

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 August, 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

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

-----

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.



**sappi**

Inspired by life

**3rd** Quarter results  
for the period ended  
June 2011

# 3<sup>rd</sup> Quarter Results

### Inspired by life

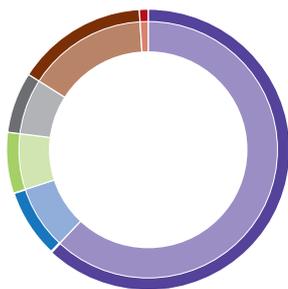
Sappi works closely with customers, both direct and indirect, in over 100 countries to provide them with relevant and sustainable paper, paper-pulp and chemical cellulose products and related services and innovations.

Our market-leading range of paper products includes: coated fine papers used by printers, publishers and corporate end-users in the production of books, brochures, magazines, catalogues, direct mail and many other print applications; casting release papers used by suppliers to the fashion, textiles, automobile and household industries; and in our Southern African region, newsprint, uncoated graphic and business papers, premium-quality packaging papers, paper-grade pulp and chemical cellulose.

Our chemical cellulose products are used worldwide by converters to create viscose fibre, acetate tow, pharmaceutical products as well as a wide range of consumer products.

The pulp needed for our products is either produced within Sappi or bought from accredited suppliers. Across the group, Sappi is close to 'pulp neutral', meaning that we sell almost as much pulp as we buy.

Sales by product group\*



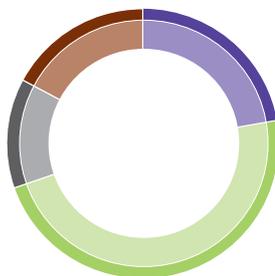
	Coated fine paper	62%
	Uncoated fine paper	8%
	Specialities	7%
	Commodity paper	7%
	Pulp	15%
	Other	1%

Sales by source\*



	North America	20%
	Europe	55%
	Southern Africa	25%

Sales by destination\*



	North America	22%
	Europe	47%
	Southern Africa	13%
	Asia and other	18%

Net operating assets\*\*



	Fine paper	60%
	Southern Africa	40%

\* for the period ended June 2011

\*\* as at June 2011

## Financial summary for the quarter

- Operating profit excluding special items US\$60 million; Q3 2010 US\$75 million
- General economic uncertainty, particularly in Europe
- North American and chemical cellulose businesses continue to perform strongly
- Planned annual maintenance shuts at major pulp mills
- High input costs only partly offset by higher prices
- Loss per share excluding special items and once-off debt restructuring costs 4 US cents; Q3 2010 EPS excluding special items 2 US cents

	Quarter ended			Nine months ended	
	Jun 2011	Jun 2010	Mar 2011	Jun 2011	Jun 2010
<b>Key figures: (US\$ million)</b>					
<b>Sales</b>	<b>1,802</b>	1,602	1,824	<b>5,499</b>	4,798
<b>Operating profit (loss)</b>	<b>54</b>	154	(1)	<b>174</b>	183
Special items – losses (gains) <sup>(1)</sup>	<b>6</b>	(79)	128	<b>150</b>	27
Operating profit excluding special items <sup>(2)</sup>	<b>60</b>	75	127	<b>324</b>	210
EBITDA excluding special items <sup>(3)</sup>	<b>164</b>	176	228	<b>638</b>	525
<b>Basic (loss) earnings per share (US cents)</b>	<b>(13)</b>	12	(14)	<b>(20)</b>	(3)
Net debt <sup>(4)</sup>	<b>2,475</b>	2,337	2,370	<b>2,475</b>	2,337
<b>Key ratios: (%)</b>					
<b>Operating profit (loss) to sales</b>	<b>3.0</b>	9.6	(0.1)	<b>3.2</b>	3.8
Operating profit excluding special items to sales	<b>3.3</b>	4.7	7.0	<b>5.9</b>	4.4
Operating profit excluding special items to capital employed (ROCE)	<b>5.5</b>	7.3	11.6	<b>10.2</b>	6.6
EBITDA excluding special items to sales	<b>9.1</b>	11.0	12.5	<b>11.6</b>	10.9
Return on average equity (ROE) <sup>(5)</sup>	<b>(14.2)</b>	15.0	(14.9)	<b>(7.4)</b>	(1.4)
Net debt to total capitalisation <sup>(5)</sup>	<b>56.8</b>	57.6	54.8	<b>56.8</b>	57.6

<sup>(1)</sup> Refer to page 15 for details on special items.

<sup>(2)</sup> Refer to page 15, note 9 to the group results for the reconciliation of operating profit excluding special items to segment operating profit.

<sup>(3)</sup> 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) profit before taxation.

<sup>(4)</sup> Refer to page 17, Supplemental information for the reconciliation of net debt to interest-bearing borrowings.

<sup>(5)</sup> Refer to page 16, Supplemental information for the definition of the term.

The table above has not been audited or reviewed.

## Commentary on the quarter

---

Operating profit for the quarter was impacted as expected by the planned annual maintenance shuts at a number of our major pulp mills and seasonal factors. In addition, weaker than expected demand for coated woodfree paper in Europe resulting from continuing uncertainty in economic conditions unfavourably affected operating profit. For the nine months, operating profit excluding special items was more than 50% higher than the equivalent period last year.

Sales for the quarter were US\$1.8 billion, an increase of 12% in US dollar terms compared to the third quarter last year and at a similar level to the quarter ended March 2011. Average prices realised in US Dollar terms were 16% higher than a year ago. Excluding the effect of translation from Euro and Rand to a relatively weaker US Dollar, average prices in local currencies increased 5%.

High input costs remained a challenge in each of our businesses and are reflected in an increase in variable costs per ton of 18%. In local currency terms, variable costs per ton increased 6% compared to the equivalent quarter last year. In order to reduce the impact of high raw material prices, we continue to seek innovations with regard to the sourcing and the use of raw materials.

Operating profit excluding special items for the quarter was US\$60 million compared to US\$75 million in the equivalent quarter last year. Special items of US\$6 million for the quarter included a plantation fair value adjustment and Black Economic Empowerment charges.

Net finance costs for the quarter include breakage costs and the accelerated amortisation of fees of US\$43 million in connection with the debt restructuring completed during the quarter in order to extend debt maturities and reduce future finance costs. We expect quarterly net finance costs of approximately US\$60 million after the refinancing.

The loss per share for the quarter was 13 US cents (including a loss of 9 US cents in respect of special items and once-off debt restructuring costs) compared to earnings of 12 US cents (including a gain of 10 US cents in respect of special items).

## Cash flow and debt

Cash generated from operations for the quarter was US\$148 million, compared to US\$188 million in the equivalent quarter last year.

Working capital increased by US\$46 million during the quarter, largely as a result of reduced accounts payable, compared to an increase of US\$84 million a year ago.

Capital expenditure was US\$69 million for the quarter and US\$161 million year-to-date. We expect the full year capital expenditure to be less than US\$250 million.

Net debt increased to US\$2.47 billion as a result of net cash utilised in the quarter of US\$20 million, the cash effects of financing activities and a currency movement and fair value impact of US\$43 million, compared to March 2011. Liquidity remained strong with cash on hand of US\$362 million and the undrawn committed revolving credit facility of €350 million (US\$508 million), at quarter end.

## Operating Review for the Quarter

### Sappi Fine Paper

	Quarter ended Jun 2011 US\$ million	Quarter ended Jun 2010 US\$ million	%	Quarter ended Mar 2011 US\$ million
			change	
<b>Sales</b>	<b>1,350</b>	1,220	11	1,389
<b>Operating profit (loss)</b>	<b>28</b>	36	(22)	(42)
<b>Operating profit (loss) to sales (%)</b>	<b>2.1</b>	3.0	–	(3.0)
Special items – losses	<b>2</b>	1	100	113
Operating profit excluding special items	<b>30</b>	37	(19)	71
Operating profit excluding special items to sales (%)	<b>2.2</b>	3.0	–	5.1
EBITDA excluding special items	<b>107</b>	110	(3)	144
EBITDA excluding special items to sales (%)	<b>7.9</b>	9.0	–	10.4
RONOA pa (%)	<b>3.9</b>	4.8	–	9.1

The North American business' performance improved during the quarter; however, the margins in our European business declined resulting in a reduction in the operating profit excluding special items of the fine paper business.

## Europe

	Quarter ended Jun 2011 US\$ million	Quarter ended Jun 2010 US\$ million	% change (US\$)	% change (Euro)	Quarter ended Mar 2011 US\$ million
<b>Sales</b>	<b>979</b>	873	12	1	1,017
<b>Operating (loss) profit</b>	<b>(4)</b>	11	–	–	(83)
<b>Operating (loss) profit to sales (%)</b>	<b>(0.4)</b>	1.3	–	–	(8.2)
Special items – losses	<b>2</b>	2	–	–	114
Operating (loss) profit excluding special items	<b>(2)</b>	13	–	–	31
Operating (loss) profit excluding special items to sales (%)	<b>(0.2)</b>	1.5	–	–	3.0
EBITDA excluding special items	<b>57</b>	68	(16)	(25)	86
EBITDA excluding special items to sales (%)	<b>5.8</b>	7.8	–	–	8.5
RONOA pa (%)	<b>(0.4)</b>	2.5	–	–	5.7

Although volumes sold for the nine months ended June 2011 are 4% above the equivalent period last year, volumes sold for the quarter were 3% lower than a year ago. Coated woodfree sales volumes declined in the quarter compared to a year ago, but coated mechanical volumes increased.

Average prices realised for the quarter were 4% higher than the equivalent quarter last year and similar to the quarter ended March 2011.

High pulp and other raw material prices continued to impact margins. Margins on our exports were further impacted by the 11% stronger Euro to US Dollar exchange rate, compared to the equivalent quarter last year.

## North America

	Quarter ended Jun 2011 US\$ million	Quarter ended Jun 2010 US\$ million	%	Quarter ended Mar 2011 US\$ million
			change	
<b>Sales</b>	<b>371</b>	347	7	372
<b>Operating profit</b>	<b>32</b>	25	28	41
<b>Operating profit to sales (%)</b>	<b>8.6</b>	7.2	–	11.0
Special items – gains	–	(1)	–	(1)
Operating profit excluding special items	<b>32</b>	24	33	40
Operating profit excluding special items to sales (%)	<b>8.6</b>	6.9	–	10.8
EBITDA excluding special items	<b>50</b>	42	19	58
EBITDA excluding special items to sales (%)	<b>13.5</b>	12.1	–	15.6
RONOA pa (%)	<b>13.7</b>	10.0	–	17.0

The business continued to perform strongly. Volumes sold for the quarter increased by 3% compared to the equivalent quarter last year. Demand for coated web was soft in the first two months of the quarter but experienced a significant seasonal rebound in June and into the fourth financial quarter.

Average prices realised were 5% higher than a year ago and slightly higher than the quarter ended March 2011, reflecting higher prices realised for coated paper and speciality casting release paper.

Raw material prices, including wood, energy and chemicals, increased sharply during the quarter.

## Sappi Southern Africa

	Quarter ended Jun 2011 US\$ million	Quarter ended Jun 2010 US\$ million	% change (US\$)	% change (Rand)	Quarter ended Mar 2011 US\$ million
<b>Sales</b>	<b>452</b>	382	18	6	435
<b>Operating profit</b>	<b>22</b>	118	(81)	(83)	39
<b>Operating profit to sales (%)</b>	<b>4.9</b>	30.9	–	–	9.0
Special items – losses (gains)	<b>4</b>	(83)	–	–	14
Operating profit excluding special items	<b>26</b>	35	(26)	(33)	53
Operating profit excluding special items to sales (%)	<b>5.8</b>	9.2	–	–	12.2
EBITDA excluding special items	<b>53</b>	62	(15)	(23)	81
EBITDA excluding special items to sales (%)	<b>11.7</b>	16.2	–	–	18.6
RONOA pa (%)	<b>5.0</b>	7.9	–	–	10.1

The business' performance was unfavourably impacted by extended planned annual maintenance shuts at Ngodwana and Saiccor mills during the quarter.

Demand and pricing for chemical cellulose was strong in the quarter, resulting in a good performance for the chemical cellulose business.

In the domestic market, sales volumes of paper and packaging paper was lower than a year ago, largely as a result of increased competition from imports, partly due to the relatively strong Rand to the US Dollar.

Plans to restructure the paper and packaging business in order to improve the profitability in conjunction with the approximately US\$340 million conversion of the Ngodwana pulp mill to chemical cellulose production are progressing. We expect to announce details of these restructuring plans before the end of the calendar year.

## Outlook

Market conditions remain challenging and uncertain, particularly in Europe. Nevertheless we are entering the typically busiest period for coated paper. Order inflows in North America remain firm and in Europe we are expecting some improvement from the levels of the previous quarter.

We expect that the realisation of the benefits of our cost and capacity management activities in Europe will commence in the fourth financial quarter. Coated paper production at Biberist Mill in Switzerland ceased during July. Going forward, we expect savings of US\$50 million per annum as a result of the closure. In addition, as previously announced, we will start to benefit from a further US\$50 million per annum in fixed and variable cost saving measures towards the end of the fourth quarter.

Raw material input costs have continued to rise, in line with other commodity prices. Pulp prices remain high but there have been reductions in some regions from the peaks reached during the previous quarter. High pulp prices are favourable for our North American and Southern African businesses, which are net sellers of pulp, but unfavourable for our European business, which is a net buyer of pulp.

Our Southern African business has a strong order book for chemical cellulose and expects an improvement in demand for packaging paper in the domestic market. The domestic market, particularly for printing and writing paper, remains highly competitive as a result of the strong Rand relative to the US Dollar, which has led to increased competition from imports. The business' performance for the quarter will be significantly impacted by the industry-wide strike of about three weeks in July over wage negotiations.

We expect considerable improvement in operating profit (excluding special items) during our fourth financial quarter compared to the third financial quarter; however, it is likely to be well short of the level achieved in the equivalent quarter last year. Nevertheless, we expect a much-improved operating profit (excluding special items) for the full year, compared to the 2010 financial year. We anticipate strong net cash generation in our fourth quarter and positive cash generation for the full year.

## Directorate

During the quarter we announced that following the retirement in December 2010 of Mr H C (Helmut) Mamsch and in line with the Sappi Board's succession planning, two independent non-executive directors will join the board later this year. Mr M A (Mike) Fallon will join the board with effect from 01 September 2011 and Mr G P F (Frits) Beurskens with effect from 01 October 2011.

On behalf of the board

R J Boëttger  
**Director**

M R Thompson  
**Director**

04 August 2011

**sappi limited**

(Registration number 1936/008963/06)

Issuer Code: SAVVI

JSE Code: SAP

ISIN: ZAE000006284

## 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 cost 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.

## Condensed group income statement

	Note	Quarter ended Jun 2011 US\$ million	Quarter ended Jun 2010 US\$ million	Nine months ended Jun 2011 US\$ million	Nine months ended Jun 2010 US\$ million
<b>Sales</b>		<b>1,802</b>	1,602	<b>5,499</b>	4,798
Cost of sales		<b>1,639</b>	1,314	<b>4,872</b>	4,288
Gross profit		<b>163</b>	288	<b>627</b>	510
Selling, general and administrative expenses		<b>107</b>	108	<b>328</b>	329
Other operating expenses		<b>4</b>	29	<b>131</b>	9
Share of profit from associates and joint ventures		<b>(2)</b>	(3)	<b>(6)</b>	(11)
<b>Operating profit</b>	2	<b>54</b>	154	<b>174</b>	183
Net finance costs		<b>112</b>	57	<b>251</b>	192
Net interest		<b>121</b>	68	<b>276</b>	226
Net foreign exchange gains		<b>(3)</b>	(7)	<b>(10)</b>	(16)
Net fair value gains on financial instruments		<b>(6)</b>	(4)	<b>(15)</b>	(18)
<b>(Loss) profit before taxation</b>		<b>(58)</b>	97	<b>(77)</b>	(9)
Taxation		<b>10</b>	33	<b>28</b>	9
Current		<b>8</b>	(2)	<b>12</b>	1
Deferred		<b>2</b>	35	<b>16</b>	8
<b>(Loss) profit for the period</b>		<b>(68)</b>	64	<b>(105)</b>	(18)
<b>Basic (loss) earnings per share (US cents)</b>		<b>(13)</b>	12	<b>(20)</b>	(3)
Weighted average number of shares in issue (millions)		<b>519.9</b>	516.0	<b>519.7</b>	515.7
<b>Diluted basic (loss) earnings per share (US cents)</b>		<b>(13)</b>	12	<b>(20)</b>	(3)
Weighted average number of shares on fully diluted basis (millions)		<b>519.9</b>	517.6	<b>519.7</b>	515.7

## Condensed group statement of comprehensive income

	Quarter ended Jun 2011 US\$ million	Quarter ended Jun 2010 US\$ million	Nine months ended Jun 2011 US\$ million	Nine months ended Jun 2010 US\$ million
(Loss) profit for the period	<b>(68)</b>	64	<b>(105)</b>	(18)
<b>Other comprehensive (loss) income, net of tax</b>	<b>(3)</b>	(54)	<b>80</b>	(78)
Exchange differences on translation of foreign operations	<b>(6)</b>	(43)	<b>63</b>	(69)
Movements in hedging reserves	<b>3</b>	(11)	<b>18</b>	(9)
Deferred tax effects on above	<b>-</b>	-	<b>(1)</b>	-
<b>Total comprehensive (loss) income for the period</b>	<b>(71)</b>	10	<b>(25)</b>	(96)

## Condensed group balance sheet

	Jun 2011 US\$ million	Reviewed Sept 2010 US\$ million
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>4,608</b>	4,653
Property, plant and equipment	3,607	3,660
Plantations	695	687
Deferred taxation	57	53
Other non-current assets	249	253
<b>Current assets</b>	<b>2,280</b>	2,531
Inventories	949	836
Trade and other receivables	969	903
Cash and cash equivalents	362	792
<b>Total assets</b>	<b>6,888</b>	7,184
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Ordinary shareholders' interest	1,884	1,896
<b>Non-current liabilities</b>	<b>3,007</b>	3,249
Interest-bearing borrowings	2,033	2,317
Deferred taxation	421	386
Other non-current liabilities	553	546
<b>Current liabilities</b>	<b>1,997</b>	2,039
Interest-bearing borrowings	801	691
Bank overdraft	3	5
Other current liabilities	1,167	1,307
Taxation payable	26	36
<b>Total equity and liabilities</b>	<b>6,888</b>	7,184
Number of shares in issue at balance sheet date (millions)	520.4	519.5

## Condensed group statement of cash flows

	Quarter ended Jun 2011 US\$ million	Quarter ended Jun 2010 US\$ million	Nine months ended Jun 2011 US\$ million	Nine months ended Jun 2010 US\$ million
<b>(Loss) profit for the period</b>	<b>(68)</b>	64	<b>(105)</b>	(18)
Adjustment for:				
Depreciation, fellings and amortisation	<b>125</b>	116	<b>378</b>	365
Taxation	<b>10</b>	33	<b>28</b>	9
Net finance costs	<b>112</b>	57	<b>251</b>	192
Defined post-employment benefits	<b>(17)</b>	(15)	<b>(50)</b>	(48)
Plantation fair value adjustment	<b>(21)</b>	(123)	<b>(44)</b>	(50)
Asset impairments (impairment reversals)	<b>–</b>	1	<b>69</b>	(12)
Restructuring provisions	<b>2</b>	5	<b>68</b>	46
Black Economic Empowerment charge	<b>1</b>	23	<b>3</b>	23
Other non-cash items	<b>4</b>	27	<b>17</b>	48
<b>Cash generated from operations</b>	<b>148</b>	188	<b>615</b>	555
Movement in working capital	<b>(46)</b>	(84)	<b>(364)</b>	(186)
Net finance costs	<b>(40)</b>	(35)	<b>(194)</b>	(128)
Taxation paid	<b>(17)</b>	(4)	<b>(31)</b>	(8)
<b>Cash retained from operating activities</b>	<b>45</b>	65	<b>26</b>	233
<b>Cash utilised in investing activities</b>	<b>(65)</b>	(41)	<b>(142)</b>	(130)
<b>Net cash (utilised) generated</b>	<b>(20)</b>	24	<b>(116)</b>	103
<b>Cash effects of financing activities</b>	<b>(190)</b>	(179)	<b>(364)</b>	(244)
<b>Net movement in cash and cash equivalents</b>	<b>(210)</b>	(155)	<b>(480)</b>	(141)

## Condensed group statement of changes in equity

	Nine months ended Jun 2011 US\$ million	Nine months ended Jun 2010 US\$ million
Balance – beginning of period	<b>1,896</b>	1,794
Total comprehensive loss for the period	<b>(25)</b>	(96)
Costs directly attributable to the rights offer	<b>–</b>	(5)
Issue of new shares	<b>–</b>	19
Transfers from (to) the share purchase trust	<b>6</b>	(6)
Transfers of vested share options	<b>(7)</b>	–
Share-based payment reserve	<b>14</b>	13
<b>Balance – end of period</b>	<b>1,884</b>	1,719

# 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 nine months ended June 2011 consists of 40 weeks compared to the prior year's nine months which consisted of 39 weeks.

The results are unaudited.

	Quarter ended Jun 2011 US\$ million	Quarter ended Jun 2010 US\$ million	Nine months ended Jun 2011 US\$ million	Nine months ended Jun 2010 US\$ million
<b>2. Operating profit</b>				
Included in operating profit are the following non-cash items:				
Depreciation and amortisation	104	101	314	315
Fair value adjustment on plantations (included in cost of sales)				
Changes in volume				
Fellings	21	15	64	50
Growth	(23)	(15)	(60)	(48)
	(2)	-	4	2
Plantation price fair value adjustment	2	(108)	16	(2)
	-	(108)	20	-
Included in other operating expenses (income) are the following:				
Asset impairments (impairment reversals)	-	1	69	(12)
Loss on disposal of property, plant and equipment	-	-	-	1
Profit on disposal of investment	-	-	-	(1)
Restructuring provisions	2	5	68	46
Black Economic Empowerment charge	1	23	3	23
Fuel tax credit	-	-	-	(51)
<b>3. Headline (loss) earnings per share <sup>(1)</sup></b>				
Headline (loss) earnings per share (US cents)	(13)	13	(8)	(6)
Weighted average number of shares in issue (millions)	519.9	516.0	519.7	515.7
Diluted headline (loss) earnings per share (US cents)	(13)	12	(8)	(6)
Weighted average number of shares on fully diluted basis (millions)	519.9	517.6	519.7	515.7
<b>Calculation of headline (loss) earnings <sup>(1)</sup></b>				
(Loss) profit for the period	(68)	64	(105)	(18)
Asset impairments (impairment reversals)	-	1	69	(12)
Loss on disposal of property, plant and equipment	-	-	-	1
Profit on disposal of investment	-	-	-	(1)
Tax effect of above items	2	-	(3)	-
Headline (loss) earnings	(66)	65	(39)	(30)

<sup>(1)</sup>Headline earnings disclosure is required by the JSE Limited.

	Quarter ended Jun 2011 US\$ million	Quarter ended Jun 2010 US\$ million	Nine months ended Jun 2011 US\$ million	Nine months ended Jun 2010 US\$ million
<b>4. Capital expenditure</b>				
Property, plant and equipment	69	42	161	120
			Jun 2011 US\$ million	Reviewed Sept 2010 US\$ million
<b>5. Capital commitments</b>				
Contracted			89	62
Approved but not contracted <sup>(1)</sup>			515	109
			604	171
<i>(1) Includes approximately US\$342 million related to our recently announced chemical cellulose expansion.</i>				
<b>6. Contingent liabilities</b>				
Guarantees and suretyships			49	48
Other contingent liabilities			22	8
			71	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.

##### Cash and cash equivalents and interest-bearing borrowings

In March 2011, we utilised some of our cash resources to repay US\$150 million principal amount of the outstanding US\$500 million 6.75% Guaranteed Notes due June 2012.

In April 2011, we issued approximately US\$705 million Senior Secured Notes split into a 10-year US\$350 million tranche and a 7-year €250 million tranche that were issued at par and both Notes bear interest at a rate of 6.625% per annum. The net proceeds of the Notes were used to redeem the remaining US\$350 million of our 6.75% Guaranteed Notes due June 2012 and to repay €200 million of 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. We repaid the remaining €120 million of our OeKB Term Loan balance from cash resources in June 2011.

Sappi Southern Africa (Pty) Ltd issued a ZAR500 million (US Dollar fixed rate bond 'SSA01' on 28 June 2011 at a 150 basis points spread over the government reference rate and an all in coupon rate of 9.63%. The bond is repayable on 28 June 2016, with coupons payable semi-annually on 28 June and 28 December of each year. The proceeds of the bond will be used to partially refinance the ZAR1 billion maturing SMF2 bond on 14 October 2011 – the balance will be paid from own cash generated.

In addition, there were transfers of US\$191 million from non-current interest-bearing borrowings to current interest-bearing borrowings of loans falling due in the next 12 months.

#### 8. Post balance sheet event

On 03 August 2011, we announced the closure of Adamas Mill in South Africa. The estimated cost of closure is US\$5 million.

#### 9. Segment information

	Quarter ended Jun 2011 Metric tons (000's)	Quarter ended Jun 2010 Metric tons (000's)	Nine months ended Jun 2011 Metric tons (000's)	Nine months ended Jun 2010 Metric tons (000's)
<b>Sales volume</b>				
Fine Paper –				
North America	344	335	1,057	1,002
Europe	909	939	2,903	2,802
<b>Total</b>	<b>1,253</b>	<b>1,274</b>	<b>3,960</b>	<b>3,804</b>
Southern Africa –				
Pulp and paper	406	416	1,272	1,291
Forestry	252	292	688	704
<b>Total</b>	<b>1,911</b>	<b>1,982</b>	<b>5,920</b>	<b>5,799</b>

		Quarter ended Jun 2011 US\$ million	Quarter ended Jun 2010 US\$ million	Nine months ended Jun 2011 US\$ million	Nine months ended Jun 2010 US\$ million
<b>Sales</b>					
Fine Paper –	North America	371	347	1,125	1,009
	Europe	979	873	3,023	2,675
	<b>Total</b>	<b>1,350</b>	<b>1,220</b>	<b>4,148</b>	<b>3,684</b>
Southern Africa –	Pulp and paper	430	361	1,291	1,062
	Forestry	22	21	60	52
<b>Total</b>		<b>1,802</b>	<b>1,602</b>	<b>5,499</b>	<b>4,798</b>
<b>Operating profit (loss) excluding special items</b>					
Fine Paper –	North America	32	24	95	82
	Europe	(2)	13	63	42
	<b>Total</b>	<b>30</b>	<b>37</b>	<b>158</b>	<b>124</b>
Southern Africa		26	35	158	76
Unallocated and eliminations <sup>(1)</sup>		4	3	8	10
<b>Total</b>		<b>60</b>	<b>75</b>	<b>324</b>	<b>210</b>
<b>Special items – losses (gains)</b>					
Fine Paper –	North America	–	(1)	(1)	(51)
	Europe	2	2	116	10
	<b>Total</b>	<b>2</b>	<b>1</b>	<b>115</b>	<b>(41)</b>
Southern Africa		4	(83)	31	48
Unallocated and eliminations <sup>(1)</sup>		–	3	4	20
<b>Total</b>		<b>6</b>	<b>(79)</b>	<b>150</b>	<b>27</b>
<b>Segment operating profit (loss)</b>					
Fine Paper –	North America	32	25	96	133
	Europe	(4)	11	(53)	32
	<b>Total</b>	<b>28</b>	<b>36</b>	<b>43</b>	<b>165</b>
Southern Africa		22	118	127	28
Unallocated and eliminations <sup>(1)</sup>		4	–	4	(10)
<b>Total</b>		<b>54</b>	<b>154</b>	<b>174</b>	<b>183</b>
<b>EBITDA excluding special items</b>					
Fine Paper –	North America	50	42	150	140
	Europe	57	68	238	220
	<b>Total</b>	<b>107</b>	<b>110</b>	<b>388</b>	<b>360</b>
Southern Africa		53	62	242	154
Unallocated and eliminations <sup>(1)</sup>		4	4	8	11
<b>Total</b>		<b>164</b>	<b>176</b>	<b>638</b>	<b>525</b>
<b>Segment assets</b>					
Fine Paper –	North America	916	949	916	949
	Europe	2,216	2,070	2,216	2,070
<b>Total</b>		<b>3,132</b>	<b>3,019</b>	<b>3,132</b>	<b>3,019</b>
Southern Africa		2,072	1,785	2,072	1,785
Unallocated and eliminations <sup>(1)</sup>		72	49	72	49
<b>Total</b>		<b>5,276</b>	<b>4,853</b>	<b>5,276</b>	<b>4,853</b>

<sup>(1)</sup> Includes the group's treasury operations, the self-insurance captive and the investment in the Jiangxi Chenming joint venture.

### Reconciliation of operating profit excluding special items to segment 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.

	Quarter ended Jun 2011	Quarter ended Jun 2010	Nine months ended Jun 2011	Nine months ended Jun 2010
<b>Operating profit excluding special items</b>	<b>60</b>	75	<b>324</b>	210
Special Items	(6)	79	(150)	(27)
Plantation price fair value adjustment	(2)	108	(16)	2
Restructuring provisions	(2)	(5)	(68)	(46)
Loss on disposal of property, plant and equipment	-	-	-	(1)
Profit on disposal of investment	-	-	-	1
Asset (impairments) impairment reversals	-	(1)	(69)	12
Fuel tax credit	-	-	-	51
Black Economic Empowerment charge	(1)	(23)	(3)	(23)
Insurance recoveries	(1)	1	10	1
Fire, flood, storm and related events	-	(1)	(4)	(24)
<b>Segment operating profit</b>	<b>54</b>	154	<b>174</b>	183

### Reconciliation of EBITDA excluding special items and operating profit excluding special items to (loss) profit before taxation

<b>EBITDA excluding special items</b>	<b>164</b>	176	<b>638</b>	525
Depreciation and amortisation	(104)	(101)	(314)	(315)
<b>Operating profit excluding special items</b>	<b>60</b>	75	<b>324</b>	210
Special items – (losses) gains	(6)	79	(150)	(27)
Net finance costs	(112)	(57)	(251)	(192)
<b>(Loss) profit before taxation</b>	<b>(58)</b>	97	<b>(77)</b>	(9)

### Reconciliation of segment assets to total assets

<b>Segment assets</b>	<b>5,276</b>	4,853	<b>5,276</b>	4,853
Deferred taxation	57	49	57	49
Cash and cash equivalents	362	534	362	534
Other current liabilities	1,167	1,062	1,167	1,062
Taxation payable	26	43	26	43
Liabilities associated with assets held for sale	-	19	-	19
<b>Total assets</b>	<b>6,888</b>	6,560	<b>6,888</b>	6,560

## **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 IFRS2 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 (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 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 equate to **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.*

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

**Summary Rand convenience translation**

	Quarter ended Jun 2011	Quarter ended Jun 2010	Nine months ended Jun 2011	Nine months ended Jun 2010
<b>Key figures: (ZAR million)</b>				
<b>Sales</b>	<b>12,234</b>	12,147	<b>37,911</b>	36,278
<b>Operating profit</b>	<b>367</b>	1,168	<b>1,200</b>	1,384
Special items – losses (gains) <sup>(1)</sup>	<b>41</b>	(599)	<b>1,034</b>	204
Operating profit excluding special items <sup>(1)</sup>	<b>408</b>	569	<b>2,234</b>	1,588
EBITDA excluding special items <sup>(1)</sup>	<b>1,113</b>	1,334	<b>4,398</b>	3,970
<b>Basic (loss) earnings per share (SA cents)</b>	<b>(88)</b>	91	<b>(138)</b>	(23)
Net debt <sup>(1)</sup>	<b>16,657</b>	17,820	<b>16,657</b>	17,820
<b>Key ratios: (%)</b>				
<b>Operating profit to sales</b>	<b>3.0</b>	9.6	<b>3.2</b>	3.8
Operating profit excluding special items to sales	<b>3.3</b>	4.7	<b>5.9</b>	4.4
Operating profit excluding special items to Capital Employed (ROCE) <sup>(1)</sup>	<b>5.6</b>	7.4	<b>10.2</b>	6.7
EBITDA excluding special items to sales	<b>9.1</b>	11.0	<b>11.6</b>	10.9
Return on average equity (ROE)	<b>(14.4)</b>	15.1	<b>(7.4)</b>	(1.4)
Net debt to total capitalisation <sup>(1)</sup>	<b>56.8</b>	57.6	<b>56.8</b>	57.6

<sup>(1)</sup> 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**

	Jun 2011 US\$ million	Sept 2010 US\$ million
<b>Interest-bearing borrowings</b>	<b>2,837</b>	3,013
Non-current interest-bearing borrowings	<b>2,033</b>	2,317
Current interest-bearing borrowings	<b>801</b>	691
Bank overdraft	<b>3</b>	5
Cash and cash equivalents	<b>(362)</b>	(792)
<b>Net debt</b>	<b>2,475</b>	2,221

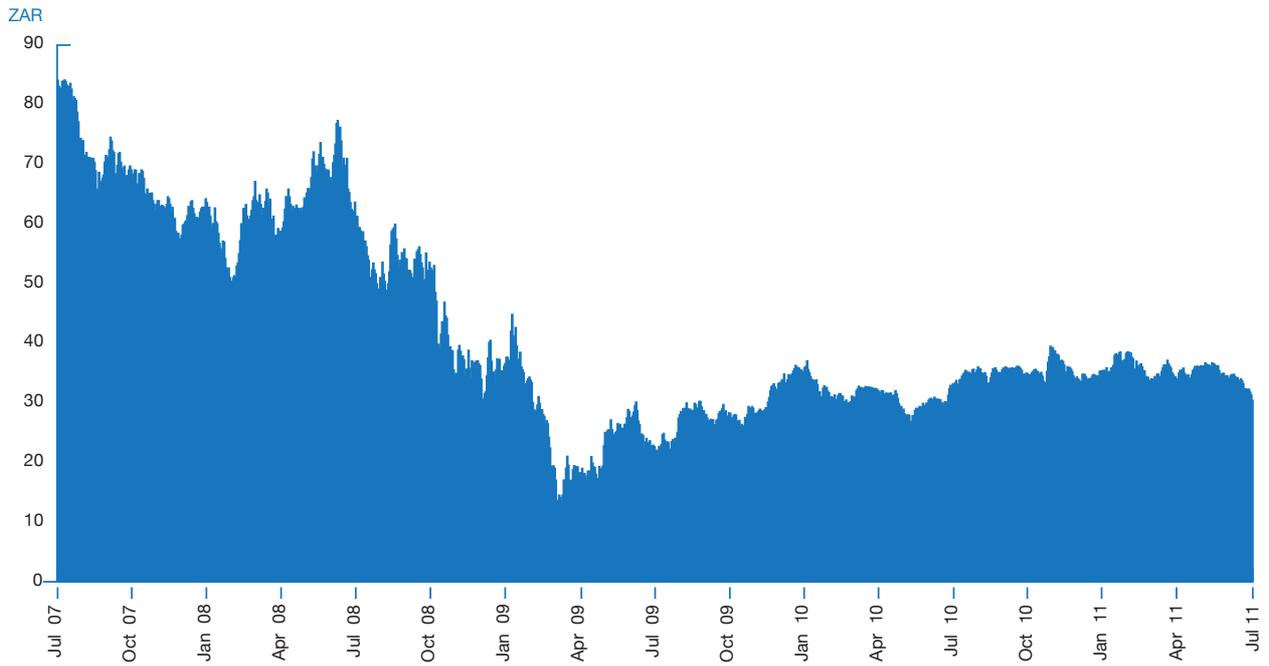
**Exchange rates**

	Jun 2011	Mar 2011	Dec 2010	Sept 2010	Jun 2010
<b>Exchange rates:</b>					
Period end rate: US\$1 = ZAR	<b>6.7300</b>	6.6978	6.6190	7.0190	7.6250
Average rate for the Quarter: US\$1 = ZAR	<b>6.7890</b>	6.9963	6.9464	7.3517	7.5821
Average rate for the YTD: US\$1 = ZAR	<b>6.8941</b>	6.9476	6.9464	7.4917	7.5610
Period end rate: €1 = US\$	<b>1.4525</b>	1.4231	1.3380	1.3491	1.2377
Average rate for the Quarter: €1 = US\$	<b>1.4398</b>	1.3702	1.3516	1.2871	1.2937
Average rate for the YTD: €1 = US\$	<b>1.3890</b>	1.3645	1.3516	1.3658	1.3845

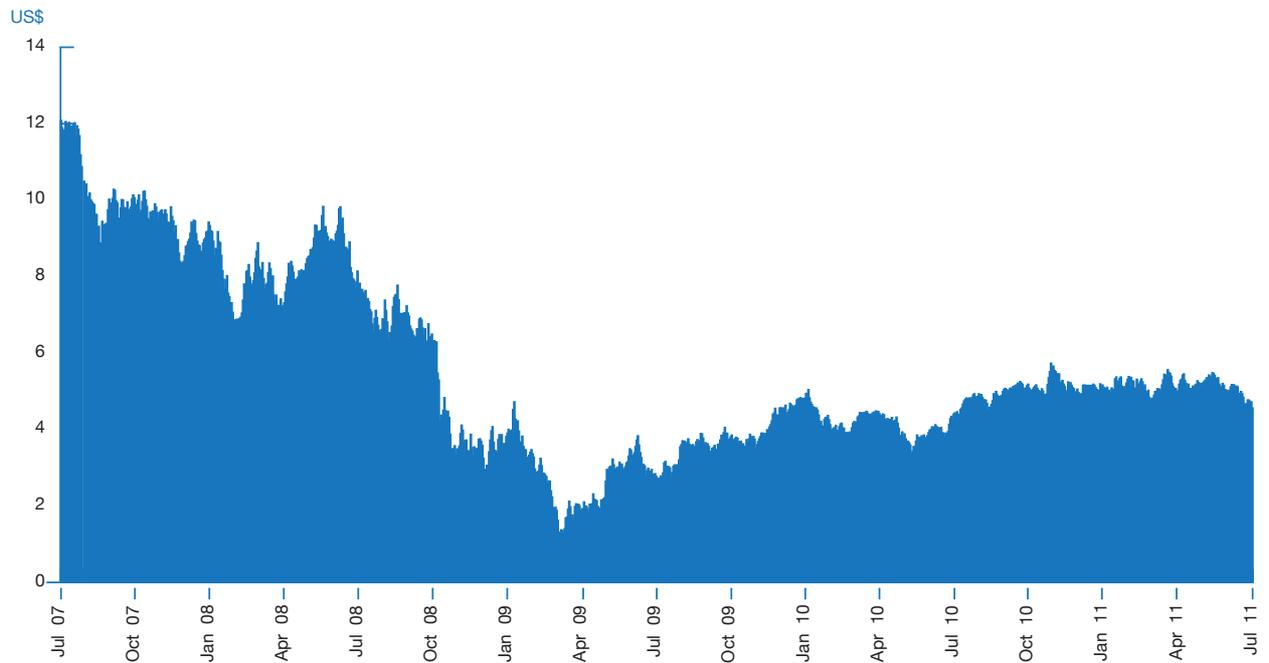
The financial results of entities with reporting currencies other than the US Dollar are translated into US Dollars as follows:

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

## Sappi ordinary shares\* (JSE: SAP)



## US Dollar share price conversion\*



\* Historic share prices revised to reflect rights offer

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

**South Africa:**

Computershare Investor  
Services (Proprietary) Limited  
70 Marshall Street  
Johannesburg 2001  
PO Box 61051  
Marshalltown 2107  
Tel +27 (0)11 370 5000

**United States:**

**ADR Depository:**

The Bank of New York Mellon  
Investor Relations  
PO Box 11258  
Church Street Station  
New York, NY 10286-1258  
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)

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

sappi

## 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: August 04, 2011

SAPPI LIMITED,

By:           /s/M. R. Thompson            
Name: M. R. Thompson  
Title: Chief Financial Officer