

28th July 2010

POWERFLUTE OYJ
TRADING STATEMENT

Powerflute Oyj (the "Company" or "Powerflute"), the packaging group with established positions in Nordic semi-chemical fluting and coated woodfree papers, today provides the following update ahead of the announcement of its interim results for the six months ended 30 June 2010.

The mixed trading conditions, outlined at the Annual General Meeting held in April, continued into the second quarter. However, demand for our products remained robust and both businesses were able to operate at close to maximum capacity throughout the period.

Selling prices for Nordic semi-chemical fluting recovered strongly and profitability in this business had greatly improved by the end of the period. Following a challenging first quarter, which was adversely impacted by the Finnish port strike, the business performed well throughout the second quarter and we expect this strong performance to continue into the second half and beyond.

In contrast, our coated woodfree business experienced both lower average selling prices and higher raw material costs, compared with the same period in the prior year. The adverse impact of the reduction in average selling prices was €6 million while the impact of higher pulp costs was in excess of €9 million. A 28% increase in delivered volumes, the successful implementation of cost reduction and performance improvement measures and price increases achieved during the period, only partially offset these factors.

Price recovery in Nordic semi-chemical fluting and coated woodfree markets is expected to continue during the second half of the year and demand currently remains strong in both businesses. Pulp costs in Europe appear to have stabilised over the summer months and there is evidence that they have begun to reduce in some markets. Together, these factors should lead to improved performance during the second half of the year.

Accordingly, while the results for the first half will be below those of the prior year, subject to the positive trends outlined above continuing, we expect performance for the full year to represent an improvement on the prior year and to be close to current market expectations.

The Group's results for the six months ended 30 June 2010 will be announced during August 2010.

- Ends -

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About Powerflute

Powerflute Oyj ("the Company" or "Powerflute") is a packaging group with established positions in Nordic semi-chemical fluting and coated woodfree papers. Powerflute is listed on the AIM market of the London Stock Exchange (Ticker: POWR) and on the First North list, 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 birchwood sourced principally in Finland and Russia. Corrugated boxes manufactured using Nordic semi-chemical fluting demonstrate exceptional strength and moisture resistance and are extensively 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 three suppliers of Nordic semi-chemical fluting in Europe.

Through its recently acquired subsidiary Papierfabrik Scheufelen, the Group operates a paper mill in Lenningen, Germany which produces a range of coated woodfree papers from mixed hardwood and softwood pulps. Coated woodfree papers are used in the production of printed promotional material such as brochures, leaflets and other point of sale materials for producers and distributors of premium branded goods. The Lenningen mill has the capacity to produce up to 300,000 tonnes per annum and supplies the majority of its products into the European market where total demand has historically been in excess of 7.7 million tonnes per annum.