

SAPPI LTD

Form 6-K

May 11, 2011

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

under the Securities Exchange Act of 1934

For the month of May, 2011

Commission file number: 1-14872

SAPPI LIMITED

(Translation of registrant's name into English)

48 Ameshoff Street

Braamfontein

Johannesburg 2001

REPUBLIC OF SOUTH AFRICA

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

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Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

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If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

## FORWARD-LOOKING STATEMENTS

In order to utilize the “Safe Harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 (the “Reform Act”), Sappi Limited (the “Company”) is providing the following cautionary statement. Except for historical information contained herein, statements contained in this Report on Form 6-K may constitute “forward-looking statements” within the meaning of the Reform Act. The words “believe”, “anticipate”, “expect”, “intend”, “estimate”, “plan”, “assume”, “positioned”, “will”, “may”, “should”, “risk” and other similar expressions, which are predictions of or indicate future events and future trends, which do not relate to historical matters, identify forward-looking statements. In addition, this Report on Form 6-K may include forward-looking statements relating to the Company’s potential exposure to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity price risk. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond the control of the Company, together with its subsidiaries (the “Group”), and may cause the actual results, performance or achievements of the Group to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicity, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);
- the impact on the business of the global economic downturn;
- unanticipated production disruptions (including as a result of planned or unexpected power outages);
- changes in environmental, tax and other laws and regulations;
- adverse changes in the markets for our products;
- consequences of our leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed;
- adverse changes in the political situation and economy in the countries in which we operate or the effect of governmental efforts to address present or future economic or social problems;
- the impact of investments, acquisitions and dispositions (including related financing), any delays, unexpected costs or other problems experienced in connection with dispositions or with integrating acquisitions and achieving expected savings and synergies; and
- currency fluctuations.

These and other risks, uncertainties and factors are discussed in the Company’s Annual Report on Form 20-F and other filings with and submissions to the Securities and Exchange Commission, including this Report on Form 6-K. Shareholders and prospective investors are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of the submission of this Report on Form 6-K and are

not intended to give any assurance as to future results. The Company undertakes no obligation to publicly update or revise any of these forward looking statements, whether to reflect new information or future events or circumstances or otherwise.

2nd Quarter results  
for the period ended  
March 2011

*\* for the period ended March 2011*

*\*\* as at March 2011*

Coated fine paper

63%

Uncoated fine paper

8%

Coated specialities

7%

Commodity paper

7%

Pulp

14%

Other

1%

Sales by product group\*

North America

20%

Europe

55%

Southern Africa

25%

Sales by source\*

North America

22%

Europe

48%

Southern Africa

13%

Asia and other

17%

Sales by destination\*

Fine paper

60%

Southern Africa

40%

Net operating assets\*\*

2nd Quarter Results

|  |          |  |
|--|----------|--|
| 1  |          |  |
| Second Quarter Results                     |          |  |
| Quarter ended                              |          |  |
| Half-year                                  |          |  |
| ended                                      |          |  |
| Mar 2011                                   |          |  |
| Mar 2010                                   | Dec 2010 |  |
| Mar 2011                                   |          |  |
| Mar 2010                                   |          |  |
| Key figures: (US\$ million)                |          |  |
| Sales                                      |          |  |
| 1,824                                      |          |  |
| 1,576                                      | 1,873    |  |
| 3,697                                      |          |  |
| 3,196                                      |          |  |
| Operating (loss) profit                    |          |  |
| (1)  |          |  |
| 28   | 121      |  |
| 120  |          |  |
| 29   |          |  |
| Special items – losses                     |          |  |
| (1)  |          |  |
| 128  |          |  |
| 26   | 16       |  |
| 144  |          |  |
| 106  |          |  |
| Operating profit excluding special items   |          |  |
| (2)  |          |  |
| 127  |          |  |
| 54   | 137      |  |
| 264  |          |  |
| 135  |          |  |
| EBITDA excluding special items             |          |  |
| (3)  |          |  |
| 228  |          |  |
| 156  | 246      |  |
| 474  |          |  |
| 349  |          |  |
| Basic (loss) earnings per share (US cents) |          |  |
| (14)                                       |          |  |
| (6)  | 7        |  |
| (7)  |          |  |
| (16)                                       |          |  |
| Net debt                                   |          |  |
| (4)  |          |  |
| 2,370                                      |          |  |
| 2,429                                      | 2,432    |  |
| 2,370                                      |          |  |
| 2,429                                      |          |  |
| Key ratios: (%)                            |          |  |
| Operating (loss) profit to sales           |          |  |

|  |      |
|--|------|
| (0.1)  |      |
| 1.8  | 6.5  |
| 3.3  |      |
| 0.9  |      |
| Operating profit excluding special items to sales  |      |
| 7.0  |      |
| 3.4  | 7.3  |
| 7.1  |      |
| 4.2  |      |
| Operating profit excluding special items to capital employed (ROCE)  |      |
| 11.6   |      |
| 5.1  | 12.8 |
| 12.5   |      |
| 6.4  |      |
| EBITDA excluding special items to sales  |      |
| 12.5   |      |
| 9.9  | 13.1 |
| 12.8   |      |
| 10.9   |      |
| Return on average equity (ROE)   |      |
| (5)  |      |
| (14.9)   |      |
| (7.3)  | 7.6  |
| (3.8)  |      |
| (9.4)  |      |
| Net debt to total capitalisation   |      |
| (5)  |      |
| 54.8   |      |
| 59.1   | 54.7 |
| 54.8   |      |
| 59.1   |      |
| (1)  |      |
| Refer to page 15 for details on special items.   |      |
| (2)  |      |
| Refer to page 15, note 9 to the group results for the reconciliation of operating profit excluding special items to segment operating (loss) profit.                         |      |
| (3)  |      |
| Refer to page 15, note 9 to the group results for the reconciliation of EBITDA excluding special items and operating profit excluding special items to loss before taxation. |      |
| (4)  |      |
| Refer to page 17, Supplemental information for the reconciliation of net debt to interest-bearing borrowings.  |      |
| (5)  |      |
| Refer to page 16, Supplemental information for the definition of the term.   |      |
| The table above has not been audited or reviewed.  |      |
| EPS excluding special items 9 US cents; Q2 2010 loss per share 3 US cents  |      |
| Operating profit excluding special items US\$127 million;  |      |
| Q2 2010 US\$54 million   |      |

Special items US\$128 million charge including envisaged closure cost of  
Biberist Mill  
Good demand for the majority of our products  
Input costs continue to increase  
Net cash generated US\$100 million  
Financial summary for the quarter



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## Second Quarter Results

### Commentary on the quarter

Operating profit excluding special items for the quarter more than doubled compared to a year earlier and on a per week basis was at the same level as our first financial quarter ended December 2010. The operating performance of each of our regional businesses improved when compared to a year earlier.

Sales for the quarter increased to US\$1.8 billion, up 16% compared to the equivalent quarter last year. The increase was a result of sales volume increases in our European and North American businesses and improved prices in each of the 3 regional businesses, with a further positive effect of currency translation of the Euro and Rand to the US Dollar.

Input cost increases affected the performance of each of our businesses. In particular, our European business, which purchases more than half of its pulp requirements, was affected by high pulp prices together with prices for wood, latex and energy. The North American and Southern African businesses are net sellers of pulp and therefore benefitted from high pulp prices.

Special items for the quarter were a charge of US\$128 million arising mainly as a result of costs associated with the envisaged closure of Biberist Mill. The Biberist charges comprise restructuring costs of US\$59 million and non-cash asset impairment costs of US\$59 million. In the event that Biberist Mill is closed, we will transfer production to, and will service our customers from our other mills. We estimate the benefits of such a closure to exceed US\$50 million per annum.

Operating profit excluding special items was US\$127 million in the quarter compared to US\$54 million in the equivalent quarter last year. Including special items, the result for the quarter was an operating loss of US\$1 million compared to an operating profit of US\$28 million a year ago.

Net finance costs for the quarter were US\$68 million, which includes a net charge of US\$5 million in connection with the repurchase of US\$150 million of bonds.

Earnings per share for the quarter was a loss of 14 US cents (which included a charge of 23 US cents of special items) compared to a loss of 6 US cents in the equivalent quarter last year (which included a charge of 3 US cents of special items).

### Cash flow and debt

Cash generated by operations was US\$222 million for the quarter and net cash generated was US\$100 million.

Capital expenditure for the quarter was US\$47 million.

During the quarter we tendered for and repurchased US\$150 million of our 6.75% bonds maturing in 2012. At quarter end we had cash on hand of US\$567 million.

Net debt reduced to US\$2.37 billion as a result of cash generation during the quarter, partly offset by the currency effect of a strong Euro and Rand to the US Dollar.

After the end of the quarter, we have refinanced a significant portion of our debt in order to extend the maturities and reduce our finance costs. We have raised approximately US\$705 million of new bonds comprising €250 million (US\$350 million) notes due 2018 and US\$350 million notes due 2021, each bearing interest at a rate of 6.625% per annum. The proceeds (plus additional cash) will be used shortly

to redeem the US\$350 million remaining outstanding obligation of our 6.75% notes maturing in 2012 and repay the €320 million (US\$450 million) balance of our OeKB term loan. On a pro-forma basis these transactions would have resulted in cash on hand of US\$407 million at the end of March 2011. In addition, we have increased our €209 million (US\$300 million) revolving credit facility to €350 million (US\$500 million) and extended the maturity to 2016; this facility remains undrawn.

|  |       |
|--|-------|
| 3  |       |
| Second Quarter Results                   |       |
| Operating Review for the Quarter         |       |
| Sappi Fine Paper                         |       |
| Quarter                                  |       |
| Quarter                                  |       |
| Quarter                                  |       |
| ended                                    |       |
| ended                                    | ended |
| Mar 2011                                 |       |
| Mar 2010                                 |       |
| %  |       |
| Dec 2010                                 |       |
| US\$ million                             |       |
| US\$ million                             |       |
| change                                   |       |
| US\$ million                             |       |
| Sales                                    |       |
| 1,389                                    |       |
| 1,208                                    |       |
| 15                                       | 1,409 |
| Operating (loss) profit                  |       |
| (42)                                     |       |
| 50                                       |       |
| –  |       |
| 57                                       |       |
| Operating (loss) profit to sales (%)     |       |
| (3.0)                                    |       |
| 4.1                                      |       |
| –  |       |
| 4.0                                      |       |
| Special items – losses (gains)           |       |
| 113                                      |       |
| (7)                                      |       |
| –  |       |
| –  |       |
| Operating profit excluding special items |       |
| 71                                       |       |
| 43                                       |       |
| 65                                       | 57    |
| Operating profit excluding special items |       |
| to sales (%)                             |       |
| 5.1                                      |       |
| 3.6                                      |       |
| –  |       |
| 4.0                                      |       |
| EBITDA excluding special items           |       |
| 144                                      |       |
| 120                                      |       |
| 20                                       | 137   |

EBITDA excluding special items

to sales (%)

10.4

9.9

– 9.7

RONOA

(1)

pa (%)

9.1

5.3

– 7.3

(1)

Refer to page 16, Supplemental information for the definition of the term.

The fine paper business continued its improving trend, with operating profit excluding special items increasing 65% compared to the equivalent quarter last year and 25% compared to the quarter ended December 2010.

|                                      |        |   |
|--------------------------------------|--------|---|
| 4                                    |        |   |
| Second Quarter Results               |        |   |
| Europe                               |        |   |
| Quarter                              |        |   |
| Quarter                              |        |   |
| Quarter                              |        |   |
| ended                                |        |   |
| ended                                | %      | % |
| ended                                |        |   |
| Mar 2011                             |        |   |
| Mar 2010                             | change |   |
| change                               |        |   |
| Dec 2010                             |        |   |
| US\$ million                         |        |   |
| US\$ million                         |        |   |
| (US\$)                               |        |   |
| (Euro)                               |        |   |
| US\$ million                         |        |   |
| Sales                                |        |   |
| 1,017                                |        |   |
| 866                                  |        |   |
| 17                                   |        |   |
| 19                                   | 1,027  |   |
| Operating (loss) profit              |        |   |
| (83)                                 |        |   |
| 9                                    |        |   |
| –                                    |        |   |
| –                                    |        |   |
| 34                                   |        |   |
| Operating (loss) profit to sales (%) |        |   |
| (8.2)                                |        |   |
| 1.0                                  |        |   |
| –                                    | –      |   |
| 3.3                                  |        |   |
| Special items – losses (gains)       |        |   |
| 114                                  |        |   |
| (5)                                  |        |   |
| –                                    |        |   |
| –                                    |        |   |
| –                                    |        |   |
| Operating profit excluding           |        |   |
| special items                        |        |   |
| 31                                   |        |   |
| 4                                    |        |   |
| 675                                  |        |   |
| 667                                  |        |   |
| 34                                   |        |   |
| Operating profit excluding           |        |   |
| special items to sales (%)           |        |   |
| 3.0                                  |        |   |
| 0.5                                  |        |   |

|                                |   |
|--------------------------------|---|
| –                              | – |
| 3.3                            |   |
| EBITDA excluding special items |   |
| 86                             |   |
| 64                             |   |
| 34                             |   |
| 37                             |   |
| 95                             |   |
| EBITDA excluding special items |   |
| to sales (%)                   |   |
| 8.5                            |   |
| 7.4                            |   |
| –                              | – |
| 9.3                            |   |
| RONOA                          |   |
| (1)                            |   |
| pa (%)                         |   |
| 5.7                            |   |
| 0.7                            |   |
| –                              | – |
| 6.2                            |   |
| (1)                            |   |

Refer to page 16, Supplemental information for the definition of the term.

The European business achieved a 19% increase in sales in Euro terms compared to the equivalent quarter last year as a result of improved sales volumes and prices.

During the quarter a price increase was implemented for coated mechanical paper in the European market. Average prices achieved for coated woodfree paper in Euro terms were marginally lower during the quarter than in the quarter ended December 2010, mainly as a result of export prices which, although higher in US Dollar terms, were lower in Euros as a result of the stronger Euro/US Dollar exchange rate. Raw material input costs including wood, chemical and energy costs have increased significantly compared to a year ago, as have purchased pulp costs. Although our sales prices have improved compared to a year ago, further increases will be required to fully offset the effect of input cost increases.

During the quarter we announced that we envisaged closing Biberist Mill in Switzerland, which could result in annual benefits in excess of US\$50 million. We are currently consulting with the representatives of our employees at Biberist Mill about the options for the mill. In addition, we have identified further actions across our business, which will result in fixed and variable cost savings of over US\$50 million per annum once fully implemented.

The European business had continued strong cash generation.

5  
 Second Quarter Results  
 North America  
 Quarter  
 Quarter  
 Quarter  
 ended  
 ended ended  
 Mar 2011  
 Mar 2010  
 %  
 Dec 2010  
 US\$ million  
 US\$ million  
 change  
 US\$ million  
 Sales  
 372  
 342  
 9  
 382  
 Operating profit  
 41  
 41  
 – 23  
 Operating profit to sales (%)  
 11.0  
 12.0  
 –  
 6.0  
 Special items – (gains)  
 (1)  
 (2)  
 –  
 –  
 Operating profit excluding special items  
 40  
 39  
 3  
 23  
 Operating profit excluding special items  
 to sales (%)  
 10.8  
 11.4  
 –  
 6.0  
 EBITDA excluding special items  
 58  
 56  
 4  
 42

EBITDA excluding special items to  
sales (%)

15.6

16.4

– 11.0

RONOA

(1)

pa (%)

17.0

16.0

–

9.9

(1)

Refer to page 16, Supplemental information for the definition of the term.

The North American business increased sales by 9% compared to a year ago as a result of increased sales volume and higher prices.

While the coated paper industry experienced seasonally softer demand during the quarter, our coated paper business remained strong with good operating rates and improved prices. Our pulp business performed well with good production and sales volumes. Our speciality business continued its strong performance with good demand in its major markets. Input costs were substantially higher than the equivalent quarter last year.



|                                      |        |   |
|--------------------------------------|--------|---|
| 6                                    |        |   |
| Second Quarter Results               |        |   |
| Sappi Southern Africa                |        |   |
| Quarter                              |        |   |
| Quarter                              |        |   |
| Quarter                              |        |   |
| ended                                |        |   |
| ended                                | %      | % |
| ended                                |        |   |
| Mar 2011                             |        |   |
| Mar 2010                             | change |   |
| change                               |        |   |
| Dec 2010                             |        |   |
| US\$ million                         |        |   |
| US\$ million                         |        |   |
| (US\$)                               |        |   |
| (Rand)                               |        |   |
| US\$ million                         |        |   |
| Sales                                |        |   |
| 435                                  |        |   |
| 368                                  |        |   |
| 18                                   |        |   |
| 9                                    |        |   |
| 464                                  |        |   |
| Operating profit (loss)              |        |   |
| 39                                   |        |   |
| (4)                                  |        |   |
| -                                    |        |   |
| -                                    |        |   |
| 66                                   |        |   |
| Operating profit (loss) to sales (%) |        |   |
| 9.0                                  |        |   |
| (1.1)                                |        |   |
| -                                    | -      |   |
| 14.2                                 |        |   |
| Special items – losses               |        |   |
| 14                                   |        |   |
| 16                                   |        |   |
| (13)                                 |        |   |
| (19)                                 |        |   |
| 13                                   |        |   |
| Operating profit excluding           |        |   |
| special items                        |        |   |
| 53                                   |        |   |
| 12                                   |        |   |
| 342                                  |        |   |
| 309                                  |        |   |
| 79                                   |        |   |
| Operating profit excluding special   |        |   |
| items to sales (%)                   |        |   |
| 12.2                                 |        |   |

|                                |   |   |
|--------------------------------|---|---|
| 3.3                            |   |   |
| –                              | – |   |
| 17.0                           |   |   |
| EBITDA excluding special items |   |   |
| 81                             |   |   |
| 37                             |   |   |
| 119                            |   |   |
| 103                            |   |   |
| 108                            |   |   |
| EBITDA excluding special items |   |   |
| to sales (%)                   |   |   |
| 18.6                           |   |   |
| 10.1                           | – | – |
| 23.3                           |   |   |
| RONOA                          |   |   |
| (1)                            |   |   |
| pa (%)                         |   |   |
| 10.1                           |   |   |
| 2.7                            |   |   |
| –                              | – |   |
| 15.8                           |   |   |
| (1)                            |   |   |

Refer to page 16, Supplemental information for the definition of the term.

The chemical cellulose business achieved improved sales volumes and prices during the quarter compared to a year ago, but sales volumes were below the first financial quarter ended December 2010 as a result of the shorter quarter and the timing of shipments. Demand for chemical cellulose is strong as a result of demand for viscose fibre, particularly in Asia.

The Sappi Limited board has approved the expansion of the Ngodwana mill in South Africa. The expanded mill will produce kraft linerboard, newsprint as well as 210,000 tons of chemical cellulose. We expect chemical cellulose production to commence in early 2013.

Our paper and packaging business continued to make a positive contribution to the region's results. Market conditions, however, remain tough with the strength of the Rand relative to the US Dollar contributing to competition from lower priced imports.

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Second Quarter Results  
Outlook

We expect business conditions in our major markets to remain favourable; however, input costs are increasing as the global economic recovery gathers momentum. We also expect to start realising the benefits of our European profit improvement measures in the fourth financial quarter. We therefore expect the improved trend in the group's underlying operating performance to continue through the remainder of the financial year.

We expect positive cash generation for the rest of our financial year and good net cash generation for the full year.

Our third financial quarter, is generally a seasonally weaker quarter. The quarter will also be impacted by planned annual maintenance shuts at a number of our major pulp mills, which will result in a substantial increase in maintenance costs and lost contribution from reduced output. We expect our results excluding special items for the third financial quarter to be in line with the equivalent quarter last year.

On behalf of the board

R J Boëttger

M R Thompson

Director

Director

09 May 2011

sappi limited

(Registration number 1936/008963/06)

Issuer Code: SAVVI

JSE Code: SAP

ISIN: ZAE000006284

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Second Quarter Results

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forward-looking statements

Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives.

The words “believe”, “anticipate”, “expect”, “intend”, “estimate”, “plan”, “assume”, “positioned”, “will”, “may”, “should”, “risk” and other similar expressions, which are predictions of or indicate future events and future trends, which do not relate to historical matters, identify forward-looking statements. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicity, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);
- the impact on our business of the global economic downturn;
- unanticipated production disruptions (including as a result of planned or unexpected power outages);
- changes in environmental, tax and other laws and regulations;
- adverse changes in the markets for our products;
- consequences of our leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed;
- adverse changes in the political situation and economy in the countries in which we operate or the effect of governmental efforts to address present or future economic or social problems;
- the impact of investments, acquisitions and dispositions (including related financing), any delays, unexpected costs or other problems experienced in connection with dispositions or with integrating acquisitions and achieving expected savings and synergies; and
- currency fluctuations.

We undertake no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.

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Second Quarter Results

Condensed group income statement

Reviewed

Reviewed

Reviewed

Reviewed

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2011

Mar 2010

Mar 2011

Mar 2010

Note

US\$ million

US\$ million

US\$ million

US\$ million

Sales

1,824

1,576

3,697

3,196

Cost of sales

1,596

1,443

3,233

2,974

Gross profit

228

133

464

222

Selling, general and administrative expenses

109

114

221

221

Other operating expenses (income)

122

(4)

127

(20)

Share of profit from associates and  
joint ventures

|   |   |
|---|---|
| (2)   |   |
| (5)   |   |
| (4)   |   |
| (8)   |   |
| Operating (loss) profit                       | 2 |
| (1)   |   |
| 28  |   |
| 120   |   |
| 29  |   |
| Net finance costs                             |   |
| 68  |   |
| 62  |   |
| 139   |   |
| 135   |   |
| Net interest                                  |   |
| 77  |   |
| 79  |   |
| 155   |   |
| 158   |   |
| Net foreign exchange gains                    |   |
| (3)   |   |
| (6)   |   |
| (7)   |   |
| (9)   |   |
| Net fair value gains on financial instruments |   |
| (6)   |   |
| (11)  |   |
| (9)   |   |
| (14)  |   |
| Loss before taxation                          |   |
| (69)  |   |
| (34)  |   |
| (19)  |   |
| (106)   |   |
| Taxation                                      |   |
| 5   |   |
| (3)   |   |
| 18  |   |
| (24)  |   |
| Current                                       |   |
| 2   |   |
| (1)   |   |
| 4   |   |
| 3   |   |
| Deferred                                      |   |
| 3   |   |
| (2)   |   |
| 14  |   |
| (27)  |   |
| Loss for the period                           |   |
| (74)  |   |

(31)  
(37)  
(82)  
Basic loss per share (US cents)  
(14)  
(6)  
(7)  
(16)  
Weighted average number of shares  
in issue (millions)  
519.7  
515.5  
519.6  
515.6  
Diluted basic loss per share (US cents)  
(14)  
(6)  
(7)  
(16)  
Weighted average number of shares on fully  
diluted basis (millions)  
519.7  
515.5  
519.6  
515.6  
Group statement of comprehensive income  
Reviewed  
Reviewed  
Reviewed  
Reviewed  
Quarter  
Quarter  
Half-year  
Half-year  
ended  
ended  
ended  
ended  
Mar 2011  
Mar 2010  
Mar 2011  
Mar 2010  
US\$ million  
US\$ million  
US\$ million  
US\$ million  
Loss for the period  
(74)  
(31)  
(37)  
(82)

|  |       |
|--|-------|
| Other comprehensive income (loss),<br>net of tax             | 5     |
|  | —     |
|  | 83    |
|  | (24)  |
| Exchange differences on translation of<br>foreign operations | (13)  |
|  | (1)   |
|  | 69    |
|  | (26)  |
| Movements in hedging reserves                                | 18    |
|  | 1     |
|  | 15    |
|  | 2     |
| Deferred tax effects on above                                | —     |
|  | —     |
|  | (1)   |
|  | —     |
| Total comprehensive (loss) income<br>for the period          | (69)  |
|  | (31)  |
|  | 46    |
|  | (106) |



|                                 |
|---------------------------------|
| 10                              |
| Second Quarter Results          |
| Condensed group balance sheet   |
| Reviewed                        |
| Reviewed                        |
| Mar 2011                        |
| Sept 2010                       |
| US\$ million                    |
| US\$ million                    |
| ASSETS                          |
| Non-current assets              |
| 4,615                           |
| 4,653                           |
| Property, plant and equipment   |
| 3,612                           |
| 3,660                           |
| Plantations                     |
| 701                             |
| 687                             |
| Deferred taxation               |
| 57                              |
| 53                              |
| Other non-current assets        |
| 245                             |
| 253                             |
| Current assets                  |
| 2,448                           |
| 2,531                           |
| Inventories                     |
| 937                             |
| 836                             |
| Trade and other receivables     |
| 944                             |
| 903                             |
| Cash and cash equivalents       |
| 567                             |
| 792                             |
| Total assets                    |
| 7,063                           |
| 7,184                           |
| EQUITY AND LIABILITIES          |
| Shareholders' equity            |
| Ordinary shareholders' interest |
| 1,951                           |
| 1,896                           |
| Non-current liabilities         |
| 2,983                           |
| 3,249                           |
| Interest-bearing borrowings     |
| 2,009                           |
| 2,317                           |

|  |  |
|--|--|
| Deferred taxation  |  |
| 421  |  |
| 386  |  |
| Other non-current liabilities                              |  |
| 553  |  |
| 546  |  |
| Current liabilities  |  |
| 2,129  |  |
| 2,039  |  |
| Interest-bearing borrowings                                |  |
| 928  |  |
| 691  |  |
| Bank overdraft   |  |
| —  |  |
| 5  |  |
| Other current liabilities                                  |  |
| 1,166  |  |
| 1,307  |  |
| Taxation payable   |  |
| 35   |  |
| 36   |  |
| Total equity and liabilities                               |  |
| 7,063  |  |
| 7,184  |  |
| Number of shares in issue at balance sheet date (millions) |  |
| 519.6  |  |
| 519.5  |  |

11  
Second Quarter Results  
Condensed group statement of cash flows  
Reviewed  
Reviewed  
Reviewed  
Reviewed  
Quarter  
Quarter  
Half-year  
Half-year  
ended  
ended  
ended  
ended  
Mar 2011  
Mar 2010  
Mar 2011  
Mar 2010  
US\$ million  
US\$ million  
US\$ million  
US\$ million  
Loss for the period  
(74)  
(31)  
(37)  
(82)  
Adjustment for:  
Depreciation, fellings and amortisation  
122  
117  
253  
249  
Taxation  
5  
(3)  
18  
(24)  
Net finance costs  
68  
62  
139  
135  
Post-employment benefits  
(19)  
(20)  
(33)  
(33)  
Plantation fair value adjustment  
(13)

|   |  |
|---|--|
| (3)   |  |
| (23)  |  |
| 73  |  |
| Asset impairments (impairment reversals)              |  |
| 69  |  |
| (5)   |  |
| 69  |  |
| (13)  |  |
| Restructuring provisions raised                       |  |
| 63  |  |
| 3   |  |
| 66  |  |
| 41  |  |
| Other non-cash items                                  |  |
| 1   |  |
| 2   |  |
| 15  |  |
| 21  |  |
| Cash generated from operations                        |  |
| 222   |  |
| 122   |  |
| 467   |  |
| 367   |  |
| Movement in working capital                           |  |
| 17  |  |
| 68  |  |
| (318)   |  |
| (102)   |  |
| Net finance costs                                     |  |
| (91)  |  |
| (29)  |  |
| (154)   |  |
| (93)  |  |
| Taxation paid   |  |
| (12)  |  |
| –   |  |
| (14)  |  |
| (4)   |  |
| Cash retained from (utilised in) operating activities |  |
| 136   |  |
| 161   |  |
| (19)  |  |
| 168   |  |
| Cash utilised in investing activities                 |  |
| (36)  |  |
| (52)  |  |
| (77)  |  |
| (89)  |  |
| Net cash generated (utilised)                         |  |
| 100   |  |

109  
 (96)  
 79  
 Cash effects of financing activities  
 (159)  
 (122)  
 (174)  
 (65)  
 Net movement in cash and cash equivalents  
 (59)  
 (13)  
 (270)  
 14  
 Condensed group statement of changes in equity  
 Reviewed  
 Reviewed  
 Half-year  
 Half-year  
 ended  
 ended  
 Mar 2011  
 Mar 2010  
 US\$ million  
 US\$ million  
 Balance – beginning of period  
 1,896  
 1,794  
 Total comprehensive income (loss) for the period  
 46  
 (106)  
 Costs directly attributable to the rights offer  
 –  
 (5)  
 Transfers from (to) the share purchase trust  
 1  
 (6)  
 Share-based payment reserve  
 8  
 6  
 Balance – end of period  
 1,951  
 1,683

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Second Quarter Results

Notes to the condensed group results

1. Basis of preparation

The condensed financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, the AC 500 standards issued by the Accounting Practices Board and the information required by IAS 34 "Interim Financial Reporting". They are based on appropriate accounting policies which have been consistently applied with those applied in the financial statements for the year ended September 2010 and which are supported by reasonable and prudent judgements, including those involving estimations.

The condensed interim results for the six-month period ended March 2011 as set out on pages 09 to 15 have been reviewed in terms of the International Standard on Review Engagements 2410 by the group's auditors, Deloitte & Touche. Their unmodified review report is available for inspection at the company's registered office.

Reviewed

Reviewed

Reviewed

Reviewed

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2011

Mar 2010

Mar 2011

Mar 2010

US\$ million

US\$ million

US\$ million

US\$ million

2. Operating (loss) profit

Included in operating (loss) profit are the following non-cash items:

Depreciation and amortisation

101

102

210

214

Fair value adjustment on plantations

(included in cost of sales)

Changes in volume

Fellings

21

15

43

35

Growth

(16)

(14)

(37)

(33)

5

1

6

2

Plantation price fair value adjustment

3

11

14

106

8

12

20

108

Included in other operating expenses

(income) are the following:

Asset impairments (impairment  
reversals)

69

(5)

69

(13)

(Profit) loss on disposal of property,  
plant and equipment

–

(1)

–

1

Profit on disposal of investment

–

(1)

–

(1)

Restructuring provisions raised

63

3

66

41

Black Economic Empowerment  
charge

1

–

2

–

Fuel tax credit

–

(2)

–  
 (51)  
 3. Headline (loss) earnings per share  
 (1)  
 Headline (loss) earnings per share (US cents)  
 (2)  
 (7)  
 5  
 (18)  
 Weighted average number of shares  
 in issue (millions)  
 519.7  
 515.5  
 519.6  
 515.6  
 Diluted headline (loss) earnings per share  
 (US cents)  
 (2)  
 (7)  
 5  
 (18)  
 Weighted average number of shares on  
 fully diluted basis (millions)  
 519.7  
 515.5  
 519.6  
 515.6  
 Calculation of headline (loss) earnings  
 (1)  
 Loss for the period  
 (74)  
 (31)  
 (37)  
 (82)  
 Asset impairments (impairment reversals)  
 69  
 (5)  
 69  
 (13)  
 (Profit) loss on disposal of property,  
 plant and equipment  
 –  
 (1)  
 –  
 1  
 Profit on disposal of investment  
 –  
 (1)  
 –  
 (1)  
 Tax effect of above items



(5)

—

(5)

—

Headline (loss) earnings

(10)

(38)

27

(95)

(1)

Headline earnings disclosure is required by the JSE Limited.

|                               |  |
|-------------------------------|--|
| 13                            |  |
| Second Quarter Results        |  |
| Reviewed                      |  |
| Reviewed                      |  |
| Reviewed                      |  |
| Reviewed                      |  |
| Quarter                       |  |
| Quarter                       |  |
| Half-year                     |  |
| Half-year                     |  |
| ended                         |  |
| ended                         |  |
| ended                         |  |
| ended                         |  |
| Mar 2011                      |  |
| Mar 2010                      |  |
| Mar 2011                      |  |
| Mar 2010                      |  |
| US\$ million                  |  |
| US\$ million                  |  |
| US\$ million                  |  |
| US\$ million                  |  |
| 4. Capital expenditure        |  |
| Property, plant and equipment |  |
| 47                            |  |
| 41                            |  |
| 92                            |  |
| 78                            |  |
| Reviewed                      |  |
| Reviewed                      |  |
| Mar 2011                      |  |
| Sept 2010                     |  |
| US\$ million                  |  |
| US\$ million                  |  |
| 5. Capital commitments        |  |
| Contracted                    |  |
| 90                            |  |
| 62                            |  |
| Approved but not contracted   |  |
| 187                           |  |
| 109                           |  |
| 277                           |  |
| 171                           |  |
| 6. Contingent liabilities     |  |
| Guarantees and suretyships    |  |
| 48                            |  |
| 48                            |  |
| Other contingent liabilities  |  |
| 8                             |  |
| 8                             |  |
| 56                            |  |

56

## 7. Material balance sheet movements compared to September 2010

## Cash and cash equivalents and other current liabilities

The decrease in cash and cash equivalents and in other current liabilities is largely due to the timing of creditor payments as a result of the calendar month-end falling before the fiscal month-end when creditor payments fell due and the repayment of US\$150 million principal amount of the outstanding US\$500 million 6.75% Guaranteed Notes due June 2012.

## Interest-bearing borrowings

The decrease in other non-current and increase in current interest-bearing borrowings is due to the transfer to current interest-bearing borrowings of loans falling due in the next twelve months.

## 8. Post balance sheet events

On 05 April 2011, Sappi issued approximately US\$705 million Senior Secured Notes split into a ten-year US\$350 million tranche and a 7-year €250 million tranche. Both tranches were issued at par and bear interest at a rate of 6.625% per annum. The net proceeds of the Notes are being used to redeem the remaining outstanding US\$350 million of our 6.75% Guaranteed Notes due June 2012 and to repay €200 million of the outstanding borrowings of €320 million under our OeKB Term Loan Facility. At the same time, our existing undrawn revolving credit facility maturing 2012 was increased from a €209 million to a €350 million facility and extended to 2016. Furthermore, notice was given to repay the remaining €120 million OeKB Term Loan balance on 26 May 2011 from cash resources.

## 9. Segment information

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2011

Mar

2010

Mar 2011

Mar 2010

Metric tons

Metric tons

Metric tons

Metric tons

(000's)

(000's)

(000's)

(000's)

Sales volume

Fine Paper –

North America

349

345

713

667

Europe

982

919

1,994

1,863

|                   |  |
|-------------------|--|
| Total             |  |
| 1,331             |  |
| 1,264             |  |
| 2,707             |  |
| 2,530             |  |
| Southern Africa – |  |
| Pulp and paper    |  |
| 414               |  |
| 425               |  |
| 866               |  |
| 875               |  |
| Forestry          |  |
| 242               |  |
| 244               |  |
| 436               |  |
| 412               |  |
| Total             |  |
| 1,987             |  |
| 1,933             |  |
| 4,009             |  |
| 3,817             |  |

14  
Second Quarter Results  
Reviewed  
Reviewed  
Reviewed  
Reviewed  
Quarter  
Quarter  
Half-year  
Half-year  
ended  
ended  
ended  
ended  
Mar 2011  
Mar 2010  
Mar 2011  
Mar 2010  
US\$ million  
US\$ million  
US\$ million  
US\$ million  
Sales  
Fine Paper –  
North America  
372  
342  
754  
662  
Europe  
1,017  
866  
2,044  
1,802  
Total  
1,389  
1,208  
2,798  
2,464  
Southern Africa –  
Pulp and paper  
414  
351  
861  
701  
Forestry  
21  
17  
38  
31  
Total

1,824  
 1,576  
 3,697  
 3,196  
 Operating profit (loss)  
 excluding special items  
 Fine Paper –  
 North America  
 40  
 39  
 63  
 58  
 Europe  
 31  
 4  
 65  
 29  
 Total  
 71  
 43  
 128  
 87  
 Southern Africa  
 53  
 12  
 132  
 41  
 Unallocated and eliminations  
 (1)  
 3  
 (1)  
 4  
 7  
 Total  
 127  
 54  
 264  
 135  
 Special items – losses (gains)  
 Fine Paper –  
 North America  
 (1)  
 (2)  
 (1)  
 (50)  
 Europe  
 114  
 (5)  
 114  
 8  
 Total

113  
(7)  
113  
(42)  
Southern Africa  
14  
16  
27  
131  
Unallocated and eliminations  
(1)  
1  
17  
4  
17  
Total  
128  
26  
144  
106  
Segment operating (loss) profit  
Fine Paper –  
North America  
41  
41  
64  
108  
Europe  
(83)  
9  
(49)  
21  
Total  
(42)  
50  
15  
129  
Southern Africa  
39  
(4)  
105  
(90)  
Unallocated and eliminations  
(1)  
2  
(18)  
–  
(10)  
Total  
(1)  
28

|                                |
|--------------------------------|
| 120                            |
| 29                             |
| EBITDA excluding special items |
| Fine Paper –                   |
| North America                  |
| 58                             |
| 56                             |
| 100                            |
| 98                             |
| Europe                         |
| 86                             |
| 64                             |
| 181                            |
| 152                            |
| Total                          |
| 144                            |
| 120                            |
| 281                            |
| 250                            |
| Southern Africa                |
| 81                             |
| 37                             |
| 189                            |
| 92                             |
| Unallocated and eliminations   |
| (1)                            |
| 3                              |
| (1)                            |
| 4                              |
| 7                              |
| Total                          |
| 228                            |
| 156                            |
| 474                            |
| 349                            |
| Segment assets                 |
| Fine Paper –                   |
| North America                  |
| 956                            |
| 966                            |
| 956                            |
| 966                            |
| Europe                         |
| 2,120                          |
| 2,126                          |
| 2,120                          |
| 2,126                          |
| Total                          |
| 3,076                          |
| 3,092                          |
| 3,076                          |



3,092

Southern Africa

2,092

1,777

2,092

1,777

Unallocated and eliminations

(1)

70

32

70

32

Total

5,238

4,901

5,238

4,901

(1)

Includes the group's treasury operations, the self-insurance captive and the investment in the Jiangxi Chenming joint venture.

|   |  |
|---|--|
| 15  |  |
| Second Quarter Results  |  |
| Reconciliation of operating profit excluding special items to segment operating (loss) profit   |  |
| Special items cover those items which management believe are material by nature or amount to the operating results and require separate disclosure. Such items would generally include profit or loss on disposal of property, investments and businesses, asset impairments, restructuring charges, non-recurring integration costs related to acquisitions, financial impacts of natural disasters, non-cash gains or losses on the price fair value adjustment of plantations and alternative fuel tax credits receivable in cash. |  |
| Reviewed  |  |
| Reviewed  |  |
| Reviewed  |  |
| Reviewed  |  |
| Quarter   |  |
| Quarter   |  |
| Half-year   |  |
| Half-year   |  |
| ended   |  |
| ended   |  |
| ended   |  |
| ended   |  |
| Mar 2011  |  |
| Mar 2010  |  |
| Mar 2011  |  |
| Mar 2010  |  |
| US\$ million  |  |
| US\$ million  |  |
| US\$ million  |  |
| US\$ million  |  |
| Operating profit excluding special items  |  |
| 127   |  |
| 54  |  |
| 264   |  |
| 135   |  |
| Special items   |  |
| (128)   |  |
| (26)  |  |
| (144)   |  |
| (106)   |  |
| Plantation price fair value adjustment  |  |
| (3)   |  |
| (11)  |  |
| (14)  |  |
| (106)   |  |
| Restructuring provisions raised   |  |
| (63)  |  |
| (3)   |  |
| (66)  |  |
| (41)  |  |
| Profit (loss) on disposal of property, plant and equipment  |  |
| —   |  |

|   |  |
|---|--|
| 1   |  |
| –   |  |
| (1)   |  |
| Profit on disposal of investment  |  |
| –   |  |
| 1   |  |
| –   |  |
| 1   |  |
| Asset (impairments) impairment reversals  |  |
| (69)  |  |
| 5   |  |
| (69)  |  |
| 13  |  |
| Fuel tax credit   |  |
| –   |  |
| 2   |  |
| –   |  |
| 51  |  |
| Black Economic Empowerment charge   |  |
| (1)   |  |
| –   |  |
| (2)   |  |
| –   |  |
| Insurance recoveries  |  |
| 11  |  |
| –   |  |
| 11  |  |
| –   |  |
| Fire, flood, storm and related events   |  |
| (3)   |  |
| (21)  |  |
| (4)   |  |
| (23)  |  |
| Segment operating (loss) profit   |  |
| (1)   |  |
| 28  |  |
| 120   |  |
| 29  |  |
| Reconciliation of EBITDA excluding special items and operating profit excluding special items to loss before taxation |  |
| EBITDA excluding special items  |  |
| 228   |  |
| 156   |  |
| 474   |  |
| 349   |  |
| Depreciation and amortisation   |  |
| (101)   |  |
| (102)   |  |
| (210)   |  |
| (214)   |  |
| Operating profit excluding special items  |  |

|   |
|---|
| 127   |
| 54  |
| 264   |
| 135   |
| Special items – losses                              |
| (128)   |
| (26)  |
| (144)   |
| (106)   |
| Net finance costs                                   |
| (68)  |
| (62)  |
| (139)   |
| (135)   |
| Loss before taxation                                |
| (69)  |
| (34)  |
| (19)  |
| (106)   |
| Reconciliation of segment assets to total assets    |
| Segment assets                                      |
| 5,238   |
| 4,901   |
| 5,238   |
| 4,901   |
| Deferred tax  |
| 57  |
| 52  |
| 57  |
| 52  |
| Cash and cash equivalents                           |
| 567   |
| 724   |
| 567   |
| 724   |
| Other current liabilities                           |
| 1,166   |
| 1,057   |
| 1,166   |
| 1,057   |
| Taxation payable                                    |
| 35  |
| 50  |
| 35  |
| 50  |
| Liabilities associated with assets<br>held for sale |
| –   |
| 18  |
| –   |
| 18  |

Total assets

7,063

6,802

7,063

6,802

16

Second Quarter Results

Supplemental information (this information has not been audited or reviewed)

General definitions

Average – averages are calculated as the sum of the opening and closing balances for the relevant period divided by two

Black Economic Empowerment – as envisaged in the Black Economic Empowerment (BEE) legislation in South Africa

Black Economic Empowerment charge – represents the IFRS 2 non-cash charge associated with the BEE transaction implemented in fiscal 2010

Fellings – the amount charged against the income statement representing the standing value of the plantations harvested

NBSK – Northern Bleached Softwood Kraft pulp. One of the main varieties of market pulp, produced from coniferous trees (ie spruce, pine) in Scandinavia, Canada and northern USA. The price of NBSK is a benchmark widely used in the pulp and paper industry for comparative purposes

SG&A – selling, general and administrative expenses

Non-GAAP measures

The group believes that it is useful to report certain non-GAAP measures for the following reasons:

- these measures are used by the group for internal performance analysis;
- the presentation by the group's reported business segments of these measures facilitates comparability with other companies in our industry, although the group's measures may not be comparable with similarly titled profit measurements reported by other companies; and
- it is useful in connection with discussion with the investment analyst community and debt rating agencies

These non-GAAP measures should not be considered in isolation or construed as a substitute for GAAP measures in accordance with IFRS

Capital employed – shareholders' equity plus net debt

EBITDA excluding special items – earnings before interest (net finance costs), taxation, depreciation, amortisation and special items

Headline earnings – as defined in Circular 3/2009 issued by The South African Institute of Chartered Accountants, separates from earnings all separately identifiable re-measurements. It is not necessarily a measure of sustainable earnings. It is a Listings Requirement of the JSE Limited to disclose headline earnings per share

Net assets – total assets less total liabilities

Net asset value per share – net assets divided by the number of shares in issue at balance sheet date

Net debt – current and non-current interest-bearing borrowings, and bank overdraft (net of cash, cash equivalents and short-term deposits)

Net debt to total capitalisation – net debt divided by capital employed

Net operating assets – total assets (excluding deferred taxation and cash) less current liabilities (excluding interest-bearing borrowings and overdraft). Net operating assets is considered to equal segment assets

ROCE – return on average capital employed. Operating profit excluding special items divided by average capital employed

ROE – return on average equity. Profit for the period divided by average shareholders' equity

RONOA – return on average net operating assets. Operating profit excluding special items divided by average segment assets

Special items – special items cover those items which management believe are material by nature or amount to the operating results and require separate disclosure. Such items would generally include profit or loss on disposal of property, investments and businesses, asset impairments, restructuring charges, non-recurring integration costs related to acquisitions, financial impacts of natural disasters, non-cash gains or losses on the price fair value adjustment of plantations and alternative fuel tax credits receivable in cash

The above financial measures are presented to assist our shareholders and the investment community in interpreting our financial results.

These financial measures are regularly used and compared between companies in our industry.

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Second Quarter Results

Supplemental information (this information has not been audited or reviewed)

Summary Rand convenience translation

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2011

Mar 2010

Mar 2011

Mar 2010

Key figures: (ZAR million)

Sales

12,761

11,914

25,685

24,067

Operating (loss) profit

(7)

212

834

218

Special items – losses

(1)

896

197

1,000

798

Operating profit excluding special items

(1)

889

408

1,834

1,017

EBITDA excluding special items

(1)

1,595

1,179

3,293

2,628

Basic loss per share (SA cents)

(98)

(45)

(49)

(120)

Net debt

(1)  
 15,874  
 18,047  
 15,874  
 18,047  
 Key ratios: (%)  
 Operating (loss) profit to sales  
 (0.1)  
 1.8  
 3.2  
 0.9  
 Operating profit excluding special items  
 to sales  
 7.0  
 3.4  
 7.1  
 4.2  
 Operating profit excluding special items  
 to Capital Employed (ROCE)  
 (1)  
 12.2  
 5.2  
 12.7  
 6.5  
 EBITDA excluding special items to sales  
 12.5  
 9.9  
 12.8  
 10.9  
 Return on average equity (ROE)  
 (15.7)  
 (7.4)  
 (3.9)  
 (9.6)  
 Net debt to total capitalisation  
 (1)  
 54.8  
 59.1  
 54.8  
 59.1  
 (1)

Refer to page 16, Supplemental information for the definition of the term.

The above financial results have been translated into Rands from US Dollars as follows:

- Assets and liabilities at rates of exchange ruling at period end; and
- Income, expenditure and cash flow items at average exchange rates.

Reconciliation of net debt to interest-bearing borrowings

Mar 2011

Sept 2010

US\$ million

US\$ million

Interest-bearing borrowings



2,937  
 3,013  
 Non-current interest-bearing borrowings  
 2,009  
 2,317  
 Current interest-bearing borrowings  
 928  
 691  
 Bank overdraft  
 –  
 5

Cash and cash equivalents  
 (567)  
 (792)

Net debt  
 2,370  
 2,221

Exchange rates

|      |      |      |
|------|------|------|
| Mar  |      |      |
| Dec  | Sept | Jun  |
| Mar  |      |      |
| 2011 |      |      |
| 2010 | 2010 | 2010 |
| 2010 |      |      |

Exchange rates:

Period end rate: US\$1 = ZAR

|        |        |        |
|--------|--------|--------|
| 6.6978 |        |        |
| 6.6190 | 7.0190 | 7.6250 |
| 7.4298 |        |        |

Average rate for the Quarter: US\$1 = ZAR

|        |        |        |
|--------|--------|--------|
| 6.9963 |        |        |
| 6.9464 | 7.3517 | 7.5821 |
| 7.5597 |        |        |

Average rate for the YTD: US\$1 = ZAR

|        |        |        |
|--------|--------|--------|
| 6.9476 |        |        |
| 6.9464 | 7.4917 | 7.5610 |
| 7.5302 |        |        |

Period end rate: €1 = US\$

|        |        |        |
|--------|--------|--------|
| 1.4231 |        |        |
| 1.3380 | 1.3491 | 1.2377 |
| 1.3413 |        |        |

Average rate for the Quarter: €1 = US\$

|        |        |        |
|--------|--------|--------|
| 1.3702 |        |        |
| 1.3516 | 1.2871 | 1.2937 |
| 1.3891 |        |        |

Average rate for the YTD: €1 = US\$

|        |        |        |
|--------|--------|--------|
| 1.3645 |        |        |
| 1.3516 | 1.3658 | 1.3845 |
| 1.4302 |        |        |

The financial results of entities with reporting currencies other than the US Dollar are translated into US Dollars as follows:

- Assets and liabilities at rates of exchange ruling at period end; and
- Income, expenditure and cash flow items at average exchange rates.

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Second Quarter Results

\* Historic share prices revised to reflect rights offer

Sappi ordinary shares\* (JSE: SAP)

US Dollar share price conversion\*

ZAR

0

10

20

30

40

50

60

70

80

90

Apr 06

Jul 06

Oct 07

Jan 08

Apr 08

Jul 08

Oct 08

Jan 09

Apr 09

Jul 09

Jan 10

Oct 09

Oct 06

Jan 07

Apr 07

Jul 07

Apr 10

Jul 10

Oct 10

Jan 11

Apr 11

US\$

0

2

4

6

8

10

12

14

Apr 06

Jul 06

Oct 07

Jan 08

Apr 08

Jul 08  
Oct 08  
Jan 09  
Apr 09  
Jul 09  
Jan 10  
Oct 09  
Oct 06  
Jan 07  
Apr 07  
Jul 07  
Apr 10  
Jul 10  
Oct 10  
Jan 11  
Apr 11

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Second Quarter Results

Other interested parties can obtain printed copies of this report from:

South Africa:

United States:

Computershare Investor

ADR Depositary:

Services (Proprietary) Limited

The Bank of New York Mellon

70 Marshall Street

Investor Relations

Johannesburg 2001

PO Box 11258

PO Box 61051

Church Street Station

Marshalltown 2107

New York, NY 10286-1258

Tel +27 (0)11 370 5000

Tel +1 610 382 7836

Sappi has a primary listing on the JSE Limited and a secondary listing on the New York Stock Exchange

Notes:

this report is available on the Sappi website  
[www.sappi.com](http://www.sappi.com)

[www.sappi.com](http://www.sappi.com)



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 09, 011

SAPPI LIMITED,

Name: M. R. Thompson

Title: Chief Financial Officer

M. R. Thompson

By: /s/