Nokian Tyres plc Stock Exchange Release 5 August 2011, 8 a.m.

NOKIAN TYRES PLC INTERIM REPORT JANUARY-JUNE 2011:
High demand, strong sales growth and improved results

Nokian Tyres group's net sales increased by 41.4% to EUR 628.0 million (EUR 444.2 million in 1-6/2010). Operating profit grew to EUR 165.6 million (EUR 82.0 million) and Earnings per share increased to EUR 1.06 (EUR 0.58).

Outlook:
Car tyre demand and deliveries have increased clearly driven by a recovery of consumer confidence, growth of GDP on Nokian Tyres' core markets, growth in car sales and improved financing to distributors. Higher industrial activity in machine building and transportation supports growth of heavy tyre and truck tyre sales. Inventories are low in the tyre industry and distribution channels. Nokian Tyres' order book is on an all-time high level in all manufacturing units and demand may exceed supply capacity at times in 2011.

Financial guidance (unchanged):
In 2011, the company is positioned to provide strong sales growth and to improve operating profit clearly compared to 2010.

Key figures, EUR million:

	4-6/11	4-6/10	Change%	1-6/11	1-6/10	Change%	2010
Net sales	338.8	260.4	30.1	628.0	444.2	41.4	1,058.1
Operating profit	93.3	60.9	53.3	165.6	82.0	101.9	222.2
Profit before tax	85.4	60.6	40.9	155.3	82.8	87.5	208.8
Profit for the period	74.2	52.6	41.1	136.6	72.6	88.1	169.7
Earnings per share, EUR	0.57	0.42	36.7	1.06	0.58	84.5	1.34
Equity ratio, %				70.2	60.9		68.4
Cash flow from operations	-49.9	-2.5	-1,900.9	-102.3	-27.3	-274.4	318.8
RONA,% (rolling 12 months)				24.1	13.5		17.8
Gearing, %				20.0	37.3		0.1

Kim Gran, President and CEO:

"A flying start for 2011 was followed in Q2 by further strong growth in our core business. The first semester was a success for us as we beat all previous H1 results.

Sales in our core markets grew significantly. The launch of our new summer tyres was a success and we gained market share on all key markets, especially in Russia and the Nordic countries. An improved sales mix combined with price increases improved our margins despite a significant increase in raw material cost. We continued to expand our distribution network as planned spearheaded by Vianor, which now has more than 800 stores.

Our production output (tons) increased by 53% YOY but was still not enough to satisfy the growth in demand. Some winter tyre preseason deliveries were pushed forward to Q3/Q4. Additional production capacity will come on stream as line start-ups in Russia have commenced as planned during summer and the plant in Nokia is back to 7 days/week full capacity as from August. The building of the new plant in Russia next to the current one has commenced and will start production by summer 2012. A new agreement concerning incentives has been completed with Russian authorities in line with the previous package.

The visibility to this year's sales is good. Inventories of all our core products remain low in Nokian Tyres and in the distribution. Our order book has reached another record level and our sales growth will correlate closely with the ramp-up of production.

The sky seems still reasonably clear and our sails continue to bulge with tailwind. Some clouds, however, appear in the form of raw material cost increases, availability issues and an increase in general uncertainties of the global economy. Despite the challenges we trust to be able to make choices which will improve our product mix, productivity and profitability."

Market situation

The growth rate of the global economy started to slow down during the first half of 2011. GDP growth was slower than expected in many countries causing downward revisions of economic forecasts. Major economies are still expected to grow, although at a slower pace, backed by easy monetary policies and low interest rates. Nokian Tyres' core markets, Northern European economies and especially Russia, have shown positive development. In Europe there has been uncertainty related to the governmental borrowing and its effects to financial markets but so far it has had minor input on the private sector's spending. The uncertainty in macroeconomics has increased globally and may convert into weaker demand.

Drivers for growth in Nokian Tyres' core markets improved. Annual GDP growth averaged approximately 4% in both the Nordic countries and in Russia at the end of the review period. The new car sales increased in the Nordic countries by 15% year-over-year. In Russia the new car sales were up by 56% in January-June compared to the corresponding period in 2010. New car sales in Russia are expected to continue to grow by approximately 30% in 2011.

The aftermarket sales volume for car tyres in the review period increased in the Nordic countries by an estimated 2% and in Europe by 4% year-over-year. Tyre industry deliveries to distributors increased by over 50% in Russia, trailing the improving economy, lower stocks of distributors and strong consumer confidence.

The second consecutive true winter with heavy snowfall prolonged well into 2011 in all Europe and Russia resulted in strong winter tyre consumer sales and left retailers with low inventories. Summer tyre market was stable in Europe but increased significantly in Russia. Tyre stocks are low due to the previous year's rapid recovery of demand continuing in 2011. In the tyre industry strong demand and improved sales for 2011 are expected.

The demand for special heavy tyres has continued to improve supported by forestry machine manufacturers' expanding production, harbours operating with full capacity as well as increasing investments in mining industry. In the aftermarket demand has also increased for other special use tyres, i.e. agricultural tyres. The increase derives from improved demand and prices of pulp, sawmill products, metals and food raw materials.

A recovery of the transport sector has improved demand for truck tyres and created some short supply in the aftermarket.

Overall, the market environment in Nokian Tyres' core markets seems healthy and demand exceeds supply in many product groups.

The prices for natural rubber and oil-based materials rose significantly from early 2009 to mid-2011 and some materials were in short supply. In early 2011 raw material costs continued to go up triggering additional price increases from the tyre industry. At the end of the review period raw material prices and availability seem to stabilize, but the tyre industry raw material costs are still expected to rise slightly in H2/2011 due to stocks purchased with higher prices. There will be less room for tyre price increases in H2 than in H1/2011.

April-June 2011

In the second quarter of 2011 Nokian Tyres Group recorded net sales of EUR 338.8 million (260.4), showing an increase of 30.1% on the corresponding period a year earlier. Sales increased in the Nordic countries by 15.7% and in Russia by 101.3%. The consolidated sales in Russia and CIS grew by 88.4%. In Central and Eastern Europe sales grew by 22.9% while in North America sales increased by 33.8%.

Raw material costs (EUR/kg) in manufacturing increased in the second quarter by 32.0% year-over-year and increased 7.5% versus the first quarter of 2011. Fixed costs were EUR 84.6 million (74.6), accounting for 25.0% (28.6%) of net sales.

Nokian Tyres Group's Operating profit was EUR 93.3 million (60.9). Net financial expenses were EUR 7.9 million (0.3). Net interest expenses were EUR 4.1 million (5.1) including EUR 2.1 million (2.0) in non-cash expenses related to convertible bonds. Net financial expenses include EUR 3.8 million (-4.8) of exchange rate differences.

Profit before tax was EUR 85.4 million (60.6). Profit for the period amounted to EUR 74.2 million (52.6), and EPS were EUR 0.57 (EUR 0.42).

Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow from operations) was EUR -49.9 million (-2.5).

January-June 2011

Nokian Tyres Group recorded net sales of EUR 628.0 million (444.2), showing an increase of 41.4% on the corresponding period a year earlier. In the Nordic countries sales increased by 22.6% representing 36.0% (41.9%) of the group's total sales. Sales in Russia increased by 110.7%. Russia and CIS consolidated sales grew by 102.0% and formed 30.9% (21.8%) of the group's total sales. In Central and Eastern Europe sales were up by 36.4% year-over-year representing 25.4% (26.6%) of the group's total sales. In North America sales increased by 13.7% and were 7.3% (9.2%) of the group's total sales.

Sales of passenger car tyres were up by 47.0% representing 69.8% (64.7%) of the group's total sales. Heavy tyres' sales increased by 52.8% and were 8.4% (7.5%) of the group's total sales. Vianor's sales decreased by 0.2% forming 18.0% (24.5%) of the group's total sales. The sales of Other operations were up by 62.1% representing 3.8% (3.2%) of the group's total sales.

Raw material cost (EUR/kg) in manufacturing increased in the review period by 35.8% year-over-year. Fixed costs amounted to EUR 165.9 million (147.6), accounting for 26.4% (33.2%) of net sales. Total salaries and wages were EUR 87.2 million (68.4).

Nokian Tyres Group's Operating profit amounted to EUR 165.6 million (82.0). The Operating profit was negatively affected by the IFRS 2 -compliant option scheme write-off of EUR 3.8 million (2.9) and expensed credit losses and provisions of EUR 0.8 million (-0.4).

Net financial expense was EUR 10.3 million (-0.8). Net interest expenses were EUR 6.5 million (9.9) including EUR 4.1 million (3.9) in non-cash expenses related to convertible bonds. Net financial expense includes EUR 3.8 million (-10.7) of exchange rate differences.

Profit before tax was EUR 155.3 million (82.8). Profit for the period amounted to EUR 136.6 million (72.6), and EPS were EUR 1.06 (EUR 0.58).

Return on net assets (RONA, rolling 12 months) was 24.1% (13.5%). Income financing after the change in working capital, investments and the disposal of fixed assets (Cash flow from operations) was EUR -102.3 million (-27.3).

The Group employed an average of 3,727 (3,221) people, and 3,786 (3,264) at the end of the period. The equity-owned Vianor tyre chain employed 1,317 (1,349) people and Russian operations 965 (691) people at the end of the period.

Financial position by 30 June 2011

Gearing ratio was 20.0% (37.3%). Interest-bearing net debt amounted to EUR 205.0 million (319.6). Equity ratio was 70.2% (60.9%).

The Group's interest-bearing liabilities totalled EUR 227.4 million (371.0) of which current interest-bearing liabilities amounted to EUR 24.2 million (167.6). The average interest rate of interest-bearing liabilities was 5.19% (3.56%). The average interest rate of interest-bearing liabilities was 1.53% (1.51%) 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 495.2 million (381.0) of which EUR 205.9 million (235.8) 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 was 18.7% and it is estimated to remain at the same level during 2011.The tax rate is effected by tax relieves in Russia based on present investments and further investment-related incentive agreements. A new agreement has been completed with authorities in Russia concerning additional investment in the existing factory and building the new factory. The agreement will prolong the tax benefits and incentives for 5-10 years.

PASSENGER CAR TYRES

	4-6/11	4-6/10	Change%	1-6/11	1-6/10	Change%	2010
Net sales, m€	238.8	179.5	33.0	468.5	318.7	47.0	714.7
Operating profit, m€	83.9	51.5	63.0	168.0	86.9	93.3	205.5
Operating profit, %	35.2	28.7		35.9	27.3		28.8
RONA,% (roll.12 m.)				33.0	17.6		23.3

The net sales of Nokian Passenger Car Tyres in January-June totalled EUR 468.5 million (318.7), up by 47.0% from previous year. Operating profit increased to EUR 168.0 million (86.9). Operating profit percentage improved to 35.9% (27.3%).

The demand for car tyres continued to grow. Nokian Tyres' sales were strong in all core markets, majority of the sales increase coming from Russia. Among product groups the SUV tyres showed the strongest growth. Nokian car tyres' market share improved in the Nordic countries, Russia and Europe. High demand exceeded the company's supply capacity and some sales shifted to the second half of the year.

The new summer tyre models with the spearhead product Nokian Hakka Green, a tyre giving clear savings in fuel-consumption, won car magazines' tyre tests in the core markets, which boosted sales.

Sales mix improved clearly despite a lower share of winter tyres year-over-year, which together with successful price increases and favourable currency exchange rates development raised the Average Selling Price compared to H1/2010, thus compensating for the raw material cost increase of 35.9% versus the corresponding period a year earlier.

Production output (pcs) grew by 48% compared with the corresponding period a year earlier, boosted by the increased capacity in Russia. Productivity improved along with high utilization and capacity increases. The production capacity will increase further as the line 9 in Russia is now on stream and line 10 will commence production in the end of Q3. The plant in Nokia is back to 7 days/week full capacity as from August. The company will also increase off-take contract manufacturing.

Earth work for the new plant and warehouse next to the current ones in Russia has started. The new plant is estimated to commence production during 2012 and the capacity increase during 2012-2014.

Fixed costs increased moderately compared to the sales growth which helped to improve margins.

The order book for 2011 is all-time high and the inventories are low. Tyre raw materials' availability has improved and material prices seem to be levelling off. The most important challenges in 2011 will be to secure the tyre supply capacity and to optimise the logistics for growing deliveries.

HEAVY TYRES

	4-6/11	4-6/10	Change%	1-6/11	1-6/10	Change%	2010
Net sales, m€	28.3	20.3	39.6	56.7	37.1	52.8	81.0
Operating profit, m€	4.6	3.9	17.2	10.0	7.7	29.6	13.7
Operating profit, %	16.2	19.3		17.7	20.8		16.9
RONA,% (roll.12 m.)				22.2	19.0		21.0

The net sales of Nokian Heavy Tyres totalled EUR 56.7 million (37.1) in the review period, up by 52.8% year-over-year. Operating profit was EUR 10.0 million (7.7), and the Operating profit percentage 17.7% (20.8%).

Demand for heavy tyres continued to grow at a healthy pace trailing increasing activity in machine building and a stronger replacement market. Sales of Nokian Heavy Tyres improved clearly in all product groups. Forestry, mining and radial tyres showed strongest growth. Sales in Russia has been improving rapidly. Order book was healthy at the end of the review period.

Price increases were implemented during the first half of the year but with a delay compared to the raw material cost increase; mix improvement and further price increases will be carried out in the second half of the year in order to fully offset the higher raw material cost.

The production was at full utilization and volume (tons) increased by 44% year-over-year. Further investment to open bottlenecks in production and to increase output in 2012-2013 by approximately 25% from present level have been taken. Installation of machinery will start during H2/2011.

A new product category, Beyond All-Steel Radial (BAS) developed by Nokian Tyres was launched targeting harbour and mining end use applications. Sales have started in late 2010 challenging traditional all-steel tyres.

VIANOR

Equity-owned operations

	4-6/11	4-6/10	Change%	1-6/11	1-6/10	Change%	2010
Net sales, m€	78.7	78.7	0.0	120.6	120.9	-0.2	307.9
Operating result, m€	5.9	6.8	-13.2	-7.2	-5.1	-43.2	4.0
Operating result, %	7.5	8.6		-6.0	-4.2		1.3
RONA,% (roll.12 m.)				-1.6	-1.0		2.6

At the end of the review period Vianor had 173 (170) equity-owned stores in Finland, Sweden, Norway, USA, Switzerland and Russia. Vianor’s net sales in January-June amounted to EUR 120.6 million (120.9), down by 0.2% compared with the corresponding period a year earlier. Operating result was EUR -7.2 million (-5.1) and the Operating result percentage was -6.0% (-4.2%). The Operating result was negative due to seasonality. As in previous years, the last quarter with winter tyre consumer season will be decisive for Vianor’s results.

In 2011 the focus will be on improving sales and market shares further, developing the car services business and improving cost efficiency.

Franchising and partner operations

Vianor expanded the network on Nokian Tyres’ core markets by 49 stores during the review period. At the end of June 2011, the global Vianor network comprised of 820 stores of which 647 were partners. Vianor operated in 22 countries; most extensively in the Nordic countries, in Russia and in Ukraine. New Vianor countries in the second quarter were Italy and Azerbaijan. In USA Vianor started partner operations alongside the equity-owned network. Nokian Tyres’ market shares improved as a result of the expansion.

Expanding the partner franchise network will continue according to plans; target is to have more than 900 stores by the end of 2011.

OTHER OPERATIONS

Truck Tyres

The net sales of Nokian Truck Tyres were EUR 25.8 million (15.9), up by 62.1% from the previous year. Nokian truck tyres' market share increased in the Nordic countries, in Russia as well as in Central and Eastern Europe due to an improved product range in both premium and standard tyres. Sales of retreading materials improved due to a higher utilization rate in the transport sector and restocking by customers.

Due to the market upturn there is a global shortage of truck tyres. Nokian Tyres will continue to get more capacity in order to meet higher demand. In 2011 the focus will also be on streamlining logistics and expanding the product range. 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 year-over-year by 110.7% to EUR 192.8 million (91.5). Sales in CIS countries (excluding Russia) were EUR 12.0 million (9.9). Consolidated sales in Russia and CIS increased by 102.0% to EUR 204.8 million (101.4).

Sales in Russia grew significantly due to recovering consumer demand, distributors' low inventory levels and improving credit capability. Summer tyre sales increased substantially, both in premium and standard tyres. Nokian Tyres improved its market shares in premium tyres in Russia.

The distribution network was extended by signing additional distribution agreements and expanding the Vianor network. The Vianor tyre chain was expanded and there were a total of 450 Vianor stores in Russia and CIS countries at the end of the review period.

A total of 8 production lines have been operating since September 2010 with an annualized capacity of 8 million tyres. During 2011 two new production lines (9 and 10) in the Russian factory will increase the annual capacity to approximately 11 million tyres. Line 9 is in start-up phase and line 10 will commence production by end Q3/2011. The company is also building a new plant next to the current one, which will increase the annual car tyre capacity further by 5-6 million tyres. Earth and foundation work has commenced. Negotiations with Russian authorities about tax relieves and infrastructure investments have been successfully completed. The new plant is estimated to commence production during 2012 and the capacity increase during 2012-2014.

Russian economy recovered at an estimated real GDP growth of 4% in H1/2011 versus H1/2010. Consumer confidence was strong and purchasing power improved. Russia is expected to show a healthy GDP growth of 4–5% in 2011.

New car sales, the main driver for premium tyres, increased by 56% in H1/2011 compared to H1/2010. The new car sales was supported by the credit rates offered by banks (including loans subsidized by car manufacturers) returning to pre-crisis values. New sertificates of the car scrappage incentive program are no longer granted, but the program's positive effect on car sales still continues. The car sales annual growth in 2011 is forecasted to be approximately 30% with a gradual return to pre-crisis volume. The sales of used cars is also strong with demand exceeding supply. Western cars that were acquired in large volumes 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 is evident with strong growth in car and tyre sales. Tyre industry deliveries to distributors increased by over 50% in H1/2011 year-over-year.

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 amounted to EUR 52.6 million (27.6). This comprises of production investments in the Russian and Finnish factories, moulds for new products and the Vianor expansion projects.

OTHER MATTERS

1. Stock options on the NASDAQ OMX Helsinki Stock Exchange

The total number of stock options 2007C is 2,250,000. Each stock option 2007C entitles its holder to subscribe for one Nokian Tyres plc share. The shares can be subscribed with the stock options 2007C during 1 March 2011 - 31 March 2013. In the aggregate, the stock options 2007C entitle their holders to subscribe for 2,250,000 shares. The present share subscription price with stock options 2007C is EUR 7.56/share. The dividends payable annually shall be deducted from the share subscription price.

2. Shares subscribed with option rights

After 14 December, 2010 registered new shares a total of 1,146,301 Nokian Tyres plc’s shares have been subscribed with the 2007A option rights and 250 with the 2007B option rights. These option rights are attached to the Nokian Tyres plc’s Option Programs of 2007. New shares have been registered into the Trade Register on 24 February, 2011. After the subscription, the number of Nokian Tyres shares was 128,849,012 and the share capital remained EUR 25,437,906.00.

After 24 February 2011 registered new shares a total of 448,867 Nokian Tyres plc's shares have been subscribed with the 2007A option rights and 175 with the 2007B option rights and 177,790 with the 2007C option rights. These option rights are attached to the Nokian Tyres plc's Option Programs of 2007. New shares have been registered into the Trade Register on 12 May 2011. After the subscription, the number of Nokian Tyres plc shares increased to 129,475,844 shares.

3. Share price development

The Nokian Tyres’ share price was EUR 34.60 (EUR 20.15) at the end of the review period. The volume weighted average share price during the period was EUR 30.69 (EUR 18.54), the highest EUR 35.45 (EUR 21.40) and the lowest EUR 26.07 (EUR 15.89). A total of 79,232,991 shares were traded during the period (101,452,569), representing 61% (80%) of the company's overall share capital. The company’s market value at the end of the period amounted EUR 4.480 billion (EUR 2.553 billion).The company’s percentage of Finnish shareholders was 37.2% (37.4) and 62.8% (62.6) were foreign shareholders registered in the nominee register. This figure includes Bridgestone's ownership of approximately 15.5%.

4. Decisions made at the Annual General Meeting

On 7 April 2011, Nokian Tyres Annual General Meeting accepted the financial statements for 2010 and discharged the Board of Directors and the President and CEO from liability.

The meeting decided that a dividend of EUR 0.65 per share shall be paid for the period ending on 31 December, 2010. The dividend was decided to be paid to shareholders included in the shareholder list maintained by Euroclear Finland Ltd on the record date of 12 April 2011. The proposed dividend payment date was decided to be 27 April 2011.

4.1. Members of the Board of Directors and Auditor

The meeting decided that the Board of Directors has six members. Kim Gran, Hille Korhonen, Hannu Penttilä, Petteri Walldén and Aleksey Vlasov continued in the Nokian Tyres’ Board of Directors. Benoit Raulin was elected as a new member of the Board. Authorised public accountants KPMG Oy Ab was decided to 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 29 April 2011, 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.

5. Signing of credit facility

Nokian Tyres plc signed a EUR 100 million Multicurrency Revolving Credit Facility for 5 years with international banks on the 31st of March 2011. The Facility will be used to refinance the existing EUR 180 million Multicurrency Revolving Credit Facility that was signed 4th of November 2009 and for general corporate purposes. Mandated Lead Arrangers and Bookrunners for the facility are: HANDELSBANKEN CAPITAL MARKETS, SVENSKA HANDELSBANKEN AB (PUBL),NORDEA BANK FINLAND PLC, POHJOLA BANK PLC and SAMPO BANK PLC. The coordinator and facility agent for the facility was Nordea.

6. Changes in ownership

Nokian Tyres received a notification from The Goldman Sachs Group, Inc. on 12 April 2011, according to which the total ownership of Goldman Sachs & Co., Goldman Sachs International and Goldman Sachs Asset Management L.P. increased above the level of 5% of the share capital in Nokian Tyres plc as a result of a share transaction concluded on 11 April 2011. The Goldman Sachs Group held on deal date a total of 7,829,934 Nokian Tyres' shares representing 6,08% of company's 128,849,012 shares and voting rights.

Nokian Tyres received a notification from The Goldman Sachs Group, Inc. on 14 April 2011, according to which the total ownership of Goldman Sachs & Co., Goldman Sachs International and Goldman Sachs Asset Management L.P. fell below the level of 5% of the share capital in Nokian Tyres plc as a result of a share transaction concluded on 13 April 2011.

RISKS, UNCERTAINTY AND DISPUTES IN THE NEAR FUTURE

Ongoing uncertainty related to governmental borrowing in Europe may cause disruption in the financial markets. The increased uncertainty in macroeconomics globally may convert into weaker demand, sales and results.

Nokian Tyres' other risks and uncertainty factors relate to the prices of raw materials. The maintaining of profitability depends on company's ability to raise prices in line with the increasing raw material cost. An efficient ramp-up of new production lines in Russia will depend on the success of recruiting and retaining work force in a tightening labour market.

Around 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 Swedish and Norwegian krona, the US dollar and 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 41% 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 2011

Car tyre demand and deliveries have increased clearly driven by a recovery of consumer confidence, growth of GDP on Nokian Tyres' core markets, growth in car sales and improved financing to distributors. Higher industrial activity in machine building and transportation supports growth of heavy tyre and truck tyre sales. Inventories are low in the tyre industry and distribution channels. Nokian Tyres' order book is on an all-time high level in all manufacturing units and demand may exceed supply capacity at times in 2011.

Nokian Tyres will add to production capacity by more than 30% in 2011 versus 2010. Production in H2 will be increased by investment and start-up of two new lines in the Russian plant and by shifting the plant in Nokia back to 7 days/week full capacity. The company is also building a new plant in Russia next to the current one, which will increase the annual car tyre capacity by 5-6 million tyres. Negotiations with Russian authorities about tax relieves and infrastructure investments have been successfully completed. The new plant is estimated to commence production during 2012 and the capacity increase during 2012-2014.

Productivity is expected to improve due to the benefits of restructuring and higher capacity utilization. The development of profits at Nokian Tyres is estimated to be supported by higher sales volumes, improved sales mix and an increasing share of Russian production. There will be less room for further tyre price increases in H2 than in H1/2011.

Nokian Tyres' raw material cost is gradually levelling off, but for full year 2011 it is estimated to increase by approximately 30% compared to 2010. In order to compensate the company is targeting an ASP increase of 9% for 2011. The year-over-year ASP development in the first half exceeded the target.

A strong demand, healthy order book, expanding distribution channel, fluent seasonal logistics, an improved cost structure with majority of production inside duty borders of Russia and CIS as well as new test winner products will give Nokian Tyres a good chance to strengthen its market leadership in the core markets and to continue strong profitable growth in 2011.

Financial guidance (unchanged):
In 2011, the company is positioned to provide strong sales growth and to improve operating profit clearly compared to 2010.

INVESTMENTS IN 2011

Nokian Tyres' budget for total investments in 2011 is approximately EUR 140 million (50.5). Roughly EUR 75 million will be invested in Russia, including the start of construction of the new production facilities. The balance comprises of investments in Nokia plant and processes EUR 25 million, moulds for new products EUR 26 million and Vianor chain including acquisitions EUR 14 million.

Nokia, 5 August 2011

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 Reports standard. The company has adopted certain new or revised IFRS standards and IFRIC interpretations at the beginning of the financial period as described in the Financial Statements for 2010. However, the adaption of these new or amended standards has not yet had an effect on the reported figures in practice. On the other respects, the same accounting policies have been followed as in the Financial Statements for 2010.

NOKIAN TYRES
CONSOLIDATED INCOME STATEMENT

STATEMENT Million euros	4-6/11	4-6/10	1-6/11	1-6/10	Last 12 months	1-12/10
Net sales	338.8	260.4	628.0	444.2	1,241.9	1,058.1
Cost of sales	-181.1	-145.6	-336.7	-254.2	-686.5	-604.0
Gross profit	157.7	114.8	291.2	190.0	555.4	454.1
Other operating income	0.5	1.9	1.2	2.8	2.7	4.3
Selling and marketing expenses	-51.8	-45.8	-103.3	-90.4	-205.7	-192.9
Administration expenses	-8.3	-6.5	-14.5	-12.5	-29.6	-27.6
Other operating expenses	-4.8	-3.5	-9.0	-7.8	-17.0	-15.8
Operating profit	93.3	60.9	165.6	82.0	305.7	222.2
Financial income	15.0	16.7	49.6	46.0	99.9	96.3
Financial expenses	-23.0	-17.0	-59.9	-45.2	-124.3	-109.7
Peofit before tax	85.4	60.6	155.3	82.8	281.3	208.8
Tax expense (1	-11.2	-8.0	-18.7	-10.2	-47.7	-39.1
Profit for the period	74.2	52.6	136.6	72.6	233.7	169.7
Attributable to:						
Equity holders of the parent	74.2	52.6	136.6	72.6	233.7	169.7
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0
Earnings per share from the profit attributable to equity holders of the parent						
basic, euros	0.57	0.42	1.06	0.58		1.34
diluted, euros	0.57	0.41	1.05	0.57		1.32

CONSOLIDATED OTHER COMPREHENSIVE INCOME	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10
Million euros					
Result for the period	74.2	52.6	136.6	72.6	169.7
Other comprehensive income, net of tax:					
Gains/Losses from hedge of net investments in foreign operations	0.4	-4.3	0.6	-20.4	-17.9
Cash flow hedges	-0.9	-0.2	0.7	-0.8	-0.6
Translation differences on foreign operations	-1.8	25.2	4.4	69.1	37.0
Total other comprehensive income for the period, net of tax	-2.2	20.6	5.7	48.0	18.5
Total comprehensive income for the period	71.9	73.2	142.5	120.7	188.2
Total comprehensive income attributable to:					
Equity holders of the parent	71.9	73.2	142.5	120.7	188.2
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	30.6.11	30.6.10	31.12.10	Change %
Equity ratio, %	70.2	60.9	68.4	
Gearing, %	20.0	37.3	0.1	
Equity per share, euro	7.92	6.74	7.34	17.6
Interest-bearing net debt, mill. euros	205.0	319.6	0.7	
Capital expenditure, mill. euros	52.6	27.6	50.5	
Depreciation, mill. euros	35.4	34.6	69.4	
Personnel, average	3,727	3,221	3,338	
Number of shares (million units)				
at the end of period	129.48	127.19	127.70	
in average	128.68	126.25	126.75	
in average, diluted	135.90	132.16	132.96	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Million euros	30.6.2011	30.6.2010	31.12.10
Non-current assets			
Property, plant and equipment	503.6	524.9	483.6
Goodwill	60.1	57.4	58.8
Other intangible assets	19.8	18.1	19.7
Investments in associates	0.1	0.1	0.1
Available-for-sale financial assets	0.3	0.3	0.3
Other receivables	21.4	11.8	20.6
Deferred tax assets	19.2	36.2	22.3
Total non-current assets	624.5	648.6	605.2
Current assets			
Inventories	310.3	231.0	210.6
Trade receivables	419.8	369.8	258.9
Other receivables	84.9	106.5	80.4
Cash and cash equivalents	22.4	51.4	216.6
Total current assets	837.4	758.7	766.3
Equity			
Share capital	25.4	25.4	25.4
Share premium	181.4	181.4	181.4
Translation reserve	-66.0	-41.4	-71.1
Fair value and hedging reserves	0.1	-0.8	-0.6
Paid-up unrestricted equity reserve	34.4	0.0	8.0
Retained earnings	850.7	692.5	793.9
Non-controlling interest	0.0	0.0	0.0
Total equity	1,026.0	857.1	937.2
Non-current liabilities			
Deferred tax liabilities	30.3	30.4	39.3
Provisions	0.1	1.4	0.1
Financial liabilities	203.2	203.5	204.2
Other liabilities	1.4	2.9	1.9
Total non-current liabilities	234.9	238.2	245.5
Current liabilities			
Trade payables	86.7	60.5	81.0
Other current payables	87.8	83.1	92.7
Provisions	2.2	0.7	2.2
Short-term financial liabilities	24.2	167.6	13.0
Total current liabilities	201.0	311.9	189.0
Total assets	1,461.9	1,407.3	1,371.6

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	1-6/11	1-6/10	1-12/10
Cash flows from operating activities:			
Cash generated from operations	-64.2	56.0	372.7
Financial items and taxes	-26.3	-56.3	-45.4
Net cash from operating activities	-90.5	-0.3	327.2
Cash flows from investing activities:			
Net cash used in investing activities	-53.5	-24.1	-33.7
Cash flows from financing activities:			
Proceeds from issue of share capital	26.4	26.6	34.7
Change in current financial receivables and debt	11.1	125.6	-29.8
Change in non-current financial receivables and debt	-4.3	-90.2	-95.2
Dividends paid	-83.7	-50.7	-50.7
Net cash from financing activities	-50.5	11.4	-141.0
Net change in cash and cash equivalents	-194.5	-13.1	152.6
Cash and cash equivalents at the beginning of the period	216.6	62.5	62.5
Effect of exchange rate changes	0.3	1.9	1.5
Cash and cash equivalents at the end of the period	22.4	51.4	216.6
	-194.5	-13.1	152.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
B = Share premium
C = Translation reserve
D = Fair value and hedging reserves
E = Paid-up unrestricted equity reserve
F = Retained earnings
G = Non-controlling interest
H = Total equity

	Equity attributable to equity holders of the parent							
Million euros	A	B	C	D	E	F	G	H
Equity, Jan 1st 2010	25.0	155.2	-90.2	0.0	0.0	667.6	0.0	757.6
Profit for the period						72.6		72.6
Other comprehensive income,net of tax:								
Cash flow hedges				-0.8				-0.8
Net investment hedge			-20.4					-20.4
Translation differences			69.1					69.1
Total comprehensive income for the period			48.8	-0.8		72.6		120.7
Dividends paid						-50.7		-50.7
Exercised warrants	0.5	26.1						26.6
Share-based payments						2.9		2.9
Total transactions with owners for the period	0.5	26.1				-47.8		-21.1
Equity, Jun 30th 2010	25.4	181.4	-41.4	-0.8	0.0	692.5	0.0	857.1
Equity, Jan 1st 2011	25.4	181.4	-71.1	-0.6	8.0	793.9	0.0	937.2
Profit for the period						136.6		136.6
Other comprehensive income,net of tax:								
Cash flow hedges				0.7				0.7
Net investment hedge			0.6					0.6
Translation differences			4.4					4.4
Total comprehensive income for the period			5.0	0.7		136.6		142.3
Dividends paid						-83.7		-83.7
Exercised warrants					26.4			26.4
Share-based payments						3.8		3.8
Total transactions with owners for the period					26.4	-79.9		-53.5
Equity, Jun 30th 2011	25.4	181.4	-66.0	0.1	34.4	850.7	0.0	1,026.0

SEGMENT INFORMATION

Million euros	4-6/11	4-6/10	1-6/11	1-6/10	1-12/10	Change %
Net sales						
Passenger car tyres	238.8	179.5	468.5	318.7	714.7	47.0
Heavy tyres	28.3	20.3	56.7	37.1	81.0	52.8
Vianor	78.7	78.7	120.6	120.9	307.9	-0.2
Other operations	19.3	10.1	32.1	16.1	41.6	99.1
Eliminations	-26.2	-28.1	-49.9	-48.6	-87.2	-2.8
Total	338.8	260.4	628.0	444.2	1,058.1	41.4
Operating result						
Passenger car tyres	83.9	51.5	168.0	86.9	205.5	93.3
Heavy tyres	4.6	3.9	10.0	7.7	13.7	29.6
Vianor	5.9	6.8	-7.2	-5.1	4.0	-43.2
Other operations	-1.2	0.9	-0.7	-0.5	-1.6	-35.2
Eliminations	0.0	-2.2	-4.5	-7.0	0.6	36.1
Total	93.3	60.9	165.6	82.0	222.2	101.9
Operating result, % of net sales						
Passenger car tyres	35.2	28.7	35.9	27.3	28.8	
Heavy tyres	16.2	19.3	17.7	20.8	16.9	
Vianor	7.5	8.6	-6.0	-4.2	1.3	
Total	27.5	23.4	26.4	18.5	21.0	
Cash Flow II						
Passenger car tyres	-22.6	-2.0	-36.7	-10.5	291.2	-250.3
Heavy tyres	-5.3	2.0	-13.1	-1.3	8.5	-903.0
Vianor	-7.9	0.0	-20.1	-9.1	12.4	-119.7
Total	-49.9	-2.5	-102.3	-27.3	318.8	-274.4

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Million euros	30.6.11	30.6.10	31.12.10
Opening balance	483.6	507.6	507.6
Capital expenditure	52.5	26.4	50.5
Decrease	-2.5	-0.4	-24.6
Depreciation for the period	-32.8	-32.1	-64.3
Other changes	0.0	0.0	-7.5
Exchange differences	2.8	23.4	21.9
Closing balance	503.6	524.9	483.6

CONTINGENT LIABILITIES Million euros	30.6.11	30.6.10	31.12.10
FOR OWN DEBT			
Mortgages	1.0	0.9	1.1
Pledged assets	0.0	0.0	0.0
OTHER OWN COMMITMENTS			
Guarantees	6.1	5.7	6.2
Leasing and rent commitments	97.2	98.7	102.1
Purchase commitments	1.7	3.4	2.2

DERIVATIVE FINANCIAL INSTRUMENTS Million euros	30.6.11	30.6.10	31.12.10
INTEREST RATE DERIVATIVES			
Interest rate swaps			
Notional amount	59.9	61.2	30.7
Fair value	-0.7	-1.6	-1.3
FOREIGN CURRENCY DERIVATIVES			
Currency forwards			
Notional amount	412.7	371.5	563.2
Fair value	-0.8	-8.1	-3.3
Currency options, purchased			
Notional amount	64.6	31.6	0.0
Fair value	0.9	0.6	0.0
Currency options, written			
Notional amount	113.1	71.9	0.0
Fair value	-0.9	-0.6	0.0
ELECTRICITY DERIVATIVES			
Electricity forwards			
Notional amount	16.3	-	-
Fair value	0.5	-	-

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	1-6/11	1-6/10	1-12/10
Sales of goods	13.9	14.8	16.0
Purchases of goods	17.3	14.4	26.7
	30.6.11	30.6.10	31.12.10
Trade and other receivables	4.4	2.9	0.2
Trade and other payables	6.7	3.9	6.1

Key management personnel	1-6/11	1-6/10	1-12/10
Total employee benefit expenses	2.9	2.6	6.2
Of which share-based payments	1.4	1.1	2.2

During 1 January and 30 June 2011 the President and other key management personnel were granted a total of 410,000 share options (during 1 January and 30 June 2010 452,020 share options). The share option plan terms for the key management personnel are equal to the share options directed at other personnel. On 30 June 2011 the key management personnel held 1,345,655 share options, with 505,655 exercisable (on 30 June 2010 2,135,720 share options,). with 1,317,620 exercisable

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

BUSINESS COMBINATIONS

Vianor-chain acquired full ownership in Norvegian Dekkvarehuset As and Dekkvarehallen AS on 7 March 2011. The expectations relating to the growth in sales through increased customer base, and the future expectations on improved market area coverage and sales increase resulted in the recognition of goodwill.

Specification of the cost of business combination	
Paid in cash	2.1
Cost directly attributable to the business combinations	0.0
Total cost of the business combinations	2.1
Fair value of the net asset acquired	0.1
Goodwill	2.0

	Fair values recorded in combination
Specification of acquired net assets	
Intangible assets	0.0
Property, plant and equipment	0.0
Inventories	0.7
Receivables	0.1
Cash and cash equivalents	0.4
Liabilities	-1.1
Net assets acquired	0.1
Consideration paid in cash	2.1
Cash and cash equivalents in the subsidiaries acquired	0.4
Net cash outflow	1.7

Since these pieces of information are not material individually, the presentation is aggregated. The profits of the acquired companies, totalling EUR 0.0 million, are included in the consolidated income statement. The actual acquisition dates and the nature of the operations taken into account the effect of the acquisitions on the consolidated net sales and profits is not material even if they were combined as of the beginning of the financial year.

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 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.

Core markets: Nordic countries, Russia and CIS.

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Nokian Tyres plc

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Nokian Tyres plc interim report January- June 2011 was published on Friday 5 August, 2011 at 8.00 a.m. Finnish time.

The result presentation to analysts and media will be held in Hotel Kämp in Helsinki at 10.00 a.m. Finnish time. The presentation can be listened through audiocast via internet at http://www.nokiantyres.com/resultinfo2011q2

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: 900619

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 January-September 2011 will be published on 4 November, 2011. Releases and company information will be found from http://www.nokiantyres.com