SAPPI LTD
Form 6-K
August 11, 2003

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 AUGUST, 2003

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

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 third quarter ended June 2003, furnished by the Registrant under this Form 6-K and Sappi Limited's press release dated July 31, 2003, announcing the quarter-end results, furnished by the Registrant under this Form 6-K, are incorporated by reference into the 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. 33-11304) and the Section 10(a) Prospectus dated April 3, 2001.

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.

sappi

The word for fine paper

[GLOBE GRAPHIC]

Form S-8 version

Conformed results for the third quarter ended June 2003

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third quarter
2003

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

Sappi is positioned for growth.

This growth will be achieved by:

- staying focused on branded coated fine paper, the fastest growing sector in the paper industry
- growing our leading market shares in North America and Europe and entering new areas
- providing new innovative products and services
- continuing to improve the efficiencies of our world-class assets
- supporting the coated fine paper business with a high level of pulp integration

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SALES: WHERE THE PRODUCT IS SOLD*

[Pie Chart]

North America	36%
Europe	41%
Asia and other	9%
Southern Africa	14%

SALES BY PRODUCT GROUP*

[Pie Chart]

Coated fine paper	65%
Uncoated fine paper	6%
Coated specialities	9%
Pulp	11%
Commodity paper	8%
Other	1%

SALES: WHERE THE PRODUCT IS MANUFACTURED*

[Pie Chart]

North America	32%
Europe	45%
Southern Africa	23%

GEOGRAPHIC OWNERSHIP**

[Pie Chart]

Europe and ROW+	12%
Southern Africa	41%
North America	47%

* for the nine months ended June 2003
** at end June 2003
\+ Rest of the world

- EPS 13 US cents
- Weak markets
- Planned capital expenditure trimmed
- Costs well contained

SUMMARY

	QUARTER ENDED JUNE 2003	Quarter ended March 2003	Quarter ended June 2002	NINE MONTHS ENDED JUNE 2003	Nine months ended June 2002
Sales (US$ million)	1,062	1,095	974	3,176	2,677
Operating profit (US$ million)	46	102	97	240	267
Operating profit to sales (%)	4.3	9.3	10.0	7.6	10.0
EBITDA* (US$ million)**	149	195	188	534	503
EPS (US cents)	13	25	29	61	64
Headline EPS (US cents)**	12	25	29	60	69

* Earnings before interest, tax, depreciation and amortisation (including fellings). The comparative information has been restated to take into account the changed EBITDA definition. Refer note 1 of the supplemental information for further details.
** Refer to notes 1 and 2 of the supplemental information for reconciliations of these numbers.

COMMENTS

Our markets deteriorated as the quarter progressed.

Pulp prices, which started the quarter on a rising note, ran out of steam and by the end of June NBSK pulp prices dropped US$40 per ton from the peak of US$560 per ton in May.

Demand for coated fine paper remained weak and our markets have become increasingly competitive. In Europe, industry orders excluding overseas exports were down 3% compared to a year earlier and 11 % compared to the March quarter. Including overseas exports, industry order intake was down 8% compared to the March quarter.

Although magazine advertising expenditure in the US in the quarter was up 9% compared to a year earlier, magazine advertising pages were 1 % lower. North American prices for web products have increased approximately US$40 per ton since the start of our fiscal year. Prices for domestically produced sheet products have, however, continued to decline.

The group's sales for the quarter reflected these difficult conditions and although they increased 9% compared to a year earlier the currency effect on translation into Dollars masked the decline in local currencies in South Africa and Europe. The North American business' sales were flat compared to a year earlier but included the Potlatch fine paper business for the full period this year and only half the period last year. The group's sales were down 3% compared to the March quarter.

Net profit of US$29 million was approximately half of the prior quarter and 56.1 % below the equivalent quarter last year. Headline earnings were US$2 million lower than net profit mainly as the result of profit on the sale of fixed assets.

Earnings per share for the quarter were 13 US cents, 52% of the prior quarter and 55.2% below a year earlier. Headline earnings per share were 12 US cents.

Group operating profit for the quarter decreased 52.6% to US$46 million compared to a year earlier largely as a result of weak demand and price pressure on our coated fine paper business and the pressure on prices in our Southern African businesses as a result of the weak US Dollar relative to the Rand.

Operating costs were generally well managed; however, a concentration of mill maintenance shuts in the quarter and higher inflation in South Africa led to increased costs in the Forest Products business. The real cost performance is distorted by translation to US Dollars.

Net interest paid included additional costs of US$10.5 million in respect of an investment-linked financing agreement. The impact on net finance costs, after related credits, was US$5.5 million. These costs result from the cumulative under-performance of the investment component.

Net finance costs were US$21 million compared to US$27 million in the March

quarter.

The previous quarter's report indicated our intention to swap a further US$500 million fixed rate debt to floating rates, having entered swaps for US$250 million in that quarter. In the intervening period margins widened; however, in July we were able to conclude these swaps at targeted levels. The interest benefit of the swaps based on current US$ Libor rates, amounts to US$25.1 million per annum. The expected interest benefit based on current short-term interest rates, for the last quarter of this financial year, amounts to US$5.5 million. The group's fixed to floating rate debt ratio is now 52:48.

Taxation for the quarter was a credit of US$1 million, which brings the year to date rate into line with our estimate of the full year rate of 19.2%, which is lower than our earlier estimate as a result of relatively lower profit generation in higher tax jurisdictions.

CASH FLOW AND DEBT

Cash generated by operations was US$124 million, 39.5% lower than a year earlier and 36.1 lower than the March quarter.

Capital expenditure for the quarter was US$70 million, approximately 80% of depreciation. In the light of the uncertain outlook capital expenditure for the full year, which was planned at a level of 100% of depreciation has been cut back to approximately 80% of depreciation.

Inventories increased by US$28 million excluding currency movement in the quarter, which is traditionally a quarter in which we build inventory in North America for a seasonal increase in demand.

Since our second quarter announcement we have re-purchased approximately 1.1 million shares at an average price of approximately US$12.60 per share.

OPERATING REVIEW FOR THE QUARTER
SAPPI FINE PAPER

	QUARTER ENDED JUNE 2003 US$ MILLION	Quarter ended June 2002 US$ million	% change
Sales	874	820	6.6
Operating profit	30	54	(44.4)
Operating profit to sales (%)	3.4	6.6	-

The coated fine paper business faced weakening markets in Europe and continued difficult markets in North America, where low priced imports from Asia and Europe continue to depress prices, in a quarter that is typically seasonally weak. Our Southern African business performed well despite significant price reductions in local currency in reaction to competitive pressure from imports and to the stronger Rand.

Margins and returns deteriorated significantly in the quarter.

EUROPE

	QUARTER ENDED JUNE 2003 US$ MILLION	Quarter ended June 2002 US$ million	% change (US$)	% change (Euro)
Sales	481	442	8.8	(10.9)
Operating profit	11	60	(81.7)	(85.0)
Operating profit to sales (%)	2.3	13.6	-	-

Our sales volume increased slightly compared to a year ago as a result of increased overseas exports but was approximately 8% lower than the March quarter. We are concerned at the erosion of our market share in the quarter.

Average prices realised in Euros were down 11.4% compared to a year ago and 1.4% compared to the March quarter, partly as a result of lower Euro price realisations on exports resulting from the stronger Euro relative to the US Dollar.

The combination of lower volumes and prices and higher pulp prices led to a rapid deterioration in margins through the June quarter.

The market as a whole remains weak with no sign yet of a turnaround in economic growth or advertising spending.

NORTH AMERICA

	QUARTER ENDED JUNE 2003 US$ MILLION	Quarter ended June 2002 US$ million	% change
Sales	319	319	-
Operating profit (loss)	9	(16)*	-
Operating profit to sales (%)	2.8	-	-

* Includes US$13 million of integration costs relating to the Potlatch fine paper business acquisition.

Our sales volume for the quarter declined 3.8% compared to a year earlier; however, average prices realised were US$40 per metric ton higher.

Our manufacturing efficiency improved towards the end of the quarter particularly at Somerset where throughput has now returned and on occasion exceeded normal levels, following the rebuild of number 3 paper machine earlier in the year.

Wood and natural gas prices remain high and high pension and medical costs continue to impact results.

We have stabilised our market share in North America and believe that as the economy improves we will see the benefits of the rationalisation of brands and merchant distribution effected over the past year.

Margins and returns, although reflecting a turnaround from last year, remain well short of potential.

Fine Paper South Africa

	QUARTER ENDED JUNE 2003 US$ MILLION	Quarter ended June 2002 US$ million	% change (US$)	% change (Rand)
Sales	74	59	25.4	(10.2)
Operating profit	10	10	-	(28.4)
Operating profit to sales (%)	13.5	16.9	-	-

Margins have been squeezed by increased competition from imports following the strengthening of the Rand, but our product range, access to different markets and manufacturing flexibility have helped us to achieve acceptable results.

FOREST PRODUCTS

	QUARTER ENDED JUNE 2003 US$ MILLION	Quarter ended June 2002 US$ million	% change (US$)	% change (Rand)
Sales	188	154	22.1	(12.6)
Operating profit	18	39	(53.8)	(67.0)
Operating profit to sales (%)	9.6	25.3	-	-

Local demand for our pulp and paper products increased during the quarter, while export demand was mixed. Average pulp prices were significantly higher in the quarter; however, pulp prices peaked in May and have since dropped by US$40 per ton. The impact of the stronger Rand on revenues more than offset the effect of the higher pulp prices and resulted in severe margin pressure. Demand for dissolving pulp remained steady with most regions experiencing good demand.

The exchange rate impacted prices realised for our exports and for our domestic

sales of containerboard as imported products became more competitive.

We had a concentration of mill maintenance shuts in the quarter, which increased maintenance costs. This is not expected to recur in the final quarter.

The local cost base increased on the back of local inflation which has, however, declined in recent months. This will help to contain costs going forward.

OUTLOOK

Market conditions have not improved since our trading update issued in June and are still uncertain.

Economic growth in Europe remains elusive and the improvement in the US economy is taking longer that anticipated. Although there are some encouraging signals, a substantial improvement is not expected before the end of the calendar year.

The strength of the Euro has almost certainly lead to more difficult market conditions in Europe as export markets become less attractive to manufacturers. For our Southern African businesses, a continuing strong Rand will put pressure on revenue and margins and the indications are that pulp prices are trending downwards.

We increased inventories during the quarter in anticipation of the usual seasonal increase in demand in our final quarter. It is already clear that we are likely to increase curtailment of production to maintain our long-standing policy of matching output to customer demand.

We continue to focus on improving our competitive position through driving costs down and enhancing our quality and complete service package in order to regain our traditional market shares.

Under current conditions it is no longer clear that earnings for the fourth quarter will be better than for the third quarter. Earnings per share for the full year are likely to be well below last year.

On behalf of the Board

J C A LESLIE
DIRECTOR

D G WILSON
DIRECTOR

30 July 2003

SAPPI LIMITED

(Registration number 1936/008963/06)
JSE Code: SAP
ISIN Code: ZAE 000006284

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 cyclicality, 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.

[GLOBE GRAPHIC]

Form S-8 version

Conformed financial results for the
third quarter ended June 2003

GROUP INCOME STATEMENT

	Reviewed Quarter ended June 2003 US$ million	Reviewed Quarter ended June 2002 US$ million	% change	Reviewed Nine months ended June 2003 US$ million	Revi Nine mo e June US$ mil

SALES	1,062	974	9.0	3,176	2,
Cost of sales*	933	787		2,691	2,
Gross profit	129	187	(31.0)	485	
Selling, general & administrative expenses*	83	90		245	
OPERATING PROFIT	46	97	(52.6)	240	
Non-trading (profit) loss	(3)	-		(4)	
Net finance costs	21	7		72	
Net interest paid	39	23		93	
Capitalised	(9)	(6)		(20)	
Net foreign exchange (gains) losses	(6)	(13)		2	
Change in fair value of financial instruments	(3)	3		(3)	
PROFIT BEFORE TAX	28	90	(68.9)	172	
Taxation - current	5	8		36	
- deferred	(6)	16		(3)	
NET PROFIT	29	66	(56.1)	139	
EARNINGS PER SHARE (US CENTS)	13	29		61	
Weighted average number of shares in issue (millions)	229.1	230.4		229.5	23
Diluted earnings per share (US cents)	13	28		60	
Weighted average number of shares on fully diluted basis (millions)	231.5	233.9		232.1	23

* Reallocation of delivery charges. Refer to note 2 for further details.

GROUP BALANCE SHEET

	Reviewed June 2003 US$ million	Audited Sept. 2002 US$ million
ASSETS		
Non-current assets	4,163	3,639
Property, plant and equipment	3,503	3,189
Plantations	434	298
Deferred taxation	8	6
Other non-current assets	218	146
Current assets	1,343	1,002

Cash and cash equivalents		353		161
Trade and other receivables		267		282
Prepaid income taxes		3		38
Inventories		720		521
Total assets		5,506		4,641
EQUITY AND LIABILITIES				
Shareholders' equity				
Ordinary shareholders' interest		1,949		1,601
Minority interest		2		2
Non-current liabilities		2,526		2,110
Interest-bearing borrowings		1,768		1,455
Deferred taxation		483		399
Other non-current liabilities		275		256
Current liabilities		1,029		928
Interest-bearing borrowings and bank overdraft		156		125
Taxation payable		89		48
Other current liabilities		784		755
Total equity and liabilities		5,506		4,641
Number of shares in issue at balance sheet date (millions)		228.9		230.2

GROUP CASH FLOW STATEMENT

	Reviewed Quarter ended June 2003 US$ million	Reviewed Quarter ended June 2002 US$ million	Reviewed Nine months ended June 2003 US$ million	Reviewed Nine months ended June 2002 US$ million
Cash generated by operations	124	205	494	518
Movement in working capital	(18)	39	(183)	(92)
Net finance costs	(31)	(13)	(92)	(68)
Taxation recovered (paid)	6	(4)	31	(63)
Dividends paid	-	-	(65)	(60)
Cash retained from operating activities	81	227	185	235
Cash effects of investing activities	(95)	(535)	(200)	(641)
Normal investing activities	(95)	(47)	(200)	(153)
Acquisition of net assets	-	(488)	-	(488)

	(14)	(308)	(15)	(406)
Cash effects of financing activities	150	365	184	160
Net movement in cash and cash equivalents	136	57	169	(246)

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed Nine months ended June 2003 US$ million	Reviewed Nine months ended June 2002 US$ million
Balance - beginning of year	1,601	1,503
Net profit	139	147
Foreign currency translation reserve	312	(57)
Revaluation of movement in share capital and share premium	3	-
Revaluation of derivative instruments	(17)	6
Dividends declared - US$0.28 (2002: US$0.26) per share	(65)	(60)
(Share buybacks) net of transfers to participants of the share purchase trust	(24)	4
Balance - end of period	1,949	1,543

NOTES TO THE GROUP RESULTS

1. BASIS of PREPARATION

The group results have been prepared in conformity with South African Statements of Generally Accepted Accounting Practice (SA GAAP). Sappi has changed its accounting policy with regard to the translation of equity categories to conform with the requirements of AC 430 (Reporting currency - Translation from measurement currency to presentation currency), the effects of which are negligible. All of the other accounting policies are the same as those in the September 2002 annual financial statements.

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

2. REALLOCATION OF COSTS

In prior years, a portion of delivery charges was included in selling, general and administrative expenses. It is now considered more appropriate to reflect all delivery charges under cost of sales. The effect is to increase cost of sales and decrease selling, general and administrative expenses by US$22 million for the quarter (March 2003: US$21 million; June 2002: US$19 million) and US$63 million for the nine months ended (June 2002: US$50 million).

NOTES TO THE GROUP RESULTS (CONTINUED)

	REVIEWED QUARTER ENDED JUNE 2003 US$ MILLION	Reviewed Quarter ended June 2002 US$ million	REVIEWED NINE MONTHS ENDED JUNE 2003 US$ MILLION	Reviewe Nine month ende June 200 US$ millio
3. OPERATING PROFIT				
Included in operating profit are:				
Depreciation	89	81	259	225
Fellings *	5	7	14	19
Amortisation	6	3	17	11
	100	91	290	255
4. CAPITAL EXPENDITURE				
Property, plant and equipment	70	32	170	131
Plantations	8	9	21	19
	78	41	191	150

	REVIEWED JUNE 2003 US$ MILLION	Audited Sept. 2002 US$ million
5. CAPITAL COMMITMENTS		
Contracted but not provided	157	55
Approved but not contracted	157	173
	314	228
6. CONTINGENT LIABILITIES		
Guarantees and suretyships	80	66
Other contingent liabilities	17	14

* The amount amortised in the income statement representing the standingcost of the plantations h

SUPPLEMENTAL INFORMATION

ADDITIONAL INFORMATION

	REVIEWED QUARTER ENDED JUNE 2003 US$ MILLION	Reviewed Quarter ended JUNE 2002 US$ million	REVIEWED NINE MONTHS ENDED JUNE 2003 US$ MILLION	Reviewed Nine months ended JUNE 2002 US$ million
1. NET PROFIT TO EBITDA * RECONCILIATION				
Net profit per the Group Income Statement	29	66	139	147
Net finance costs	21	7	72	45
Taxation – current	5	8	36	24
– deferred	(6)	16	(3)	32
Depreciation	89	81	259	225
Amortisation (including fellings)	11	10	31	30
EBITDA*	149	188	534	503

* Earnings before interest, tax, depreciation and amortisation (including fellings).

In connection with rules recently adopted by the U.S. Securities Exchange Commission ("SEC') 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 only interest, taxes, 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. The effect of this is to increase EBIDTA by US$3 million for the quarter to US$149 million (March 2003: increase of US$1 million to US$195 million; June 2002: no impact) and by US$4 million for the nine months ended June 2003 to US$534 million (June 2002: decrease of US$19 million to US$503 million).

The above financial measure (EBITDA) is presented to assist our shareholders and the investment community in interpreting our financial results. This financial measure is regularly used and compared with companies in our industry.

SUPPLEMENTAL INFORMATION
ADDITIONAL INFORMATION

	REVIEWED QUARTER ENDED JUNE 2003 US$ MILLION	Reviewed Quarter ended June 2002 US$ million	REVIEWED NINE MONTHS ENDED JUNE 2003 US$ MILLION	Reviewed Nine months ended June 2002 US$ million
2. CALCULATION OF HEADLINE EARNINGS				
Net profit per the Group Income Statement	29	66	139	147
(Profit) loss on disposal of business and fixed assets	(2)	1	(3)	2
Mill closure costs	-	-	1	5
Debt restructuring costs	-	-	-	6
Headline earnings**	27	67	137	160
Headline earnings per share (US cents)**	12	29	60	69
Weighted average number of shares in issue (millions)	229.1	230.4	229.5	230.2
Diluted HEADLINE earnings per share (US cents)**	12	29	59	69
Weighted average number of shares on fully diluted basis (millions)	231.5	233.9	232.1	233.5

** Headline earnings per share has been restated as required by the new JSE Securities Exchange South Africa Listing Requirements. These require that all companies comply with circular 7/2002 issued by the South African Institute of Chartered Accountants.

For Sappi the only change in headline earnings is that there are no longer any adjustments for movements in restructuring provisions. The impact of this is immaterial.

SUPPLEMENTAL INFORMATION
EXCHANGE RATES

	June 2003	March 2003	December 2002	September 2002	June 2002
Exchange rates:					
Period end rate: US$1 = ZAR	7.4300	7.9550	8.7200	10.5400	10.3600
Average rate for the Quarter:					

US$1 = ZAR	7.6305	8.3550	9.7265	10.4818	10.6581
Average rate for the YTD:					
US$1 = ZAR	8.6173	9.0866	9.7265	10.5393	10.5443
Period end rate: EUR1 = US$	1.1417	1.0729	1.0387	0.9789	0.9920
Average rate for the Quarter:					
EUR1 = US$	1.1236	1.0686	0.9995	0.9850	0.9196
Average rate for the YTD: EUR1 = US$	1.0655	1.0334	0.9995	0.9188	0.8997

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.

SUPPLEMENTAL INFORMATION

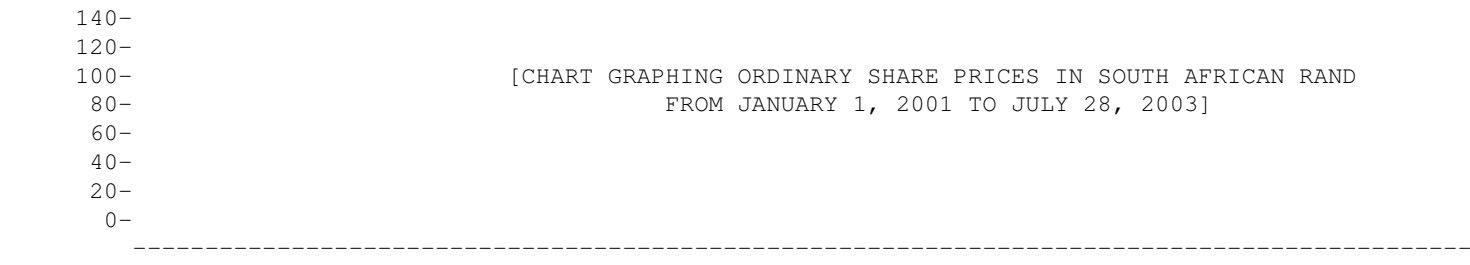
REGIONAL INFORMATION

		REVIEWED QUARTER ENDED JUNE 2003 US$ MILLION	Reviewed Quarter ended June 2003 US$ million	% change	REVIE NINE MON EN JUNE 2 US$ MILL
SALES - METRIC TONS (000's)					
Fine Paper -	North America	301	313	(3.8)	1,
	Europe	546	543	0.6	1,
	Southern Africa	78	81	(3.7)	
	Total	925	937	(1.3)	2,
Forest Products -	Pulp and paper operations	348	380	(8.4)	1,
	Forestry operations	323	268	20.5	
Total		1,596	1,585	0.7	4,
SALES					
Fine Paper -	North America	319	319	-	1,
	Europe	481	442	8.8	1,
	Southern Africa	74	59	25.4	
	Total	874	820	6.6	2,
Forest Products -	Pulp and paper operations	174	143	21.7	
	Forestry operations	14	11	27.3	
	Total	1,062	974	9.0	3,
OPERATING PROFIT					
Fine Paper -	North America`	9	(16)	-	
	Europe	11	60	(81.7)	
	Southern Africa	10	10	-	
	Total	30	54	(44.4)	

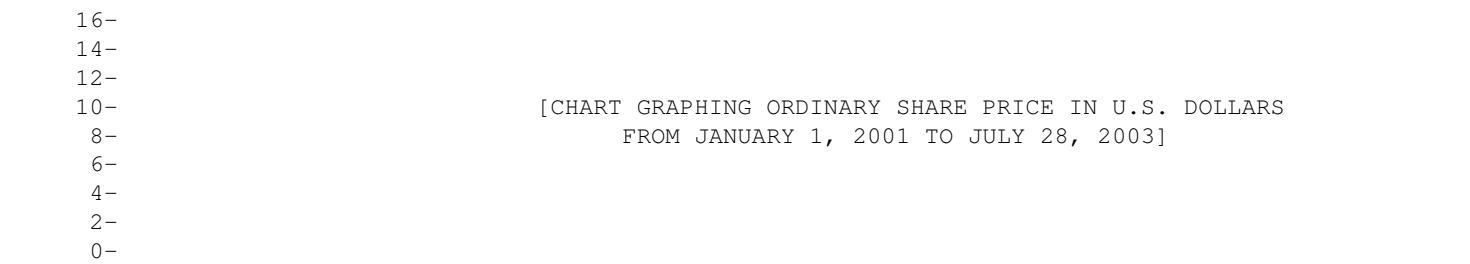
Forest Products	18	39	(53.8)
Corporate	(2)	4	–
Total	46	97	(52.6)

* The comparative number includes US$13 million of integration costs relating to the Potlatch fine paper business acquisition.

sappi ordinary shares



ADR price (NYSE TICKER: SPP) note: (1 ADR = 1 sappi share)



notes

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SAPPI

Sappi Limited

Press Release

Johannesburg, 31 July 2003

SAPPI REPORTS THIRD QUARTER RESULTS AGAINST CONTINUED TOUGH MARKETS

Sappi, the world's leading producer of coated fine paper, today announced results for the third quarter to June 2003.

HIGHLIGHTS

- Markets remain weak
- Increased competition in all markets
- Costs well contained

- Planned capital expenditure trimmed
- EPS of 13 US cents (Q3 2002: 29 US cents)

Commenting on the results, Sappi CEO Jonathan Leslie, said:

"Our third quarter results were achieved against a background of lower pulp prices, weak demand for coated fine paper and increasingly competitive markets. This has been a particularly difficult quarter for the company.

"South Africa held up well following significant Rand price reductions due to imports and the stronger Rand. Coated fine paper markets in Europe weakened and North America remained poor with low priced imports from Asia and Europe continuing to depress prices in this quarter, seasonally a weak quarter for Sappi."

RESULTS FOR THE QUARTER

As in the second quarter, currency movements continued to have a major influence on results.

The group's sales for the quarter reflected the difficult conditions and although sales increased 9% compared to the previous year, the currency effect on translation into Dollars masked the decline in local currencies in South Africa and Europe. The North American sales were flat compared to a year earlier but included the Potlatch fine paper business for the full period this year and only half the period last year. The group's sales were down 3% compared to the March quarter.

Net profit of US$29 million was approximately half of the prior quarter and 56.1% below the equivalent quarter last year.

Earnings per share for the quarter were 13 US cents, 52% of the prior quarter and 55.2% below a year earlier. Headline earnings per share were 12 US cents.

Group operating profit for the quarter decreased by 52.6% to US$46 million, compared to the prior year. This was largely as a result of weak demand and pricing pressure on the coated fine paper business and the pressure on prices in the Southern African businesses due to the weak US Dollar relative to the Rand.

Operating costs were generally well managed, although a concentration of mill maintenance shuts in the quarter and higher inflation in South Africa led to increased costs in the Forest Products business. The real cost performance was distorted by translation to US Dollars.

Cash generated by operations was US$124 million, 39.5% lower than the previous year.

Capital expenditure for the quarter was US$70 million, approximately 80% of depreciation. In light of the uncertain outlook, capital expenditure for the full year, which was planned at a level of 100% of depreciation, will remain at approximately 80%.

Net debt increased by US$62 million to US$1,571 million in the quarter largely as a result of translation of Euro and Rand debt into the group's reporting currency, the US Dollar, which has weakened during the period.

Since the second quarter results announcement in May 2003, the group has re-purchased approximately 1.1 million shares at an average price of approximately US$12.60 per share.

DIVISIONAL REVIEW

FINE PAPER

Conditions in Fine Paper's main markets remained poor, with fierce competition in all markets. Operating profit decreased by 44.4% to US$30 million.

Sales volume in Europe increased slightly compared to a year ago as a result of increased overseas exports. Average prices realised in Euros were down 11% compared to a year ago, partly as a result of lower Euro price realisations on exports resulting from the stronger Euro relative to the US Dollar.

The European market as a whole remains weak, with no sign yet of a turnaround in economic growth or advertising spending.

Sales volumes in North America declined by 3.8% compared to a year earlier, although average prices realised were US$40 per metric ton higher. Advertising pages in the US were 1% lower for the quarter compared to the equivalent quarter last year due to the sluggish economy.

Increased competition in South Africa due to imports following the strong Rand squeezed margins. However, the diverse product range, access to different markets and manufacturing flexibility allowed this region to achieve acceptable results.

Commenting on Fine Paper's overall performance, Bill Sheffield, Fine Paper CEO, said:

"Although there is no sign of a turnaround in the European market, our South African business remains strong and our market share in North America has now stabilised.

"We managed to improve our manufacturing efficiencies in North America, particularly at Somerset where throughput has now returned to normal levels. Although our margins and returns are not close to their potential, the

rationalisation of our brands and merchant distribution over the last year has positioned us well to benefit when the US economy improves."

FOREST PRODUCTS

South African demand for pulp and paper products increased during the quarter, while export demand was mixed. Although average pulp prices were significantly higher in the quarter, prices peaked in May and have since dropped by US$40 per ton.

The impact of the stronger Rand on revenues more than offset the effect of the higher pulp prices and resulted in severe margin pressure. Exchange rates also impacted on prices realised for other exports and for domestic sales of containerboard as imported products became more competitive.

Sales increased by 22% in US Dollar terms, although they decreased by 12.6% in Rand terms. Operating profit declined by 53.8% in Dollar terms and 67% in Rand terms.

Costs in the quarter increased due to a concentration of mill maintenance shuts, which is not expected to be repeated in the next quarter.

Commenting on the performance of Forest Products, the Chairman of Sappi's South African businesses, John Job, said:

"Demand in South Africa remains reasonable in some sectors although the slowing economy is impacting others. Rand prices are reducing due to the exchange rate and softening world markets. In these tough circumstances, the operating margins achieved reflect the hardiness of the South African businesses."

OUTLOOK

Looking forward, Leslie said that market conditions had not improved since the trading update issued by Sappi in June and remain uncertain.

Economic growth in Europe remained elusive, with the strength of the Euro negatively impacting on conditions as export markets become less attractive to manufacturers. Improvements in the US economy were also taking longer than anticipated. Although there were some encouraging developments, a substantial improvement was not expected before the end of the calendar year.

In Southern Africa, the strong Rand would continue to put pressure on revenue and margins.

"The group increased inventories during the quarter in anticipation of the usual seasonal increase in demand in our final quarter. It is already clear that we are likely to increase curtailment of production to maintain our long-standing policy of matching output to customer demand. We will continue to focus on improving

our competitive position through driving costs down and enhancing our quality and complete service package in order to regain our traditional market shares," said Leslie.

The group said that under current conditions it was no longer clear that earnings for the fourth quarter would be better than for the third quarter. Earnings per share for the full year are therefore likely to be well below last year.

ENDS

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 cyclicality, 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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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: August 11, 2003