

SAPPI LTD

Form 6-K

February 04, 2008

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 February, 2008

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, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

#### INCORPORATION BY REFERENCE

Sappi Limited's report for the conformed first quarter results ended December 2007, furnished by the Registrant under this Form 6-K, is incorporated by reference into (i) the Registration Statements on Form S-8 of the Registrant filed December 23, 1999 and December 15, 2004 in connection with The Sappi Limited Share Incentive Scheme, (ii) the Section 10(a) Prospectus relating to the offer and sale of the Registrant's shares to Participants under The Sappi Limited Share Incentive Scheme, (iii) the Registration Statements on Form S-8 of the Registrant filed December 15, 2004 and December 21, 2005 in connection with The Sappi Limited 2004 Performance Share Incentive Plan and (iv) the Section 10(a) Prospectus relating to the offer and sale of the Registrant's shares to Participants under The Sappi Limited 2004 Performance Share Incentive Plan. This Form 6-K includes a conformed version of the earnings announcement sent by the Registrant to its shareholders. This conformed version was prepared solely for purposes of supplementing the documents referred to in clauses (i) - (iv) above.

#### 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; pulp and paper production, production capacity, input costs (including raw material, energy and employee costs) and pricing levels in North America, Europe, Asia and southern Africa; any major disruption in production at the Group's key facilities; changes in environmental, tax and other laws and regulations; adverse changes in the markets for the Group's products; any delays, unexpected costs or other problems experienced with any business acquired or to be acquired and achieving expected savings and synergies; consequences of the Group's 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 economies in the countries in which we operate or the effect of governmental efforts to address present or future economic or social problems; and the impact of future investments, acquisitions and dispositions (including the financing of investments and acquisitions) and any delays, unexpected costs or other problems experienced in connection with dispositions. 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**

quarter results  
ended December  
Quarter 1  
2007  
Form S-8 version

*\* for the quarter ended December 2007*

*\*\* as at 30 December 2007*

† *Rest of World*

Sales by product group \*

Sales: where the product is manufactured \*

Sales: where the product is sold \*

Geographic ownership \*\*

Coated fine paper

63%

Uncoated fine paper

4%

Coated specialities

8%

Packaging and newsprint

9%

Pulp

15%

Other

1%

North America

29%

Europe

41%

Southern Africa

15%

Asia and other

15%

South African

73%

North America

20%

Europe and ROW †

7%

North America

28%

Europe

46%

Southern Africa

26%

**sappi**

**Flo**

sappi limited

**1**

**first quarter**

Basic EPS 18 US cents for the quarter

Prices improved except in Europe

Saiccor expansion progresses well

High input costs

Financial highlights

Summary

Quarter ended

**Dec**

Dec

Sept

**2007**

2006

2007

**Key figures: (US\$ million)**

**Sales**

**1,377**

1,267

1,422

**Operating profit**

**91**

92

87

EBITDA \*

**187**

187

178

**Basic EPS (US cents)**

**18**

13

27

**Key ratio: (%)**

**Operating profit to sales**

**6.6**

7.3

6.1

*\* Refer to note 1, additional information in Supplemental Information for the reconciliation of EBITDA to profit for the period.*

sappi limited **2 first quarter**

Comment

Our operating performance improved further in the quarter. Forest Products benefited from good demand for its products and increasing prices to report a strong performance. Our fine paper business continued to improve its profitability despite continued cost pressures and difficult market conditions in Europe.

We continued to improve our margins in North America through improved coated fine paper prices and cost reduction. In Europe coated web prices showed an improving trend in the quarter while coated fine paper sheet prices declined. We have announced coated fine paper sheet price increases in Europe for February 2008 which are essential to offset high raw material and energy prices. The impact of high pulp prices on our margins in Europe, where we purchase a majority of our pulp, was offset by the benefit of high pulp prices realised by our Forest Products and North American businesses.

Pulp markets were strong in the quarter. NBSK prices increased from an average of US\$800 per ton in the previous quarter to an average of US\$840 per ton.

Our sales increased by 8.7% compared to a year ago to US\$1.38 billion largely as a result of price increases and the strengthening of the Euro and Rand against the US Dollar.

Operating profit was at a similar level to a year ago.

Net finance costs were US\$28 million, down US\$9 million compared to a year ago largely as a result of increased interest capitalised in the quarter, which relates to the Saiccor expansion project.

Taxation for the quarter of US\$21 million includes US\$8 million Secondary Tax on Companies (STC), which relates to the declaration of Dividend Number 84 during the quarter. In the prior quarter taxation was a credit of US\$1 million including once-off tax relief, resulting from tax rate changes and reversal of tax provisions amounting to US\$13 million. In the equivalent quarter last year taxation was US\$25 million. The effective tax rate excluding STC was 21% for the quarter.

Basic EPS was 18 US cents for the quarter compared to 13 US cents (which included the favourable plantation fair value gain of 9 US cents) a year ago.



sappi limited **3 first quarter**

Cash flow

Cash generated by operations increased to US\$155 million compared to US\$125 million a year ago.

Working capital increased by US\$133 million during the quarter largely as a result of seasonal working capital movements.

Capital expenditure on property, plant and equipment for the quarter was US\$109 million, of which US\$81 million related to the Saiccor expansion.

Operating Review – Quarter ended December 2007

compared with quarter ended December 2006

*Sappi Fine Paper*

**Quarter**

Quarter

Quarter

**ended**

ended

ended

**Dec 2007**

Dec 2006

%

Sept 2007

**US\$ million**

US\$ million

change

US\$ million

**Sales**

**1,109**

1,044

6.2

1,118

**Operating profit**

**31**

16

93.8

29

**Operating profit to sales (%)**

**2.8**

1.5

–

2.6

Operating margins and returns improved slightly compared to the prior quarter largely as a result of improved price realisation in North America. Conditions in the European market remain difficult, in particular coated fine paper sheet pricing. Input cost pressure remains a major factor in all our regions.

sappi limited 4 first quarter

Europe

**Quarter**

Quarter

**ended**

ended

%

%

ended

**Dec 2007**

Dec 2006

change

change

Sept 2007

**US\$ million**

US\$ million

(US\$)

(Euro)

US\$ million

**Sales****638**

587

8.7

(3.5)

619

**Operating profit****19**

13

46.2

29.8

17

**Operating profit to sales (%)****3.0**

2.2

-

-

2.7

Market conditions for coated fine paper in Europe remained very challenging. Our sales volumes for the quarter were 2% lower than a year ago. Although this volume decrease is in line with demand in Europe our sales volume includes an increased proportion of exports. Average prices achieved in Euro terms declined slightly; however, prices translated to US Dollars increased as a result of the stronger Euro.

Operating profit improved compared to a year earlier largely as a result of the successful cost reduction initiatives. High input costs continue to put pressure on margins, in particular increasing pulp prices and energy costs.

The strength of the Euro relative to the US Dollar had an unfavourable impact on the margins of our dollar-based exports despite our success in improving prices in many of our export markets.

sappi limited **5 first quarter***North America***Quarter**

Quarter

Quarter

**ended**

ended

ended

**Dec 2007**

Dec 2006

%

Sept 2007

**US\$ million**

US\$ million

change

US\$ million

**Sales****384**

374

2.7

404

**Operating profit****11**

2

450.0

9

**Operating profit to sales (%)****2.9**

0.5

-

2.2

Our North American business reported its best quarterly performance for several years. The return on net operating assets of 5% is however well short of acceptable levels.

Prices realised for coated fine paper and pulp improved during the quarter. Demand was strong and the supply/demand balance remains favourable following the closure of capacity by North American producers; however, competition in the market for economy sheets had an unfavourable impact on our volumes and prices in this segment.

Our sales volume increased marginally compared to a year ago. Input cost pressure continues to squeeze margins.

The implementation of our new brand line up and launch of new products in North America has progressed well and has contributed to strengthening relationships with our customers.

sappi limited **6 first quarter**

*South Africa*

**Quarter**

Quarter

Quarter

**ended**

ended

%

%

ended

**Dec 2007**

Dec 2006

change

change

Sept 2007

**US\$ million**

US\$ million

(US\$)

(Rand)

US\$ million

**Sales**

**87**

83

4.8

(3.6)

95

**Operating profit**

**1**

1

–

(8.0)

3

**Operating profit to sales (%)**

**1.1**

1.2

–

–

3.2

Lower sales volumes in the quarter were largely offset by improved pricing in local currency terms.

Margins remain low as a result of high input costs.

sappi limited 7 first quarter

Forest Products

**Quarter**

Quarter

Quarter

**ended**

ended

%

%

ended

**Dec 2007**

Dec 2006

change

change

Sept 2007

**US\$ million**

US\$ million

(US\$)

(Rand)

US\$ million

**Sales****268**

223

20.2

10.6

304

**Operating profit****55**

76

(29.5)

(35.1)

52

**Operating profit to sales (%)****20.5**

35.0

-

-

17.1

Forest Products continued to perform well. Operating profit of US\$55 million, although down from US\$76 million a year ago, contained a US\$1 million loss on the plantation price fair value adjustment whereas the prior year included a US\$29 million gain from the same item.

Pulp and paper sales volumes increased 4% compared to a year ago and prices in both local currency and US Dollar terms improved further in strong markets. The improved international pulp prices and good demand for pulp had a major favourable impact on performance during the quarter.

The impact of higher prices was partly offset by the stronger Rand during the quarter. High labour and input costs also impacted margins unfavourably.

Progress on the Saiccor expansion has been good despite abnormally high rainfall in recent weeks.

sappi limited **8 first quarter**

Directors

Dr Daniel (Danie) Christiaan Cronjé joined the Sappi Limited board with effect from 01 January 2008 as a non-executive director (independent).

Outlook

Global macroeconomic conditions are less favourable than expected, with commentators concerned about a possible slowdown in the US economy and the strong Euro dampening European growth. Input costs are increasing at the same time. Our South African businesses are also affected by the national power shortage and we are working to minimise the impact.

In the coated fine paper sector the global supply/demand balance is generally favourable. Advertising forecasts remain positive. The pulp industry continues to experience strong demand and prices continue to increase.

Given that cost pressure is unlikely to abate, we will continue to emphasise cost reduction. We will also continue our efforts to improve prices for our products, in particular coated fine paper sheets in Europe. As reported last quarter we expect our net debt to increase further in the second quarter before reducing towards the end of the year, as we complete the Saiccor expansion.

We expect strong operating performance from our Forest Products business and continued improvement in North America. Margins in Europe will remain under pressure. Operating profit excluding the impact of the plantation price fair value adjustment, is expected to improve in the next quarter compared to a year ago.

On behalf of the board

R J Boëttger

M R Thompson

Director

Director

31 January 2008

sappi limited

(Registration number 1936/008963/06)

Issuer Code: SAVVI

JSE Code: SAP

ISIN: ZAE000006284

sappi limited **9 first quarter**

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. 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 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), including as a result of adverse, changing regulatory requirements, unanticipated production disruptions, 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. 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 limited **10 first quarter**  
Form S-8 Version  
Conformed financial results  
for the quarter ended December 2007



sappi limited

**11**

**first quarter**

Group income statement

**Quarter**

Quarter

**ended**

ended

**Dec 2007**

Dec 2006

**US\$ million**

US\$ million

% change

**Sales**

**1,377**

1,267

8.7

Cost of sales

**1,197**

1,092

Gross profit

**180**

175

2.9

Selling, general and administrative expenses

**92**

88

Other operating expenses (income)

**1**

(4)

Share of profit from associates and joint ventures

**(4)**

(1)

**Operating profit**

**91**

92

(1.1)

Net finance costs

**28**

37

Net interest

**37**

36

Finance cost capitalised

**(9)**

(1)

Net foreign exchange gains

**(1)**

(2)

Net fair value loss on financial instruments

**1**

4

**Profit before taxation**

**63**

55

14.5

Taxation

**21**

25

Current

**3**

6

Deferred

**18**

19

**Profit for the period**

**42**

30

40.0

**Basic earnings per share (US cents)**

**18**

13

Weighted average number of shares in issue (millions)

**228.5**

227.0

Diluted basic earnings per share (US cents)

**18**

13

Weighted average number of shares on fully diluted basis (millions)

**230.6**

229.9

sappi limited

**12**

**first quarter**

Group balance sheet

**Dec 2007**

Sept 2007

**US\$ million**

US\$ million

**ASSETS**

**Non-current assets**

**4,670**

4,608

Property, plant and equipment

**3,554**

3,491

Plantations

**639**

636

Deferred taxation

**52**

60

Other non-current assets

**425**

421

**Current assets**

**1,877**

1,736

Inventories

**793**

712

Trade and other receivables

**625**

660

Restricted cash

**41**

–

Cash and cash equivalents

**418**

364

**Total assets**

**6,547**

6,344

**EQUITY AND LIABILITIES**

**Shareholders' equity**

Ordinary shareholders' interest

**1,781**

1,816

**Non-current liabilities**

**2,666**

2,612

Interest-bearing borrowings

**1,884**

1,828

Deferred taxation

**397**

385

Other non-current liabilities

**385**

399

**Current liabilities**

**2,100**

1,916

Interest-bearing borrowings

**966**

771

Bank overdraft

**63**

22

Other current liabilities

**873**

998

Taxation payable

**123**

125

Shareholders for dividend

**75**

—

**Total equity and liabilities**

**6,547**

6,344

Number of shares in issue at balance sheet date (millions)

**228.8**

228.5

sappi limited

**13**

**first quarter**

Group cash flow statement

**Quarter**

Quarter

**ended**

ended

**Dec 2007**

Dec 2006

**US\$ million**

US\$ million

**Profit after taxation per income statement**

**42**

30

Adjustment for:

Depreciation, fellings and amortisation

**117**

112

Taxation charge

**21**

25

Net finance costs

**28**

37

Post employment benefits

**(14)**

(27)

Other non-cash items

**(39)**

(52)

**Cash generated from operations**

**155**

125

Movement in working capital

**(133)**

(39)

Net finance costs paid

**(59)**

(46)

Taxation paid

**(7)**

(4)

**Cash (utilised in) retained from operating activities \***

**(44)**

36

**Cash utilised in investing activities \***

**(89)**

(128)

**(133)**

(92)

**Cash effects of financing activities**

**223**

94

**Net movement in cash and cash equivalents**

**90**

2

**\*Reclassification**

*Cash outflows relating to contributions to post employment benefit funds previously reflected in cash utilised in investing activities, have been included in cash (utilised in) retained from operating activities.*

Group statement of recognised income and expenses

**Quarter**

Quarter

**ended**

ended

**Dec 2007**

Dec 2006

**US\$ million**

US\$ million

Pension fund asset not recognised

–

(2)

Deferred tax asset released (raised)

**2**

(1)

Exchange differences on translation of foreign operations

**(10)**

113

Net (expense) income recorded directly in equity

**(8)**

110

Profit for the period

**42**

30

**Total recognised income for the period**

**34**

140

sappi limited

**14**

**first quarter**

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. 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 2007 which are compliant with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The results are unaudited.

Comparative figures – Cash outflows relating to contributions to post employment benefit funds previously reflected in cash utilised in investing activities, have been included in cash (utilised in) retained from operating activities.

**2.**

**Reconciliation of movement in shareholders' equity**

**Quarter**

Quarter

**ended**

ended

**Dec 2007**

Dec 2006

**US\$ million**

US\$ million

Balance – beginning of year

**1,816**

1,386

Total recognised income for the period

**34**

140

Dividends declared

**(73)**

(68)

Transfers to participants of the share purchase trust

**2**

7

Share Based Payment Reserve

**2**

2

Balance – end of period

**1,781**

1,467

**3.**

**Operating profit**

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

Depreciation of property, plant and equipment

**96**

95

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

Changes in volume

Fellings

**21**

17

Growth

**(18)**

(17)

**3**

–

Plantation price fair value adjustment

**1**

(29)

**4**

(29)

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

Plantation price fair value adjustment

**1**

(29)

Asset impairments

**2**

–

Restructuring provisions released

**(1)**

–

Profit on sale of assets

**(1)**

–

**1** (29)



sappi limited

**15**

**first quarter**

**4.**

**Capital expenditure**

**Quarter**

Quarter

**Dec 2007**

Dec 2006

**US\$ million**

US\$ million

Property, plant and equipment

**109**

138

**5.**

**Capital commitments**

**Dec 2007**

Sept 2007

**US\$ million**

US\$ million

Contracted

**220**

188

Approved but not contracted

**267**

249

**487**

437

**6.**

**Contingent liabilities**

Guarantees and suretyships

**52**

43

Other contingent liabilities \*

**7**

26

**59**

69

*\* The decrease in contingent liabilities reflects management's revised estimate of losses which could arise from taxation queries to which certain group companies are subject. These amounts have now been recognised as liabilities.*

**7.**

**Material balance sheet movements**

Interest-bearing borrowings, other current liabilities and cash and cash equivalents

The group drew down US\$147 million of its committed facilities to settle certain other current liabilities, thereby maintaining adequate funding to settle the dividend.

Restricted cash

Cash previously available to the group has now been specifically restricted to settle certain post retirement medical liabilities.

notes to the group results

sappi limited

**16**

**first quarter**

Supplemental information

*additional information*

**Quarter**

Quarter

**ended**

ended

**Dec 2007**

Dec 2006

**US\$ million**

US\$ million

**1.**

**Profit for the period to EBITDA**

(1)

**reconciliation**

Profit for the period

**42**

30

Net finance costs

**28**

37

Taxation – current

**3**

6

– deferred

**18**

19

Depreciation and amortisation

**96**

95

**EBITDA**

(1)

**187**

187

*((1))*

*In connection with the U.S. Securities Exchange Commission (“SEC”) rules relating to “Conditions for Use of Non-GAAP Financial*

*Measures”, we have reconciled EBITDA to net profit rather than operating profit. As a result our definition retains non-trading*

*profit/loss and minority interest as part of EBITDA. EBITDA represents earnings before interest (net finance costs), taxation,*

*depreciation and amortisation. Net finance costs includes: gross interest paid; interest received; interest capitalised; net foreign*

*exchange gains; and net fair value adjustments on interest rate financial instruments. See the Group income statement for an*

*explanation of the computation of net finance costs. We use EBITDA as an internal measure of performance to benchmark and*

*compare performance, both between our own operations and as against other companies. EBITDA is a measure used by the group,*

*together with measures of performance under IFRS to compare the relative performance of operations in planning, budgeting and reviewing the performances of various businesses. We believe EBITDA is a useful and commonly used measure of financial performance in addition to net profit, operating profit and other profitability measures under IFRS because it facilitates operating performance comparisons from period to period and company to company. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortisation methods, historic cost and age of assets, financing and capital structures and taxation positions or regimes, we believe EBITDA can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, we believe EBITDA and similar measures are regularly used by the investment community as a means of comparison of companies in our industry. Different companies and analysts may calculate EBITDA differently, so making comparisons among companies on this basis should be done very carefully. EBITDA is not a measure of performance under IFRS and should not be considered in isolation or construed as a substitute for operating profit or net profit as an indicator of the company's operations in accordance with IFRS.*

sappi limited

**17**

**first quarter**

**Quarter**

Quarter

**ended**

ended

**Dec 2007**

Dec 2006

**US\$ million**

US\$ million

**2.**

**Headline earnings per share**

Calculation of Headline earnings \*

Profit for the period

**42**

30

Asset impairments

**2**

–

Headline earnings

**44**

30

Headline earnings per share (US cents) \*

**19**

13

Weighted average number of shares in issue (millions)

**228.5**

227.0

Diluted headline earnings per share (US cents) \*

**19**

13

Weighted average number of shares on fully diluted basis (millions)

**230.6**

229.9

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

**Dec**

Sept

June

March

Dec

**2007**

2007

2007

2007

2006

**3.**

**Exchange rates**

Exchange rates :

Period end rate: US\$1 = ZAR

**6.8068**

6.8713

7.0393

7.2650

7.0076

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

**6.7488**

7.0453

7.1095

7.1532

7.3358

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

**6.7488**

7.1741

7.2121

7.2783

7.3358

Period end rate: EUR 1 = US\$

**1.4717**

1.4272

1.3542

1.3358

1.3199

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

**1.4556**

1.3782

1.3498

1.3160

1.2926

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

**1.4556**

1.3336

1.3178

1.3021

1.2926

*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.*

notes to the group results

sappi limited

**18**

**first quarter**

Supplemental information

*regional information*

**Quarter**

Quarter

**ended**

ended

**Dec 2007**

Dec 2006