rates offered by banks (including loans subsidized by car manufacturers) returning to pre-crisis values. A recovery of new car sales with growth (estimated 15-20%) starting in 2010 and gaining momentum in 2011–2012 is presently forecasted. In used car market the demand has exceeded the supply in the beginning of the year. Western cars that were acquired in large amounts 2-4 years ago are now in need for both summer and winter replacement tyres.

The market potential with strong underlying consumer demand in Russia has become more evident in the first half of 2010. The Nokian Tyres plant located in Russia, inside the customs borders (duty 20% for imported tyres), combined with an expanding Vianor chain provides a significant competitive edge on the market.

INVESTMENTS

Investments in January-June 2010 amounted to EUR 27.6 million (59.7). This comprises of production investments in the Russian factory, moulds for new products and the Vianor expansion projects.

OTHER MATTERS

1. Stock options on the NASDAQ OMX Helsinki Stock Exchange

The Board of Directors of Nokian Tyres plc resolved to apply for listing of the stock options 2007B on the NASDAQ OMX (Helsinki Stock Exchange) so that the listing would commence on 1 March 2010.

The total number of stock options 2007B is 2,250,000. Each stock option 2007B entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2007B during 1 March 2010 - 31 March 2012. In the aggregate, the stock options 2007B entitle their holders to subscribe for 2,250,000 shares. The present share subscription price with stock options 2007B is EUR 22.97/share. The dividends payable annually shall be deducted from the share subscription price.

2. Shares subscribed with option rights

After 15 December 2009 registered increase in share capital a total of 1,835,020 Nokian Tyres plc’s shares have been subscribed with the 2004C option rights. These option rights are attached to the Nokian Tyres plc’s Option Programs of 2004. An increase in share capital relating to 2004C option rights totalling 367,004 euros was entered into the Trade Register on 25 February, 2010. The shares have been traded on the NASDAQ OMX Helsinki Ltd together with the old shares as of 26 February, 2010. After the increase, the number of Nokian Tyres shares was 126,686,410 and the share capital was EUR 25,337,222.00.

After 25 February 2010 registered increase in share capital a total of 503,420 Nokian Tyres plc’s shares have been subscribed with the 2004C option rights. These option rights are attached to the Nokian Tyres plc’s Option Programs of 2004. An increase in share capital relating to 2004C option rights totalling 100,684 Euros was entered into the Trade Register on 20 May, 2010. The shares have been traded on the NASDAQ OMX Helsinki Ltd together with the old shares as of 21 May, 2010. After the increase, the number of Nokian Tyres shares was 127,189,830 and the share capital was EUR 25,437,906.00.

3. Share price development

The Nokian Tyres’ share price was EUR 20.15 (EUR 13.40) at the end of the review period. The volume weighted average share price during the period was EUR 18.54 (EUR 10.54), the highest EUR 21.40 (EUR 14.58) and the lowest EUR 15.89 (EUR 7.00). A total of 101,452,569 shares were traded during the period (135,454,384), representing 80% (108%) of the company's overall share capital. The company’s market value at the end of the period amounted EUR 2.553 billion (EUR 1.673 billion).

The company’s percentage of Finnish shareholders was 37.4% (40.2%) and 62.6% (59.8%) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's ownership of approximately 16%.

4. Decisions made at the Annual General Meeting

On 8 April, 2010, Nokian Tyres Annual General Meeting accepted the financial statements for 2009 and discharged the Board of Directors and the President and CEO from liability.

The meeting decided that a dividend of EUR 0.40 per share shall be paid for the period ending on 31 December, 2009. The dividend shall be paid to shareholders included in the shareholder list maintained by Euroclear Finland Ltd on the record date of 13 April, 2010. The dividend payment date is 23 April, 2010.

4.1 Members of the Board of Directors and Auditor

The meeting decided that the Board of Directors has seven members. Kim Gran, Hille Korhonen, Hannu Penttilä, Yasuhiko Tanokashira, Aleksey Vlasov, Petteri Walldén and Kai Öistämö will continue as Nokian Tyres’ Board of Directors. In a meeting held after the Annual General Meeting, Petteri Walldén was elected Chairman of the Board. Authorised public accountants KPMG Oy Ab continue as auditors.

4.2 Remuneration of the Members of the Board of Directors

The meeting decided that the fee paid to the Chairman of the Board is EUR 70,000 per year, while that paid to Board members is set at EUR 35,000 per year. With the exception of the President and CEO, members of the Board and the Nomination and Remuneration Committee are also granted an attendance fee of EUR 600 per meeting.

In addition, 60% of the annual fee be paid in cash and 40% in company shares, such that in the period from 8 April to 30 April, 2010, EUR 28,000 worth of Nokian Tyres plc shares will be purchased at the stock exchange on behalf of the Chairman of the Board and EUR 14,000 worth of shares on behalf of each Board member. This 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 Granting of stock options and the management’s share ownership plan

The meeting decided on the granting of stock options to the personnel of Nokian Tyres Group and to its fully owned subsidiary. The company has a weighty financial reason for issuing stock options since they are intended to form a part of the incentive and commitment programme for the personnel. The purpose of the issue is to encourage the personnel to work on a long-term basis to increase shareholder value. Another purpose of the stock options is to increase personnel commitment to the company. The stock options entitle their holders to subscribe for a maximum total of 4,000,000 new shares in the company. The stock options now issued can be exchanged for shares constituting a maximum total of 3 % of the company’s shares and votes of the shares, after the potential share subscription.

The subscription price for stock options is based on the market price of Nokian Tyres shares in NASDAQ OMX Helsinki Oy (Helsinki Stock Exchange) in April 2010, April 2011 and April 2012.

The share subscription period for stock options 2010A shall be 1 May 2012 – 31 May 2014, for stock options 2010B, 1 May 2013 – 31 May 2015 and for stock options 2010C, 1 May 2014 – 31 May 2016.

A share ownership plan shall be incorporated with the 2010 stock options, obliging the Group’s senior management to acquire the Company’s shares with a proportion of the income gained from the stock options. The stock option plan and the management’s share ownership plan have been introduced in more detail in the enclosure of AGM decisions press release.

4.4 Amendment to the Articles of Association

The meeting decided that the article regarding the invitation to a General Meeting of shareholders is amended, due to an amendment to the Finnish Companies Act now in effect, as follows:

9§ Invitation to Annual General Meeting
The invitation to Annual General Meeting must be published, in accordance with the Board of Directors’ decision, on the company’s website and in one national and one Tampere region daily newspaper, no earlier than three months before the record date referred to in Chapter 4, section 2, subsection 2 of the Finnish Companies Act and no later than three weeks before the Annual General Meeting. The invitation must, however, be delivered no later than nine days before the record date of the Meeting.

4.5 Donations to the institutes of higher education

The meeting authorised the Board to donate a maximum of EUR 500,000 to support universities and other institutes of higher education, and to decide on the payment schedules of donations and other terms relating to donations.

5. Changes in share ownership

Nokian Tyres received an announcement from BlackRock, Inc. on 25 February, 2010, according to which the ownership of Black Rock Investment Management (UK) Limited increased above the level of 10% of the share capital in Nokian Tyres plc as a result of a share transaction concluded on 22 February, 2010. Black Rock Investment Management (UK) Limited held on deal date a total of 12,565,454 Nokian Tyres’ shares representing 10,06% of company’s 124,851,390 shares and voting rights.

An increase in Nokian Tyres' share capital relating to 2004C option rights totalling 367,004 euros was entered into the Trade Register on 25 February, 2010. After the increase, the number of shares rose to 126,686,410, and thus the ownership of Black Rock Investment Management (UK) Limited decreased below the level of 10% to 9.92% of shares and voting rights.

Nokian Tyres received an announcement from BlackRock, Inc. on 4 May 2010, according to which the ownership of Black Rock Investment Management (UK) Limited had increased above the level of 10% of the share capital in Nokian Tyres plc as a result of a share transaction concluded on 30 April 2010. Black Rock Investment Management (UK) Limited held on deal date a total of 12,809,656 Nokian Tyres' shares representing 10.11% of company's 126,686,410 shares and voting rights.

Nokian Tyres received an announcement from Invesco Limited on 24 June 2010, according to which the ownership of Invesco Limited had decreased under the level of 5% of the share capital in Nokian Tyres plc as a result of a share transaction concluded on 18 June 2010. Invesco Limited held on deal date a total of 6,321,453 Nokian Tyres' shares representing 4.97% of company's 127,189,830 shares and voting rights.

MATTERS AFTER THE REVIEW PERIOD

Changes in share ownership

Nokian Tyres received an announcement from Invesco Limited on 9 July 2010, according to which the ownership of Invesco Limited had increased above the level of 5% of the share capital in Nokian Tyres plc as a result of a share transaction concluded on 5 July 2010. Invesco Limited held on deal date a total of 6,365,866 Nokian Tyres' shares representing 5.00% of company's 127,189,830 shares and voting rights.

Nokian Tyres received an announcement from Invesco Limited on 20 July 2010, according to which the ownership of Invesco Limited had decreased under the level of 5% of the share capital in Nokian Tyres plc as a result of a share transaction concluded on 12 July 2010. Invesco Limited held on deal date a total of 6,318,941 Nokian Tyres' shares representing 4.97% of company's 127,189,830 shares and voting rights.

RISKS, UNCERTAINTY AND DISPUTES IN THE NEAR FUTURE

Ongoing uncertainty related to governmental borrowing in Europe may cause disruption in the financial markets. This with the somewhat worrying news from U.S economy can still hurt GDP growth in Nokian Tyres' core markets during 2010.

Nokian Tyres other risks and uncertainty factors relate to significantly increased raw material prices and to company's ability to raise prices in line with the raw material cost in order to maintain profitability. An efficient ramp up of the 7th and 8th production line in Russia will partly depend on the success of recruiting new work force from a tightening labour market.

A little over 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, the Swedish and Norwegian krona and the Ukrainian hryvnia. The main risk facing Nokian Tyres in the near future is related to the development of the Ukrainian hryvnia.

Special attention will be drawn to controlling net working capital. Inventory and trade receivable rotation have improved compared to previous year in all business units. Russian trade receivables account for around 35% of the Group’s total trade receivables.

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.

OUTLOOK FOR 2010

Tyre demand and deliveries have increased clearly driven by restocking of unusually low inventories of distributors, retailers and OE customers. A recovery of consumer confidence, growth of GDP on Nokian Tyres’ core markets, growth in car sales and improved financing to distributors drive growth of passenger car tyres. Higher industrial activity in machine building supports growth of heavy tyre sales.

The improvement of productivity and profits at Nokian Tyres is supported by higher sales volumes and an increasing share of Russian production.

High raw material cost presents a major challenge and headwind to Nokian Tyres’ margins during H2/2010. Raw material cost in 2010 is estimated to increase by approximately 12% compared to 2009.

The pricing environment is expected to be challenging in Nokian Tyres’ core markets. Price increases are difficult to implement despite higher raw material cost. Seasonal improvement of mix and pricing and price increases during summer and autumn will help to defend ASP.

A strong expanding distribution, good seasonal logistics, an improved cost structure with majority of production inside duty borders of Russia and CIS as well as new products will give Nokian Tyres a good chance to strengthen its market leadership in the core markets and to return to profitable growth in 2010.

Outlook and guidance (updated):
In 2010, the company is positioned to clearly improve net sales and operating result compared to 2009.

Previous guidance from 6 May, 2010:
In 2010, the company is positioned to improve net sales and operating result compared to 2009.

INVESTMENTS IN 2010

Nokian Tyres’ total investments in 2010 will be approximately EUR 58 million (86.5). About EUR 20 million will be spent on moulds and equipment for new products and EUR 15 million (51.2) on the Russian plant’s operations.

Nokia, 5 August 2010

Nokian Tyres plc
Board of Directors

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The above-said information contains forward-looking statements relating to future events or future financial performance of the company. In some cases, such forward-looking statements can be identified by terminology such as ”may”, ”will”, ”could”, ”expect”, ”anticipate”, ”believe” ”estimate”, ”predict”, or other comparable terminology. Such statements are based on the current expectations, known factors, decisions and plans of the management of Nokian Tyres. Forward-looking statements involve always risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Future results may thus vary even significantly from the results expressed in, or implied by, the forward-looking statements.
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This interim report has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ and the same accounting policies as in the most recent annual financial statements.

The interim report figures are unaudited.

NOKIAN TYRES
CONSOLIDATED INCOME STATEMENT

Million euros	4-6/10	4-6/09	1-6/10	1-6/09	Last 12 months	1-12/09
Net sales	260.4	191.1	444.2	346.7	896.0	798.5
Cost of sales	-145.6	-122.0	-254.2	-224.7	-507.6	-478.0
Gross profit	114.8	69.1	190.0	122.1	388.4	320.4
Other operating income	1.9	0.6	2.8	1.0	4.0	2.2
Selling and marketing expenses	-45.8	-41.1	-90.4	-84.9	-179.6	-174.1
Administration expenses	-6.5	-6.0	-12.5	-12.7	-24.3	-24.5
Other operating expenses	-3.5	-2.4	-7.8	-7.9	-22.0	-22.1
Operating result	60.9	20.3	82.0	17.5	166.5	102.0
Financial income	16.7	-4.0	46.0	58.3	84.8	97.1
Financial expenses	-17.0	-4.3	-45.2	-81.2	-89.7	-125.7
Result before tax	60.6	12.0	82.8	-5.3	161.6	73.5
Tax expense (1	-8.0	-0.1	-10.2	6.8	-32.2	-15.2
Result for the period	52.6	11.9	72.6	1.5	129.4	58.3
Attributable to:						
Equity holders of the parent	52.6	11.9	72.6	1.5	129.4	58.3
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0
Earnings per share from the result attributable to equity holders of the parent						
basic, euros	0.42	0.10	0.58	0.01	1.04	0.47
diluted, euros	0.41	0.10	0.57	0.03	1.03	0.49

CONSOLIDATED OTHER COMPREHENSIVE INCOME

INCOME Million euros	4-6/10	4-6/09	1-6/10	1-6/09	1-12/09
Result for the period	52.6	11.9	72.6	1.5	58.3
Other comprehensive income, net of tax:					
Gains/Losses from hedge of net investments in foreign operations	-4.3	-5.6	-20.4	-10.8	-24.4
Interest rate swaps	-0.2	0.0	-0.8	0.0	0.1
Translation differences on foreign operations	25.2	8.7	69.1	-25.3	-12.8
Total other comprehensive income for the period, net of tax	20.6	3.1	48.0	-36.1	-37.0
Total comprehensive income for the period	73.2	15.0	120.7	-34.6	21.2
Total comprehensive income attributable to:					
Equity holders of the parent	73.2	15.0	120.7	-34.6	21.2
Non-controlling interest	0.0	0.0	0.0	0.0	0.0

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

KEY RATIOS	30.6.10	30.6.09	1-12/09
Equity ratio, %	60.9	51.8	62.0
Gearing, %	37.3	68.0	34.8
Equity per share, euro	6.74	5.59	6.07
Interest-bearing net debt, mill. euros	319.6	474.4	263.7
Capital expenditure, mill. euros	27.6	59.7	86.5
Depreciation, mill. euros	34.6	30.9	61.9
Personnel, average	3,221	3,650	3,503
Acquisitions and disposals of items of property, plant and equipment	26.0	52.0	72.3
Number of shares (million units)			
at the end of period	127.19	124.85	124.85
in average	126.25	124.85	124.85
in average, diluted	132.16	128.87	129.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Million euros	30.6.10	30.6.09	31.12.09
Non-current assets			
Property, plant and equipment	524.9	508.5	507.6
Goodwill	57.4	54.0	55.0
Other intangible assets	18.1	20.0	19.2
Investments in associates	0.1	0.1	0.1
Available-for-sale financial assets	0.3	0.2	0.2
Other receivables	11.8	11.1	9.9
Deferred tax assets	36.2	30.6	28.7
Total non-current assets	648.6	624.5	620.7
Current assets			
Inventories	231.0	259.3	200.0
Trade receivables	369.8	301.8	248.0
Other receivables	106.5	136.7	90.7
Cash and cash equivalents	51.4	24.1	62.5
Total current assets	758.7	721.8	601.2
Equity			
Share capital	25.4	25.0	25.0
Share premium	181.4	155.2	155.2
Translation reserve	-41.4	-89.1	-90.2
Fair value and hedging reserves	-0.8	-0.1	0.0
Paid-up unrestricted equity reserve	0.0		0.0
Retained earnings	692.5	606.6	667.6
Non-controlling interest	0.0	0.0	0.0
Total equity	857.1	697.6	757.6
Non-current liabilities			
Deferred tax liabilities	30.4	26.6	29.4
Provisions	1.4	1.2	1.4
Interest bearing liabilities	203.5	301.6	253.8
Other liabilities	2.9	2.1	2.1
Total non-current liabilities	238.2	331.5	286.7
Current liabilities			
Trade payables	60.5	39.4	33.8
Other current payables	83.1	79.9	70.7
Provisions	0.7	1.1	0.7
Interest-bearing liabilities	167.6	196.9	72.4
Total current liabilities	311.9	317.3	177.6
Total assets	1,407.3	1,346.4	1,221.9

Changes in net working capital arising from operative business are partly covered by EUR 250 million domestic commercial paper programme.

CONSOLIDATED STATEMENT OF CASH FLOWS Million euros	1-6/10	1-6/09	1-12/09
Cash flows from operating activities: Cash generated from operations	56.0	-46.6	228.5
Financial items and taxes	-56.3	4.2	-34.3
Net cash from operating activities	-0.3	-42.4	194.2
Cash flows from investing activities:			
Net cash used in investing activities	-24.1	-60.8	-92.8
Cash flows from financing activities:			
Proceeds from issue of share capital	26.6	0.0	0.1
Change in current financial receivables and debt	125.6	156.0	-117.2
Change in non-current financial receivables and debt	-90.2	-91.6	15.4
Dividends paid	-50.7	-49.9	-49.9
Net cash from financing activities	11.4	14.4	-151.7
Net change in cash and cash equivalents	-13.1	-88.7	-50.2
Cash and cash equivalents at the beginning of the period	62.5	113.2	113.2
Effect of exchange rate changes	1.9	-0.4	-0.5
Cash and cash equivalents at the end of the period	51.4	24.1	62.5
	-13.1	-88.7	-50.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Million euros

	Share capital	Share premium	Translation reserve	Paid-up unrestricted equity reserve	Fair value and hedging reserves	Retained earnings	Non-controlling interest	Tot.
Equity, Jan 1st 2009	25.0	155.2	-53.0		-0.1	647.6	2.7	777.3
Dividends paid						-49.9		-49.9
Exercised warrants	0.0	0.0						0.0
Share-based payments						5.6		5.6
Other changes						1.8		1.8
Total comprehensive income for the period			-36.1		0.0	1.5	0.0	-34.6
Change in non-controlling interest							-2.7	-2.7
Equity, Jun 30th 2009	25.0	155.2	-89.1		-0.1	606.6	0.0	697.6
Equity, Jan 1st 2010	25.0	155.2	-90.2	0.0	0.0	667.6	0.0	757.6
Exercised warrants	0.5	26.1		0.0				26.6
Share-based payments						2.9		2.9
Total comprehensive income for the period			48.8		-0.8	72.6	0.0	120.7
Equity, Jun 30th 2010	25.4	181.4	-41.4	0.0	-0.8	692.5	0.0	857.1

SEGMENT INFORMATION

Million euros	4-6/10	4-6/09	1-6/10	1-6/09	1-12/09
Net sales					
Passenger car tyres	179.5	127.6	318.7	245.0	527.3
Heavy tyres	20.3	10.2	37.1	22.7	50.1
Vianor	78.7	71.1	120.9	111.4	273.2
Other operations	10.1	5.2	16.1	9.6	28.5
Eliminations	-28.1	-22.9	-48.6	-42.0	-80.7
Total	260.4	191.1	444.2	346.7	798.5
Operating result					
Passenger car tyres	51.5	18.7	86.9	34.8	106.2
Heavy tyres	3.9	-1.9	7.7	-4.0	0.0
Vianor	6.8	3.0	-5.1	-8.6	-3.0
Other operations	0.9	-1.2	-0.5	-3.9	-5.0
Eliminations	-2.2	1.6	-7.0	-0.7	3.7
Total	60.9	20.3	82.0	17.5	102.0
Operating result, % of net sales					
Passenger car tyres	28.7	14.7	27.3	14.2	20.1
Heavy tyres	19.3	-18.4	20.8	-17.8	0.0
Vianor	8.6	4.2	-4.2	-7.7	-1.1
Total	23.4	10.6	18.5	5.1	12.8
Cash Flow II					
Passenger car tyres	-2.0	-5.7	-10.5	-81.7	109.9
Heavy tyres	2.0	5.4	-1.3	0.7	5.7
Vianor	0.0	6.5	-9.1	-7.9	7.6
Total	-2.5	7.4	-27.3	-88.6	123.1

CONTINGENT LIABILITIES

Million euros	30.6.10	30.6.09	31.12.09
FOR OWN DEBT			
Mortgages	0.9	0.9	0.9
Pledged assets	0.0	35.2	35.8
OTHER OWN COMMITMENTS			
Guarantees	5.7	2.9	5.5
Leasing and rent commitments	98.7	111.8	101.1
Purchase commitments	3.4	0.8	3.4

DERIVATIVE FINANCIAL INSTRUMENTS

Million euros	30.6.10	30.6.09	31.12.09
INTEREST RATE DERIVATIVES			
Interest rate swaps			
Notional amount	61.2	14.2	3.9
Fair value	-1.6	-0.3	0.0

FOREIGN CURRENCY DERIVATIVES

Currency forwards			
Notional amount	371.5	390.3	427.2
Fair value	-8.1	1.3	-7.1
Currency options, purchased			
Notional amount	31.6	46.7	3.9
Fair value	0.6	0.8	0.0
Currency options, written			
Notional amount	71.9	91.0	3.9
Fair value	-0.6	-0.7	-0.1

RELATED PARTY TRANSACTIONS

The Group has related party relationships with members of the Board of Directors, the President, other key management personnel, and close members of their families, and Bridgestone Group with significant influence through share ownership.

Transactions and outstanding balances with parties having significant influence

Shareholders
Bridgestone Group

	1-6/10	1-6/09	1-12/09
Sales of goods	14.8	17.5	18.8
Purchases of goods	14.4	13.7	23.5

	30.6.10	30.6.09	31.12.09
Trade and other receivables	2.9	6.6	0.0
Trade and other payables	3.9	5.8	6.1

Key management personnel	1-6/10	1-6/09	1-12/09
Total employee benefit expenses	2.6	4.0	7.8
Of which share-based payments	1.1	2.7	4.9

During 1 January and 30 June 2010 the President and other key management personnel were granted a total of 452,050 share options for the subscription of 452,050 shares (during 1 January and 30 June 2009 no share options were granted). The share option plan terms for the key management personnel are equal to the share options directed at other personnel. On 30 June 2010 the key management personnel held 2,135,720 share options for the subscription of 2,135,720 shares (1,368,153 share options for the subscription of 1,568,340 shares on 30 June 2009). Of these share options 1,317,620 pcs were exercisable for the subscription of 1,317,620 shares on 30 June 2010 (708,153 pcs exercisable for the subscription of 908,340 shares on 30 June 2009).

No share options have been granted to the other members of the Board of Directors.

DEFINITIONS OF CONSOLIDATED KEY FINANCIAL INDICATORS

Earnings per share, euro:
Profit for the period attributable to the equity holders of the parent / Average adjusted number of shares during the period

Earnings per share (diluted), euro:
Profit for the period attributable to the equity holders of the parent / Average adjusted and diluted number of shares during the period

the share options affect the dilution as the average share market price for the period exceeds the defined subscription price

Equity ratio, %:
Total equity x 100 / (Total assets - advances received)

Gearing, %:
Interest-bearing net debt x 100 / Total equity

Equity per share, euro:
Equity attributable to equity holders of the parent / Adjusted number of shares on the reporting date

DEFINITIONS OF CONSOLIDATED KEY FINANCIAL INDICATORS

Earnings per share, euro:
Result for the period attributable to the equity holders of the parent / Average adjusted number of shares during the period

Earnings per share (diluted), euro:
Result for the period attributable to the equity holders of the parent / Average adjusted and diluted number of shares during the period

The share options affect the dilution as the average share market price for the period exceeds the defined subscription price.

Equity ratio, %:
Total equity x 100 / (Total assets - advances received)

Gearing, %:
Interest-bearing net debt x 100 / Total equity

Equity per share, euro:
Equity attributable to equity holders of the parent / Adjusted number of shares on the reporting date

Operating margin:
Operating result, % of net sales

DEFINITIONS OF SALES AREAS

Nordic countries: Finland, Norway, Sweden.

Russia and CIS:
Russia, Armenia, Belarus, Georgia, Kazakhstan, Moldova, Ukraine.

Central and Eastern Europe:
Albania, Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, The Former Yugoslav Republic of Macedonia, Montenegro, Netherlands, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Turkey, United Kingdom.

North America: Canada, USA.

Nokian Tyres plc

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Nokian Tyres plc will publish interim report January-June, 2010 on Thursday 5 August, 2010 at 8.00 am Finnish time.

The result presentation to analysts and media will be held in Helsinki at 10.00 am Finnish time. The presentation can be listened through audiocast via internet at
http://www.nokiantyres.com/resultinfo2010q2

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: 871621, Nokian Tyres

Stock exchange release and presentation material will be available before the event from http://www.nokiantyres.com/ir-calendar
After the event the audio recording can be downloaded from the same page.

Nokian Tyres interim report Q3/2010 will be published on 3 November, 2010. Releases and company information will be found from
http://www.nokiantyres.com