

**NOKIAN
TYRES**

ANNUAL REPORT 2009



QUICK REACTION TO A CHANGING MARKET SITUATION

Well positioned for a return to profitable growth

Content

Mission Statement, Year 2009 in brief, Key figures 2

Letter from the President and CEO 3

Nokian Tyres in brief 4

Key figures, graphs 5

Profit centres in brief 6

Success factors 7

Strategy 8

Values 9

Profit centres in 2009 10

Sales and distribution 12

Nokian Tyres globally 13

R&D and testing 14

A selection of new products 15

Environment and safety 16

Competence development 17

Board of Directors 31.12.2009 .. 18

Management 31.12.2009 19

Consolidated Income Statement 20

Consolidated Statement of Financial Position 21

Consolidated Cash Flow Statement 22

Investor information 23

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

Safest tyres for northern conditions

We have the innate ability to understand the needs and expectations of our customers in Northern conditions.

We operate in growing markets, and focus on tyre products and services that

provide our customers in Northern conditions with sustainable added value. They also build the foundation for our company's profitable growth.



Year 2009: Focus on Cash Flow and structural changes

- Difficult markets decreased sales: Nokian Tyres' decisive actions generated solid results
- Winter tyre market shares improved in Nokian Tyres' core markets
- New spearhead product Hakkapeliitta 7 boosted sales
- Vianor tyre chain expanded to over 600 outlets in 19 countries. Expansion of 116 outlets in 2009.
- Structural changes in production improved the company's competitiveness
- Cost saving programme was executed according to plan
- Cash flow improved significantly to EUR 123.1 million

Key figures, IFRS

EUR, million	2009	2008	Change %
Net sales	798.5	1,080.9	-26.1
Operating result	102.0	247.0	-58.7
% of net sales	12.8	22.8	
Result before tax	73.5	173.8	-57.7
% of net sales	9.2	16.1	
Return on capital employed, %	9.4	22.9	
Return on equity, %	7.6	18.8	
Interest bearing net debt	263.7	319.0	-17.3
% of net sales	33.0	29.5	

EUR, million	2009	2008	Change %
Gross investments	86.5	181.2	-52.3
% of net sales	10.8	16.8	
Cash flow from operations	194.2	18.4	955.4
Earnings/share, EUR	0.47	1.12	-58.0
Cash flow per share (CFPS), EUR	1.56	0.15	940.0
Shareholders equity per share, EUR	6.07	6.20	-2.2
Equity ratio, %	62.0	54.8	13.1
Personnel, average during the year	3,503	3,812	

Well positioned after structural changes

Year 2009 in the changed business environment was ambivalent and full of sharp turns for Nokian Tyres. I am glad to state that our decisive actions in the changed market conditions succeeded and eventually we achieved quite good financial results. We are now in a good position to return to profitable growth.

The rapid global economic downturn and the devaluation of our most important sales currencies that began already in the second half of 2008 continued in the first half of 2009. The situation required immediate action and made us redefine our short-term objectives. We started to focus on defending our market positions, streamlining our production and significantly improving our cash flow. We postponed our expansion investments, downsized inventory by cutting production volumes and reduced trade receivables as planned, thereby securing our strong financial position. The second half of the year then started to show positive signs in sales and the successful cost-savings programme started to improve our profitability and results.

As the business environment becomes more challenging, the competitive advantages of Nokian Tyres become more evident.

Russia, which we still believe offers the greatest growth potential, was most severely hit by the sudden recession. Tyre demand fell, distributors had large carry-over stocks and trouble financing their business. The situation started to stabilize in the second half of the year and we maintain positive expectations towards our future business in Russia. Besides our extensive distribution network, our own manufacturing operations inside the Russian customs barriers give us a major competitive advantage.

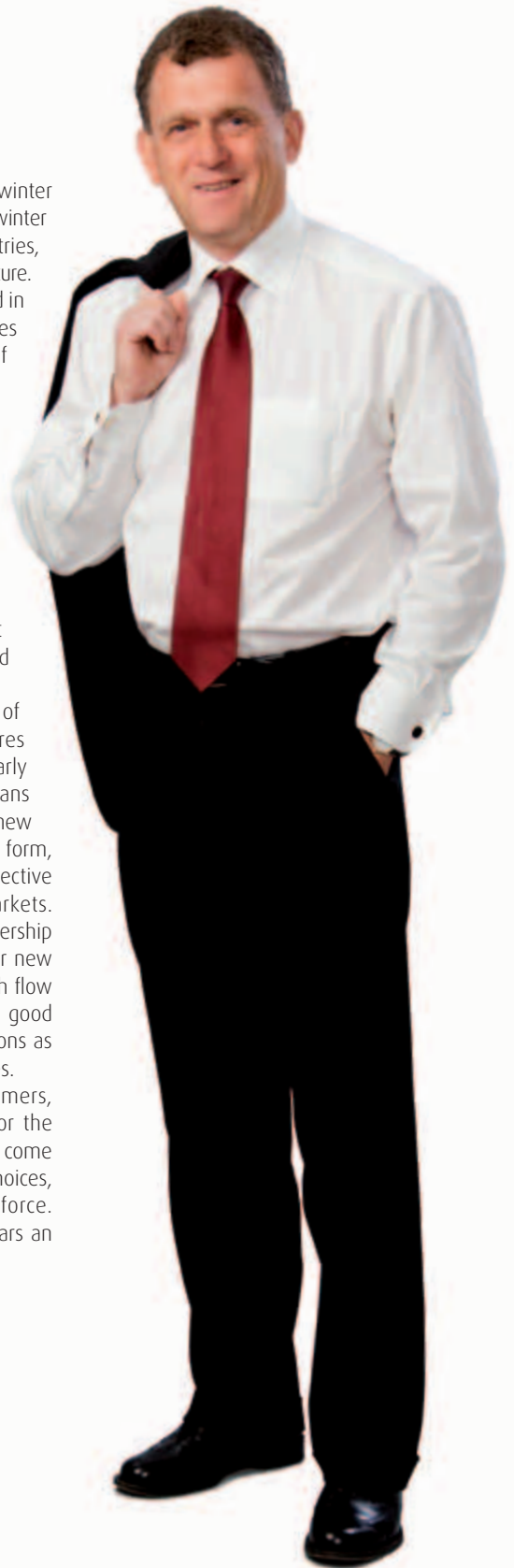
Backed by our new test-winning winter tyre Hakkapeliitta 7, we increased our winter tyre market share in the Nordic countries, which is significant for the company's future. In line with our strategy, we succeeded in offering the best products and services in the market that fulfil the needs of our customers in Nordic conditions. As the business environment becomes more challenging, the competitive advantages of Nokian Tyres become more evident.

The Vianor chain expanded as planned and now consists of over 600 outlets in 19 countries. The recession underlined Vianor's significance to the Group as the support of a loyal distribution channel proved its strength.

We anticipate a gradual recovery of demand in 2010. The number of tyres in the distribution channel is now clearly lower than a year earlier, which means there is potential for sales growth. Our new and improved product range is in top form, and we have the industry's most effective distribution channel in our core markets. We expect our market and price leadership in our core markets together with our new industrial structure to support our cash flow and profitability this year. We are in a good position and ready to expand operations as soon as the market growth accelerates.

I would like to thank our customers, personnel and other stakeholders for the past year. Our achievements did not come easy, but even when facing tough choices, co-operation was our key driving force. Together we will make the future years an addition to our success story.

*Best wishes for 2010,
Kim Gran*



Expertise in northern conditions

Nokian Tyres is the only tyre manufacturer in the world that focuses on customer needs in northern conditions. The company supplies innovative tyres for cars, trucks and special heavy machinery mainly in areas with special challenges on tyre performance: snow, forests and harsh driving conditions in different seasons. Nokian Tyres' product development is consistently aiming for sustainable solutions for safety and the environment, taking into account the whole life cycle of the tyre. In 2009, Nokian Tyres had roughly 3,300 employees and net sales of EUR 798.5 million. Nokian Tyres' share is listed on the NASDAQ OMX Helsinki.

Sales and distribution:

The products are mainly sold in replacement markets. The group has own sales companies in Sweden, Norway, Germany, Switzerland, Russia, Ukraine, Kazakhstan, Czech Republic and in the USA. In other countries sales is implemented by importers with a limited or one-brand approach. A member of Nokian Tyres group, tyre chain Vianor operates as a wholesaler and a retailer in Nokian Tyres' core markets. Other distributors have long-term partnerships and are loyal to build Nokian brand positioning on their markets. Important customer groups are also the end-users of tyres and the Original Equipment manufacturers that are involved in long-term product development co-operation with Nokian Tyres.

Service and processes:

Interactive and transparent processes designed to serve the customers and end users, especially during the peak season: seasonal management systems, 24-hour deliveries, complete tyre/rim combinations to car dealers and tyre hotels.



Nokian Tyres focuses on customer needs in northern conditions.

Production:

Key products are produced in own factories in Nokia, Finland and in Vsevolozhsk, Russia. Certain products are produced as off-take contract manufacturing in factories where the quality level corresponds to Nokian Tyres' high standards.

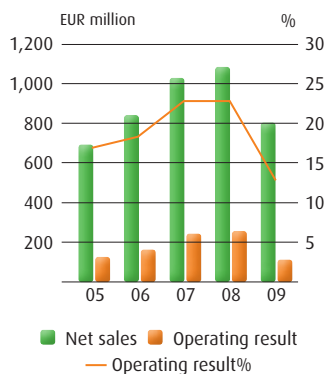
History:

Nokian Tyres plc was founded in 1988 and it was listed on the Helsinki Stock Exchange in 1995. The company's roots go back all the way to 1898, when Suomen Gummitehdas Oy, or the Finnish rubber factory, was established. Passenger car tyre production began in 1932 and the world's first winter

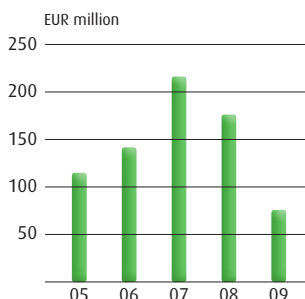
Product development is consistently aiming for sustainable safety during the whole life cycle of the tyre

tyre was produced in 1934. The company's best-known brand, the Nokian Hakkapeliitta tyre, was launched in 1936.

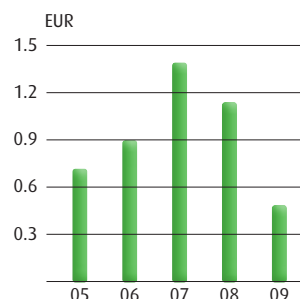
Net sales, operating result and operating result%



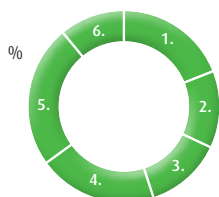
Result before tax



Earnings per share (EPS)

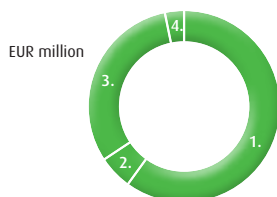


Net sales by market area 2009 (2008)



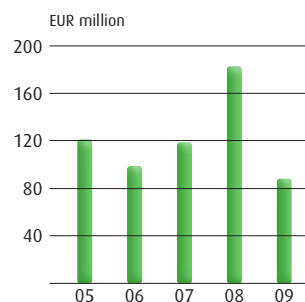
1. Finland	19%	(20%)
2. Sweden	13%	(12%)
3. Norway	13%	(11%)
4. Russia and CIS	20%	(34%)
5. Western and Eastern Europe	24%	(16%)
6. North America	11%	(7%)

Net sales by profit centre 2009 (2008)

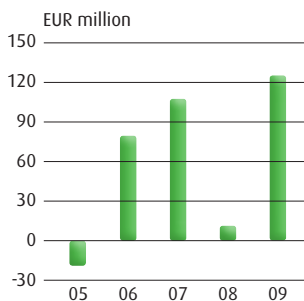


1. Car tyres	527.3	(741.6)
2. Heavy Tyres	50.1	(97.7)
3. Vianor	273.2	(308.3)
4. Truck tyres	28.5	(33.4)

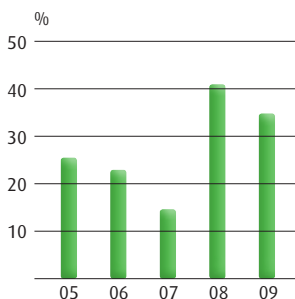
Gross investments



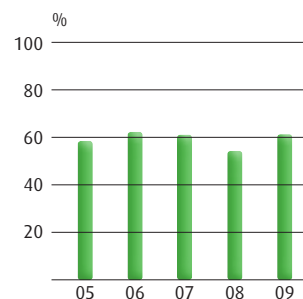
Cash flow from operations



Gearing



Equity ratio



Special tyres and professional service



Car tyres

This business unit covers the development, production and marketing of summer and winter tyres for cars, SUVs and vans. Key products include studded and non-studded winter tyres as well as high-speed and ultra-high-performance summer tyres. Key markets include the Nordic countries, Russia and other CIS countries. Other significant market areas are Central and Eastern Europe, the Alpine region and North America. Winter tyres account for over 70% of the units net sales. Approximately 50% of summer tyres are high-performance or ultra-high-performance tyres. All tyres have been developed in Finland. Key products are manufactured at the company's factories in Nokia, Finland, and in Vsevolozhsk, Russia, and they are sold in the replacement markets.



Heavy Tyres

The key product groups are forestry tyres, special agricultural tyres and industrial tyres. Majority of the products are manufactured at the Nokia factory. Key markets in addition to the Nordic countries include Central and Southern Europe, the USA and Canada. Nokian heavy tyres are sold in the original equipment and replacement markets. Product development concentrates on narrow and growing product niches. The company is the market leader of the global forestry tyre market. Co-operation with the machinery and equipment manufacturers is active and the share of original equipment is more than 40% of the heavy tyre net sales. Nokian Heavy Tyres is known for its professional and flexible customer service, the best in the industry.



Truck tyres

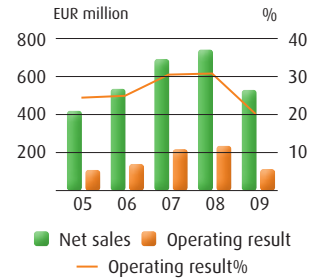
The unit is responsible for the product development and sales of truck tyres and retreading materials. High quality truck tyres have been developed in Finland and manufactured as off-take contract manufacturing. Retreading materials, which mainly used in truck tyres and industrial tyres, are produced at the Nokia factory in Finland. The key retreading products are winter treads for truck tyres. The core markets cover the Nordic countries while Russia and other CIS countries, the Baltic countries as well as Central and Southern Europe represent the strongest growth potential.



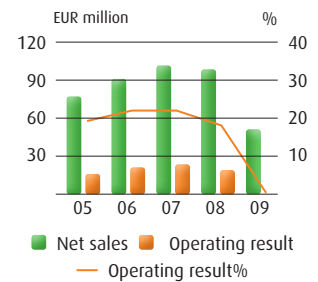
Vianor

Vianor tyre chain is the biggest and the most extensive of its kind in the Nordic countries as well as in Russia and the CIS. At the end of 2009 the chain consisted of 623 sales outlets in 19 countries on Nokian Tyres' core markets. Nokian Tyres owned a total of 170 outlets. Other outlets operate on a franchising/partnership basis. The Vianor chain sells car and van tyres as well as truck and heavy tyres. In addition to the Nokian brand, Vianor sells other leading tyre brands. The product range also features other automotive products and services, such as rims, batteries and shock absorbers. Vianor also takes care of tyre changes, installations, tyre hotels, oil changes and other fast fit services.

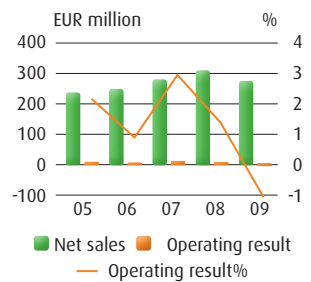
Car tyres
Net sales, operating result and operating result%



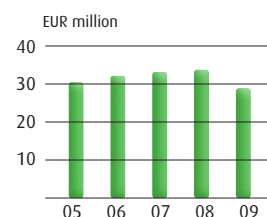
Heavy Tyres
Net sales, operating result and operating result%



Vianor
Net sales, operating result and operating result%



Truck tyres
Net sales



Nokian Tyres' success factors – unique recipe

- Focus on expertise in Northern conditions
- Own specialised R & D and unique winter tyre testing programme
- Focus on replacement markets, growing market areas and growing product segments
- Share of value added products more than 90% of own production and sales
- Production of core products in own state-of-the-art factories
- Rapidly renewing product range and innovative products
- Car winter tyre range most extensive in the world
- Skilled personnel and Hakkapeliitta culture
- Strong reputation and brand
- Own strong distribution channel in key markets
- Efficient logistics and seasonal management
- Direct contact with end users
- Special know-how in Russian and CIS markets

Tyre experts making their way

- 1898** Suomen Gummitehdas Osakeyhtiö is founded.
- 1934** The Weather tyre, the world's first winter tyre for trucks.
- 1936** The Snow Hakkapeliitta – winner on snowy roads. The launching of legendary Hakkapeliitta winter tyres.
- 1986** The world's most northern own test centre in Ivalo, Finnish Lapland, north of the Arctic Circle.
- 1988** Nokia Tyres Ltd, a joint venture of Nokia and the Japanese Sumitomo, is founded.
- 1995** From Nokia Tyres to Nokian Tyres plc, listing on the Helsinki Stock Exchange.
- 1995** Eco Stud System.
- 1996** Pioneer in slush testing. The systematic testing of slush planing begins at the test centre in Nokia.
- 1999** The DSI (Driving Safety Indicator). The Driving Safety Indicator on the central rib of the tyre indicates the groove depth.
- 1999** The Vianor tyre chain – The Nordic expert of the tyre industry is born and starts expanding.
- 2003** The shaped stud solution. The revolutionary new square stud maximises grip.
- 2005** The second tyre factory is launched in Vsevolozhsk, Russia.
- 2005** Naturally Nokian Tyres. The first tyre manufacturer in the world to start using only purified, low-aromatic oils in its production.
- 2006** The aquaplaning indicator. In addition to the Driving Safety Indicator, the Nokian Hakka summer tyres also feature the aquaplaning indicator.
- 2006** Nokian Forest Rider forestry tyre. The first radial forestry tyre for CTL (cut-to-length) forestry machines.
- 2007** Nokian Hakkapeliitta Truck E. Hakkapeliitta tyres also for heavyweight professional driving.
- 2008** The lightly rolling Nokian Hakkapeliitta R friction tyre.
- 2009** The test winner Nokian Hakkapeliitta 7 studded tyre and the Air Claw Technology.



Snow Hakkapeliitta poster from year 1936

Focusing as a strategy cornerstone

1. Northern conditions

Nokian Tyres is the only tyre manufacturer in the world to focus on solutions and products that meet the special needs of customers in northern conditions. Products are marketed in all countries with northern conditions – everywhere where there is snow, forests and demanding conditions caused by changing seasons.

2. Narrow product segments

By focusing on products designed for northern conditions, Nokian Tyres has developed special competence that delivers added value in other narrow special product segments. Key products include passenger car and truck winter tyres and forestry tyres. The objective is to have the highest customer satisfaction in the key products globally. Other special products include light truck and SUV tyres as well as harbour and mining machinery tyres.

3. Replacement markets

All Nokian-branded passenger car tyres and approximately 60% of heavy tyres are sold to users in replacement markets through special tyre outlets, car dealers and other companies engaged in the tyre trade.

Nokian Tyres' focus strategy is supported by:

Investments in product development, production, distribution and logistics

Product development is guided by a philosophy of sustainable safety, which entails the continued renewal of the product range with the objective of always being able to provide customers with value-added innovations.

- Own production concentrates on high-margin key products.
- New products should represent at least 25% of net sales annually.
- Consistent investment in continued improvement of quality, productivity and logistics.
- Distribution is developed by expanding the Vianor network and streamlining the processes.

Key strategic objectives into 2014

- 1. Market leadership in the Nordic countries**
The key objective is to be the Nordic market leader as a tyre manufacturer and tyre distributor. Best customer service and highest customer loyalty in the home market.
- 2. Market leadership in premium tyres in Russia and other CIS countries**
The objective is to be the leading tyre manufacturer and tyre distributor of the premium car tyres in Russia and CIS countries and among the top suppliers of special heavy tyres.
- 3. Globally strong position in key products**
The niche strategy is geared towards building a significant global position in narrow, growing product segments.
- 4. Growth through a continuously improved product range**
Profitable growth is based on investments in key products and services that give customers genuine added value and enhance the ability to launch innovative products and services.
- 5. Profit growth through high productivity and the best customer processes in the industry**
Improvements in operational efficiency and profitability are achieved through the ongoing development of logistic processes, total quality and productivity.
- 6. Profit growth through skilled, inspired personnel with entrepreneurial spirit**
The personnel's active and entrepreneurial attitude towards the development of personal skills and company performance supports the selected focus strategy and company pursuit of an ethical and responsible operating policy.

Key objectives 2010–2011

The global economy including Nokian Tyres' core markets is expected to grow slowly in 2010-2011. The target of Nokian Tyres is to continue to outperform competition in terms of

growth and profitability. The objective is to further improve market position and to return to a profitable growth path in 2010.

Open and participatory corporate culture

A basic factor behind Nokian Tyres' success is the continuous process of personnel development, which is supported by an open and participatory corporate culture.

- The corporate culture aims to create a highly motivated working community that promotes the success of individuals and the company.

Values that guide and support the strategy

Our company culture is called the Hakkapeliitta Spirit which includes the following values:



Entrepreneurship = The will to win

We thirst for profit, we are quick and brave. We set ambitious objectives and perform our work with persistence and perseverance. We are dynamic and punctual, and we always make customer satisfaction our first priority.



Inventiveness = The will to survive

We have the skill to survive and excel, even in the most challenging circumstances. Our competence is based on creativity and inquisitiveness, and the nerve to question the status quo. We are driven by a will to learn, develop and create something new.



Team spirit = The will to fight

We work in an atmosphere of genuine joy and action. We work as a team, relying on each other and supporting each other, offering constructive feedback when needed. We embrace differences, and we also encourage our team members to individually pursue winning performances.

Targets revealing the company values

Customer satisfaction

We have the industry's highest customer satisfaction rate in the Nordic countries, Russia and CIS countries, and the highest satisfaction rate in our key products globally. All our activities are geared to support the customer service personnel.

Personnel satisfaction

Nokian Tyres is a respected and attractive workplace. Our personnel are highly skilled and motivated. Our activities are characterised by our desire to continuously develop our personal skills as well as the company.

Shareholder satisfaction

We are the most profitable tyre manufacturer and tyre distributor in the industry. Our consistently good performance translates into good share price development and dividend policy.

The best processes in the business

Our key processes and our business network are efficient and represent the cutting edge in the industry. We uphold the principles of the responsible citizen in all of our activities.

Market leadership as a strategic objective:

Vianor's role decisive in Ukraine

There is a group of professional individuals working together in the Ukrainian Nokian Tyres and Vianor team, aiming to dominate the Ukrainian tyre markets now and in the future. Besides the fact that the number of Vianor outlets has increased from 0 to 80 in a short period of time, also the innovative service concepts and the overall quality of the Vianor outlets set an example of good chain management. The man responsible for Vianor Ukraine is Development Manager **Yuriy Ivanovych**. The responsibility begins with introducing the Vianor brand to local tyre businesses, and continues all the way to overseeing the final touches to the new outlets, inside and out.

- From the very beginning we have concentrated also on the qualitative development of the chain; operation standards, new services, loyalty programs and other actions to serve the end consumer better, says Ivanovych.



Concept improved constantly

The basic concept is familiar in every country: the store and services are in one place, and the customer can relax and wait in a pleasant and comfortable waiting area. Vianor's new outlets in Ukraine stand out from traditional Ukrainian tyre businesses.

- There are many requirements that a business must fulfil in order to become

a Vianor outlet. Vianor is the first brand in Ukraine to offer customers of a European level quality in tyre service. No one has done this before, Yuriy Ivanovych states.

In 2009 Vianor Ukraine has introduced e.g. a national coverage of the Hakka Guarantee, Hakka Hotel (seasonal tyre storage), an improved Vianor web shop and Vianor credit card for fleet customers.

A year of structural changes

Determined product development work brought results also in 2009: Nokian Hakkapeliitta 7, the new studded tyre for Nordic conditions, won practically all car magazine tyre tests in the Nordic countries and Russia. The company's Nordic studded tyres have always delivered superior performance in tyre tests, and this time was no exception. Proven performance also supports the company's strategy of being the world's best winter tyre manufacturer.

The market share of winter tyres showed growth in the Nordic countries, North America and also in Central and Eastern Europe. The net sales of Nokian passenger car tyres fell from the previous year, primarily as a result of declining sales in Russia. Tyre sales in Russia were hampered by the fifty per cent decrease in car sales, the customers' large winter tyre carry-over-stocks and lack of financing. Meanwhile sales grew in North America and Central and Eastern Europe. Margins dropped due to the devaluation of currencies in key markets, due to weakened sales mix and a lower average tyre price.

During the first half of 2009, Nokian Car Tyres was able to prove its flexibility as the drastic decrease in demand created pressure to change the production structure. A change in the shift work system at the Nokian plant, temporary lay-offs and a permanent personnel

reduction were regrettable but necessary measures that had to be taken to reduce stocks and to adjust production volumes to the lower demand. Streamlining and other cost-cutting measures reduced fixed costs, and in the second half, the increase in production in Russia and lower raw material prices clearly boosted profitability. The unit's cash flow improved considerably from the previous year in response to investments cut to less than half year-over-year, as well as clear reduction in stocks and trade receivables.



Market information

Nokian Tyres estimates worldwide passenger car tyre sales to total some 1.1 billion tyres a year and the value of tyre markets to be around USD 140 billion. Original equipment installations account for some 28%. The markets are growing at an average annual rate of 2-4%. The strongest growth is registered in winter tyres, high-speed summer tyres and SUV tyres.

Nordic countries as a cornerstone

Finland, Sweden and Norway generate approximately 40% of Nokian Tyres' net sales. Taking all products into account, the company is a market leader in Finland, and a top contender in Sweden and Norway. All three coun-

tries have a law that requires winter tyres to be used during the winter months.

Biggest growth potential in Russia

In 2009, Russia and CIS countries made 20% of the Group's net sales. Nokian Tyres is the biggest manufacturer of premium tyres in Russia. Lower labour costs, raw material prices and energy expenses make tyre manufacture considerably cheaper in Russia compared to Finland and other Western European countries. Operations in Russia also entitle the company to tax relief and exempt it from import duties, which is a great competitive advantage.

The leading forestry tyre manufacturer

Demand for forestry tyres and other special heavy tyres fell significantly in the first half of 2009 following exceptionally slow machinery manufacture. Reduced sales raised a need for quick and dramatic production streamlining measures to address the high stock levels.

Cost savings achieved from production restructuring together with a simultaneously decreasing raw material cost started to clearly improve profitability in the second half of the year. After hitting the bottom in the summer the order book began to show gradual signs of improvement due to customers' low stocks and a slight improvement in confidence across the markets. The recovery of sales enabled

some increase in production volumes, which improved the utilization of capacity and therefore productivity. The average price increased slightly due to the sales mix, although the market became more competitive in some product groups.

Nokian Heavy Tyres was able to strengthen its position in key product groups by accelerating its product development programmes. The company retained its position as the world's leading forestry tyre manufacturer. The products are successfully sold in any location where there is professional harvesting.

Focus areas in 2009, besides streamlining measures and product development programmes, included new



customer acquisition and launch of more effective logistics and customer service concepts.

A wide range of services close to the customer

The Vianor tyre chain spearheads the Group's growth in markets that are strategically important to Nokian Tyres. Vianor is the leading tyre chain in the regions where it operates, building a foundation for permanent market shares for the Group's products. In its own sales outlet network, Vianor's key objective is to maximise the sales of Nokian-branded tyres, to maintain the target price level, and to develop service concepts and processes. Nokian Tyres together with Vianor aims to improve the overall profitability and operating environment of the industry.

In 2009, Vianor continued to expand its franchising and partner network in Nokian Tyres' core markets. At year-end, the Vianor chain comprised outlets in 19 different countries, with the most extensive networks in the Nordic countries, Russia and Ukraine. The Vianor network consisted of 623 sales outlets, 453 of which are partner and franchising outlets, and 170 are Vianor's own outlets. During the year, the network grew with 116 new outlets. As a result of this network expansion, market shares also grew.

Low demand in all customer groups in 2009 eroded the sales and operating profit of Vianor's own sales outlet network. Vianor implemented measures to cut fixed



costs, such as closures of non-profitable outlets and personnel reductions. The savings measures resulted in a decrease in fixed costs in the second half. Stocks were downsized and optimised based on the most profitable product groups. Cash flow improved and was clearly positive.

Vianor spearheads the Group's growth and builds foundation for permanent market shares.

Solid winter competence for transport

The Nordic countries are the main market area for Nokian truck tyres and Nokian Noktop retreading materials. In the past few years, the company has delivered good results and won new customers especially in Eastern Europe. Sales to the European replacement markets feature some 16 million new and retreaded truck tyres each year, and sales to Russia some 10 million tyres. Russia and Eastern Europe are the fastest-growing markets.

Nokian truck tyres and Nokian Noktop retreading materials are designed for demanding professional use and changing conditions. Competence in winter conditions represents the unit's strongest and most traditional sector. Products are designed for and tested in demanding northern conditions, for example, at the Ivalo test centre in northern Finland. New

products, such as the Nokian Hakkapeliitta Truck F, further improve the first-rate winter tyre selection.

Successful product development benefits from close and confidential co-operation with transport operators and companies. Tyres – both new and retreaded – must perform reliably, be durable and ensure excellent grip. A low rolling resistance reduces fuel consumption, which is particularly important in professional driving.

In 2009, the economic recession caused a decrease in the demand for truck tyres. In response to that, the contract manufacturing volumes of Nokian truck tyres were reduced and stocks shrank. Nokian Truck Tyres was able to increase its market share in Europe in 2009.



Speed, flexibility and long-term partnerships

Nokian-branded tyres are sold in over 50 countries. Customers include tyre chains, car dealers, tyre wholesalers and retailers, independent importers, machine and equipment manufacturers, port and logistics companies and transport companies. The own Vianor tyre chain plays an important part in the sales of Nokian-branded tyres as a significant part of the Group's sales is handled through Vianor outlets.

Common intention to profitable business for the distributors

Nokian Tyres has four main markets: the Nordic countries, Russia and the other CIS countries, North America, and also Central and Eastern Europe. In the most important countries the market is served by the Group's own sales company or a representative with its own sales organisation. Nokian Tyres' distributors are strong players, who usually have their own distribution network and are often involved in tyre retail as well. The sale of Nokian tyres carries a great deal of weight in their business. The dealers also have the resources and the will to support and build the Nokian brand.

Nokian Tyres provides its dealers with a strong brand and innovative, continuously renewed quality tyres generating profitable business to dealers. Enhanced customer service in peak seasons and the use of Vianor's chain for deliveries to distributors ensure that dealers get the tyres they need when demand is at its highest.

Passenger car tyre sales in Nokian Tyres' core markets are characterised by strong seasonality. Most consumers buy their summer tyres during a few weeks around Easter. Winter tyre consumer sales take place from September to November, depending on the winter, and some 30% of winter tyres are sold in the ten days after the first snowfall. This poses big challenges to the production and delivery capacity, underlining the key part played by an extensive distribution network and efficient logistics and IT systems.



Nokian Tyres has a direct contact with end consumers through Vianor.

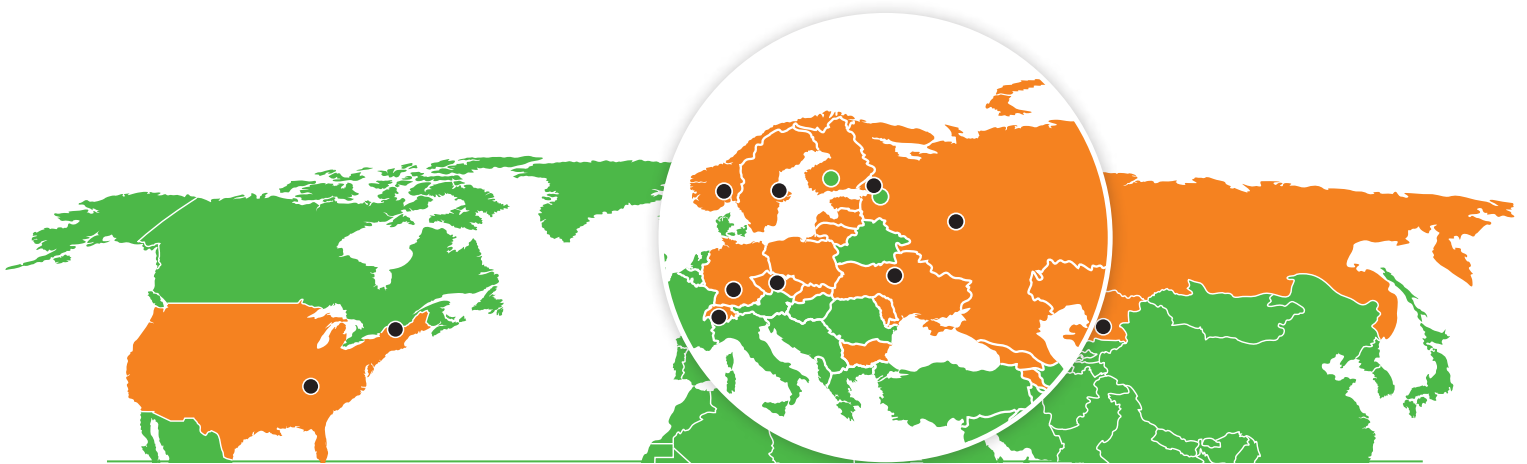
Close partnership

Nokian Tyres carries out close and versatile co-operation with its distributors. The strength of Nokian Tyres' sales lies in the flat organisation structure and ability to quickly react to customer needs and changes in the market. The company's sales organisation assigns a contact person to each customer. The parties jointly draw up annual sales and marketing plans, which include shared sales targets and scheduled actions to be taken. The parties are united by a strong sense of belonging to the Hakkapeliitta family.

Nokian Heavy Tyres operates on the original equipment installation market and develops its tyres in close co-operation with machine and equipment manufacturers. This long-term co-operation has been enriching

The strength of Nokian Tyres' sales lies in the flat organisation structure and ability to quickly react to customer needs and changes in the market.

also the Heavy Tyres' customer service and logistics with unique experience and understanding of customer wishes and needs. During the last few years, comprehensive service concepts have been tailored for customer needs including for example complete tyre/rim packages and just-on-time deliveries.



● **Own production**

- Nokia, Finland
- Vsevolozhsk, Russia
- Also contract manufacturing roughly 10% of sales volume in 2009

● **Sales companies**

- Finland (parent company), Sweden, Norway, Russia, Ukraine, Kazakhstan, Germany, Switzerland, Czech Republic and USA.

■ **Vianor**

- Total 623 outlets in 19 countries (170 own and 453 franchising and partner)
- Nordic countries 203, Russia and CIS countries 353, Central and Eastern Europe 55, USA 12 outlets.

Expertise in seasonal logistics

Eva Holakovska, the Customer Service Manager for Nokian Tyres Central Europe, is responsible for the logistics operations in the area. She has been in the company for two years coordinating the central warehouse in Ejpovice and the cooperation with the logistics provider.

- Our main focus is to offer the best service to the customers – to deliver the goods to the customers at right quantity, at right time, effectively and with competitive costs both for us and for customers in the area, says Eva Holakovska.

As tyres are round, they need a lot of space in the logistics process and it is not so easy to use space in an effective way. Also lack of special machinery requires manual job, e.g. trucks' loading and unloading is much more labour intensive and time demanding than loading/unloading pallets. Fortunately, compared to many other goods, tyres do not have difficult



special requirements for careful handling, transportation or expiration.

Personal service and fast reaction to customers needs

- In my view the main strength of our logistics in Central Europe is our expertise in seasonal logistics; we can react fast and be responsive to the customers' needs. To support our customers' successful

business it is crucial that during the tyre season we provide them with the right amount of right products. We can also provide more personalized service for all Central European customers through our well-motivated customer service team, Eva Holakovska concludes.

Focused specialization, uncompromising testing

The precise and goal-oriented work of Nokian Tyres' product development provides customers and consumers with first-rate tyres, advanced and innovative solutions and services, continuous renewal. Nokian Tyres has observed the same basic principle in its product development for more than 70 years: the company develops tyres for consumers who drive in northern conditions and need their tyres to be safe, durable and comfortable in all situations.

The main task of R&D is to support the company's status as the manufacturer of the world's best winter and special heavy tyres. New products enable the company to strengthen its position and maintain the desired price and margin levels in tough competition.

Development is guided by the principle of sustainable safety: the tyre should retain its safety features almost intact throughout its life cycle.

State-of-the art technology and sustainability

On top of first-class safety properties, tyres should be silent and cost-effective. Lowering the rolling resistance requires constant development work. Tyres with low rolling resistance can save up to 0.5 litres of fuel per one hundred kilometres and, consequently, generate less harmful emissions. Quiet tyres do not strain the environment with loud noise, or the driver with inside noise.

Nokian Tyres has blazed a trail of environmental friendliness in the tyre industry by being the first tyre manufacturer in the world to introduce tyres that are made using only purified, low-aromatic oils.

Intensive testing around the year

Intensive testing in real winter conditions, as well as understanding the winter and all the elements and features of a tyre, comes naturally for Nokian Tyres. Nokian Tyres' 700-hectare test centre in Ivalo, Lapland, focuses on demanding winter testing from



Uncompromising testing requires vast amount of repeats in demanding and standardized conditions.

October to May. Thanks to the state-of-the-art equipment, versatile tests and professional personnel, tests in Ivalo cover all extreme situations that can be encountered when driving in the winter. Comprehensive testing in Lapland is what makes Nokian Tyres the world-leading expert in northern conditions.

The test track in Nokia is used from the spring until late autumn. The continuously developed test centre covers an area of 30 hectares and offers unique facilities for testing slush planing already since 1996. In addition, tyres are also tested abroad in order to gain comprehensive results. The limits of grip are stretched and crossed in order to achieve the key goal of development: safety.

The company also utilizes indoor testing with machines measuring structural toughness and high-speed durability of tyres. Respective tests are used for monitoring the flawlessness of tyres and for making sure products are high

The limits of grip are stretched and crossed to achieve the key goal of development: safety.

quality and technically reliable.

Nokian Tyres frequently renews its product range: new products account for at least 25% of the annual net sales. The company is investing actively in its R&D and launches many new products every year. Approximately one-half of these investment is allocated to product testing. The development of a brand-new car tyre takes 2 to 4 years.

Watch a video:
www.nokiantyres.com/annualreport2009

Car tyres



Nokian Hakkapeliitta 7

– Amazingly quiet grip

The Nokian Hakkapeliitta 7, the new studded tyre designed for Nordic conditions, is a master of the complex northern weather. Nokian Hakkapeliitta 7 combines unique winter properties: absolute grip, excellent driving comfort and low noise. The tyre has been successful in comparison tests conducted by car magazines. It has achieved test victories in Finland, Sweden and Russia.



Nokian Hakka Z

– Cool performance for sporty driving

The Nokian Hakka Z, designed for sporty cars and fast driving, is at home in difficult conditions. It is not afraid of even heavy temperature fluctuations, grooves, rain or uneven road surfaces. The innovations of the new Nokian Cool Zone Concept, i.e. the multi-layered surface structure, nanosilica compound and new surface geometry, make this stable and accurate UHP summer tyre top of its class.



Nokian Hakkapeliitta R

– Safe and reliable in all winter conditions

The Nokian Hakkapeliitta R friction tyre fulfils consumers' wishes for impeccable winter grip in exemplary fashion. Hakkapeliitta R rolls lightly, saves fuel and is both stable and accurate. Its rolling resistance is the lowest on the market, even lower than that of summer tyres. This translates into economic and environmentally friendly driving.



Nokian Forest Rider

– Driving comfort and absolute traction

The Nokian Forest Rider, a radial forestry tyre, has convinced users with its driving comfort, durability and first-class traction. The special tyre used in CTL forestry machines and now also in heavy tractors continues the revolution in professional harvesting.

Test drivers Kossi and Varis – guardians of safety

The job of a test driver is one of the most responsible and demanding in the plant. During the development work lots of test material about the tyres is gathered: the test drivers' descriptions, comments and grades are complemented by the unchallengeable numerical values from equipment, devices and stopwatches.

- We grade the tyres just like in school. We evaluate how they perform and behave. There are so many things that cannot be measured using equipment. For example the road response on a bare road cannot be measured. Then there are those things that can be measured such as cockpit or pass-by noise, explain Nokian Tyres' test drivers **Hannu Kossi and Tomi Varis**.

Testing of winter tyres is concentrated at our own, unique Ivalo test centre. The test period lasts close to six months; it generally starts in October and continues long into the spring.

- A typical day at the Ivalo test centre might involve about 20 changes of tyres. Tests are driven in 10-15 minute cycles,



then the wheels are changed and the same thing repeats again and again. Wheels, driving, wheels, driving.

Real conditions, credible results

You cannot be convinced of a tyre's safety around a desk. The work has to be done in real conditions, to make it credible. The essential trips that are needed for testing are a part of the test driver's job description. It has to be accepted as well as the never ending changing of wheels.

- We have to serve the end user, the consumer. The objective is drivability, a tyre that is safe for the user, says Hannu Kossi who has trained and inducted almost the whole team of test drivers to their precise and systematic work. He came to the test department at the tyre factory over 38 years ago. The work of a test driver is lonely and

independent. Everyone has their own projects, their own tests to drive. The older ones respects the skills of the younger ones and vice versa. Behind tyre development projects and individual tests there is a major mission, the real job. You can't lose sight of that in the speed, rush nor the daily routine.

- The test drivers have to concentrate and have their wits about them. It takes more and more to find the differences between tyres. Driving and the physics – that has to be routine. Of course you have to be able to drive a car and you have to know how it behaves because the speeds are fast. The information gathered from the tests has to be passed on to the people who make the decisions, describe Kossi and Varis the requirements for the job.

▶ Watch a video: www.nokiantyres.com/annualreport2009

Leading the way in safety and environmental management

The key values Nokian Tyres pursues in its operations are promoting safety, respect for the environment, fostering well-being and ensuring high quality. Responsibility translates into safe and environmentally friendly products, the most advanced production processes in the industry, and personnel safety and well-being. In line with the life cycle approach, environmental aspects are taken into consideration every step of the way, from raw material procurement to product design to the re-use of discarded tyres.

The EHSQ management system employed at Nokian Tyres covers environmental management, personnel and property protection and quality management. The objective of the system is to prevent accidents in all areas of operations and to ensure uninterrupted production. The development of operations relies on the best possible practices and advanced solutions, and takes account of human values in addition to financial considerations. Environmental protection efforts are based on the life cycle approach: The company bears the responsibility for the environmental impact of its products and operations throughout their life cycle.

Measures promoting safety include risk management, continuous process development and new investments. The plant in Nokia, Finland, is certified for compliance with the EU's EMAS (EcoManagement and Audit Scheme) regulation. Furthermore, the plants in Nokia and in Vsevolozhsk, Russia are certified for compliance with the international ISO 14001 environmental standard and the ISO 9001 quality standard.

In 2009, safety and environmental management efforts focused on supervisory work and induction training. At the plant in Nokia, Finland, risk assessments were conducted in each department, involving a review of all potential risks and preventive measures at each work station. Absences due to illness and accident frequency decreased in both plants in 2009.



The plant in Nokia is situated on a riverside in the middle of the city. The environmental effects of manufacturing have been minimized according to strict demands.

Positive development in environmental issues

Nokian Tyres fulfilled all terms and stipulations of environmental permits. Environmental surveys showed that no permitted values were exceeded and no significant non-conformities were detected. At the Nokia plant, the utilisation rate for all types of waste was more than 95%. Meanwhile, waste management development efforts at the Russian plant still continue. The local recycling operator has been consulted with the objective of exploring opportunities of increasing recycling and of re-using non-vulcanised scrap rubber.

During 2009, all Nokian Tyres' contract manufacturers discontinued the use of high-aromatic (HA) oils. In its own manufacturing, the company switched to purified low-aromatic oils in 2005.

The proportion of classified chemicals used at the Nokia plant has fallen and the production quantities have been reduced, which resulted in the Safety Technology Authority TUKES to relieve the environmental monitoring of the Nokia plant to "an establishment requiring a major accident prevention policy". Risk assessment in accordance with the European Union's REACH regulation on chemicals continued in co-operation with chemicals suppliers and manufacturers. The objective of the REACH regulation is to ensure maximum safety in the use of chemicals both from the environmental and the human perspective.

Forerunner today and tomorrow

Thanks to its sustained development efforts in safety and environmental issues, Nokian Tyres can be considered a forerunner in the tyre industry. The company was the first tyre manufacturer in the world to discontinue the use of high-aromatic oils

Environmental and safety perspectives play a crucial role in product development, manufacture and marketing.

in rubber compounds, and it does not use any chemicals classified in the European system as carcinogenic or toxic (T, T+) in its production. By setting an example, Nokian Tyres has promoted the use of purified low-aromatic oils in tyre manufacture in Europe. The import and sales of tyres containing HA oils is prohibited in the European Union as of the beginning of 2010.

The tyres manufactured by Nokian Tyres represent the cutting edge in terms of safety and environmental impacts during use, as proven in a number of independent comparison tests.

For Nokian Tyres, the official requirements represent a minimum standard. Nokian Tyres actively follows up on the developments in environmental and safety legislation in Finland, the European Union and Russia, and anticipates the impacts of regulations under preparation.

The Nokian Tyres environmental report 2009, to be published in spring 2010, extensively discusses the Group's environmental and safety management policy as well as social responsibility issues. The environmental report is part of the Nokia plant's EMAS certification.

Nokian Tyres is prepared and committed to responding to the challenges of the climate change. The company will make every effort in its product development and manufacture to fight climate change while not, however, compromising tyre safety.



Your tyre choice matters

Every one of us can make choices that help protect the environment and reduce carbon dioxide emissions. The tyres you put on your car and the pressure you put on the gas pedal make a big difference. A tyre with a low rolling resistance reduces emissions, and a non-toxic tyre reduces the burden to the environment throughout its life cycle.

Nokian Tyres is a tyre industry forerunner when it comes to environmental affairs. This reflects on its choice of materials and business partners, product characteristics, and tyre recycling – in short, the entire process.

“We have always taken for granted that environmental matters are a major factor in our development work. We can proudly say that we have been very conscious of environmental considerations and have taken continued efforts to improve our operations in that respect. It shows in our products, too: We are currently the forerunner in the market,” Development Manager **Kai Hauvala** points out.

The importance of rolling resistance

Rolling resistance has been a much-discussed topic for a few years now, and the most enlightened magazines now measure rolling resistance in their tyre tests. Rolling resistance refers to the energy consumed in the deformation that takes place when the tyre comes in contact with the road.

“If you choose a tyre with a low rolling resistance, the measured value can be as much as 30 per cent smaller. If your car uses 10 litres of fuel per 100 kilometres, the consumption drops by about half a litre. This means you save money, not to mention saving the environment,” Hauvala explains.

If you use the tyre with the lowest rolling resistance in the market – the Nokian Hakkapeliitta R friction tyre – you can save up to 0.5 litres of fuel per 100 kilometres, and reduce CO₂ emissions by 12 g/km.

Simply reducing the tyre’s rolling resistance would be easy, but the tyre must also feature other important characteristics, such as good driving properties and grip on wet and dry surface, and, where winter tyres are concerned, all of the above in winter conditions. No flaws in the tyre are allowed, and developing just one feature is not an option. A safe and environmentally sound tyre is the result of advanced product development and hard work.

“Every spring and autumn we receive feedback on our work when we read the results of tyre tests conducted by different magazines. The most rewarding thing is to rank high in these tests. That’s when you know you’ve done things right,” Hauvala concludes.

▶▶ Watch a video:
www.nokiantyres.com/annualreport2009

Back on the development track after a challenging year

At Nokian Tyres, competence development is a strategy-based activity geared to anticipate future needs. Employees are offered opportunities for professional growth, development and career moves. Both the company and individual employees are responsible for competence development.

One of the key competence development tools is the global Hakkapeliitta Academy online portal where services are available to the Nokian Tyres organisation and to key customers and business partners.

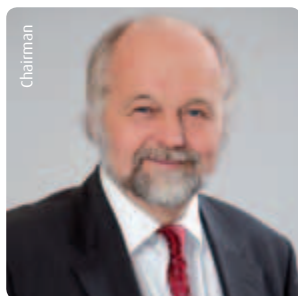
Inventiveness and well-being services offer support in change situations

Activities to support employee well-being at work include weekly exercise groups and various clubs. Joint efforts with occupational health care services involve the development of physical exercise and well-being services and support for those with long-term illnesses. Personnel well-being is monitored with annual surveys focusing on well-being at work and on internal customer satisfaction. Support for mental well-being is offered through individual and group counselling, training sessions, as well as through work time arrangements and personnel events.

In terms of competence and well-being development, 2009 was a challenging year and an exceptional year in the history of Nokian Tyres. After the streamlining measures taken in the first half of the year, support was offered to personnel by providing information packages, in briefings, discussions, crisis counselling and other training sessions.

Inventiveness is an integral part of Nokian Tyres’ corporate culture. It is used to support leadership and to offer influencing opportunities for the entire personnel. At the Russian plant, inventiveness activities have had to a good start. The activities proved to be significant in the change situation at the Nokia plant. Particularly towards the year-end, personnel were encouraged in campaigns to actively suggest development ideas for their own work and work environment.

After an unusual year, it is time to return to a long-term competence development track using new and traditional methods.



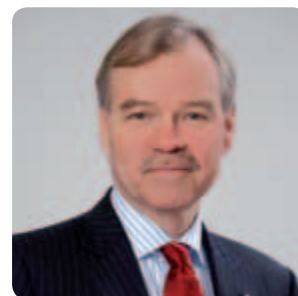
Petteri Walldén,
year of birth: 1948
 Master of Science (Engineering).
 President and CEO of Alteams Oy.
 Member of the Board since 2005.
 Independent of the company.
 Shares: 9 546 pcs.
 Other simultaneous positions of trust: Member of the Boards: Alteams Oy, Comptel Oyj, Empower Oy, eQ Oyj, Kuusakoski Group Oy, SE Mäkinen Logistics Oy, Teleste Oyj and Tikkurila Oyj (Vice President)



Kim Gran,
year of birth: 1954
 Bachelor of Science in Economics.
 President and CEO of Nokian Tyres plc. Member of the Board since 2002. Shares: 19 000 pcs; bonds with warrants, pcs: 2007A 190 000, 2007B 160 000, 2007C 90 000.
 Other simultaneous positions of trust: Chairman of the Board of the Rubber Manufacturer's Association; Member of the Boards: Finnish-Russian Chamber of Commerce (FRCC), Konecranes plc, Chemical Industry Federation of Finland (Vice Chairman) and YIT Plc. Member of the Supervisory Board: Ilmarinen



Hille Korhonen,
year of birth: 1961
 Licentiate of Science (Technology).
 VP operations, Fiskars Corporation.
 Member of the Board since 2006.
 Independent of the company.
 Shares: 3 473 pcs.
 Other simultaneous positions of trust: Member of the Board: Lassila&Tikanoja and Mint of Finland



Hannu Penttilä,
year of birth: 1953
 Master of Laws. CEO, Stockmann plc. Member of the Board since 1999. Independent of the company. Shares: 5 101 pcs. Other simultaneous positions of trust: Chairman of the Board: Oy Hobby Hall Ab, Lindex AB, Seppälä Oy, Suomen Pääomarahhoitus Oy and Oy Stockmann Russia Holding AB; Member of the Boards: HC Ässät Pori Oy, The Central Chamber of Commerce of Finland (Chairman of the Board), Messusäätiö Oy, Federation of Finnish Commerce. Member of the Supervisory Boards: Mutual Insurance Company Kaleva, Varma Mutual Pension Insurance Company and Luottokunta (Vice President)



Yasuhiko Tanokashira,
year of birth: 1956
 B.A. (Economics). Senior Vice President, Finance and Administration
 Bridgestone Europe NV/SA.
 Member of the Board since 2009.
 Shares: 1 180 pcs.
 Other simultaneous positions of trust: Member of the Board of Directors: Bridgestone Technical Center Europe S.p.A; Bridgestone Hispania S.A.; Bridgestone Italia S.p.A.; Member of the Supervisory Board: Bridgestone Poznan Sp.z.o.o.



Aleksey Vlasov,
year of birth: 1957
 Medical doctor. Vice President, Synttech Group. Member of the Board since 2006.
 Independent of the company.
 Shares: 3 473 pcs.



Kai Öistämö,
year of birth: 1964
 Doctor of Technology (Signal Processing), Master of Science (Engineering). Executive Vice President, Devices, Nokia.
 Member of the Board since 2008.
 Independent of the company.
 Shares: 1 718 pcs.

» Details of Board of Directors including main positions of trust as well as main job experience are available at www.nokiantyres.com/board-of-directors



Kim Gran,
year of birth: 1954
President and CEO. Bachelor of Science in Economics. With the company from 1995. Shares: 19 000; Bonds with warrants: 2007A 190 000, 2007B 160 000, 2007C 90 000



Alexej von Bagh,
year of birth: 1968
Vice President, COO of Vianor Holding Oy. Master of Science (Eng.). With the company from 1995. Shares: 3 000; Bonds with warrants: 2007A 38 000, 2007B 30 000, 2007C 25 000



Esa Eronen,
year of birth: 1957
Vice President, Production Service. Technology Engineer. With the company from 1988. Shares: 5 000; Bonds with warrants: 2007A 28 000, 2007B 30 000, 2007C 20 000



Sirkka Hagman,
year of birth: 1958
Vice President, HR and EHSQ. Master of Science; Licentiate of Administrative Science. With the company from 1980. Shares: 400; Bonds with warrants: 2004C 500, 2007A 25 000, 2007B 20 000, 2007C 10 000



Rami Helminen,
year of birth: 1966
Vice President, Car Tyres. Master of Economic Sciences. With the company from 1990. Shares: 3 000; Bonds with warrants: 2004C 2 000, 2007A 95 000, 2007B 80 000, 2007C 45 000



Teppo Huovila,
year of birth: 1963
Vice President, R & D. Master of Science, MBA. With the company from 1989. Shares: 3 500; Bonds with warrants: 2007A 17 020, 2007B 21 500, 2007C 16 000



Seppo Kupi,
year of birth: 1950
Managing Director, Vianor Holding Oy. Engineer. With the company from 1974. Shares: 3 830; Bonds with warrants: 2007A 33 000, 2007B 30 000, 2007C 50



Kari-Pekka Laaksonen,
year of birth: 1967
Vice President, Sales and Logistics. Master of Science (Eng.). With the company from 2001. Shares: 5 000; Bonds with warrants: 2007A 90 000, 2007B 80 000, 2007C 45 000



Anne Leskelä,
year of birth: 1962
Vice President, Finance and Control & IR. Master of Economic Sciences. With the company from 1997. Shares: 2 000; Bonds with warrants: 2007A 40 000, 2007B 30 000, 2007C 20 000



Raimo Mansikkaoja,
year of birth: 1962
Vice President, ICT & Corporate Development. Master of Science, MBA. With the company from 1995. Shares: 2 500; Bonds with warrants: 2007A 25 000, 2007B 20 000, 2007C 10 000



Jukka Mäkelä,
year of birth: 1974
Vice President, Strategy. M.Sc. in Economics and Business Administration. With the company from 2007. Bonds with warrants: 2007B 20 000, 2007C 15 000



Andrei Pantioukhov,
year of birth: 1972
Russian operations, General Manager, Vice President. MBA. With the company from 2004. Shares: 4 000; Bonds with warrants: 2004C 2 800, 2007A 46 960, 2007B 40 000, 2007C 30 000



Jarmo Puputti,
year of birth: 1965
Director, Nokian Heavy Tyres Ltd. Master of Science (Eng.). With the company from 2008. Bonds with warrants: 2007A 5 900, 2007B 50 000, 2007C 25 000



Manu Salmi,
year of birth: 1975
Vice President, Procurement. Master of Military Sciences, M.Sc. Economics. With the company from 2001. Bonds with warrants: 2007A 11 530, 2007B 20 000, 2007C 10 000



Hannu Teininen,
year of birth: 1960
Vice President, Truck tyres. Engineer, MBA. With the company from 1984. Shares: 2 000; Bonds with warrants: 2007A 24 710, 2007B 20 000, 2007C 10 000



Antti-Jussi Tähtinen,
year of birth: 1965
Vice President, Marketing & Communications. Master of Arts. With the company from 2005. Bonds with warrants: 2007A 11 000, 2007B 10 000, 2007C 10 000

Details of Management are available at www.nokiantyres.com/top-management

CONSOLIDATED INCOME STATEMENT, IFRS

EUR million	1.1.-31.12.	Notes	2009	2008
Net sales		(1)	798.5	1,080.9
Cost of sales		(3)(6)(7)	-478.0	-588.1
Gross profit			320.4	492.7
Other operating income		(4)	2.2	2.2
Selling and marketing expenses		(6)(7)	-174.1	-198.8
Administration expenses		(6)(7)	-24.5	-27.4
Other operating expenses		(5)(6)(7)	-22.1	-21.8
Operating profit			102.0	247.0
Financial income		(8)	97.1	111.1
Financial expenses		(9)	-125.7	-184.3
Profit before tax			73.5	173.8
Tax expense ¹⁾		(10)	-15.2	-33.9
Profit for the period			58.3	139.9
Attributable to:				
Equity holders of the parent			58.3	139.9
Non-controlling interest			0.0	0.0
Earnings per share (EPS) for the profit attributable to the equity holders of the parent:		(11)		
Basic, euros			0.47	1.12
Diluted, euros			0.49	1.10
CONSOLIDATED OTHER COMPREHENSIVE INCOME				
Result for the period			58.3	139.9
Other comprehensive income, net of tax				
Gains/Losses from hedge of net investment in foreign operations			-24.4	6.2
Interest rate swaps			0.1	-0.1
Translation differences on foreign operations ²⁾			-12.8	-46.4
Other comprehensive income for the period			-37.0	-40.3
Total comprehensive income for the period			21.2	99.6
Total comprehensive income attributable to:				
Equity holders of the parent			21.2	99.6
Non-controlling interest			0.0	0.0

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

2) Since the beginning of this year the Group has internal loans that are recognised as net investments in foreign operations in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR million	31.12.	Notes	2009	2008
ASSETS				
Non-current assets				
Property, plant and equipment		(12)(13)	507.6	499.8
Goodwill		(2)(14)	55.0	53.9
Other intangible assets		(14)	19.2	19.0
Investments in associates		(16)	0.1	0.1
Available-for-sale financial assets		(16)	0.2	0.2
Other receivables		(17)	9.9	11.6
Deferred tax assets		(18)	28.7	20.3
			620.7	604.9
Current assets				
Inventories		(19)	200.0	290.9
Trade and other receivables		(20)(29)	319.6	378.1
Current tax assets			19.1	33.3
Cash and cash equivalents		(21)	62.5	113.2
			601.2	815.5
Total assets			1,221.9	1,420.4
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
		(22)(23)		
Share capital			25.0	25.0
Share issue			0.0	0.0
Share premium			155.2	155.2
Translation reserve			-90.2	-53.0
Fair value and hedging reserves			0.0	-0.1
Paid-up unrestricted equity reserve			0.0	-
Retained earnings			667.6	647.6
			757.6	774.6
Non-controlling interest				
			0.0	2.7
Total equity			757.6	777.3
Liabilities				
Non-current liabilities				
		(24)		
Deferred tax liabilities		(18)	29.4	27.6
Provisions		(25)	1.4	1.1
Interest-bearing liabilities		(26)(27)(29)	253.8	394.5
Other liabilities			2.1	2.1
			286.7	425.3
Current liabilities				
Trade and other payables		(28)	98.0	176.7
Current tax liabilities			6.4	2.2
Provisions		(25)	0.7	1.1
Interest-bearing liabilities		(26)(27)(29)	72.4	37.8
			177.6	217.8
Total liabilities			464.2	643.1
Total equity and liabilities			1,221.9	1,420.4

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR million	1.1.-31.12.	2009	2008
Cash flows from operating activities:			
Cash receipts from sales		818.9	1,039.3
Cash paid for operating activities		-590.4	-838.2
Cash generated from operations		228.5	201.1
Interest paid		-44.9	-99.0
Interest received		6.3	3.3
Dividends received		0.0	0.0
Income taxes paid		4.2	-87.0
Net cash from operating activities (A)		194.2	18.4
Cash flow from investing activities:			
Acquisitions of property, plant and equipment and intangible assets		-97.1	-175.3
Proceeds from sale of property, plant and equipment and intangible assets		7.7	1.0
Acquisitions of Group companies, net of cash acquired		-3.3	-2.8
Disinvestments in associates		0.0	0.0
Net cash used in investing activities (B)		-92.8	-177.2
Cash flow from financing activities:			
Proceeds from issue of share capital		0.1	6.4
Change in current financial receivables		-0.2	-1.0
Change in non-current financial receivables		1.7	1.2
Change in financial current borrowings		-117.0	26.1
Change in financial non-current borrowings		13.7	146.3
Dividends paid		-49.9	-62.3
Net cash from financing activities (C)		-151.7	116.7
Net increase in cash and cash equivalents (A+B+C)		-50.2	-42.1
Cash and cash equivalents at the beginning of the period		113.2	158.1
Effect of exchange rate fluctuations on cash held		-0.5	-2.8
Cash and cash equivalents at the end of the period		62.5	113.2
		-50.2	-42.1

ANNUAL GENERAL MEETING

The Annual General Meeting of Nokian Tyres plc will be held at Tampere-talo, in Tampere, Finland; address Yliopistonkatu 55 on Thursday 8 April 2010, starting at 4 p.m. Registration of attendants and the distribution of ballots will begin at 3 p.m.

Shareholders registered by no later than 25 March 2010 in the company's shareholder register, which is maintained by the Finnish Central Securities Depository Ltd, are entitled to attend the Annual General Meeting.

Shareholders who wish to attend must register by 10:00 am on 1 April 2010 either in writing to Nokian Tyres plc, P.O. Box 20, FIN-20 Nokia, by phone at +358 10 401 7641, by fax at +358 10 401 7799, by e-mail to yhtiokokous@nokiantyres.com, or by internet www.nokiantyres.com/AGM2010.

The Annual Report, including the company's annual accounts, the Report of the Board of Directors and the Auditors Report is available on the company's website no later than 18 March 2010.

Financial Statements and the Board proposals will be available for one week prior to the Annual General Meeting at the company's headquarters.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.40 per share be paid for the financial year 2009. The record date for the dividend payment will be 13 April 2010 and the dividend payment date 23 April 2010, provided that the Board's proposal is approved.

Share register

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

Financial reports

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

- Interim Report for three months on 6 May 2010
- Interim Report for six months on 5 August 2010
- Interim Report for nine months on 3 November 2010
- Financial Statements Bulletin 2010 in February 2011
- Annual Report 2010 in March 2011

Nokian Tyres publishes its Interim Reports, Financial Statements Bulletin and Annual Report on the internet: www.nokiantyres.com.

PRINCIPLES OF INVESTOR RELATIONS

The goal of Nokian Tyres' investor relations is to regularly and consistently provide the stock market with essential, correct, sufficient and up-to-date information used to determine the share value. The operations are based on equality, openness, accuracy and good service.

The Management of Nokian Tyres is strongly committed to serving the capital markets. The company's President & CEO and CFO are the main parties dealing with and answering questions from analysts and investors.

Nokian Tyres adopts a three-week period of silence before the publication of

financial information and a six week period of silence before the publication of the financial statements bulletin. Analyst and investor meetings are mainly held both in Finland and abroad in conjunction with the publication of the company's financial results. At other times analysts and investors are mainly answered by phone or email.

Questions from analysts and investors

Kim Gran, President and CEO
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email: ir@nokiantyres.com

Anne Leskelä, CFO, Investor Relations
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Requests for meetings and visits

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FIN-37101 Nokia

Nokian Tyres' share price development
1 January 2005 – 31 December 2009



Annual Report and Financial Review

Nokian Tyres Financial Review 2009/ Financial Statements 2009 is available only in electronic form on company's web pages.

Online Annual Report, all other reports as well as contact details including analysts are available at www.nokiantyres.com

www.nokiantyres.com