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SAPPI LTD  
Form 6-K  
May 11, 2004

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Report of Foreign Private Issuer

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

under the Securities Exchange Act of 1934

For the month of May, 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

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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-

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

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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.

SAPPI

The word for fine paper

results for the quarter and half-year ended  
March 2004

[graphic omitted]

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

Sales by product group \*

[pie chart omitted]	-----Coated fine paper	64%	magno
	-----Uncoated fine paper	5%	
	-----Coated specialities	9%	
	-----Pulp	12%	HannoArt
	-----Commodity paper	9%	
	-----Other	1%	Lustro

Sales: where the product is manufactured\*

[pie chart omitted]	-----North America	28%	Somerset
	-----Europe	47%	
	-----Southern Africa	25%	McCoy

Sales: where the product is sold\*

[pie chart omitted]	-----North America	30%	AVALON
	-----Europe	43%	
	-----Asia and other	13%	
	-----Southern Africa	14%	enigma

Geographic ownership\*\*

[pie chart omitted]	-----Europe and ROW+	14%	Typek
	-----Southern Africa	48%	
	-----North America	38%	

- \* ended March 2004
- \*\* as at 31 March 2004
- + Rest of the world

SAPPI LIMITED  
RESULTS FOR THE QUARTER ENDED MARCH 2004

- o EPS 10 US cents
- o Coated paper prices low; increases announced in Europe and North America
- o Strong demand in Europe
- o US shipments increasing
- o Forest Products performance strong despite continued Rand strength

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SUMMARY

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	Quarter ended			Half-year ended	
	March 2004	Dec 2003	March** 2003	March 2004	March** 2003
Sales (US\$ million)	1,185	1,120	1,095	2,305	2,114
Operating profit (US\$ million)	56	-	108	56	203
EBITDA (US\$ million) *	173	114	194	287	383
Operating profit to sales (%)	4.7	-	9.9	2.4	9.6
EBITDA to sales (%) *	14.6	10.2	17.7	12.5	18.1
Operating profit to average net assets (%)	4.9	-	10.9	2.5	10.5
Headline EPS (US cents)	10	(9)	25	1	47
EPS (US cents)	10	(9)	25	1	47
Return on equity (%) *	4.7	(4.3)	13.1	0.2	12.7
Net debt (US\$ million) *	1,753	1,694	1,509	1,753	1,509
Net debt to total capitalisation (%) *	35.6	34.7	34.6	35.6	34.6

\*Refer to page 15, Supplemental Information for the definition of the term

\*\*Restated for AC137

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COMMENT

The underlying performance for the quarter improved compared to the prior quarter as a result of a better performance from our European fine paper and South African forest products businesses and a reduction in the losses from our North American business.

In North America, commercial printers are starting to show clear signs of a turnaround in demand for paper, reflecting improvements in the US economy. This pick-up in consumption was only evident towards the end of the quarter and did not have a major impact on demand statistics. Shipments of coated fine paper from US producers were up 3% on the same quarter last year while net imports fell sharply. Magazine advertising pages were 2% below the equivalent quarter last year. Demand for coated fine paper in Western Europe continued to show healthy improvement with apparent consumption for the quarter 6% above the equivalent quarter last year and total shipments by European manufacturers were up 8% on the prior year.

Prices in both major markets remained at cyclical lows in the quarter. Tightening supply conditions only presented the opportunity to announce price increases for implementation after the end of the reporting period.

Against this background, Sappi's earnings and headline earnings per share were 10 US cents compared to 25 US cents a year earlier and a loss in the December quarter, after charges related to a machine closure and additional maintenance shut costs.

We maintain our focus on costs, which were generally well managed in local currency terms in the quarter. Costs of wood and energy remain high in North America. Selling, General and Administrative costs fell from the prior quarter but were US\$24 million higher than last year primarily due to currency (US\$10 million) and the US\$10 million credit relating to retirement costs reported

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last year. The favourable impact of applying the Agriculture Accounting Standard - AC137 (IAS41) in the quarter compared to applying our previous accounting policy was US\$7 million after tax.

Net finance costs at US\$26 million were US\$2 million below the December quarter.

Taxation for the quarter was at an effective rate of 23%, which is higher than the expected rate for the full year.

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#### CASH FLOW AND DEBT

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Cash generated by operations increased strongly compared to the December quarter to US\$184 million, a similar level to last year.

Working capital increased by US\$31 million mainly as a result of higher inventories.

Capital expenditure for the quarter was US\$84 million, similar to the first quarter and approximately 82% of depreciation.

Net debt increased by US\$59 million during the quarter. The annual dividend payment of US\$66 million was paid in January 2004 and a pension funding payment of US\$19 million was also made in the quarter.

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#### OPERATING REVIEW FOR THE QUARTER

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##### SAPPI FINE PAPER

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	QUARTER ENDED MARCH 2004 US\$ MILLION	Quarter ended March 2003 US\$ million	ch
Sales	967	904	
Operating profit	10	72	(
Operating profit to sales (%)	1.0	8.0	
EBITDA	98	147	(
EBITDA to sales (%)	10.1	16.3	

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RONOA pa (%)	1.2	9.2
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Sappi Fine Paper volumes and average prices in Dollar terms both increased; however, low prices in local currencies and increases in pulp, wood and energy costs continue to squeeze our margins.

Demand in Europe and South Africa remains good and we are seeing signs of a pick up, in domestic volumes, in North America.

EUROPE

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	QUARTER ENDED MARCH 2004 US\$ MILLION	Quarter ended March 2003 US\$ million	% change (US\$)	% cha (Eu
Sales	556	503	10.5	(
Operating profit	27	42	(35.7)	(4
Operating profit to sales (%)	4.9	8.3	-	
EBITDA	77	83	(7.2)	(2
EBITDA to sales (%)	13.8	16.5	-	
RONOA pa (%)	6.1	11.0	-	

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Our sales volume has continued to grow and was 3% higher than the equivalent quarter last year and 4% above the December quarter. Domestic European sales volumes increased 6% on the prior quarter but export volumes to the US which are included in Sappi Fine Paper Europe's total volumes have declined.

Prices in European and overseas markets fell early in the quarter but stabilised in March. Average prices realised in Euros were 9% below a year earlier and slightly down on the December quarter.

During the quarter we announced a price increase of 5% to 7% for coated fine paper which should become effective in the June quarter.

We have continued to manage our costs effectively and despite the low prices have achieved an EBITDA to sales margin of 13.8% for the quarter.

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North America

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QUARTER ENDED	Quarter ended
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	MARCH 2004 US\$ MILLION	March 2003 US\$ million	% change
Sales	339	338	0.3
Operating profit	(20)	20	-
Operating profit to sales (%)	(5.9)	5.9	-
EBITDA	15	51	(70.6)
EBITDA to sales (%)	4.4	15.1	-
RONOA pa (%)	5.8	5.4	-

Although our North American business improved on the prior quarter, it still reported an operating loss in the quarter under review.

Volumes sold were higher than the equivalent quarter last year representing some gain in share. Volumes were up 7% from the December quarter.

Prices remained at approximately the same low level as in the December quarter. As a result of improving operating rates and order backlogs, we have announced a price increase of US\$50 per ton on certain coated fine paper sheets and an increase of US\$60 per ton on coated fine paper web products which becomes effective in June.

Costs of wood and energy continue to impact profitability and remain at high levels. These costs were US\$9 million above the same quarter last year and US\$3 million higher than the prior quarter.

South Africa

	QUARTER ENDED MARCH 2004 US\$ MILLION	Quarter ended March 2003 US\$ million	% change (US\$)	% change (Rand)
Sales	72	63	14.3	(6.0)
Operating profit	3	10	(70.0)	(75.0)
Operating profit to sales (%)	4.2	15.9	-	-
EBITDA	6	13	(53.8)	(62.0)
EBITDA to sales (%)	8.3	20.6	-	-
RONOA pa (%)	7.4	33.3	-	-

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The performance of our South African fine paper business was affected by low prices resulting from increased competition and the strong Rand. There are some signs that growing demand in Asia will absorb greater volumes and therefore reduce import pressure.

### SAPPI FOREST PRODUCTS

	QUARTER ENDED MARCH 2004 US\$ MILLION	Quarter ended March 2003 US\$ million	% change (US\$)	% change (Rands)
Sales	218	191	14.1	(7.0)
Operating profit	48	33	45.5	18.5
Operating profit to sales (%)	22.0	17.3	-	-
EBITDA	77	44	75.0	42.5
EBITDA to Sales (%)	35.3	23.0	-	-
RONOA pa (%)	15.4	14.4	-	-

Demand for our pulp and packaging paper was firm during the quarter. Our paper exports were lower as a result of the strong Rand and newsprint sales were lower as customers adjusted inventories.

Demand for dissolving pulp produced by our Saiccor mill remains strong. Saiccor has a world-class cost position and is taking a number of steps to increase capacity through de-bottlenecking projects. The first step, which is already underway, will increase output by 20,000 tons based on the current product mix. Further plans are being investigated to add an additional 30,000 tons of capacity.

Pulp prices have continued to increase with average NBSK prices for the quarter up US\$ 35 per ton on the previous quarter and have partly offset the impact of the strong Rand on our pricing.

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### OUTLOOK

We are seeing signs of a turnaround in profitability for coated fine paper.

Advertising spending in Europe is growing, as is apparent consumption of coated fine paper, which bodes well for the price increases currently being introduced.



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Imports of coated fine paper to the US from Asia and Europe have declined partly as a result of improved demand in those regions and partly as a result of less attractive price realisations. US domestic shipments have strengthened and order backlogs are increasing. The combination of these factors and signs of improved printer activity will support the announced price increases. However, these coated paper price increases in North America are not expected to have a major impact on our results until the fourth fiscal quarter.

Pulp prices continue to strengthen, which will support the performance of our Forest Products business.

We will have to absorb the costs of two major maintenance shuts next quarter at our Cloquet and Ngodwana mills. In addition to this, we face continued pressure from rising energy costs globally and high wood costs in North America.

Overall, market developments are encouraging and with rising price trends, we expect to see further improvement in our earnings in our third quarter compared to the second quarter.

On behalf of the Board

J C A LESLIE  
Director

D G WILSON  
Director

10 May 2004

sappi limited  
(Registration number 1936/008963/06)

ISSUER CODE: SAVVI  
JSE CODE: SAP  
ISIN CODE: ZAE 000006284

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### FORWARD-LOOKING STATEMENTS

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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

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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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### FINANCIAL RESULTS FOR THE QUARTER AND HALF-YEAR ENDED MARCH 2004

[graphic omitted]

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Sappi Limited

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GROUP INCOME STATEMENT  
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	Reviewed Quarter ended March 2004 US\$ million	Reviewed Quarter ended March 2003 US\$ million	% change		Reviewed Half-year ended March 2004 US\$ million
Sales	1,185	1,095	8.2		2,185
Cost of sales	1,030	913			2,000
Gross profit	155	182	(14.8)		185
Selling, general & administrative expenses	99	75			174
	56	107			163
Other income	-	1			1
Operating profit	56	108	(48.1)		113
Net finance costs	26	32			58

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Net paid		26			29			
Capitalised		-			-			
Net foreign exchange (gains) losses		(4)			3			
Change in fair value of financial instruments		4			-			
-----								
Profit before tax		30			76			(60.5)
Taxation - current		10			17			
- deferred		(3)			1			
-----								
Net profit		23			58			(60.3)
=====								
Earnings per share (US cents)		10			25			
Headline earnings per share (US cents) *		10			25			
Weighted average number of shares in issue (millions)		226.1			229.4			22
Diluted earnings per share (US cents)		10			25			
Diluted headline earnings per share (US cents) *		10			25			
Weighted average number of shares on fully diluted basis (millions)		228.3			232.1			22
Calculation of Headline earnings *								
Net profit		23			58			
Profit on disposal of business and property, plant & equipment		-			(1)			
Mill closure costs		-			1			
-----								
Headline earnings		23			58			
=====								

\* Headline earnings disclosure is required by the JSE Securities Exchange South Africa.

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Sappi Limited

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GROUP BALANCE SHEET  
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Reviewed  
March 2004  
US\$ million  
Audited  
Sept 2003  
US\$ million  
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ASSETS

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Non-current assets	4,501	4,242
Property, plant and equipment	3,679	3,554
Plantations	491	432
Deferred taxation	51	41
Other non-current assets	280	215
Current assets	1,373	1,575
Cash and cash equivalents	332	584
Trade and other receivables	265	290
Inventories	776	701
Total assets	5,874	5,817
EQUITY AND LIABILITIES		
Shareholders' equity		
Ordinary shareholders' interest	1,991	1,945
Non-current liabilities	2,506	2,541
Interest-bearing borrowings	1,652	1,742
Deferred taxation	537	517
Other non-current liabilities	317	282
Current liabilities	1,377	1,331
Interest-bearing borrowings and bank overdraft	433	333
Taxation payable	85	82
Other current liabilities	859	916
Total equity and liabilities	5,874	5,817
Number of shares in issue at balance sheet date (millions)	226.2	226.9

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GROUP CASH FLOW STATEMENT

	Reviewed Quarter ended March 2004 US\$ million	Reviewed Quarter ended March 2003 US\$ million	Reviewed Half-year ended March US\$ million
Cash generated by operations	184	195	
Movement in working capital	(31)	(23)	
Net finance costs	(26)	(31)	
Taxation (paid) recovered	(4)	30	
Dividends paid	(66)	(65)	
Cash retained from operating activities	57	106	
Cash effects of investing activities	(96)	(58)	
Cash effects of financing activities	(25)	48	(36)
Net movement in cash and cash equivalents	(64)	12	

Sappi Limited

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed Half-year ended March 2004 US\$ million	Reviewed Half-year ended March US\$ million
Balance - beginning of year	1,958	
Change in accounting policy	(13)	
Balance - beginning of year restated	1,945	
Net profit	2	
Foreign currency translation reserve	128	
Revaluation of derivative instruments	(7)	
Dividends declared - US\$ 0.29 (2003: US\$ 0.28) per share	(66)	
Share buybacks net of transfers to participants of the share		

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purchase trust	(11)
Balance - end of period	1,991

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### NOTES TO THE GROUP RESULTS

#### 1. Basis of preparation

The annual financial statements are prepared in conformity with South African Statements of Generally Accepted Accounting Practice (SA GAAP). These quarterly 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 from the beginning of the current financial year.

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 quarter is an increase of US\$7 million, net of US\$3 million tax (December 2003 quarter: increase of US\$7 million, net of US\$3 million tax; March 2003 quarter: minimal impact) and an increase of US\$14 million, net of US\$6 million tax for the half-year end (March 2003: a decrease of US\$1 million, net of US\$1 million tax). Where appropriate, comparative figures have been restated.

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 from the beginning of the current financial year. The effect on operating profit is the inclusion of the fair value changes in the value of plantations and the expensing of the costs incurred to establish and maintain plantations (silviculture 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.

Operating profit has been restated to take into account the requirements of

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circular 3/2004 issued by the South African Institute of Chartered Accountants. Previously non-trading (profit) loss items were excluded from operating profit. The impact of the inclusion is an increase in operating profit of US\$1 million for the quarter and half-year ended March 2003.

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

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NOTES TO GROUP RESULTS (CONTINUED)

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	Reviewed Quarter ended March 2004 US\$ million	Reviewed Quarter ended March 2003 US\$ million	Rev Half-year March US\$ mi
3. Operating profit			
Included in operating profit are the following non-cash items:			
Depreciation and amortisation			
Depreciation of property, plant and equipment	103	85	20
Fellings	13	1	2
Other amortisation	1	-	
	117	86	23
Fair value adjustment (gains) on plantations (included in cost of sales)			
Changes in volume	(13)	(10)	(2)
Changes in fair value	(17)	(2)	(2)
	(30)	(12)	(5)
4. Capital expenditure			
Property, plant and equipment	84	62	16
<hr/>			
5. Capital commitments			Rev March US\$ mi
Contracted but not provided			10
Approved but not contracted			17

	-----	27
	-----	
6. Contingent liabilities		
Guarantees and suretyships		4
Other contingent liabilities		2
	-----	

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Sappi Limited

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 SUPPLEMENTAL INFORMATION  
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DEFINITIONS

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

\* EBITDA - earnings before interest (net finance costs), tax, depreciation and amortisation

\* EBITDA to sales - EBITDA divided by sales

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

Headline earnings - as defined in circular 7/2002 issued by the South African Institute of Chartered Accountants, separates from earnings all items of a capital nature. It is not necessarily a measure of sustainable earnings. It is a listing requirement of the JSE Securities Exchange South Africa to disclose headline earnings per share.

\* Net assets - total assets less current liabilities

\* Net asset value - shareholders' equity plus net deferred tax

\* Net asset value per share - net asset value divided by the number of shares in issue at balance sheet date.

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

\* Net debt to total capitalisation - Net debt divided by shareholders' equity plus minority interest, non-current liabilities, current interest-bearing borrowings and overdraft

\* ROE - return on average equity. Net profit divided by average shareholders' equity

\* RONA - operating profit divided by average net assets



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\* RONOA - operating profit divided by average net operating assets. Net operating assets are total assets (excluding deferred taxation and cash) less current liabilities (excluding interest-bearing borrowings and bank overdraft)

\* The above financial measures, other than headline earnings per share, are presented to assist our shareholders and the investment community in interpreting our financial results. These financial measures are regularly used and compared between companies in our industry.

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Sappi Limited

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 SUPPLEMENTAL INFORMATION  
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additional information

	Reviewed Quarter ended March 2004 US\$ million	Reviewed Quarter ended March 2003 US\$ million	Half-year March US\$ m
-----			
Net profit to EBITDA * reconciliation			
Net profit	23	58	
Net finance costs	26	32	
Taxation - current	10	17	
- deferred	(3)	1	
Depreciation	103	85	
Amortisation (including fellings)	14	1	
-----			
EBITDA *	173	194	
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Net debt (US\$ million) \*\*

Net debt to total capitalisation (%) \*\*

Net asset value per share (US\$) \*\*

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\* In connection with the US Securities Exchange Commission ("SEC") rules relating to "Condition Non-GAAP Financial Measures", we have reconciled EBITDA to net profit rather than operating recalculated EBITDA to exclude interest (net finance costs), taxes, depreciation and amortis fellings). As a result our definition has been amended to retain other income/expenses (prev non-trading profit/loss) as part of EBITDA. The comparative information has been restated to account. The effect on EBITDA for the amended definition is an increase of US\$1m for the qu year ended March 2003. There was no impact on the current quarter and half-year ended March

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

\*\*Refer to page 13, Supplemental Information for the definition of the term.

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Sappi Limited

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SUPPLEMENTAL INFORMATION  
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regional information

	Reviewed Quarter ended March 2004 Metric tons (000's)	Reviewed Quarter ended March 2003 Metric tons (000's)	% change	Reviewed Half-year ended March 2004 Metric tons (000's)	Reviewed Half-year ended March 2003 Metric tons (000's)
-----					
Sales -					
Fine Paper -North America	362	343	5.5	699	699
Europe	611	592	3.2	1,199	1,199
Southern Africa	74	69	7.2	146	146
-----					
Total	1,047	1,004	4.3	2,044	2,044
Forest Products Pulp and paper operations	373	395	(5.6)	757	757
Forestry operations	341	309	10.4	658	658
-----					
Total	1,761	1,708	3.1	3,459	3,459
=====					

	Reviewed Quarter ended March 2004 US\$ million	Reviewed Quarter ended March 2003 US\$ million	% change	Reviewed Half-year ended March 2004 US\$ million	Reviewed Half-year ended March 2003 US\$ million
-----					
Sales					

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Fine Paper -North America	339	338	0.3	655
Europe	556	503	10.5	1,074
Southern Africa	72	63	14.3	143
-----				
Total	967	904	7.0	1,872
Forest Products Pulp and paper operations	203	178	14.0	404
Forestry operations	15	13	15.4	29
-----				
Total	1,185	1,095	8.2	2,305
=====				

Operating profit

Fine Paper -North America	(20)	20	-	(74)
Europe	27	42	(35.7)	42
Southern Africa	3	10	(70.0)	8
-----				
Total	10	72	(86.1)	(24)
Forest Products	48	33	45.5	83
Corporate	(2)	3	-	(3)
-----				
Total	56	108	(48.1)	56
=====				

Earnings before interest, tax, depreciation and amortisation charges

Fine Paper -North America	15	51	(70.6)	(5)
Europe	77	83	(7.2)	140
Southern Africa	6	13	(53.8)	14
-----				
Total	98	147	(33.3)	149
Forest Products	77	44	75.0	141
Corporate	(2)	3	-	(3)
-----				
Total	173	194	(10.8)	287
=====				

Net operating assets

Fine Paper -North America	1,396	1,458	(4.3)	1,396
Europe	1,742	1,560	11.7	1,742
Southern Africa	166	130	27.7	166
-----				
Total	3,304	3,148	5.0	3,304
Forest Products	1,283	946	35.6	1,283
Corporate	(40)	(49)	18.4	(40)
-----				
Total	4,547	4,045	12.4	4,547
=====				

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Sappi Limited

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 SUPPLEMENTAL INFORMATION  
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summary and convenience translation

	Reviewed Quarter ended March 2004	Reviewed Quarter ended March 2003	% change	Half-year March
Sales (ZAR million)	8,064	9,149	(11.9)	1
Operating profit (ZAR million)	381	902	(57.8)	
Net profit (ZAR million)	157	485	(67.6)	
EBITDA * (ZAR million)	1,177	1,621	(27.4)	
Operating profit to sales (%)	4.7	9.9		
EBITDA * to sales (%)	14.6	17.7		
Operating profit to average net assets (%)	5.0	10.9		
EPS (SA cents)	68	209	(67.5)	
Headline EPS (SA cents) *	68	209	(67.5)	
Net debt (ZAR million) *				1
Net debt to total capitalisation (%) *				
Cash generated by operations (ZAR million)	1,252	1,629	(23.1)	
Cash retained from operating activities (ZAR million)	388	886	(56.2)	
Net movement in cash and cash equivalents (ZAR million)	(436)	100	-	(

\* Refer to page 15, Supplemental Information for the definition of the term.

exchange rates

	March 2004	Dec 2003	Sept 2003	Ju 20

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Exchange rates :

Period end rate: US\$1 = ZAR	6.5738	6.7951	7.1288	7.43
Average rate for the Quarter: US\$1 = ZAR	6.8054	6.8569	7.3866	7.63
Average rate for the YTD: US\$1 = ZAR	6.8363	6.8569	8.3300	8.61
Period end rate: EUR1 = US\$	1.2150	1.2410	1.1475	1.14
Average rate for the Quarter: EUR1 = US\$	1.2497	1.1887	1.1328	1.12
Average rate for the YTD: EUR1 = US\$	1.2161	1.1887	1.0804	1.06

The financial results of entities with reporting currencies other than the US Dollar are translated at the following rates:

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

18 2004 second quarter

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 SAPPI ORDINARY SHARES  
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[GRAPHIC OMITTED]

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 ADR PRICE (NYSE TICKER: SPP) NOTE: (1 ADR = 1 SAPPI SHARE)  
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[GRAPHIC OMITTED]

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NOTES  
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20 2004 second quarter

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

[GRAPHIC OMITTED]

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SIGNATURES

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

Date: May 10, 2004

SAPPI LIMITED,

by /s/ D.G. Wilson

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Name: D. G. Wilson

Title: Executive Director: Finance