

30 December 2011

**POWERFLUTE OYJ
INVESTMENT IN HARVESTIA**

Powerflute Oyj ("Powerflute" or the "Company") today announced that it has reached agreement to increase its interest in Harvestia Oy ("Harvestia"), an associated company which sources wood for Powerflute's businesses in Finland, through the acquisition of shares from Myllykoski Corporation ("Myllykoski"). Powerflute will acquire a further 15% of the equity of Harvestia for cash consideration of €1.4m payable on 2 January 2012. The purchase of Harvestia shares will be financed from Powerflute's own cash resources and following completion of the transaction Powerflute will have an interest of 45%. Harvestia reported a profit after taxes for the year ended 31 December 2010 of €1.7m and will continue to be accounted for using the equity method as an associated company.

Harvestia was established as a procurement partnership by Powerflute and Myllykoski in 2008. The partnership was expanded in January 2011 through the addition of Vapo Oy ("Vapo") which purchased an interest of 30% through the acquisition of shares from the existing partners and a new investment into Harvestia.

Following completion earlier this year of the acquisition of Myllykoski by UPM-Kymmene ("UPM"), the partners have agreed to various changes to the ownership and operation of Harvestia. Under these arrangements, Powerflute and Vapo will each acquire 50% of the shares previously held by Myllykoski and will then each have an interest of 45% in Harvestia, with the remaining 10% under the control of Harvestia's management.

Harvestia will continue to be an independent and active participant in the wood market in Finland and will continue to meet the wood procurement needs of both of its industrial partners and of its other customers, which together represent a significant proportion of total annual volumes.

Commenting on the transaction, Dermot Smurfit Chairman of Powerflute said:

"We are pleased to have reached agreement on the purchase of Myllykoski's interest in Harvestia. Powerflute and Vapo remain committed to the future development and growth of Harvestia and in particular to the expansion of its business in areas other than supply of wood to industrial owners. Since Vapo joined in January 2011, Harvestia has enjoyed strong growth in many new areas of activity and we look forward to continuing this positive development in the future."

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About Powerflute

Powerflute Oyj ("the Company" or "Powerflute") is a paper and packaging group quoted on the AIM market of the London Stock Exchange (Ticker: POWR) and on First North, the alternative market of the OMX Nordic Exchange Stockholm AB (Ticker POW1V). Through its subsidiary Savon Sellu Oy, the Group operates a paper mill in Kuopio, Finland which produces a specialised form of semi-chemical fluting made from locally sourced birch. Corrugated boxes manufactured using Nordic semi-chemical fluting demonstrate strength and moisture resistance and are used for transportation of fruit and vegetables, high-value industrial goods such as electrical appliances and automotive components. The Kuopio mill has the capacity to produce up to 300,000 tonnes per annum and is one of only three suppliers of Nordic semi-chemical fluting in Europe.