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SAPPI LTD
Form 6-K
February 19, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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, 2004

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 X Form 40-F
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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 X

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 first quarter ended December 2003, furnished by the Registrant under this Form 6-K is incorporated by reference into the

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Registration Statement on Form S-8 of the Registrant (File No. 333-11304) and the Section 10(a) Prospectus dated April 3, 2001 relating to the offer and sale of the Registrant's shares to Participants under The Sappi Limited Share Incentive Scheme. 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 Registrant's Registration Statement on Form S-8 (File No. 333-11304) and the Section 10(a) Prospectus dated April 3, 2001.

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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 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; consequences of the Group's leverage; adverse changes in the South African political situation and economy 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.

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[GRAPHICS OMITTED]

SAPPI

The word for fine paper

FORM S-8 VERSION

conformed results for the quarter
ended December 2003

[GRAPHICS OMITTED]

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[GRAPHICS OMITTED]

Sappi is the world's leading
producer of coated fine paper

Sales by product group*

| | | |
|---------------------|---------------------|-----|
| [Pie Chart Omitted] | Coated fine paper | 64% |
| | Uncoated fine paper | 5% |
| | Coated specialities | 8% |
| | Pulp | 13% |
| | Commodity paper | 9% |
| | Other | 1% |

Sales: where the product is sold*

| | | |
|---------------------|-----------------|-----|
| [Pie Chart Omitted] | Europe | 42% |
| | Southern Africa | 15% |
| | Asia and other | 12% |
| | North America | 31% |

Sales: where the product is manufactured*

| | | |
|---------------------|-----------------|-----|
| [Pie Chart Omitted] | Europe | 46% |
| | Southern Africa | 26% |
| | North America | 28% |

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Geographic ownership**

| | | |
|---------------------|-----------------|-----|
| [Pie Chart Omitted] | Europe & ROW + | 15% |
| | Southern Africa | 46% |
| | North America | 39% |

* for the quarter ended December 2003

** as at 31 December 2003

+ Rest of the world

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- o Net loss after previously announced charges
- o Weak US market
- o Strong demand in Europe
- o SA businesses profitable despite stronger Rand

SUMMARY

| | Quarter ended Dec 2003 | Quarter ended Sept** 2003 | Quarter ended Dec** 2002 |
|---------------------------------|---------------------------------|------------------------------------|-----------------------------------|
| Sales (US\$ million) | 1,120 | 1,123 | 1,019 |
| Operating profit (US\$ million) | - | 48 | 95 |
| Operating profit to sales (%) | - | 4.3 | 9.3 |
| EBITDA (US\$ million)* | 114 | 115 | 189 |
| EPS (US cents) | (9) | 4 | 22 |
| Headline EPS (US cents)* | (9) | 11 | 22 |

* Refer to notes 1 and 2 of the Supplemental Information for reconciliations of these numbers and definitions of these terms.

** Restated for South African Generally Accepted Accounting Practice Standard AC 137

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COMMENT

The performance of our fine paper businesses was disappointing in the United States, encouraging in Europe although prices remain weak, and satisfactory in South Africa. The forest products business experienced strong demand and

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performed well notwithstanding the strength of the Rand.

Market conditions in the quarter were very different in our two major fine paper markets. In Europe apparent consumption of coated fine paper (defined as shipments plus imports less exports) showed growth of 6% in the quarter compared to a year earlier. However, prices remain weak. In the United States the strength of GDP growth did not translate into a recovery in demand for coated paper. Coated fine paper apparent consumption for the quarter was down approximately 13% compared to a year earlier and 6% compared to the prior quarter. Despite the weakening of the US Dollar against the Euro, imports into the United States for October and November remained at a high level but were down 2% compared to a year earlier. Prices remained under pressure and in the case of sheeted product this is reflected in a shift towards lower priced products, including imports.

As anticipated in our last quarterly results announcement, we took charges in this quarter in respect of the closure costs of paper machine 14 at the Westbrook mill (US\$15 million pre-tax); staff reduction (US\$14 million pre-tax) and increased costs in connection with major maintenance shuts at all our North American mills (US\$15 million pre-tax higher than last year). These charges and additional shut costs amount to approximately US\$44 million pre-tax, US\$33 million post-tax, and 15 US cents per share.

After these charges and costs we recorded a net loss and headline loss of US\$21 million.

Costs have generally been well controlled but North American wood and energy costs were US\$6 million higher than last year. Selling, General and Administrative expenses for the quarter were US\$125 million, US\$48 million higher than last year, partly as a result of the US\$29 million charge for the Westbrook closure and staff reduction and partly as a result of currency translation to the weaker US Dollar (US\$12 million).

Following the application of the new Agriculture Accounting Standard - AC137 (IFRS 41) in the quarter movements in the fair value of plantations now impact operating profit. The change had a favourable impact of US\$7 million after tax in the quarter as a result of volume growth and operating efficiencies.

Net finance costs for the quarter were US\$28 million compared to US\$29 million last year. They were US\$7 million higher than the September quarter as a result of changes in the fair value of financial instruments.

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Tax for the quarter was at an effective rate of 25% which is higher than the expected rate for the balance of the year, as a result of the charges and losses in the United States.

CASH FLOW

Cash generated by operations remained positive at US\$106 million for the quarter despite weak trading conditions but was 29% lower than the previous quarter and 40% lower than the same quarter last year.

Working capital increased by US\$113 million in the quarter mainly as a result of lower payables. This movement was significantly lower than the equivalent quarter last year.

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Capital expenditure in the quarter was US\$83 million, 83% of depreciation.

We repurchased approximately 1 million of our shares in the quarter at a cost of US\$13 million.

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OPERATING REVIEW FOR THE QUARTER

SAPPI FINE PAPER

| | Quarter ended Dec 2003 US\$ million | Quarter ended Dec 2002 US\$ million | % |
|--------------------------------------|---|---|--------|
| | | | change |
| Sales | 905 | 862 | 5.0 |
| Operating (loss) profit | (34) | 57 | - |
| Operating (loss) profit to sales (%) | (3.7) | 6.6 | - |

Our fine paper business continued to be impacted by low prices and higher costs in all regions. In the United States this was exacerbated by weak demand and the high level of imports. Our South African business was faced with increased competition from imports as a result of the relatively strong currency. The average exchange rate was R6.86 per US Dollar in the quarter compared to R9.73 a year earlier.

The highlight of the quarter was improving order levels and sales volumes in Europe, primarily for the European market.

We are focusing management attention on improving the performance of our North American business.

Europe

| | Quarter ended Dec 2003 US\$ million | Quarter ended Dec 2002 US\$ million | % change (US\$) | % change (Euros) |
|-------------------------------|---|---|--------------------|---------------------|
| Sales | 518 | 434 | 19.4 | 0.4 |
| Operating profit | 15 | 39 | (61.5) | (67.8) |
| Operating profit to sales (%) | 2.9 | 9.0 | - | - |

Our sales volumes, including exports, increased 12% compared to a year earlier, reflecting the stronger apparent consumption in Europe.

Price pressure continued in the quarter and average prices realised in Euros were about 10% below a year earlier. This includes the effect of the relatively weaker US Dollar on the realised value of exports to the United States and elsewhere.

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North America

| | Quarter ended Dec 2003 US\$ million | Quarter ended Dec 2002 US\$ million | % |
|--------------------------------------|---|---|--------|
| | | | change |
| Sales | 316 | 369 | (14.4) |
| Operating (loss) profit | (54) | 9 | - |
| Operating (loss) profit to sales (%) | (17.1) | 2.4 | - |

There has been no sign of a recovery in our sector in the United States despite strong economic growth figures. In the past there has generally been a good but lagging correlation between corporate profits and coated paper consumption, which we still expect will result in improved consumption of coated fine paper once market inventories return to normal levels.

The underlying performance of our North American business was unsatisfactory and the results were further impacted by the charges for the paper machine closure, staff reduction and increased major shut costs. The closure of the Westbrook paper machine and transfer of its output proceeded smoothly and we expect to see the benefits in subsequent quarters.

Sales volume of coated fine paper was 11% lower than last year reflecting industry conditions. This reduction is emphasised by the strong seasonal demand in the comparative quarter last year.

Average prices realised for paper were 6% lower than last year and 3% lower compared to the prior quarter, which includes the effect of a mix-shift to lower priced products. We have continued to enhance our product offerings and are in a strong position to meet our customers' requirements and to benefit from the stronger economy.

Operating costs were influenced by the higher wood and energy costs and this trend has continued into our second quarter.

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Fine Paper South Africa

| | Quarter ended Dec 2003 US\$ million | Quarter ended Dec 2002 US\$ million | % change (US\$) | % change (Rands) |
|----------------------------------|---|---|--------------------|---------------------|
| Sales | 71 | 59 | 20.3 | (15.2) |
| Operating profit | 5 | 9 | (44.4) | (60.8) |
| Operating profit to sales (%) | 7.0 | 15.3 | - | - |

Demand in the South African market was firm in the quarter; however, the strength of the Rand has resulted in increased competition from imports and downward pressure on prices. This has resulted in a continued squeeze on our margins.

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| Forest Products | Quarter ended Dec 2003 US\$ million | Quarter ended Dec 2002 US\$ million | % change (US\$) | % change (Rands) |
|----------------------------------|---|---|--------------------|---------------------|
| Sales | 215 | 157 | 36.9 | (3.5) |
| Operating profit | 35 | 37 | (5.4) | (33.3) |
| Operating profit to sales (%) | 16.3 | 23.6 | - | - |

Demand in the local market was firm in the quarter. Our dissolving pulp business continued to perform well with good demand from the viscose and acetate markets.

Our total volume of pulp and paper sold increased 14% compared to a year earlier. Average prices realised were 12% lower in Rands but as a result of currency translation, significantly higher in US Dollars than a year earlier.

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OUTLOOK

World economic conditions appear to be improving on a wide front. We are seeing improved demand in Europe, which we expect to continue.

Our biggest turnaround opportunity remains in the United States where the paper sector has not yet benefited from the strength of GDP growth.

We expect strong demand to continue for our South African businesses but the volatility of the Rand continues to play a major role in their profitability.

With no recovery yet discernible in our fine paper business in the United States, and assuming no marked changes in our other major markets, the next quarter's earnings are likely to be at a similar level to the last quarter excluding charges and additional costs. Given the delay in the turnaround it is now less likely that we will achieve an improvement in earnings for the full fiscal year compared to 2003, before the paper machine closure and staff reduction charges.

On behalf of the Board

J C A LESLIE
Director

D G WILSON
Director

2 February 2004

[GRAPHICS OMITTED]

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(Registration number 1936/008963/06)
NYSE CODE: SPP
JSE CODE: SAP
ISIN CODE: ZAE 000006284

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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. 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 and pricing), adverse changes in the markets for the group's products, consequences of substantial leverage, 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.

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Conformed financial results for the first
quarter ended December 2003

Form S-8 version

[GRAPHIC OMITTED]

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GROUP INCOME STATEMENT

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| | REVIEWED QUARTER ENDED DEC 2003 US\$ MILLION | Reviewed Quarter ended Dec 2002 US\$ million | % cha |
|--|--|--|-------|
| SALES | 1,120 | 1,019 | |
| Cost of sales | 995 | 847 | |
| Gross profit | 125 | 172 | (27) |
| Selling, general & administrative expenses | 125 | 77 | |
| OPERATING PROFIT | - | 95 | (100) |
| Net finance costs | 28 | 29 | |
| Net paid | 26 | 25 | |
| Capitalised | (1) | (1) | |
| Net foreign exchange (gains) losses | (2) | 5 | |
| Change in fair value of financial instruments | 5 | - | |
| (LOSS) PROFIT BEFORE TAX | (28) | 66 | |
| Taxation - current | 8 | 14 | |
| - deferred | (15) | 1 | |
| NET (LOSS) PROFIT | (21) | 51 | |
| (LOSS) EARNINGS PER SHARE (US CENTS) | (9) | 22 | |
| Weighted average number of shares in issue (millions) | 226.5 | 230.1 | |
| Diluted (loss) earnings per share (US cents) | (9) | 22 | |
| Weighted average number of shares on fully diluted basis (millions) | 228.4 | 233.1 | |

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GROUP BALANCE SHEET

| | REVIEWED DEC 2003 US\$ MILLION | Audited Sept 2003 US\$ million |
|-------------------------------|--------------------------------------|--------------------------------------|
| ASSETS | | |
| NON-CURRENT ASSETS | 4,454 | 4,242 |
| Property, plant and equipment | 3,697 | 3,554 |

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| | | |
|--|-------|-------|
| Plantations | 461 | 432 |
| Deferred taxation | 44 | 41 |
| Other non-current assets | 252 | 215 |
| | ----- | ----- |
| CURRENT ASSETS | 1,422 | 1,575 |
| | ----- | ----- |
| Cash and cash equivalents | 398 | 584 |
| Trade and other receivables | 280 | 290 |
| Inventories | 744 | 701 |
| | ----- | ----- |
| TOTAL ASSETS | 5,876 | 5,817 |
| | ----- | ----- |
| EQUITY AND LIABILITIES | | |
| SHAREHOLDERS' EQUITY | | |
| Ordinary shareholders' interest | 1,937 | 1,945 |
| NON-CURRENT LIABILITIES | | |
| | ----- | ----- |
| Interest-bearing borrowings | 1,814 | 1,742 |
| Deferred taxation | 527 | 517 |
| Other non-current liabilities | 320 | 282 |
| | ----- | ----- |
| CURRENT LIABILITIES | 1,278 | 1,331 |
| | ----- | ----- |
| Interest-bearing borrowings and bank overdraft | 278 | 333 |
| Taxation payable | 79 | 82 |
| Other current liabilities | 856 | 916 |
| Shareholders for dividend | 65 | - |
| | ----- | ----- |
| TOTAL EQUITY AND LIABILITIES | 5,876 | 5,817 |
| | ----- | ----- |
| Number of shares in issue at balance sheet date (millions) | 226.1 | 226.9 |

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GROUP CASH FLOW STATEMENT

| | REVIEWED QUARTER ENDED DEC 2003 US\$ MILLION | Reviewed Quarter ended Dec 2002 US\$ million |
|--|--|--|
| CASH GENERATED BY OPERATIONS | 106 | 178 |
| Movement in working capital | (113) | (142) |
| Net finance costs | (26) | (30) |
| Taxation paid | (15) | (5) |
| | ----- | ----- |
| CASH (UTILISED) RETAINED FROM OPERATING ACTIVITIES | (48) | 1 |

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| | | |
|---|-------|------|
| Cash effects of investing activities | (89) | (34) |
| | (137) | (33) |
| Cash effects of financing activities | (74) | 39 |
| | (211) | 6 |
| NET MOVEMENT IN CASH AND CASH EQUIVALENTS | | |

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | REVIEWED QUARTER ENDED DEC 2003 US\$ MILLION | Reviewed Quarter ended Dec 2002 US\$ million |
|--|--|--|
| Balance - beginning of year | 1,958 | 1,601 |
| Change in accounting policy | (13) | (4) |
| | 1,945 | 1,597 |
| Balance - beginning of year restated | 1,945 | 1,597 |
| Net (loss) profit | (21) | 51 |
| Foreign currency translation reserve | 88 | 154 |
| Revaluation of derivative instruments | 2 | (11) |
| Dividends declared - US\$0.29 (2003: US\$0.28) per share | (66) | (65) |
| Share buybacks net of transfers to participants of the share purchase trust | (11) | (5) |
| | 1,937 | 1,721 |
| Balance - end of period | 1,937 | 1,721 |

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NOTES TO THE GROUP RESULTS

1. Basis of preparation

The financial statements are prepared in conformity with South African Statements of Generally Accepted Accounting Practice (SA GAAP). The preliminary results have been prepared in compliance with AC 127 (Interim financial reporting) and are based on accounting policies which are consistent with those used in the annual financial statements. The same accounting policies have been followed as in the annual financial statements for September 2003, except for the new agriculture accounting standard - Agriculture - AC 137 (IAS 41) which became effective during the period.

The effect on equity for the above change is reflected in the Group statement of changes in shareholders' equity. The effect on net profit for the current period is an increase of US\$7 million (September 2003 quarter: decrease of US\$1 million; December 2002 quarter: decrease of US\$1 million). Where appropriate, comparative figures have been restated.

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The preliminary results for the quarter have been reviewed by the group's auditors, Deloitte & Touche. Their unqualified review report is available for inspection at the company's registered offices.

2. Comparative figures

Comparative figures have been restated to take into account the effects of the new agriculture accounting standard which became effective during the period. The effect on operating profit is the inclusion of the market value changes in the value of plantations and the expensing of the costs incurred to establish and maintain plantations (siliviculture costs) and the amortisation of interest which had been previously capitalised. Net finance costs have increased. In terms of the new accounting standard, interest is no longer capitalised to the carrying value of plantations.

The effect on the cash flow statement is a reclassification of investments in plantations from cash utilised in investing activities to cash generated by operations. Net cash flows remain the same.

In September 2003, cash and overdraft were restated to gross up amounts previously set-off. The December 2002 cash flow statement has been restated to take the effects of this into account.

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NOTES TO THE GROUP RESULTS (CONTINUED)

| | REVIEWED QUARTER ENDED DEC 2003 US\$ MILLION | Reviewed Quarter ended Dec 2002 US\$ million |
|---|--|--|
| <hr/> | | |
| 3. OPERATING PROFIT | | |
| Included in operating profit are the following non-cash items: | | |
| Depreciation and amortisation | | |
| Depreciation of property, plant and equipment | 100 | 85 |
| Fellings* | 14 | 8 |
| Other amortisation | - | 1 |
| | <hr/> | <hr/> |
| | 114 | 94 |
| <hr/> | | |
| Fair value adjustment on plantations (included in cost of sales) | | |
| Changes in volume | (15) | (10) |
| Changes in fair value | (7) | 1 |
| | <hr/> | <hr/> |

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| | (22) | (9) |
|-------------------------------|--------------|--------------|
| ----- | | |
| 4. CAPITAL EXPENDITURE | | |
| Property, plant and equipment | 83 | 38 |
| ----- | | |
| | REVIEWED | Audited |
| | DEC 2003 | Sept 2003 |
| | US\$ MILLION | US\$ million |
| ----- | | |
| 5. CAPITAL COMMITMENTS | | |
| Contracted but not provided | 98 | 86 |
| Approved but not contracted | 200 | 193 |
| ----- | | |
| | 298 | 279 |
| ----- | | |
| 6. CONTINGENT LIABILITIES | | |
| Guarantees and suretyships | 47 | 47 |
| Other contingent liabilities | 24 | 24 |
| ----- | | |

* the amount amortised in the income statement representing the standing value of the plantations harvested

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 SUPPLEMENTAL INFORMATION

ADDITIONAL INFORMATION

| | REVIEWED QUARTER ENDED DEC 2003 US\$ MILLION | Reviewed Quarter ended Dec 2002 US\$ million |
|--|--|--|
| 1. NET (LOSS) PROFIT TO EBITDA* RECONCILIATION | | |
| Net (loss) profit | (21) | 51 |
| Net finance costs | 28 | 29 |
| Taxation - current | 8 | 14 |
| - deferred | (15) | 1 |
| Depreciation | 100 | 85 |
| Amortisation (including fellings) | 14 | 9 |
| ----- | | |
| EBITDA* | 114 | 189 |
| ===== | | |

* Earnings before interest (net finance costs), tax, depreciation and amortisation

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 and recalculated EBITDA to exclude interest (net finance costs), taxes,

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depreciation and amortisation (including fellings). As a result our definition has been amended to retain non-trading profit/loss as part of EBITDA. The comparative information has been restated to take this into account. There was no effect on EBITDA in the current and prior year quarter for the amended definition.

We use EBITDA as an internal measure of performance and believe it is a useful and commonly used measure of financial performance in addition to operating profit and other profitability measures under SA GAAP. EBITDA is not a measure of performance under SA GAAP. EBITDA should not be construed as an alternative to operating profit as an indicator of the company's operations in accordance with SA GAAP. EBITDA is also presented to assist our shareholders and the investment community in interpreting our financial results. This financial measure is regularly used as a means of comparison of companies in our industry by removing certain differences between companies such as depreciation methods, financing structures and taxation regimes. Different companies and analysts may calculate EBITDA differently, so making comparisons among companies on this basis should be done very carefully.

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 SUPPLEMENTAL INFORMATION

ADDITIONAL INFORMATION (CONTINUED)

| | REVIEWED QUARTER ENDED DEC 2003 US\$ MILLION | Reviewed Quarter ended Dec 2002 US\$ million |
|---|--|--|
| ----- | | |
| 2. CALCULATION OF HEADLINE EARNINGS | | |
| Headline (loss) earnings** | (21) | 51 |
| Headline earnings per share (US cents) | (9) | 22 |
| Weighted average number of shares in issue (millions) | 226.5 | 230.1 |
| Diluted headline earnings per share (US cents) | (9) | 22 |
| Weighted average number of shares on fully diluted basis (millions) | 228.4 | 233.1 |

** Headline (loss) earnings disclosure is required by the JSE Securities Exchange South Africa. The reconciling differences between Net (loss) profit and Headline (loss) earnings are immaterial.

| | Dec 2003 | Sept 2003 | June 2003 | March 2003 | Dec 2002 |
|-------------------------------|-------------|--------------|--------------|---------------|-------------|
| ----- | | | | | |
| 3. EXCHANGE RATES | | | | | |
| Exchange rates: | | | | | |
| Period end rate: US\$1 = ZAR | 6.7951 | 7.1288 | 7.4300 | 7.9550 | 8.7200 |
| Average rate for the Quarter: | | | | | |
| US\$1 = ZAR | 6.8569 | 7.3866 | 7.6305 | 8.3550 | 9.7265 |
| Average rate for the YTD: | | | | | |
| US\$1 = ZAR | 6.8569 | 8.3300 | 8.6173 | 9.0866 | 9.7265 |

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| | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|
| Period end rate: EUR1 = US\$ | 1.2410 | 1.1475 | 1.1417 | 1.0729 | 1.0387 |
| Average rate for the Quarter: | | | | | |
| EUR1 = US\$ | 1.1887 | 1.1328 | 1.1236 | 1.0686 | 0.9995 |
| Average rate for | | | | | |
| the YTD: EUR1 = US\$ | 1.1887 | 1.0804 | 1.0655 | 1.0334 | 0.9995 |

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

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

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SUPPLEMENTAL INFORMATION

REGIONAL INFORMATION

| | | REVIEWED QUARTER ENDED DEC 2003 METRIC TONS (000'S) | Reviewed Quarter ended Dec 2002 Metric tons (000's) | % change |
|-------------------|---------------------------|--|--|----------|
| SALES | | | | |
| Fine Paper - | North America | 337 | 368 | (8.4) |
| | Europe | 588 | 525 | 12.0 |
| | Southern Africa | 72 | 74 | (2.7) |
| ----- | | | | |
| | Total | 997 | 967 | 3.1 |
| Forest Products - | Pulp and paper operations | 384 | 337 | 13.9 |
| | Forestry operations | 317 | 298 | 6.4 |
| ----- | | | | |
| Total | | 1,698 | 1,602 | 6.0 |

| | | REVIEWED QUARTER ENDED DEC 2003 US\$ MILLION | Reviewed Quarter ended Dec 2002 US\$ million | % change |
|-------------------|---------------------------|--|--|----------|
| SALES | | | | |
| Fine Paper - | North America | 316 | 369 | (14.4) |
| | Europe | 518 | 434 | 19.4 |
| | Southern Africa | 71 | 59 | 20.3 |
| ----- | | | | |
| | Total | 905 | 862 | 5.0 |
| Forest Products - | Pulp and paper operations | 201 | 145 | 38.6 |
| | Forestry operations | 14 | 12 | 16.7 |
| ----- | | | | |
| Total | | 1,120 | 1,019 | 9.9 |

OPERATING PROFIT

| | | | | |
|--------------|-----------------|------|----|--------|
| Fine Paper - | North America | (54) | 9 | - |
| | Europe | 15 | 39 | (61.5) |
| | Southern Africa | 5 | 9 | (44.4) |

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| | | | | |
|-----------------|-------|------|----|---------|
| | Total | (34) | 57 | - |
| Forest Products | | 35 | 37 | (5.4) |
| Corporate | | (1) | 1 | - |
| <hr/> | | | | |
| Total | | - | 95 | (100.0) |

22

SAPPI ORDINARY SHARES

[GRAPHIC OMITTED]

ADR PRICE (NYSE TICKER: SPP) NOTE: (1 ADR = 1 SAPPI SHARE)

[GRAPHIC OMITTED]

23

Transfer Secretaries:

| | | |
|------------------------|-------------------------|-------------------------|
| South Africa: | United States | United Kingdom: |
| Computershare Limited | ADR Depository: | Capita Registrars |
| 70 Marshall Street | The Bank of New York | The Registry |
| Johannesburg 2001 | Investor Relations | 34 Beckenham Road |
| PO Box 61051 | PO Box 11258 | Beckenham, Kent |
| Marshalltown 2107 | Church Street Station | BR3 4TU, DX 91750 |
| Tel +27 (0)11 370-5000 | New York, NY 10286-1258 | Beckenham West |
| | Tel + 1 610 382 7836 | Tel +44 (0)208 639-2157 |

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www.sappi.com

SIGNATURES

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

SAPPI LIMITED

by /s/ D.G. Wilson

Name: D.G. Wilson
Title: Executive Director: Finance

Date: February 19, 2004