NOKIA

PRESS RELEASE
July 19, 2001

Nokia's second quarter margins above 15% with pro forma pre-tax profit of nearly EUR 1.2 billion

Sales growth of 5% and strong positive net operating cash flow show operational efficiency while adjusting to market slowdown

- Second-quarter net sales were EUR 7 346 million, showing growth of 5% compared with the previous year. In Nokia Networks, net sales declined 2% and in Nokia Mobile Phones net sales increased 10%
- Pro forma pre-tax operating profit was EUR 1 166 million
- Pro forma operating margin for Nokia was 15.5%, Nokia Networks 15.8% and Nokia Mobile Phones 17.9%
- Pro forma earnings per share (diluted) were EUR 0.17 (0.21), on a reported basis EPS (diluted) were EUR 0.12 (0.20)

	PRO FORMA (excludes goodwill amortization and non-recurring items)					
EUR Million	**2Q/2001**	**2Q/2000**	**Change (%)**	**1H/2001**	**1H/2000**	**Full Year 2000**
Net sales	7 346	6 980	+5	15 353	13 517	30 376
Nokia Networks	1 896	1 925	-2	3 918	3 427	7 714
Nokia Mobile Phones	5 349	4 883	+10	11 179	9 722	21 887
Nokia Ventures Organization	134	193	-31	303	404	854
Operating profit	1 137	1 445	-21	2 577	2 780	5 861
Nokia Networks	300	357	-16	664	637	1 400
Nokia Mobile Phones	960	1 222	-21	2 167	2 384	4 897
Nokia Ventures Organization	-92	-85		-194	-144	-307
Common Group Expenses	-31	-49		-60	-97	-129
Profit before tax and minority interests	1 166	1 457	-20	2 651	2 809	5 947
Net profit	830	984	-16	1 876	1 894	4 027
EPS, EUR						
Basic	0.18	0.21	-14	0.40	0.41	0.86
Diluted	0.17	0.21	-19	0.39	0.40	0.84

Jorma Ollila, Nokia Chairman and CEO, said "Backed by our ability to manage working capital and control costs, we were able to retain our leading market position while sustaining good profitability and positive cash flow. This kind of resourcefulness is a product of the long-term commitment from all parts of our organization to improve efficiency and flexibility.

"We believe firmly in the long-term opportunities of the mobile communications industry. With market growth expected to pick up again next year, we are in a unique position to build on our strengths. I am confident that our solid financial base, proven excellence in execution, focussed R&D and strong brand will continue to translate very well into profitable future growth."

NOKIA IN APRIL–JUNE 2001 (PRO FORMA)
(International Accounting Standards, IAS, pro forma, comparisons given to the second quarter 2000 results)

Nokia's net sales increased by 5% to EUR 7 346 million (EUR 6 980 million). Sales of Nokia Networks decreased by 2% to EUR 1 896 million (EUR 1 925 million), reflecting significant revenue declines in Europe substantially offset by growth in Asia Pacific and flat revenues in the Americas. Sales of Nokia Mobile Phones grew by 10% to EUR 5 349 million (EUR 4 883 million), with strong growth in Europe and growth in Asia Pacific partially offset by a sales decline in the Americas. Sales of Nokia Ventures Organization decreased by 31% and totaled EUR 134 million (EUR 193 million).

Pro forma operating profit decreased by 21% to EUR 1 137 million (EUR 1 445 million), representing a pro forma operating margin of 15.5% (20.7%). Pro forma operating profit in Nokia Networks decreased by 16% to EUR 300 million (EUR 357 million), representing a pro forma operating margin of 15.8% (18.5%). Pro forma operating profit in Nokia Mobile Phones decreased by 21% to EUR 960 million (EUR 1 222 million), representing a pro forma operating margin of 17.9% (25.0%). Nokia Ventures Organization reported a pro forma operating loss of EUR 92 million (pro forma operating loss of EUR 85 million). Common Group Expenses, which comprises Nokia Head Office and Nokia Research Center, totaled EUR 31 million (EUR 49 million).

Financial income totaled EUR 27 million (EUR 13 million). Profit before tax and minority interests was EUR 1 166 million (EUR 1 457 million). Net profit totaled EUR 830 million (EUR 984 million). Pro forma earnings per share decreased to EUR 0.18 (basic) and to EUR 0.17 (diluted) compared with EUR 0.21 (basic) and EUR 0.21 (diluted).

Pro forma adjustments for this quarter reflected the exclusion of goodwill amortization in the amount of EUR 71 million (EUR 33 million in the second quarter 2000) and non-recurring charges totaling EUR 210 million. These charges consisted of

- EUR 65 million at Nokia Networks relating to its broadband operations, offset in part by a EUR 24 million gain from the disposal of certain production operations in the UK and Finland
- EUR 35 million at Nokia Mobile Phones related to the refocus of production in the US and Germany
- EUR 134 million related to the realignment at Nokia Internet Communications, including a EUR 54 million impairment of goodwill

All reported figures can be found on pages 6 and 7 and in the tables at the end of this report.

During the second quarter, the company continued to take steps to improve operational efficiency and overall competitiveness in line with current market conditions. Actions included additional outsourcing and increased internal staff rotation, as well as some personnel decreases.

To increase customer orientation and efficiency, Nokia reorganized its Networks Customer Operations and Broadband Systems divisions, as well as Nokia Internet Communications. Nokia Mobile Phones is refocusing its mobile phone production processes in Germany and the US. At the end of June Nokia had 58 675 employees, showing a decline of approximately 1 600 employees during the first half of the year, mostly resulting from outsourcing. Announced realignments are expected to result in a decrease of an additional 1 500 employees during 2001.

BUSINESS ENVIRONMENT AND FORECASTS

Slower growth in the second quarter was largely due to weaker-than-expected market conditions, driven by economic uncertainty, the ongoing technology transition and the current less aggressive market penetration strategies of operators.

Nokia estimates that the global mobile infrastructure market declined during the second quarter compared with the second quarter 2000 and compared with the first quarter 2001. Markets were adversely affected by reduced investments by operators in their existing networks due to unfavorable economic conditions, weakened financial positions at certain operators and the anticipated shift to next generation technologies. These factors were particularly pronounced in the Americas and Europe during the second quarter, while the Asia Pacific infrastructure market, notably China, continued to grow. Nokia anticipates little if any change in these market trends for the remainder of 2001.

Based on Nokia's preliminary market estimates, the overall mobile phone market in the second quarter was unchanged compared with the same period a year ago and declined slightly from the first quarter to about 90 million units sold worldwide. The decline was most evident in Europe and the Americas, while Asia Pacific continued to show year-on-year volume growth. Due to the slowdown, Nokia estimates the global mobile phone market in 2001 to show very little or modest volume growth compared with 2000, when about 405 million phones were sold.

Current economic and industry uncertainties continue to limit our visibility for the remainder of 2001. In the third quarter 2001, Nokia expects revenue growth to range from flat to 5%, and pro forma operating margins for the Nokia Group to be in the mid-teens. Nokia expects third quarter 2001 pro forma EPS (diluted) to range between EUR 0.14 and EUR 0.16, then improve on that in the fourth quarter. Net operating cash flow is expected to continue to be positive both for the third quarter and the balance of the year. The lack of visibility does not allow us to give specific growth guidance for the fourth quarter 2001.

Nokia Networks continued to outperform the market despite lower-than-expected revenues in the second quarter. The company believes that its share of the overall mobile infrastructure market had increased slightly to approximately 20% at the end of the second quarter 2001. During the remainder of 2001, Nokia Networks will continue to deliver GSM/GPRS networks and start shipping equipment for the third generation 3G. However, due to the timing of 3G sales recognition, revenues resulting from these shipments and ongoing deliveries will only be reflected starting mid-2002.

In the second quarter, Nokia believes it has held its mobile phone market share at the over 35% level achieved in the first quarter 2001 despite agressive discounting by some competitors. In addition, Nokia has continued to gain market share both during the second quarter and the first half 2001 as compared with the respective periods in 2000. The company believes that its mobile phone sales will continue to exceed yearly market growth, resulting in a higher full-year market share in 2001 than in 2000.

While Nokia Internet Communications grew slightly in the second quarter, revenue growth was affected by the slowdown in information technology spending. As a result, the unit is not expected to reach its revenue target of EUR 500 million for this year. However, Nokia remains committed to building leadership in the corporate network security market and believes Nokia Internet Communications is well positioned to reach break-even during 2002.

Economic conditions in general are expected to improve next year. As investments in new technologies accelerate, the company expects to see revenue growth pick up again and return to the level of 25-35% at some time during 2002.

JORMA OLLILA, CHAIRMAN AND CEO

Towards the end of the quarter, we saw a rapid deterioration in overall market conditions. While they were much worse than expected, we intensified our efforts to counter the sudden changes without compromising our profitability, cash flow and investments for the future. The first half produced a net operating cash flow of EUR 2.5 billion, leaving us with a strong net cash position at the end of June.

Backed by our ability to manage working capital and control costs, we were able to retain our leading market position while sustaining good profitability and positive cash flow. This kind of resourcefulness is a product of the long-term commitment from all parts of our organization to improve efficiency and flexibility.

In mobile networks, our position has developed favorably to bring us additional market share. Based on our estimates we believe we are now the world's largest GSM base station supplier. In 3G, we are proceeding as planned with test networks already being delivered in preparation for volume shipments commencing October 2001. Under applicable accounting rules related to revenue recognition, the impact of these shipments on top-line growth is not expected to be seen until the middle of 2002. Our financial base is strong and we continue to take a prudent approach to providing vendor financing.

In mobile phones, we launched 14 new products during the first six months of 2001 and we have a strong product line-up for the second half. Plans are on track to commence deliveries of our first GPRS phone in the third quarter and this should start to impact earnings towards the fourth quarter. Although we continue to maintain our stated 40% global market share target for the long term, given the discounting by some of our competitors and the difficult market conditions, we are placing more emphasis on sustaining healthy profitability.

Our commitment to the Symbian-based operating system was reaffirmed during the second quarter with deliveries of the new Nokia communicator, our first Symbian product. In a sense, a lot of what we envisage for the future is previewed in the new communicator series with its high-speed data access, color screen, wireless imaging and both WAP and HTML connection to the Internet.

We believe firmly in the long-term opportunities of the mobile communications industry. With market growth expected to pick up again next year, we are in a unique position to build on our strengths. I am confident that our solid financial base, proven excellence in execution, focussed R&D and strong brand will continue to translate very well into profitable future growth.

NOKIA NETWORKS

During the second quarter, Nokia Networks revenues declined slightly compared with the second quarter, 2000. Sales continued to grow in Asia Pacific, but were flat in the Americas and decreased significantly in Europe.

Nokia is on track in 3G network development. Since April, the company has announced 10 new deals with the following operators: Cable & Wireless Optus in Australia, Hutchison 3G in the UK, Orange in the UK and Switzerland, Itineris in France, MobilCom in Germany, Wind in Italy, Radiolinja in Finland, Viag Interkom in Germany, and Omnitel Vodafone in Italy. The company also commenced deliveries of its first 3G test network deliveries, in preparation for volume deliveries in October.

In addition, Nokia Networks launched its unique Multi-Operator Radio Access Network for 3G network sharing, one of the company's several network-sharing solutions. The solution will enable operators to exploit the benefits that network sharing brings in the early phase of 3G build-outs.

The USD 680 million contract with Brazil's largest operator, Telemar, to supply the country's first GSM/GPRS solution was a landmark deal.

In the broadband business Nokia signed a DSL agreement with HeiBei in China and launched the new Nokia MW1324 DSL gateway for homes.

NOKIA MOBILE PHONES

During this challenging period of limited market growth, Nokia Mobile Phones saw year-on-year revenues grow by 10%. Sales were strong in Europe with growth in Asia Pacific, but a sales decline in the Americas.

In addition to two GPRS models, the Nokia 8310 and Nokia 6310, launched earlier this year, Nokia announced its first GPRS phone for the Americas market, the Nokia 8390 (GSM/GPRS 1900), which is expected to be available by the end of 2001.

Shipments of Nokia's first Symbian-based product, the Nokia 9210 Communicator (GSM 900/1800) started in June. Nokia also launched the Nokia 9290 Communicator (GSM 1900) for the Americas, which is expected to be available during the first half of 2002.

The premium category CDMA phones for the Korean market, the Nokia 8887 (CDMA 800) and the Nokia 8877 (CDMA 1700) also started shipping during the second quarter, as well as two CDMA phones for the Americas, the tri-mode Nokia 3285 and the dual-mode Nokia 3280.

Nokia started shipping its first Bluetooth product, the Nokia Connectivity Pack, an accessory for the Nokia 6210 mobile phone that enables data connection between the phone and the PC. Nokia's second Bluetooth-enabled product, the Nokia 6310, has Bluetooth technology integrated into the phone and is expected to become available in the fourth quarter.

Nokia affirmed its commitment to the fast deployment of Java technology. The company intends to deliver more than 50 million mobile terminals supporting the Java platform for all segments of the consumer market by the end of 2002 and then double that by the end of 2003.

Club Nokia, the company's mobile service platform for Nokia phone owners, raised its profile significantly during the quarter. The Club, which brings new applications and services to the already expanding mobile services market, is anticipated to offer new business opportunities to its operator and service provider partners as well as become a revenue source for Nokia. The company expects to have signed Club Nokia cooperation agreements with 50 operators by the end of this year.

NOKIA VENTURES ORGANIZATION

In April, Nokia, together with two industry peers, announced the establishment of Wireless Village, the Mobile Instant Messaging and Presence (IMPS) initiative, to define and promote a set of universal specifications for mobile instant messaging and presence services and create a community of supporters. This new industry forum has an important role in Nokia's Mobile Internet Technical Architecture, and complements the work of other industry consortia.

Nokia Internet Communications announced its co-developed Firewall Flows, designed to dramatically increase the performance of Check Point's FireWall-1 (TM) operating on Nokia's IP Network Security Appliances. Working with Internet Security Systems, the company also introduced the latest version of RealSecure (TM) for Nokia, providing the most sophisticated network Intrusion Detection System on the market today.

Nokia Home Communications launched an open source developer program. Ostdev.net is dedicated to the support of developers in the open source community as well as the promotion of collaborative development of the Open Standards Terminal (OST), Nokia's platform for home entertainment applications. In addition, Nokia Home Communications signed an agreement with Loki Software to make its Linux games available on the Nokia Media Terminal and announced the availability of RealPlayer® on the Nokia Media Terminal.

NOKIA IN APRIL–JUNE 2001 REPORTED

(International Accounting Standards, IAS, comparisons given to the second quarter 2000 results)

Nokia's net sales increased by 5% to EUR 7 346 million (EUR 6 980 million). Sales of Nokia Networks decreased by 2% to EUR 1 896 million (EUR 1 925 million), reflecting significant revenue declines in Europe substantially offset by growth in Asia Pacific and flat revenues in the Americas. Sales of Nokia Mobile Phones grew by 10% to EUR 5 349 million (EUR 4 883 million), with strong growth in Europe and growth in Asia Pacific partially offset by a sales decline in the Americas. Sales of Nokia Ventures Organization decreased by 31% and totaled EUR 134 million (EUR 193 million).

Operating profit decreased by 39% to EUR 856 million (EUR 1 412 million), representing an operating margin of 11.7% (20.2%). Operating profit in Nokia Networks decreased by 31% to EUR 240 million (EUR 348 million), representing an operating margin of 12.7% (18.1%). Operating profit in Nokia Mobile Phones decreased by 26% to EUR 902 million (EUR 1 221 million), representing an operating margin of 16.9% (25.0%). Nokia Ventures Organization reported an operating loss of EUR 255 million (operating loss of EUR 108 million). Common Group Expenses, which comprises Nokia Head Office and Nokia Research Center, totaled EUR 31 million (EUR 49 million).

Financial income totaled EUR 27 million (EUR 13 million). Profit before tax and minority interests was EUR 885 million (EUR 1 424 million). Net profit totaled EUR 589 million (EUR 951 million). Earnings per share decreased to EUR 0.13 (basic) and to EUR 0.12 (diluted) compared with EUR 0.20 (basic) and EUR 0.20 (diluted).

NOKIA IN FIRST HALF 2001 REPORTED

(International Accounting Standards, IAS, comparisons given to the first half 2000 results)

Nokia's net sales increased by 14% to EUR 15 353 million (EUR 13 517 million). Sales of Nokia Networks increased by 14% to EUR 3 918 million (EUR 3 427 million). Sales of Nokia Mobile Phones grew by 15% to EUR 11 179 million (EUR 9 722 million). Sales of Nokia Ventures Organization decreased by 25% and totaled EUR 303 million (EUR 404 million).

Operating profit decreased by 18% to EUR 2 225 million (EUR 2 728 million), representing an operating margin of 14.5% (20.2%). Operating profit in Nokia Networks decreased by 6% to EUR 585 million (EUR 621 million), representing an operating margin of 14.9% (18.1%). Operating profit in Nokia Mobile Phones decreased by 12% to EUR 2 085 million (EUR 2 382 million), representing an operating margin of 18.7% (24.5%). Nokia Ventures Organization reported an operating loss of EUR 385 million (operating loss of EUR 178 million). Common Group Expenses, which comprises Nokia Head Office and Nokia Research Center, totaled EUR 60 million (EUR 97 million).

Financial income totaled EUR 74 million (EUR 33 million). Profit before tax and minority interests was EUR 2 299 million (EUR 2 757 million). Net profit totaled EUR 1 564 million (EUR 1 842 million). Earnings per share decreased to EUR 0.33 (basic) and to EUR 0.33 (diluted) compared with EUR 0.39 (basic) and EUR 0.39 (diluted).

At June 30, 2001, net debt-to-equity ratio (gearing) was -25% (-26% at the end of 2000). During the January to June period 2001, capital expenditures amounted to EUR 625 million (EUR 772 million).

At the end of June, outstanding long-term receivables totaled EUR 969 million, while guarantees given on behalf of third parties totaled EUR 150 million. In addition, Nokia had financial commitments based on customer orders totaling EUR 3.9 billion at the end of June. Of the total committed and outstanding vendor financing, EUR 3.6 billion relates to 3G networks.

The average number of employees during the quarter was 59 602. At June 30, Nokia employed a total of 58 675 people (60 166 people at June 30, 2000).

Effective April 17, a total of 68 950 shares held by Nokia Corporation were cancelled pursuant to the shareholders' resolution taken at the General Meeting on March 21. As a result of the cancellation, the share capital was reduced by the aggregate par value of the shares cancelled, EUR 4 137, corresponding to less than 0.01% of the share capital of the company and the total voting rights. The cancellation did not reduce the shareholders' equity, and it did not have any significant effect on the relative holdings of the other shareholders of the company or on the voting powers among them. On June 30, the Group companies owned 3 800 118 Nokia shares. The shares had an aggregate par value of EUR 228 007.08 representing 0.08% of the company and the total voting rights.

At June 30, the total number of issued shares was 4 699 241 205 and the share capital was EUR 281 954 472.30.

The merger of the Finnish subsidiaries into Nokia Corporation will become effective on October 1.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, IAS, EUR million
(unaudited)

	Pro forma 4-6/01	Pro forma 4-6/00	**Reported 4-6/01**	Reported 4-6/00
Net sales	**7 346**	6 980	**7 346**	6 980
Cost of sales 1)	**-4 556**	-4 203	**-4 627**	-4 203
Research and development expenses	**-794**	-677	**-794**	-677
Selling, general and administrative expenses 2)	**-859**	-655	**-998**	-655
Amortization of goodwill	**-**	-	**-71**	-33
Operating profit	**1 137**	1 445	**856**	1 412
Share of results of associated companies	**2**	-1	**2**	-1
Financial income and expenses	**27**	13	**27**	13
Profit before tax and minority interests	**1 166**	1 457	**885**	1 424
Tax	**-303**	-438	**-263**	-438
Minority interests	**-33**	-35	**-33**	-35
Net profit	**830**	984	**589**	951
Earnings per share, EUR				
Net profit				
Basic	**0.18**	0.21	**0.13**	0.20
Diluted	**0.17**	0.21	**0.12**	0.20
Average number of shares				
(1 000 shares)				
Basic	**4 694 648**	4 673 061	**4 694 648**	4 673 061
Diluted	**4 788 099**	4 795 234	**4 788 099**	4 795 234
Depreciation and amortization, total			**360**	227

Non-recurring items

1) Non-recurring charges of EUR 71 million

2) Non-recurring charges of EUR 139 million, including EUR 54 million impairment of goodwill, and EUR 24 million gain from the disposal of certain production operations.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, IAS, EUR million
(unaudited)

	Pro forma 1-6/01	Pro forma 1-6/00	**Reported 1-6/01**	Reported 1-6/00
Net sales	**15 353**	13 517	**15 353**	13 517
Cost of sales 1)	**-9 584**	-8 215	**-9 655**	-8 215
Research and development expenses	**-1 560**	-1 207	**-1 560**	-1 207
Selling, general and administrative expenses 2)	**-1 632**	-1 315	**-1 771**	-1 315
Amortization of goodwill	**-**	-	**-142**	-52
Operating profit	**2 577**	2 780	**2 225**	2 728
Share of results of associated companies	**-**	-4	**-**	-4
Financial income and expenses	**74**	33	**74**	33
Profit before tax and minority interests	**2 651**	2 809	**2 299**	2 757
Tax	**-721**	-854	**-681**	-854
Minority interests	**-54**	-61	**-54**	-61
Net profit	**1 876**	1 894	**1 564**	1 842
Earnings per share, EUR				
Net profit				
Basic	**0.40**	0.41	**0.33**	0.39
Diluted	**0.39**	0.40	**0.33**	0.39
Average number of shares				
(1 000 shares)				
Basic	**4 693 933**	4 663 503	**4 693 933**	4 663 503
Diluted	**4 788 474**	4 776 569	**4 788 474**	4 776 569
Depreciation and amortization, total			**673**	407

Non-recurring items

1) Non-recurring charges of EUR 71 million

2) Non-recurring charges of EUR 139 million, including EUR 54 million impairment of goodwill, and EUR 24 million gain from the disposal of certain production operations.

CONSOLIDATED PROFIT AND LOSS ACCOUNT, IAS, EUR million
(unaudited)

	Pro forma 1-12/00	Reported 1-12/00
Net sales	30 376	30 376
Cost of sales	-19 072	-19 072
Research and development expenses	-2 584	-2 584
Selling, general and administrative expenses 1)	-2 859	-2 804
Amortization of goodwill	-	-140
Operating profit	5 861	5 776
Share of results of associated companies	-16	-16
Financial income and expenses	102	102
Profit before tax and minority interests	5 947	5 862
Tax	-1 780	-1 784
Minority interests	-140	-140
Net profit	4 027	3 938
Earnings per share, EUR		
Net profit		
Basic	0.86	0.84
Diluted	0.84	0.82
Average number of shares		
(1 000 shares)		
Basic	4 673 162	4 673 162
Diluted	4 792 980	4 792 980
Depreciation and amortization, total		1 009

Non-recurring items
1) Change in accounting method related to pensions, EUR 55 million positive item

NET SALES BY BUSINESS GROUP, EUR million
(unaudited)

	4-6/2001	4-6/2000	**1-6/2001**	1-6/2000	1-12/2000
Nokia Networks	**1 896**	1 925	**3 918**	3 427	7 714
Nokia Mobile Phones	**5 349**	4 883	**11 179**	9 722	21 887
Nokia Ventures Organization	**134**	193	**303**	404	854
Inter-business group eliminations	**-33**	-21	**-47**	-36	-79
Nokia Group	**7 346**	6 980	**15 353**	13 517	30 376

OPERATING PROFIT BY BUSINESS GROUP, EUR million
(unaudited)

Pro forma	**4-6/2001**	4-6/2000	**1-6/2001**	1-6/2000	1-12/2000
Nokia Networks	**300**	357	**664**	637	1 400
Nokia Mobile Phones	**960**	1 222	**2 167**	2 384	4 897
Nokia Ventures Organization	**-92**	-85	**-194**	-144	-307
Common Group Expenses	**-31**	-49	**-60**	-97	-129
Nokia Group	**1 137**	1 445	**2 577**	2 780	5 861

Goodwill amortization	**4-6/2001**	4-6/2000	**1-6/2001**	1-6/2000	1-12/2000
Nokia Networks	**-19**	-9	**-38**	-16	-42
Nokia Mobile Phones	**-23**	-1	**-47**	-2	-18
Nokia Ventures Organization	**-29**	-23	**-57**	-34	-80
Common Group Expenses	**-**	-	**-**	-	-
Total	**-71**	-33	**-142**	-52	-140

Non-recurring items	**4-6/2001**	4-6/2000	**1-6/2001**	1-6/2000	1-12/2000
Nokia Networks	**-41**	-	**-41**	-	-
Nokia Mobile Phones	**-35**	-	**-35**	-	-
Nokia Ventures Organization	**-134**	-	**-134**	-	-
Common Group Expenses	**-**	-	**-**	-	55
Total	**-210**	-	**-210**	-	55

Reported	**4-6/2001**	4-6/2000	**1-6/2001**	1-6/2000	1-12/2000
Nokia Networks	**240**	348	**585**	621	1 358
Nokia Mobile Phones	**902**	1 221	**2 085**	2 382	4 879
Nokia Ventures Organization	**-255**	-108	**-385**	-178	-387
Common Group Expenses	**-31**	-49	**-60**	-97	-74
Nokia Group	**856**	1 412	**2 225**	2 728	5 776

CONSOLIDATED BALANCE SHEET, IAS, EUR million (unaudited)

	30.6.2001	30.6.2000	31.12.2000
ASSETS			
Fixed assets and other non-current assets			
Intangible assets	**2 086**	1 260	1 994
Property, plant and equipment	**2 715**	2 359	2 732
Investments in associated companies	**62**	88	61
Investments in other companies	**101**	161	150
Deferred tax assets	**504**	413	401
Long-term loan receivables	**969**	620	808
Other assets	**362**	148	242
	6 799	5 049	6 388
Current assets			
Inventories	**1 897**	2 418	2 263
Receivables	**6 747**	5 604	7 056
Short-term investments	**2 674**	2 605	2 774
Bank and cash	**1 501**	1 021	1 409
	12 819	11 648	13 502
Total assets	**19 618**	16 697	19 890
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	**282**	281	282
Share issue premium	**1 704**	1 427	1 695
Treasury shares	**-150**	-151	-157
Equity adjustments	**266**	270	347
Retained earnings	**8 893**	6 559	8 641
	10 995	8 386	10 808
Minority interests	**218**	173	177
Long-term liabilities			
Long-term interest bearing liabilities	**161**	266	173
Deferred tax liabilities	**62**	83	69
Other long-term liabilities	**65**	72	69
	288	421	311
Current liabilities			
Short-term borrowings	**1 187**	819	1 069
Current portion of long-term debt	**47**	1	47
Accounts payable	**1 966**	2 509	2 814
Accrued expenses	**3 002**	2 955	2 860
Provisions	**1 915**	1 433	1 804
	8 117	7 717	8 594
Total shareholders' equity and liabilities	**19 618**	16 697	19 890
Interest-bearing liabilities	**1 395**	1 086	1 289
Shareholders' equity per share, EUR	**2.34**	1.79	2.30
Number of shares (1000 shares) *	**4 695 441**	4 676 847	4 692 133

* Shares owned by Group companies are excluded

CONSOLIDATED CASH FLOW STATEMENT, IAS, EUR million
(unaudited)

	1-6/2001	1-6/2000	1-12/2000
Cash flow from operating activities			
Net profit	**1 564**	1 842	3 938
Adjustments, total	**1 393**	1 276	2 805
Net profit before change in net working capital	**2 957**	3 118	6 743
Change in net working capital	**246**	-796	-1 377
Cash generated from operations	**3 203**	2 322	5 366
Interest received	**146**	118	255
Interest paid	**- 45**	-47	- 115
Other financial income and expenses	**- 11**	-251	- 454
Income taxes paid	**- 780**	-538	-1 543
Net cash from operating activities	**2 513**	1 604	3 509
Cash flow from investing activities			
Acquisition of Group companies, net of acquired cash	**- 143**	-	- 400
Investments in other shares	**- 93**	-112	- 111
Additions in capitalized development costs	**- 194**	-208	- 393
Long-term loans receivable from customers	**- 213**	-	- 776
Capital expenditures	**- 625**	-770	-1 580
Proceeds from disposal of Group companies, net of disposed cash	**-**	6	4
Proceeds from sale of other shares	**98**	31	75
Proceeds from sale of fixed assets	**206**	69	221
Dividends received	**27**	48	51
Net cash used in investing activities	**- 937**	- 936	-2 909
Cash flow from financing activities			
Proceeds from issuance of share capital	**12**	44	72
Treasury shares acquired	**-**	-	- 160
Capital investment by minority shareholders	**2**	3	7
Long-term liabilities, proceeds from/payment of	**- 8**	18	- 82
Short-term borrowings, proceeds from/payment of	**- 282**	-33	133
Long-term receivables, proceeds from/payment of	**- 36**	-556	-
Short-term receivables, proceeds from/payment of	**45**	239	378
Dividends paid	**-1 339**	-957	-1 004
Net cash used in financing activities	**-1 606**	-1 242	- 656
Foreign exchange impact on cash	**22**	41	80
Net increase in cash and cash equivalents	**- 8**	-533	24
Cash and cash equivalents at beginning of period	**4 183**	4 159	4 159
Cash and cash equivalents at end of period	**4 175**	3 626	4 183

Dividends

Dividends to Nokia's shareholders, EUR 1 314 million and EUR 931 million, were recorded as liabilities at the end of the first quarter in 2001 and 2000, respectively. Dividends were paid in April and had an impact on cash flow and gearing in the second quarter.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, EUR million

(unaudited)

	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Retained earnings	Total
Balance at December 31, 1999	279	1 079	-24	243		5 801	7 378
Share issue	2	348					350
Acquisition of treasury shares			-127				-127
Dividend						-931	-931
Translation differences				27			27
Change in accounting policy						-206	-206
Other increase/decrease, net						53	53
Net profit						1 842	1 842
Balance at June 30, 2000	281	1 427	-151	270		6 559	8 386
Balance at December 31, 2000	282	1 695	-157	347	-	8 641	10 808
Share issue		11					11
Disposal of treasury shares			7				7
Stock options issued on acquisitions		4					4
Stock options exercised related to acquisitions		-6					-6
Dividend						-1 314	-1 314
Translation differences				33			33
Effect of change in accounting principle (IAS 39)					-56		-56
Cash flow hedges and fair value adjustments					-58		-58
Other increase/decrease, net						2	2
Net profit						1 564	1 564
Balance at June 30, 2001	282	1 704	-150	380	-114	8 893	10 995

COMMITMENTS AND CONTINGENCIES, EUR million

(unaudited)

	GROUP		
	30.6.01	30.6.00	31.12.00
Collateral for own commitments			
Mortgages	**12**	12	12
Assets pledged	**4**	3	4
Collateral given on behalf of other companies			
Assets pledged	**24**	-	23
Contingent liabilities on behalf of Group companies			
Other guarantees	**662**	576	656
Contingent liabilities on behalf of other companies			
Guarantees for loans	**153**	267	298
Other guarantees		1	
Leasing obligations	**1 151**	840	895

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS, EUR million 1)

(unaudited)

	30.6.2001	30.6.2000	31.12.2000
Foreign exchange forward contracts 2) 3)	**9 242**	10 137	10 497
Currency options bought	**1 723**	2 292	2 165
Currency options sold	**1 631**	1 914	2 029
Interest rate forward and futures contracts 2)	**-**	-	-
Interest rate swaps	**51**	250	250
Cash settled equity swaps 4)	**278**	372	336

1) The notional amounts of derivatives summarized here do not represent amounts exchanged by the parties and, thus are not a measure of the exposure of Nokia caused by its use of derivatives.

2) Notional amounts outstanding include positions, which have been closed off.

3) Notional amount includes contracts used to hedge the net investments in foreign subsidiaries.

4) Cash settled equity swaps are used to hedge risks relating to incentive programs and investments activities

Closing rate, 1 EUR = 0.855 USD

Change in Accounting Principles

The Group has adopted, beginning January 1, 2001, IAS 39, Financial instruments: recognition and measurement. The impact of the changes in policy on opening shareholders' equity is quantified as follows:

Total shareholders' equity at 31 December 2000 as previously reported	10 808
IAS 39 transition adjustments:	
Fair value adjustments to available-for-sale debt and equity investments 1)	58
Transfer of gains and losses on qualifying cash flow hedging derivatives 2)	-114
Total shareholders' equity at 1 January 2001	10 752

1) Available-for-sale investments in debt and equity securities and investments in unlisted equity shares are measured at fair value unless investments are held for trading or originated loans or unlisted equities cannot be measured reliably.

2) Gains and losses on foreign exchange forward contracts that are properly designated and are highly effective as cash flow hedges of highly probable forecast foreign currency cash flows are deferred in a hedging reserve within equity. Previously, such gains and losses were reported as deferred income or expenses.

It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding 1) the timing of product deliveries; 2) the Company´s ability to develop and implement new products and technologies; 3) expectations regarding market growth and developments; 4) expectations for growth and profitability; and 5) statements preceded by "believes", "expects", "anticipates", "foresees", or similar expressions, are forward-looking statements. Because such statements involve risks and uncertainties, actual results may differ materially from the results currently expected by the Company. Factors that could cause such differences include, but are not limited to 1) industry conditions, such as the strength of product demand, the intensity of competition, pricing pressures, the acceptability of new product introductions such as Internet-ready phones, the introduction of new products by competitors, the impact of changes in technology, including the Company's success in the emerging 3G market, the introduction and marketing of new products and services by operators, the ability of the Company to source components from third parties without interruption and at reasonable prices, demand for vendor financing and the Company's ability and willingness to provide such financing and to mitigate the related exposure, and the success and financial condition of the Company´s strategic partners and customers; 2) operating factors, such as continued success of manufacturing activities and the achievement of manufacturing efficiencies therein, continued success of product development and inventory risks due to shifts in market demand; 3) general economic conditions, such as the rate of economic growth in the Company's principal geographic markets and in the wireless telecommunications industry as a whole, and fluctuations in exchange rates, including in particular the impact of the exchange rate between the euro and the US dollar; as well as 4) the risk factors specified on pages 10 to 16 of the Company's Form 20-F for the year ended December 31, 2000.

NOKIA
Helsinki, July 19, 2001

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Nokia will report its 3Q and 4Q 2001 results on October 19, 2001 and January 24, 2002.