

SAPPI LTD

Form 6-K

May 18, 2010

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 , 2010

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 impact of the global economic downturn, the risk that the European Acquisition (“Acquisition”) will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, expected revenue synergies and cost savings from the Acquisition may not be fully realized or realized within the expected time frame, revenues following the Acquisition may be lower than expected, any anticipated benefits from the consolidation of the European paper business may not be achieved, 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), adverse changes in the markets for the group’s products, consequences of substantial leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed, changing regulatory requirements, possible early termination of alternative fuel tax credits, unanticipated production disruptions (including as a result of planned or unexpected power outages), economic and political conditions in international markets, the impact of investments, acquisitions and dispositions (including related financing), any delays, unexpected costs or other problems experienced 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.

We have included in this announcement an estimate of total synergies from the Acquisition and the integration of the acquired business into our existing business. The estimate of synergies is based on assumptions which in the view of our management were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of our management’s knowledge and belief, the expected course of action and the expected future financial impact on our performance due to the Acquisition. However, the assumptions about these expected synergies are inherently uncertain and, though considered reasonable by management as of the date of preparation, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in this estimate of synergies. There can be no assurance that we will be able to successfully implement the strategic or operational initiatives that are intended, or realize the estimated synergies. This synergy estimate is not a profit forecast or a profit estimate and should not be treated as such or relied on by shareholders or prospective investors to calculate the likely level of profits or losses for Sappi for the fiscal 2010 or beyond.

2nd Quarter  
results for the period  
ended March 2010

**sappi**

\* for the period ended March 2010

\*\* as at March 2010

Coated fine paper

65%

Uncoated fine paper

7%

Coated specialities

7%

Commodity paper

7%

Pulp

13%

Other

1%

North America

21%

Europe

56%

Southern Africa

23%

Sales by product group\*

Sales by source\*

North America

21%

Europe

51%

Southern Africa

12%

Asia and other

16%

Fine paper

64%

Forest products

36%

Sales by destination\*

Net operating assets\*\*

second quarter

second quarter results

1

•

Operating profit excluding special items increased year on year to US\$54 million (Q2 2009: US\$17 million loss)

•

Demand trends improving

•

Net cash generated US\$109 million

•

Basic loss per share of 6 US cents (unfavourably impacted by 3 US cents special items)

Financial summary for the quarter

2nd Quarter results

2nd Quarter results

Quarter ended

Half-year ended

Mar 2010

Mar 2009

Dec 2009

Mar 2010

Mar 2009

Key figures: (US\$ million)

Sales

1,576

1,313      1,620

3,196      2,500

Operating profit

28

6            1

29

63

Special items – losses (gains)

1

26            (23)            80            106            (55)

Operating profit (loss) excluding special items

2

54            (17)            81            135            8

EBITDA excluding special items

3

156            82            193            349            188

Basic loss per share (US cents)

(6)

(7)

(10)

(16)            (3)

Net debt

4

2,429

|  |        |       |       |
|--|--------|-------|-------|
| 2,735  | 2,581  | 2,429 | 2,735 |
| Key ratios: (%)  |        |       |       |
| Operating profit to sales  |        |       |       |
| 1.8  |        |       |       |
| 0.5  | 0.1    | 0.9   | 2.5   |
| Operating profit (loss) excluding special items to sales                   |        |       |       |
| 3.4  |        |       |       |
| (1.3)  | 5.0    | 4.2   | 0.3   |
| Operating profit (loss) excluding special items to Capital Employed (ROCE) |        |       |       |
| 5.1  |        |       |       |
| (1.6)  | 7.5    | 6.4   | 0.4   |
| EBITDA excluding special items to sales                                    |        |       |       |
| 9.9  |        |       |       |
| 6.2  |        |       |       |
| 11.9   |        |       |       |
| 10.9   | 7.5    |       |       |
| Return on average equity (ROE)   |        |       |       |
| 5  |        |       |       |
| (7.3)  |        |       |       |
| (7.5)  | (11.6) | (9.4) | (1.4) |
| Net debt to total capitalisation   |        |       |       |
| 5  |        |       |       |
| 59.1   |        |       |       |
| 59.4   | 60.0   | 59.1  | 59.4  |

1  
Refer to page 16 for details on special items.

2  
Refer to page 16, note 10 to the group results for the reconciliation of operating profit excluding special items to operating profit (loss).

3  
Refer to page 16, note 10 to the group results for the reconciliation of EBITDA excluding special items to (loss) profit before taxation.

4  
Refer to page 18, Supplemental Information for the reconciliation of net debt to interest-bearing borrowings.

5  
Refer to page 17, Supplemental Information for the definition of the term.  
The table above has not been audited or reviewed.

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Commentary on the quarter

Demand for our products continued to improve through the quarter with the result that our sales volume increased 17% compared to a year earlier and 3% compared to the December quarter.

The quarter was characterised by rapid increases in market pulp prices accelerated by a major earthquake on February 28th which disrupted pulp supply from Chile. A strike by stevedores in Finland lasted approximately 2 weeks and restricted all trade flows in and out of Finland, disrupting pulp shipments and paper deliveries. Pulp prices (NBSK) rose from an average of US\$796 per ton in December to US\$889 per ton at the end of March. Our Southern African and North American businesses, which are net sellers of pulp, benefited from the pulp price increases. Our European business, which buys more than half of its pulp requirements, experienced a margin squeeze as it could not raise its paper selling prices enough to absorb the higher pulp costs. Pulp prices had an unfavourable impact of US\$35 million on operating profit in our European business compared to the corresponding quarter last year.

The North American business performed strongly in the quarter as a result of our market positioning, continued cost reduction and improved pulp sales prices, and each of the other regions generated operating profits (excluding special items).

In March, we implemented price increases on coated fine paper in Europe to help mitigate the higher pulp prices and have announced a further 10% increase with effect from June in response to strengthening demand and the spike in pulp prices. Prices for coated mechanical paper continued to decline in Europe during the quarter.

Average prices realised by the group in US dollar terms in the quarter were 2% higher than a year ago, mainly as a result of higher pulp prices and currency movements. US dollar prices realised for coated paper were, however, lower than in the corresponding quarter a year ago. Coated paper prices realised in US dollar terms were also lower than in the December quarter. Local currency prices realised for coated paper in Europe were higher than in the December quarter, while US prices were lower.

Variable costs excluding pulp were at similar levels to the prior quarter, but still well below the levels of a year ago. Fixed costs were well controlled in the quarter, and were 4% lower than the December quarter. Synergies related to the European Acquisition completed in December 2008 (the "Acquisition") were m31 million for the quarter, and the run rate is in line with our target to achieve m120 million of synergies per annum by 2011.

Special items for the quarter amounted to US\$26 million, and reflected a plantation fair value price adjustment charge of US\$11 million and a net charge in respect of other special items of US\$15 million including the effect of the electrical fire at Stockstadt Mill in late December 2009, which interrupted coated paper production in this mill during the quarter.

Operating profit excluding special items was US\$54 million for the quarter, a substantial improvement compared to the US\$17 million loss reported a year ago. As expected, higher pulp prices in Europe and maintenance shuts in South Africa negatively impacted our result which was below the US\$81 million reported in the December quarter. Including special items, operating profit was US\$28 million compared to US\$6 million a year ago.

Net finance costs of US\$62 million were US\$11 million lower than the prior quarter largely as a result of a US\$7 million gain on the redemption of US\$106 million of US Municipal Bonds.

EPS was a loss of 6 US cents (including a loss of 3 US cents in respect of special items) compared to a loss of 7 US cents for the equivalent quarter last year (including a gain of 3 US cents in respect of special items).

second quarter  
 second quarter results  
 3

Cash flow and debt

Cash generated from operations increased to US\$122 million for the quarter, up from US\$99 million a year ago as a result of improved operating performance and increased sales volumes.

Net cash generated was US\$109 million for the quarter, up from US\$75 million a year ago (excluding cash invested in the European Acquisition). The increase was a result of improved operating profit and working capital management which released US\$68 million (including the US\$38 million receipt of alternative fuel tax credits in North America), partially offset by higher finance cost payments. Capital expenditure for the quarter was US\$52 million and year to date was US\$89 million. This is in line with our aim to limit capital expenditure for the full year to approximately US\$200 million.

Net debt decreased to US\$2.4 billion, which is below the debt level prior to the financing of the European Acquisition in December 2008. Liquidity remains strong, and cash and cash equivalents at the end of the quarter were US\$724 million.

Operating Review for the Quarter

Sappi Fine Paper

Quarter

Quarter

Quarter

ended

ended

ended

Mar 2010

Mar 2009

%

Dec 2009

US\$ million

US\$ million

change

US\$ million

Sales

1,208

1,038

16.4                      1,256

Operating profit (loss)

50

(45)

–

79

Operating profit (loss) to sales (%)

4.1

(4.3)

–

6.3

Special items (gains) losses

(7)

8

–                              (35)

Operating profit (loss) excluding  
 special items

43



|  |      |
|--|------|
| (37)   |      |
| –  |      |
| 44   |      |
| Operating profit (loss) excluding special items to sales (%) |      |
| 3.6  |      |
| (3.6)  |      |
| –  |      |
| 3.5  |      |
| EBITDA excluding special items                               |      |
| 120  |      |
| 42   |      |
| 185.7  | 130  |
| EBITDA excluding special items to sales (%)                  |      |
| 9.9  |      |
| 4.0  |      |
| –  | 10.4 |
| RONOA pa (%)   |      |
| 5.3  |      |
| (4.8)  |      |
| –  |      |
| 5.3  |      |

The Fine Paper business achieved an operating profit excluding special items of US\$43 million for the quarter due to the strong performance from North America. The European business experienced improved demand, a stronger order book and increased operating rates, however, its margins were adversely affected by rapidly increasing pulp prices. Price realisation started to increase late in the quarter but was insufficient to offset the input cost increases.

|                                   |        |
|-----------------------------------|--------|
| 4                                 |        |
| Europe                            |        |
| Quarter                           |        |
| Quarter                           |        |
| Quarter                           |        |
| ended                             |        |
| ended %                           | %      |
| ended                             |        |
| Mar 2010                          |        |
| Mar 2009                          | change |
| change                            |        |
| Dec 2009                          |        |
| US\$ million                      |        |
| US\$ million                      |        |
| (US\$)                            |        |
| (Euro)                            |        |
| US\$ million                      |        |
| Sales                             |        |
| 866                               |        |
| 737                               |        |
| 17.5                              |        |
| 12.4                              |        |
| 936                               |        |
| Operating profit (loss)           |        |
| 9                                 |        |
| (21)                              |        |
| -                                 | -      |
| 12                                |        |
| Operating profit (loss)           |        |
| to sales (%)                      |        |
| 1.0                               |        |
| (2.8)                             |        |
| -                                 | -      |
| 1.3                               |        |
| Special items (gains) losses      |        |
| (5)                               |        |
| -                                 |        |
| -                                 |        |
| -                                 |        |
| 13                                |        |
| Operating profit (loss) excluding |        |
| special items                     |        |
| 4                                 |        |
| (21)                              |        |
| -                                 | -      |
| 25                                |        |
| Operating profit (loss) excluding |        |
| special items to sales (%)        |        |
| 0.5                               |        |
| (2.8)                             |        |
| -                                 | -      |

|                                |   |
|--------------------------------|---|
| 2.7                            |   |
| EBITDA excluding special items |   |
| 64                             |   |
| 34                             |   |
| 88.2                           |   |
| 79.9                           |   |
| 88                             |   |
| EBITDA excluding special items |   |
| to sales (%)                   |   |
| 7.4                            |   |
| 4.6                            |   |
| –                              | – |
| 9.4                            |   |
| RONOA pa (%)                   |   |
| 0.7                            |   |
| (4.2)                          |   |
| –                              | – |
| 4.3                            |   |

European industry shipments of coated woodfree paper increased by approximately 10% compared to the equivalent quarter last year. Shipments of mechanical coated paper showed similar levels of growth over the prior year.

Average prices realised for the quarter in dollar terms were 3% below the equivalent quarter last year and decreased by 5% compared to the prior quarter, primarily due to exchange rate movements. Prices in Euro terms were higher than the previous quarter but remain below the level of the corresponding quarter last year. While prices for coated mechanical paper continued to decline during the quarter, we implemented price increases for coated woodfree paper in March which reversed the declining trend of prices experienced since May 2009.

Our European business purchases more than half of its pulp requirements. The rapidly rising pulp prices therefore resulted in a major margin squeeze in the quarter. Other input costs such as wood and chemicals also rose, while energy costs declined.

A 15-day Finnish stevedore strike in March led to the suspension of production at Kirkiniemi Mill for the duration of the strike, during which time we supplied our customers to the extent possible from our Lanaken Mill in Belgium.

The Stockstadt Mill restarted coated woodfree paper production at the end of March after a 3 month disruption as a result of an electrical fire. The cost of restoration and business interruption was approximately US\$30 million which was largely self-insured.

second quarter  
second quarter  
results

5

North America

Quarter

Quarter

Quarter

ended

ended

ended

Mar 2010

Mar 2009

%

Dec 2009

US\$ million

US\$ million

change

US\$ million

Sales

342

301

13.6                      320

Operating profit (loss)

41

(24)

–

67

Operating profit (loss)

to sales (%)

12.0

(8.0)

–                      20.9

Special items (gains) losses

(2)

8

–                      (48)

Operating profit (loss) excluding

special items

39

(16)

–

19

Operating profit (loss) excluding

special items to sales (%)

11.4

(5.3)

–

5.9

EBITDA excluding special items

56

8

|                                |      |
|--------------------------------|------|
| 600                            | 42   |
| EBITDA excluding special items |      |
| to sales (%)                   |      |
| 16.4                           |      |
| 2.7                            |      |
| –                              | 13.1 |
| RONOA pa (%)                   |      |
| 16.0                           |      |
| (5.9)                          |      |
| –                              |      |
| 7.8                            |      |

During the quarter, the North American business continued to improve its performance as a result of its market position in coated woodfree paper, improved market pulp demand and prices and the strong performance of the speciality business.

US coated paper demand has not returned to 2008 levels but has shown an improving trend. US industry shipments of coated woodfree paper for the quarter increased 16% compared to a year ago.

Prices realised for coated paper were 11% below the equivalent quarter last year and 2% lower than the December quarter. Pulp prices continued to increase compared to the prior quarter and the equivalent quarter last year.

Margins improved in the quarter as a result of cost management, strong market pulp performance and retaining good customer mix.

|   |   |   |
|---|---|---|
| 6   |   |   |
| Southern Africa – Forest and Paper Products |   |   |
| Quarter                                     |   |   |
| Quarter                                     |   |   |
| Quarter                                     |   |   |
| ended                                       |   |   |
| ended                                       | % | % |
| ended                                       |   |   |
| Mar 2010                                    |   |   |
| Mar 2009 change                             |   |   |
| change                                      |   |   |
| Dec 2009                                    |   |   |
| US\$ million                                |   |   |
| US\$ million                                |   |   |
| (US\$)                                      |   |   |
| (Rand)                                      |   |   |
| US\$ million                                |   |   |
| Sales                                       |   |   |
| 368   |   |   |
| 275   |   |   |
| 33.8  |   |   |
| 2.2   |   |   |
| 364   |   |   |
| Operating (loss) profit                     |   |   |
| (4)   |   |   |
| 50  |   |   |
| –   | – |   |
| (86)  |   |   |
| Operating (loss) profit                     |   |   |
| to sales (%)                                |   |   |
| (1.1)                                       |   |   |
| 18.2  | – | – |
| (23.6)                                      |   |   |
| Special items (gains) losses                |   |   |
| 16  |   |   |
| (31)  |   |   |
| –   | – |   |
| 115   |   |   |
| Operating profit excluding                  |   |   |
| special items                               |   |   |
| 12  |   |   |
| 19  |   |   |
| (36.8)                                      |   |   |
| (51.6)                                      |   |   |
| 29  |   |   |
| Operating profit excluding                  |   |   |
| special items to sales (%)                  |   |   |
| 3.3   |   |   |
| 6.9   |   |   |
| –   | – |   |
| 8.0   |   |   |

EBITDA excluding special items

37

38

(2.6)

(25.6)

55

EBITDA excluding special items

to sales (%)

10.1

13.8            –            –

15.1

RONOA pa (%)

2.7

4.6

–            –

6.3

The Southern African business benefited from rising pulp prices; however, the domestic markets remained weak until late in the quarter in terms of demand and price levels.

The Saiccor mill continued to optimise production but had a scheduled maintenance shut which reduced output for the quarter. Prices for chemical cellulose increased largely in step with paper pulp prices through the quarter, offsetting the effect of the stronger exchange rate of the Rand relative to the US Dollar and resulting in a good performance for Saiccor mill.

The overall performance of the Southern African business was unfavourably impacted by the weak domestic demand and weak prices for fine paper and packaging paper. This was exacerbated by an extended maintenance shut at Ngodwana mill in the quarter which reduced output and sales of pulp and packaging paper.

The Usutu pulp mill was permanently closed at the end of January and discussions continue with stakeholders on the future of the site and related plantations.

Black Economic Empowerment (BEE)

At an extraordinary General Meeting on 29 April 2010 shareholders approved the BEE transaction which was proposed in the circular to shareholders dated 31 March 2010.

Appointment of Lead Independent Director

The Sappi board has appointed Professor Meyer Feldberg as lead independent director with immediate effect.

second quarter

second quarter results

7

#### Outlook

We expect conditions in our major markets to continue to improve gradually this year; however, the extent of the economic recovery is still uncertain.

There has been significant order inflow of coated woodfree paper in Europe and a modest improvement in demand for coated mechanical paper. As the Euro has weakened, our export markets have strengthened significantly and we expect demand to remain firm in these markets.

A major factor for our industry will be the level of pulp prices and the availability of pulp following the disruption caused by the earthquake in Chile. An extended period of high pulp prices would benefit our North American and Southern African businesses directly, as they are net sellers of pulp. Continued high pulp prices would act as a catalyst for further price increases for coated paper in Europe beyond the 10% increase we have announced to take effect in June 2010, which are expected to start improving margins in our European business.

In our Southern African business, we expect to see continued good demand for Saiccor's product, as well as firmer price levels. The Kraft business is starting to see signs of improved demand, and its performance should improve in the second half of the year.

We expect the operating profit excluding special items in the third financial quarter to be at a similar level to that achieved in our second financial quarter.

On behalf of the board

R J Boöttger

M R Thompson

Director

Director

07 May 2010

sappi limited

(Registration number 1936/008963/06)

Issuer Code: SAVVI

JSE Code: SAP

ISIN: ZAE000006284



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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. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results). Such risks, uncertainties and factors include, but are not limited to, the impact of the global economic downturn, the risk that the European Acquisition ("Acquisition") will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, expected revenue synergies and cost savings from the Acquisition may not be fully realised or realised within the expected time-frame, revenues following the Acquisition may be lower than expected, any anticipated benefits from the consolidation of the European paper business may not be achieved, the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclical nature, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing), adverse changes in the markets for the group's products, consequences of substantial leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed, changing regulatory requirements, possible early termination of alternative fuel tax credits, unanticipated production disruptions (including as a result of planned or unexpected power outages), economic and political conditions in international markets, the impact of investments, acquisitions and dispositions (including related financing), any delays, unexpected costs or other problems experienced 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.

We have included in this announcement an estimate of total synergies from the Acquisition and the integration of the acquired business into our existing business. The estimate of synergies is based on assumptions which in the view of our management were prepared on a reasonable basis, reflect the best currently available estimates and judgements, and present, to the best of our management's knowledge and belief, the expected course of action and the expected future financial impact on our performance due to the Acquisition. However, the assumptions about these expected synergies are inherently uncertain and, though considered reasonable by management as of the date of preparation, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in this estimate of synergies. There can be no assurance that we will be able to successfully implement the strategic or operational initiatives that are intended, or realise the estimated synergies. This synergy estimate is not a profit forecast or a profit estimate and should not be treated as such or relied on by shareholders or prospective investors to calculate the likely level of profits or losses for Sappi.

second quarter  
second quarter results  
9  
Group income statement  
Reviewed  
Reviewed  
Reviewed  
Quarter  
Quarter  
Half-year  
Half-year  
ended  
ended  
ended  
ended  
Mar 2010  
Mar 2009  
Mar 2010  
Mar 2009  
Note  
US\$ million  
US\$ million  
US\$ million  
US\$ million  
Sales  
1,576  
1,313  
3,196  
2,500  
Cost of sales  
1,443  
1,196  
2,974  
2,238  
Gross profit  
133  
117  
222  
262  
Selling, general and administrative  
expenses  
114  
97  
221  
183  
Other operating (income) expense  
(4)  
11  
(20)  
14

Share of (profit) loss from  
 associates and joint ventures

(5)

3

(8)

2

Operating profit 3

28

6

29

63

Net finance costs

62

40

135

61

Net interest

79

41

158

72

Net foreign exchange gains

(6)

(4)

(9)

(11)

Net fair value (gain) loss on  
 financial instruments

(11)

3

(14)

—

(Loss) profit before taxation

(34)

(34)

(106)

2

Taxation

(3) 1

(24)

14

Current

(1)

(6)

3

4

Deferred

(2)

7

(27)

10

Loss for the period  
(31)  
(35)  
(82)  
(12)  
Basic loss per share (US cents)  
(6)  
(7)  
(16)  
(3)  
Weighted average number of  
shares in issue (millions)  
515.5  
515.8  
515.6  
449.4  
Diluted basic loss per share  
(US cents)  
(6)  
(7)  
(16)  
(3)  
Weighted average number  
of shares on fully  
diluted basis (millions)  
515.5  
515.8  
515.6  
449.4  
Group statement of comprehensive income  
Reviewed  
Reviewed  
Reviewed  
Quarter  
Quarter  
Half-year  
Half-year  
ended  
ended  
ended  
ended  
Mar 2010  
Mar 2009  
Mar 2010  
Mar 2009  
US\$ million  
US\$ million  
US\$ million  
US\$ million  
Loss for the period  
(31)

|  |  |
|--|--|
| (35)   |  |
| (82)   |  |
| (12)   |  |
| Other comprehensive loss,<br>net of tax                      |  |
| —  |  |
| (17)   |  |
| (24)   |  |
| (287)  |  |
| Exchange differences on translation<br>of foreign operations |  |
| (1)  |  |
| 6  |  |
| (26)   |  |
| (287)  |  |
| Movements in hedging reserves                                |  |
| 1  |  |
| (32)   |  |
| 2  |  |
| —  |  |
| Deferred tax effects on above                                |  |
| —  |  |
| 9  |  |
| —  |  |
| —  |  |
| Total comprehensive loss<br>for the period                   |  |
| (31)   |  |
| (52)   |  |
| (106)  |  |
| (299)  |  |

|                                 |  |
|---------------------------------|--|
| 10                              |  |
| Group balance sheet             |  |
| Reviewed                        |  |
| Reviewed                        |  |
| Mar 2010                        |  |
| Sept 2009                       |  |
| US\$ million                    |  |
| US\$ million                    |  |
| <b>ASSETS</b>                   |  |
| Non-current assets              |  |
| 4,401                           |  |
| 4,867                           |  |
| Property, plant and equipment   |  |
| 3,638                           |  |
| 3,934                           |  |
| Plantations                     |  |
| 457                             |  |
| 611                             |  |
| Deferred taxation               |  |
| 52                              |  |
| 56                              |  |
| Other non-current assets        |  |
| 254                             |  |
| 266                             |  |
| Current assets                  |  |
| 2,401                           |  |
| 2,430                           |  |
| Inventories                     |  |
| 777                             |  |
| 792                             |  |
| Trade and other receivables     |  |
| 824                             |  |
| 868                             |  |
| Cash and cash equivalents       |  |
| 724                             |  |
| 770                             |  |
| Assets held for sale            |  |
| 76                              |  |
| –                               |  |
| Total assets                    |  |
| 6,802                           |  |
| 7,297                           |  |
| <b>EQUITY AND LIABILITIES</b>   |  |
| Shareholders' equity            |  |
| Ordinary shareholders' interest |  |
| 1,683                           |  |
| 1,794                           |  |
| Non-current liabilities         |  |
| 3,201                           |  |
| 3,662                           |  |
| Interest-bearing borrowings     |  |

|  |
|--|
| 2,360  |
| 2,726  |
| Deferred taxation  |
| 324  |
| 355  |
| Other non-current liabilities                              |
| 517  |
| 581  |
| Current liabilities  |
| 1,918  |
| 1,841  |
| Interest-bearing borrowings                                |
| 775  |
| 601  |
| Bank overdraft   |
| 18   |
| 19   |
| Other current liabilities                                  |
| 1,057  |
| 1,165  |
| Taxation payable   |
| 50   |
| 56   |
| Liabilities associated with assets held for sale           |
| 18   |
| —  |
| Total equity and liabilities                               |
| 6,802  |
| 7,297  |
| Number of shares in issue at balance sheet date (millions) |
| 515.2  |
| 515.7  |

second quarter  
second quarter results  
11  
Group cash flow statement  
Reviewed  
Reviewed  
Reviewed  
Quarter  
Quarter  
Half-year  
Half-year  
ended  
ended  
ended  
ended  
Mar 2010  
Mar 2009  
Mar 2010  
Mar 2009  
US\$ million  
US\$ million  
US\$ million  
US\$ million  
Loss for the period  
(31)  
(35)  
(82)  
(12)  
Adjustment for:  
Depreciation, fellings and amortisation  
117  
114  
249  
211  
Taxation  
(3)  
1  
(24)  
14  
Net finance costs  
62  
40  
135  
61  
Post-employment benefits  
(20)  
(11)  
(33)  
(19)  
Plantation fair value adjustment  
11



(35)  
106  
(69)  
Other non-cash items  
(14)  
25  
16  
8  
Cash generated from operations  
122  
99  
367  
194  
Movement in working capital  
68  
28  
(102)  
(68)  
Net finance costs  
(29)  
(10)  
(93)  
(54)  
Taxation paid  
—  
(3)  
(4)  
(2)  
Dividends paid  
—  
—  
—  
(37)  
Cash retained from operating activities  
161  
114  
168  
33  
Cash utilised in investing activities  
(52)  
(625)  
(89)  
(665)  
Capital expenditure and other  
non-current assets  
(52)  
(39)  
(89)  
(79)  
Acquisition  
—

|   |              |
|---|--------------|
| (586)   |              |
| –   |              |
| (586)   |              |
| Net cash generated (utilised)                   |              |
| 109   |              |
| (511)   |              |
| 79  |              |
| (632)   |              |
| Cash effects of financing activities            |              |
| (122)   |              |
| 243   |              |
| (65)  |              |
| 1,036   |              |
| Net movement in cash and cash equivalents       |              |
| (13)  |              |
| (268)   |              |
| 14  |              |
| 404   |              |
| Group statement of changes in equity            |              |
| Reviewed  |              |
| Reviewed  |              |
| Half-year                                       |              |
| Half-year                                       |              |
| ended   |              |
| ended   |              |
| Mar 2010  |              |
| Mar 2009  |              |
| US\$ million                                    | US\$ million |
| Balance – beginning of period                   |              |
| 1,794   |              |
| 1,605   |              |
| Total comprehensive loss for the period         |              |
| (106)   |              |
| (299)   |              |
| Dividends paid                                  |              |
| –   |              |
| (37)  |              |
| Rights offer                                    |              |
| –   |              |
| 575   |              |
| Costs directly attributable to the rights offer |              |
| (5)   |              |
| (31)  |              |
| Issue of new shares to M-real                   |              |
| –   |              |
| 45  |              |
| Transfers (to) from the share purchase trust    |              |
| (6)   |              |
| 3   |              |
| Share-based payment reserve                     |              |

6

5

Balance – end of period

1,683

1,866

12

Notes to the group results

1. Basis of preparation

The condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Apart from the adoption of IFRS 8 “Operating Segments”, the accounting policies and methods of computation used in the preparation of the results are consistent, in all material respects, with those used in the annual financial statements for September 2009 which are compliant with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The preliminary results for the six-month period ended March 2010 as set out on pages 9 to 16 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.

2. Adoption of IFRS 8 “Operating Segments”

The adoption of IFRS 8 “Operating Segments” did not have an impact on the group’s reported results or financial position.

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are components of an entity for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assessing performance. Prior year segment disclosure has been restated as reflected in note 10.

Reviewed

Reviewed

Reviewed

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2010

Mar

2009

Mar 2010

Mar

2009

US\$ million

US\$

million

US\$ million

US\$

million

3. Operating profit

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

Depreciation and amortisation

102

99

214

180

Fair value adjustment on plantations  
(included in cost of sales)

Changes in volume

Fellings

15

15

35

31

Growth

(14)

(16)

(33)

(32)

1

(1)

2

(1)

Plantation price fair value  
adjustment

11

(35)

106

(69)

12

(36)

108

(70)

Included in other operating (income) expense  
are the following:

Asset (impairment reversals)  
impairments

(5)

2

(13)

5

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

(1)

–

1

(1)

Profit on disposal of investment

(1)

–

(1)

–

Restructuring provisions raised

3

8

41

8

Fuel tax credit

(2)

—

(51)

—

second quarter  
second quarter results

13

Reviewed

Reviewed

Reviewed

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2010

Mar

2009

Mar 2010

Mar

2009

US\$ million

US\$

million

US\$ million

US\$

million

4. Headline loss per share \*

Headline loss per share (US cents)

(7)

(6)

(18)

(2)

Weighted average number of shares

in issue (millions)

515.5

515.8

515.6

449.4

Diluted headline loss per share

(US cents)

(7)

(6)

(18)

(2)

Weighted average number of shares

on fully diluted basis (millions)

515.5

515.8

515.6

449.4

Calculation of headline loss \*

Loss for the period

(31)

(35)

(82)

(12)

Asset (impairment reversals) impairments

(5)

2

(13)

5

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

(1)

-

1

(1)

Profit on disposal of investment

(1)

-

(1)

-

Tax effect of above items

-

-

-

-

Headline loss

(38)

(33)

(95)

(8)

\*Headline earnings disclosure is required by the JSE Limited.

5. Capital expenditure

Property, plant and equipment

41

46

78

93

Mar 2010

Sept

2009

US\$ million

US\$

million

6. Capital  
commitments

Contracted

71

62

Approved but not contracted



146

126

217

188

7. Contingent liabilities

Guarantees and suretyships

45

44

Other contingent liabilities (refer to note 9)

28

8

73

52

On the cessation of production at the Usutu Pulp Mill, Sappi is undertaking an environmental assessment to determine whether there are any potential environmental obligations at the site. The nature and amount of any such obligations cannot be measured reliably until the assessments have been completed.

8. Material balance sheet movements year on year

On the cessation of production at the Usutu Pulp Mill, the assets and the liabilities forming part of this disposal group, consisting mainly of plantations, have been classified as held for sale.

9. Subsequent events

As part of the group's recently announced empowerment transaction as described in the circular sent to shareholders, dated 31 March 2010, Sappi has in the second fiscal quarter of 2010 reached an agreement with its strategic partners in the land empowerment transaction concluded in 2006. As at the end of March 2010 Sappi had the intention to issue ordinary shares to the strategic partners to settle the group's obligation under the land empowerment transaction. The settlement has the effect of unwinding the land empowerment transaction and incorporating the strategic partners in the recently announced empowerment transaction.

14

The issue of shares was authorised by the shareholders in a special meeting held on 29 April 2010. In accordance with IAS 37, a contingent liability to issue shares to the value of US\$ 19 million (ZAR 141 million) which existed at the end of the group's second fiscal quarter of 2010 has been included in note 7, Contingent liabilities.

## 10. Segment information

## Restatement of prior year disclosures

Sappi Fine Paper South Africa is now reported as part of the Forest and Paper Products segment in accordance with the geographical management of our business. The table below shows the effect of this change for the quarter and half-year ended March 2009:

Restated

Reviewed

Quarter ended

Mar 2009

US\$ million

As

previously

reported

Adjustment

Restated

Fine Paper

Sales

1,112

(74)

1,038

Operating profit

(43)

(2)

(45)

Net operating assets

3,627

(181)

3,446

Forest and Paper Products – Pulp and paper operations

Sales

189

74

263

Operating profit

48

2

50

Net operating assets

1,531

181

1,712

Restated

Reviewed

Half-year ended

Mar 2009

US\$ million

As

previously

|   |       |
|---|-------|
| reported  |       |
| Adjustment  |       |
| Restated  |       |
| Fine Paper  |       |
| Sales   | 2,110 |
| (148)   |       |
| 1,962   |       |
| Operating profit                                      |       |
| (35)  |       |
| (4)   |       |
| (39)  |       |
| Net operating assets                                  |       |
| 3,627   |       |
| (181)   |       |
| 3,446   |       |
| Forest and Paper Products – Pulp and paper operations |       |
| Sales   | 363   |
| 148   |       |
| 511   |       |
| Operating profit                                      |       |
| 97  |       |
| 4   |       |
| 101   |       |
| Net operating assets                                  |       |
| 1,531   |       |
| 181   |       |
| 1,712   |       |

The information below is presented in the way that it is reviewed by the chief operating decision maker as required by IFRS 8 “Operating Segments”.

second quarter  
second quarter results  
15  
Restated  
Restated  
Reviewed  
Reviewed  
Reviewed  
Quarter  
Quarter  
Half-year  
Half-year  
ended  
ended  
ended  
ended  
Mar 2010  
Mar  
2009  
Mar 2010  
Mar  
2009  
Metric tons  
Metric  
tons  
Metric tons  
Metric  
tons  
(000's)  
(000's)  
(000's)  
(000's)  
Sales volume  
Fine Paper –  
North America  
345  
289  
667  
619  
Europe  
919  
759  
1,863  
1,315  
*Total*  
1,264  
1,048  
2,530  
1,934  
Forest and Paper Products – Pulp and paper  
operations

425  
409  
875  
765  
Forestry operations  
244  
189  
412  
431  
Total  
1,933  
1,646  
3,817  
3,130  
US\$ million  
US\$ million  
US\$ million  
US\$ million  
Sales  
Fine Paper –  
North America  
342  
301  
662  
664  
Europe  
866  
737  
1,802  
1,298  
*Total*  
1,208  
1,038  
2,464  
1,962  
Forest and Paper Products – Pulp and paper  
operations  
351  
263  
701  
511  
Forestry operations  
17  
12  
31  
27  
Total  
1,576  
1,313  
3,196  
2,500

Operating profit excluding special items

Fine Paper –

North America

39

(16)

58

(23)

Europe

4

(21)

29

(8)

*Total*

43

(37)

87

(31)

Forest and Paper Products

12

19

41

38

Corporate and other

(1)

1

7

1

*Total*

54

(17)

135

8

Special items – losses (gains)

Fine Paper –

North America

(2)

8

(50)

8

Europe

(5)

–

8

–

*Total*

(7)

8

(42)

8

Forest and Paper Products

16

(31)  
 131  
 (63)  
 Corporate and other  
 17  
 –  
 17  
 –  
 Total  
 26  
 (23)  
 106  
 (55)  
 Operating profit  
 Fine Paper –  
 North America  
 41  
 (24)  
 108  
 (31)  
 Europe  
 9  
 (21)  
 21  
 (8)  
*Total*  
 50  
 (45)  
 129  
 (39)  
 Forest and Paper Products  
 (4)  
 50  
 (90)  
 101  
 Corporate and other  
 (18)  
 1  
 (10)  
 1  
 Total  
 28  
 6  
 29  
 63  
 EBITDA excluding special items  
 Fine Paper –  
 North America  
 56  
 8  
 98

27  
Europe  
64  
34  
152  
84  
*Total*  
120  
42  
250  
111  
Forest and Paper Products  
37  
38  
92  
75  
Corporate and other  
(1)  
2  
7  
2  
Total  
156  
82  
349  
188



16  
Restated  
Restated  
Reviewed  
Reviewed  
Reviewed  
Quarter  
Quarter  
Half-year  
Half-year  
ended  
ended  
ended  
ended  
Mar 2010  
Mar  
2009  
Mar 2010  
Mar  
2009  
US\$ million  
US\$  
million  
US\$ million  
US\$  
million  
Net operating assets  
Fine Paper –  
North America  
966  
1,070  
966  
1,070  
Europe  
2,126  
2,376  
2,126  
2,376  
*Total*  
3,092  
3,446  
3,092  
3,446  
Forest and Paper Products  
1,777  
1,712  
1,777  
1,712  
Corporate and other  
32  
126

|   |  |
|---|--|
| 32  |  |
| 126   |  |
| Total   |  |
| 4,901   |  |
| 5,284   |  |
| 4,901   |  |
| 5,284   |  |
| Reconciliation of operating profit (loss) excluding special items to operating 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. |  |
| Operating profit (loss) excluding special items   |  |
| 54  |  |
| (17)  |  |
| 135   |  |
| 8   |  |
| Special Items   |  |
| (26)  |  |
| 23  |  |
| (106)   |  |
| 55  |  |
| Plantation price fair value adjustment  |  |
| (11)  |  |
| 35  |  |
| (106)   |  |
| 69  |  |
| Restructuring provisions raised   |  |
| (3)   |  |
| (8)   |  |
| (41)  |  |
| (8)   |  |
| Profit (loss) on disposal of property,<br>plant and equipment   |  |
| 1   |  |
| –   |  |
| (1)   |  |
| 1   |  |
| Profit on disposal of investment  |  |
| 1   |  |
| –   |  |
| 1   |  |
| –   |  |
| Asset impairment reversals (impairments)  |  |
| 5   |  |
| (2)   |  |
| 13  |  |
| (5)   |  |
| Fuel tax credit   |  |
| 2   |  |

|  |  |
|--|--|
| -  |  |
| 51   |  |
| -  |  |
| Fire, flood, storm and related events  |  |
| (21)   |  |
| (2)  |  |
| (23)   |  |
| (2)  |  |
| Operating profit   |  |
| 28   |  |
| 6  |  |
| 29   |  |
| 63   |  |
| Reconciliation of EBITDA excluding special items and operating profit excluding special items to |  |
| (loss) profit before taxation  |  |
| EBITDA excluding special items   |  |
| 156  |  |
| 82   |  |
| 349  |  |
| 188  |  |
| Depreciation and amortisation  |  |
| (102)  |  |
| (99)   |  |
| (214)  |  |
| (180)  |  |
| Operating profit (loss) excluding special items  |  |
| 54   |  |
| (17)   |  |
| 135  |  |
| 8  |  |
| Special items – (losses) gains   |  |
| (26)   |  |
| 23   |  |
| (106)  |  |
| 55   |  |
| Net finance costs  |  |
| (62)   |  |
| (40)   |  |
| (135)  |  |
| (61)   |  |
| (Loss) profit before taxation  |  |
| (34)   |  |
| (34)   |  |
| (106)  |  |
| 2  |  |
| Reconciliation of net operating assets to total assets   |  |
| Net operating assets   |  |
| 4,901  |  |
| 5,284  |  |
| 4,901  |  |
| 5,284  |  |

Deferred tax

52

36

52

36

Cash and cash equivalents

724

711

724

711

Other current liabilities

1,057

959

1,057

959

Taxation payable

50

52

50

52

Liabilities associated with assets held for sale

18

—

18

—

Total assets

6,802

7,042

6,802

7,042

second quarter

second quarter results

17

Supplemental Information

(this information has not been reviewed)

General definitions

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

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 (i.e. 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 listing 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 and cash equivalents) less current liabilities (excluding interest-bearing borrowings and bank overdraft)

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 net operating 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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Supplemental Information (this information has not been reviewed)

Summary rand convenience translation

Quarter

Quarter

Half-year

Half-year

ended

ended

ended

ended

Mar 2010

Mar

2009

Mar 2010

Mar

2009

Key figures: (ZAR million)

Sales

11,914

12,996

24,067

24,754

Operating profit

212

59

218

624

Special items – losses (gains) \*

197

(228)

798

(545)

Operating profit (loss) excluding  
special items \*

408

(168)

1,017

79

EBITDA excluding special items \*

1,179

812

2,628

1,861

Basic loss per share (SA cents)

(45)

(69)

(120)

(30)

Net debt \*

18,047

26,215  
 18,047  
 26,215  
 Key ratios: (%)  
 Operating profit to sales  
 1.8  
 0.5  
 0.9  
 2.5  
 Operating profit (loss) excluding  
 special items to sales  
 3.4  
 (1.3)  
 4.2  
 0.3  
 Operating profit (loss) excluding  
 special items to  
 Capital employed (ROCE) \*  
 5.2  
 (1.7)  
 6.5  
 0.4  
 EBITDA excluding special items to sales  
 9.9  
 6.2  
 10.9  
 7.5  
 Return on average equity (ROE)  
 (7.4)  
 (7.7)  
 (9.6)  
 (1.5)  
 Net debt to total capitalisation \*  
 59.1  
 59.4  
 59.1  
 59.4

\* Refer to page 17, Supplemental Information for the definition of the term.

The above financial results have been translated into ZAR 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 2010

Sept

2009

US\$ million

US\$

million

Interest-bearing borrowings

3,153

3,346

Non-current interest-bearing borrowings

2,360

2,726

Current interest-bearing borrowings

775

601

Bank overdraft

18

19

Cash and cash equivalents

(724)

(770)

Net debt

2,429

2,576

Exchange rates

Mar

Dec

Sept

June

Mar

2010

2009

2009

2009

2009

Exchange rates:

Period end rate: US\$1 = ZAR

7.4298

7.5315

7.4112

7.8990

9.5849

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

7.5597

7.5009

7.7174

8.6197

9.8979

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

7.5302

7.5009

9.0135

9.4205

9.9015

Period end rate: EUR 1 = US\$

1.3413

1.4397

1.4688

1.4054

1.3301

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

1.3891

1.4737



1.4317

1.3651

1.3300

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

1.4302

1.4737

1.3657

1.3432

1.3288

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.

second quarter

second quarter results

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Sappi ordinary shares\* (JSE: SAP)

US Dollar share price conversion\*

\* Historic share prices revised to reflect rights offer

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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

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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

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

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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  
12, 2010

SAPPI LIMITED,

Name:

M. R. Thompson

Title:

Chief Financial Officer

M. R. Thompson

By: /s/