NOKIA

PRESS RELEASE

Interim Report January - September 1996

July - September 1996

The Nokia Group net sales for the third quarter of 1996 increased to FIM 9 773 million, compared to FIM 8 328 million in the corresponding period in 1995. Excluding the effects of changes in currency exchange rates and the impact of dispositions and discontinuation of operations, Nokia's net sales increased by 39% compared to the third quarter of 1995.

Nokia Telecommunications net sales increased by 26% over the comparable period in 1995. The sales of Nokia Mobile Phones experienced strong growth in the third quarter of the year, recording an increase of 58% over the comparable period in 1995. Due to structural changes, sales of Nokia General Communications Products declined by 32% compared to the same period in 1995.

Nokia's operating profit (IAS, International Accounting Standards) for July - September 1996 increased by 21% to FIM 1 192 million (FIM 983 million in 1995), representing 12.2% of net sales (11.8% in 1995).

In the third quarter, both Nokia Telecommunications and Nokia Mobile Phones recorded higher operating profits than in the same period in 1995. Nokia Mobile Phones profits were positively influenced by newly-introduced product models and improved operating efficiency. Excluding the impact of the structural changes in Nokia General Communications Products, the profitability of this business group continued on a low level.

The Group's net interest and financial expenses for the July - September period was FIM 123 million (FIM 46 million in 1995), including exchange rate losses of FIM 1 million (FIM 24 million in 1995).

In the third quarter, profit before taxes and minority interest totaled FIM 1 101 million (FIM 963 million in 1995). The Group's net profit for the July - September period totaled FIM 776 million (FIM 647 million in 1995).

January - September 1996

Nokia's net sales for the first nine months of 1996 totaled FIM 26 652 million (FIM 25 855 million in 1995). Excluding the impact of structural changes and fluctuations in currency exchange rates, net sales increased by 23% compared with the corresponding period in 1995.

Nokia's operating profit (IAS) was FIM 2 529 million (FIM 3 993 million in 1995), representing 9.5% of net sales (15.4% in 1995). The decrease in operating profit is primarily attributable to the unsatisfactory performance of Nokia Mobile Phones during the first two quarters of the year and, to a lesser extent, to the effect of discontinued operations.

The Group's net interest and financial expenses for the first nine months of 1996 totaled FIM 352 million (FIM 78 million in 1995). This includes exchange rate gains of FIM 11 million (FIM 2 million in 1995).

Profit before taxes and minority interests totaled FIM 2 228 million (FIM 3 984 million in 1995). The Group's net profit for the January - September period was FIM 1 618 million (FIM 3 256 million in 1995).

The net debt to equity ratio improved, and was 10% at the end of the period (17% at the end of December, 1995).

Capital expenditures for the period amounted to FIM 1 469 million (FIM 2 301 million in 1995), representing 5.5% of net sales (8.9%).

The average number of personnel for the first nine months was 31 795 (31 365 in the first nine months of 1995).

Business Groups

Nokia Telecommunications

Nokia Telecommunications . net sales for the third quarter of 1996 totaled FIM 3 132 million (FIM 2 494 in the corresponding period last year), representing growth of 26%. Operating margins declined somewhat from the second quarter of the year but were slightly higher than in the corresponding period of 1995.

The business group's order inflow remained strong. By the beginning of November, Nokia had 52 GSM/DCS customers in over 30 countries. A total of 15 of these customers are newly acquired in 1996.

In the July .September quarter, Nokia signed contracts for network expansions to Morocco, Zhejiang in China and St. Petersburg in Russia. In addition, Nokia signed agreements for the supply of a GSM network to Uzbekistan and GSM base station subsystems to Telefonica of Spain. In Hong Kong the PCN licenses were awarded in September, and Nokia signed contracts with two operators, P Plus Communications and New World PCS, for the delivery of DCS 1800 networks.

In July .September, Nokia also signed contracts for the supply of NMT switching technology to Russian Multiregional Transit Telecom and for the supply of an Actionet private mobile radio system to the London Underground Northern Line.

In the third quarter of the year, Nokia signed agreements for the supply of DX 200 switching technology to the fixed network operators Tele2 in Sweden and Netcom Systems in Denmark. Nokia also strengthened its position as a leading supplier of switching and transmission systems to the UK cable television operators. New contracts included an important transmission equipment delivery to Videotron. The demand for Nokia .s Synchronous Digital Hierarchy (SDH) transmission solution has further increased, and by the beginning of November, Nokia had a total of 45 SDH customers. Strong growth continued in Cellular Transmission, and Nokia signed delivery agreements with Polkomtel in Poland and AIS in Thailand, among others.

In August, Nokia Telecommunications published details of its new operational mode. As of January 1, 1997, the business group will have five divisions: Network Systems, Radio Access Systems, Fixed Access Systems, Information Networking Systems and Customer Services. The new operational mode is intended to enhance Nokia Telecommunications4 capabilities to develop and deliver complex network solutions needed by Nokia4s customers in an increasingly deregulated market environment where an ability to provide additional services is an important competitive factor.

Nokia Mobile Phones

Nokia Mobile Phones4 net sales for July .September 1996 totaled FIM 5 641 million (FIM 3 565 million in 1995), representing a growth of 58% compared to the third quarter of 1995.

In July .September, continued strong demand, especially in Europe and in Asia, as well as the recent introduction of new products, had a favorable effect on sales. Competition remained strong, with the market increasingly shifting towards digital technology. Nokia Mobile Phones continued to improve operating efficiency as planned, partly driven by the development towards regional focus in operations. Operating margins improved from the second quarter of the year and were consistent with the 1995 third quarter.

Nokia4s recently introduced new digital phones, the Nokia 8110 for GSM, the new PDC digital phone for the Japanese market, the first IS-136 TDMA phone, and the Nokia 9000 Communicator have met favorable market response. In combination with other products, especially the Nokia 2110 and the Nokia 1610, Nokia now offers the most comprehensive product range in GSM technology, fulfilling the requirements of various market segments.

During the third quarter, Nokia4s Asian user interface for the Nokia 8110 was expanded and it now includes seven languages, planned to be available by the end of the year. In September, Nokia announced a PCS1900 version of the Nokia 9000 Communicator. It is expected to be available for the American markets in the second half of 1997.

In August, Nokia announced a contract with AT&T Wireless Services (AWS) for dual mode handsets, worth in excess of USD 100 million. In October, a three year major agreement of about 240 million USD was made with AWS on the supply of handsets operating in the 800 MHz AMPS and TDMA, as well as the 1900 MHz TDMA networks.

Nokia General Communications Products

Nokia General Communications Products reported net sales of FIM 1 152 million in the third quarter (FIM 1 701 million in the corresponding period in 1995). Excluding the effects of discontinued operations, the business group4s net sales increased by 26%.

First deliveries of the digital satellite multimedia terminals (Nokia Mediamaster) ordered by the German Kirch Group pursuant to a multiyear framework agreement for one million units, took place in July. The introduction of digital broadcasting has been somewhat slower than anticipated. In the beginning of September, deliveries of Nokia Mediamaster also began to Italy, following the introduction of new digital satellite services by the Italian operator Telepiy.

In July .September, sales of display products grew by 17% over the same period in 1995. During the third quarter, two new contracts for OEM (Original Equipment Manufacturer) customers were concluded. Approximately 50% of Nokia4s monitors are currently sold to OEM customers, among which are several major PC-manufacturers of the field.

In the third quarter of the year, the market for mobile phone battery chargers developed favorably. Sales increased by 83%. Approximately 50% of the chargers represented inter-company sales.

The demand for car audio systems to vehicle manufacturers continued to be strong, and sales of loudspeakers increased by over 20%.

To further increase operational efficiency, Nokia General Communications Products business group will be reorganized in January into two divisions: Multimedia Network Terminals and Industrial Electronics.

Statement by Mr. Jorma Ollila, President and CEO

Nokia4s results for the third quarter 1996 showed continued growth and profitability. We are especially pleased with the high growth in sales and progress in achieving operating efficiencies within Nokia Mobile Phones. This could not have been achieved without the combined effort of the 11 000 dedicated employees at Nokia Mobile Phones. Part of this positive development is owed to the broadening of our product range with the introduction of the Nokia 8110 and the Nokia 9000 Communicator, the world4s number one integrated total communications tool. Nokia now offers the most complete product range in GSM digital terminals.

We are also pleased with the results generated by Nokia Telecommunications in a very competitive marketplace. Although sales of the business group grew at a somewhat slower rate than expected, profits exceeded our expectations. Nokia strengthened its position as a global leader in digital GSM and DCS systems, receiving significant new orders in Europe and in Asia.

Another very positive development that we are happy to report is Nokia4s improved cash flow position. At the end of the third quarter our cash flow from operating activities was FIM 3.5 billion positive. This has been achieved primarily through operating efficiencies and improved inventory management in Nokia Mobile Phones.

Strengthening our global presence, we have begun the implementation of our new operational mode which improves our regional responsiveness and will harmonize our internal processes and management systems. This will further expand our total telecommunications know-how, speed our decision-making and improve our understanding of specific customer needs locally. In January, this new operational mode will be deployed for Asia-Pacific and the Americas, illustrating the increasing strategic importance of these markets for Nokia. From January 1, also Nokia Telecommunications and Nokia General Communications Products will both operate under new organizational structure.

These developments of the operational mode will enable us to meet the requirements of the continuing globalization of telecommunications technologies and the convergence of wireless/wireline as well as telecom/datacom services and networks. These developments, combined with ongoing deregulation and intensifying service competition, will lead to continuously growing operator needs for increasingly complex integrated solutions. Nokia is well-positioned to capitalize on its experience and total competence in cellular networks and access networks to meet these needs.

With the divestment of non-core operations, Nokia has sharpened its focus in telecom related businesses. This will allow us to more effectively focus our R&D and other resources on our core businesses, i.e. telecom operator driven infrastructure business, end-user driven terminal business, integrated solutions business and other telecom related businesses.

For the rest of the year we maintain our generally positive outlook as communicated in our interim report for January .June 1996.

Consolidated Profit and Loss Account, IAS (unaudited)

	7-9/96 MFIM	7-9/95 MFIM	1-9/96 MFIM	1-9/95 MFIM	1-12/95 MFIM
Net sales	9 773	8 328	26 652	25 855	36 810
Cost of goods sold	-6 891	-5 904	-19 352	-17 658	-25 518
Research and development expenses	-828	-673	-2 453	-1 825	-2 531
Selling, general and administrative expenses	-862	-768	-2 318	-2 379	-3 749
Operating profit	1 192	983	2 529	3 993	5 012
Share of results of associated companies	32	26	51	69	85
Net interest and other financial expenses	-123	-46	-352	-78	-164
Profit before tax and minority interests	1 101	963	2 228	3 984	4 933
Tax	-308	-210	-595	-940	-769
Minority interests	-17	-3	-15	-57	-77
Profit from continuing operations	776	750	1 618	2 987	4 087
Discontinued operations	-	-103	-	-216	-2 340
Profit from ordinary activities before cumulative effect of change in accounting policies	776	647	1 618	2 771	1 747
Cumulative prior year effect (after tax) of change in accounting policies	-	-	-	485	485
Net profit	776	647	1 618	3 256	2 232
Earnings per share (FIM):					
Continuing operations	2.74	2.64	5.70	10.50	14.36
Ordinary activities before cumulative effect of change in accounting principles	2.74	2.27	5.70	9.74	6.14

Currency rate September 30, 1996, FIM = 0.221 USD

Net Sales by Business Group, MFIM

	7-9/96	7-9/95	1-9/96	1-9/95	1-12/95
Nokia Telecommunications	3 132	2 494	9 134	7 099	10 341
Nokia Mobile Phones	5 641	3 565	14 440	10 855	16 052
Nokia General Communications Products	1 152	1 701	3 629	5 082	6 927
Discontinued and divested operations	-	727	-	3 265	4 229
Inter-business group eliminations	-152	-159	-551	-446	-739
Nokia Group	9 773	8 328	26 652	25 855	36 810

Consolidated Balance Sheet, IAS (unaudited)

	30.9.1996 MFIM	30.9.1995 MFIM	31.12.1995 MFIM
ASSETS			
Fixed assets and other non-current assets	8 168	8 590	9 047
Current assets			
Inventories	7 752	9 648	9 982
Accounts receivable	10 214	7 955	9 518
Cash and cash equivalents	4 893	3 445	4 214
	22 859	21 048	23 714
Total assets	31 027	29 638	32 761
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Shareholders´ equity	14 292	14 824	13 806
Minority shareholders´ interests	45	367	422
Long-term liabilities	2 327	2 490	2 578
Current liabilities	14 363	11 957	15 955
Total shareholders´ equity and liabilities	31 027	29 638	32 761
Shareholders´ equity per share (FIM)	50.45	52.09	48.55

Contingent Liabilities (unaudited)

NOKIA GROUP	30.9.1996 MFIM	31.12.1995 MFIM
Pension fund liability		
Liability of pension funds	2	30
Liability for bills of exchange	5	63
Mortgages		
As security for loans		
For own debts	228	290
As security for other commitments		
For own commitments	26	116
Assets pledged		
As security for own debts	80	65
Guarantees for loans		
As security for loans of associated companies	152	277
As security for loans of other companies	49	24
Other guarantees and commitments		
As security for own commitments	927	962
As security for loans of associated companies	-	104

Notional Amounts of Derivative Financial Instruments [1]

	30.9.1996 MFIM
Foreign exchange forward contracts	31 237 [2,3]
Currency options bought	6 596
Currency options sold	5 699
Interest rate forward and futures contracts	24 412 [2]
Interest rate swaps	1 362
Interest rate options bought	1 283
Interest rate options sold	1 253

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. Notional amounts are presented for those subgroups that show material quantity.

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

3. Notional amount includes contracts used for hedging net investments in foreign subsidiaries.

GLOSSARY

AMPS	Advanced Mobile Phone System
DCS	Digital Cellular System
GSM	Global System for Mobile Communications
NMT	Nordic Mobile Telephone
OEM	Original Equipment Manufacturer
PCS	Personal Communications Services
PCN	Personal Communications Network
PDC	Personal Digital Communication
SDH	Synchronous Digital Hierarchy
tdMA	Time Division Multiple Access

It should be noted that certain statements contained in this report which are not historical facts are forward looking statements that involve risks and uncertainties. In addition to the factors discussed above, among other factors that could cause actual results to differ materially from the results currently expected by the Company are the following: general economic conditions, such as the rate of economic growth in the Company's principal geographic markets or fluctuations in exchange rates; industry conditions, such as the strength of product demand, the intensity of competition, pricing pressures, the acceptability of new product introductions, the introduction of new products by competitors, changes in technology or the ability of the Company to source components from third parties without interruption and at reasonable prices; operating factors, such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development or inventory risks due to shifts in market demand, as well as the risk factors specified in the Company's Form 20-F.
Exception nr. 1388, granted by the Accounting Board