

GREIF INC

FORM 8-K/A (Unscheduled Material Events)

Filed 5/16/2001 For Period Ending 3/2/2001

Address	425 WINTER ROAD DELAWARE, Ohio 43015
Telephone	740-549-6000
CIK	0000043920
Industry	Containers & Packaging
Sector	Basic Materials
Fiscal Year	10/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

Current Report

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act

Date of Report (Date of earliest event reported): May 16, 2001 (March 2, 2001)

GREIF BROS. CORPORATION

(Exact name of registrant as specified in its charter)

Delaware ----- (State or other jurisdiction of incorporation)	1-566 ----- (Commission File No.)	31-4388903 ----- (I.R.S. Employer Identification No.)
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425 Winter Road, Delaware, Ohio ----- (Address of Principal Executive Offices)	43015 ----- (Zip Code)
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Registrant's telephone number, including area code 740-549-6000

Not Applicable

(Former name or former address, if changed since last report)

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GREIF BROS. CORPORATION
FORM 8-K/A
Dated May 16, 2001

(Amendment No. 1).

Amending the
CURRENT REPORT ON FORM 8-K
Dated March 15, 2001

Greif Bros. Corporation (the "Company") hereby amends its Current Report on Form 8-K dated March 15, 2001 to include the financial statements and pro forma financial information set forth below which was omitted from the original filing pursuant to Items 7(a)(4) and 7(b)(2) of Form 8-K.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired.

As previously reported, on March 2, 2001, pursuant to the terms of a Share Purchase Agreement, dated October 27, 2000, as amended on January 5, 2001 and February 28, 2001, between the Company and Huhtamaki Van Leer Oyj, a Finnish corporation ("Huhtamaki"), the Company acquired all of the issued share capital of Royal Packaging Industries Van Leer N.V., a Dutch limited liability company, Huhtamaki Holding Ltda., a Brazilian limited liability company, Van Leer France Holding S.A.S., a French limited liability company, Van Leer Containers Inc., a U.S. corporation, and American Flange & Manufacturing Company Inc., a U.S. corporation (collectively, "Van Leer Industrial Packaging"), for \$555 million less the amount of Van Leer Industrial Packaging's debt and certain other obligations (approximately \$206 million) as of the closing date.

The following financial statements of Van Leer Industrial Packaging are included as Exhibit 99.3 to this Current Report on Form 8-K/A:

- (1) Audited financial statements of Van Leer Industrial Packaging for the years ended December 31, 1999, 1998 and 1997.
- (2) Unaudited financial statements of Van Leer Industrial Packaging for the year ended December 31, 2000.

(b) Pro Forma Financial Information.

The following Pro Forma Condensed Combined Balance Sheet as of January 31, 2001 and Pro Forma Condensed Combined Statements of Income for the quarter ended January 31, 2001 and for the year ended October 31, 2000 give effect to the purchase of Van Leer Industrial Packaging and considers the financing obtained to effect the transaction. The Pro Forma Condensed Combined Financial Information should be read in conjunction with: (1) the accompanying Notes to Pro Forma Condensed Combined Balance Sheet and Notes to Pro Forma Condensed Combined Income Statements; (2) the audited and unaudited financial statements of Van Leer Industrial Packaging included as Exhibit 99.3 to this Current Report on Form 8-K/A; and (3) the Company's Annual Report on Form 10-K for the year ended October 31, 2000 and the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2001. Adjustments have been made to reflect the financial statements of Van Leer Industrial Packaging in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

The acquisition of Van Leer Industrial Packaging will use the purchase method of accounting in accordance with U.S. GAAP. Accordingly, the purchase consideration for acquiring Van Leer Industrial Packaging will be allocated to the tangible and intangible assets acquired and the liabilities assumed, with the excess cost being allocated to goodwill and presented as an intangible asset. A preliminary allocation of the purchase price of Van Leer Industrial Packaging has been reflected in the Pro Forma Condensed Combined Financial Information. A final allocation of the purchase price of Van Leer Industrial Packaging is ongoing and is dependent on the completion of certain valuations and other studies which are expected to be completed prior to the end of fiscal 2001.

The Pro Forma Condensed Combined Financial Statements are provided for illustrative purposes only and do not purport to represent what actual results of operations or financial position would have been had the acquisition of Van Leer Industrial Packaging occurred on the respective dates assumed, nor are they necessarily indicative of the Company's future operating results.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES
PRO FORMA CONDENSED COMBINED BALANCE SHEET
JANUARY 31, 2001
(UNAUDITED)

(U.S. Dollars in Thousands)

	Greif Bros. Corporation	Van Leer Industrial Packaging	Pro Forma Adjustments	Notes	Pro Forma Results
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 21,072	\$ 33,164	\$ --		\$ 54,236
Trade accounts receivable	110,115	186,040	--		296,155
Inventories	41,305	122,769	(2,221)	a, b	161,853
Net assets held for sale	8,169	--	--		8,169
Prepaid expenses and other	13,028	48,237	--		61,265
Total current assets	193,689	390,210	(2,221)		581,678
LONG-TERM ASSETS					
Properties, plants and equipment, net	476,754	331,998	52,875	a, b	861,627
Goodwill and other intangibles	134,534	9,249	19,095	a	162,878
Investment in affiliates	135,801	--	--		135,801
Other long-term assets	18,021	45,289	16,530	e, f, g	79,840
Total long-term assets	765,110	386,536	88,500		1,240,146
Total assets	\$ 958,799	\$ 776,746	\$ 86,279		\$ 1,821,824
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts payable	\$ 37,802	\$ 113,467	\$ --		\$ 151,269
Accrued payrolls and employee benefits	7,720	8,767	--		16,487
Restructuring reserves	--	--	12,052	a, c	12,052
Income taxes payable	3,438	--	--		3,438
Current portion of long-term obligations	--	19,408	--		19,408
Other current liabilities	4,368	85,898	--		90,266
Total current liabilities	53,328	227,540	12,052		292,920
LONG-TERM LIABILITIES					
Long-term obligations	215,000	22,577	544,911	a, d, e, f, g	782,488
Deferred tax liability	75,529	48,349	--		123,878
Postretirement benefit liability	20,449	2,699	--		23,148
Other long-term liabilities	17,407	174,939	(170,042)	e	22,304
Total long-term liabilities	328,385	248,564	374,869		951,818
SHAREHOLDERS' EQUITY					
Capital stock, without par value	10,383	--	--		10,383
Treasury Stock, at cost	(58,011)	--	--		(58,011)
Retained earnings	633,599	300,642	(300,642)	a, b	633,599
Accumulated other comprehensive income					
- foreign currency translation	(7,485)	--	--		(7,485)
- interest rate swaps	(1,400)	--	--		(1,400)
Total shareholders' equity	577,086	300,642	(300,642)		577,086
Total liabilities and shareholders' equity	\$ 958,799	\$ 776,746	\$ 86,279		\$ 1,821,824

See accompanying Notes to Pro Forma Condensed Combined Balance Sheet

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO PRO FORMA CONDENSED COMBINED BALANCE SHEET
(U.S. Dollars in Thousands)

Note 1 - Basis of Presentation

The Pro Forma Condensed Combined Balance Sheet as of January 31, 2001 has been prepared assuming the Company's acquisition of all of the issued share capital of Van Leer Industrial Packaging, more fully described in Item 2 and Exhibit 2 to the Company's previously filed Current Report on Form 8-K dated March 15, 2001, had occurred on January 31, 2001. The Company has a fiscal year that ends October 31, whereas Van Leer Industrial Packaging has a fiscal year that ends December 31. As such, the Pro Forma Condensed Combined Balance Sheet at January 31, 2001 includes the unaudited balance sheet of Van Leer Industrial Packaging as of December 31, 2000.

The historical financial statements of Van Leer Industrial Packaging contained in Item 7(a) to this Current Report on Form 8-K/A are denominated in Euros and have been prepared in accordance with accounting principles generally accepted in The Netherlands ("Dutch GAAP"). As explained in the accompanying notes to Van Leer Industrial Packaging's historical financial statements, Dutch GAAP varies in certain significant respects from U.S. GAAP. The amounts shown for Van Leer Industrial Packaging in the Pro Forma Condensed Combined Balance Sheet have been derived from Van Leer Industrial Packaging's unaudited balance sheet as of December 31, 2000, included in Item 7(a) to this Current Report on Form 8-K/A, as adjusted to give effect to these Dutch GAAP to U.S. GAAP differences. In addition, the amounts are presented in U.S. Dollars using the December 31, 2000 exchange rate of .9421 U.S. Dollar per Euro.

Note 2 - Pro Forma Adjustments

Pro forma adjustments to reflect the acquisition of Van Leer Industrial Packaging are described below. The pro forma adjustments do not include a restructuring charge resulting from the acquisition of Van Leer Industrial Packaging that are related to the Company's locations existing prior to the acquisition date. The amount of this charge, as well as the anticipated savings from these consolidation activities, will be reported in the Company's Quarterly Report on Form 10-Q dated April 30, 2001.

a.	EXCESS OF PURCHASE PRICE OVER FAIR VALUE OF NET ASSETS ACQUIRED:	
	Cash consideration paid to Huhtamaki	\$ 348,839
	Estimated transaction expenses	9,500

	Total purchase price	358,339
	Estimated fair value of net assets of Van Leer Industrial Packaging (see Note 2(b))	(351,296)
	Restructuring reserve (see Note 2 (c))	12,052

	Excess of purchase price over fair value of net assets acquired	\$ 19,095
		=====
	Amount allocated to goodwill and other intangible assets	\$ 19,095
		=====

Certain intangible assets, such as the Van Leer tradename, certain customer relationships, trademarks, patents and other proprietary information associated with the Tri-Sure Closure system and certain noncompete agreements, have been identified and will be assigned a fair value as part of the ongoing purchase price allocation exercise.

b.	ESTIMATED FAIR VALUE OF NET ASSETS OF VAN LEER INDUSTRIAL PACKAGING:	
	Net assets acquired	\$ 300,642
	Preliminary fair value adjustments	50,654

	Estimated fair value of net assets of Van Leer Industrial Packaging at acquisition	\$ 351,296
		=====

The allocation of purchase price is based upon preliminary estimates of the fair value. The actual allocation of the purchase price may differ from the preliminary allocation due to adjustments to the purchase price and refinements of the fair values of the net assets acquired.

c. The restructuring reserve of \$12,052 primarily relates to the closing of duplicate facilities in North America, the shutdown of the operation in Japan, and the elimination of certain other duplicate support functions. As noted above, this reserve only relates to the Van Leer Industrial Packaging operations.

d. The Company purchased the shares of Van Leer Industrial Packaging for \$348,839 in cash and approximately \$9,500 in legal and accounting fees related to the acquisition. The Company financed the purchase price from its \$900 million Senior Secured Credit Agreement, as more fully described in Item 2 and Exhibit 99.2 of the Company's previously filed Current Report on Form 8-K dated March 15, 2001. In addition, the Company refinanced the \$215,000 outstanding amount under its then existing revolving credit facility.

e. At the assumed date of acquisition, the Company borrowed \$161,080 under its \$900 million Senior Secured Credit Agreement, as more fully described in Item 2 and Exhibit 99.2 of the Company's previously filed Current Report on Form 8-K dated March 15, 2001, to pay Huhtamaki the net amount of intercompany loans (\$8,962 due from Huhtamaki to Van Leer Industrial Packaging and \$170,042 due to Huhtamaki from Van Leer Industrial Packaging).

f. To record \$16,254 in deferred financing costs related to the long-term obligations incurred as a result of the acquisition of Van Leer Industrial Packaging.

g. To record the purchase of a 10-year environmental insurance policy costing \$9,238. The purpose of this policy is to protect the Company in the event of certain unforeseen environmental situations that could occur following the acquisition of Van Leer Industrial Packaging.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES
PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE QUARTER ENDED JANUARY 31, 2001
(UNAUDITED)

(U.S. Dollars in Thousands, Except Per Share Amounts)

	Greif Bros. Corporation	Van Leer Industrial Packaging	Pro Forma Adjustments	Notes	Pro Forma Results
	-----	-----	-----	-----	-----
Net sales	\$ 211,641	\$ 220,684	\$ (754)	h	\$ 431,571
Other income					
Gain on sale of timberlands	43,207	--	--		43,207
Interest and other	1,646	9,434	(5,339)	d	5,741
	-----	-----	-----		-----
	256,494	230,118	(6,093)		480,519
	-----	-----	-----		-----
Cost of products sold	161,269	195,458	210	b, f, h	356,937
Selling, general and administrative expenses	32,419	25,169	916	a, e	58,504
Interest expense	3,949	3,543	7,154	c, d	14,646
	-----	-----	-----		-----
	197,637	224,170	8,280		430,087
	-----	-----	-----		-----
Income before income taxes and equity in earnings of affiliates	58,857	5,948	(14,373)		50,432
Income taxes	22,366	426	(5,448)	g	17,344
	-----	-----	-----		-----
Income before equity in earnings of affiliates	36,491	5,522	(8,925)		33,088
Equity in earnings of affiliates	2,084	(33)	--		2,051
	-----	-----	-----		-----
Net income	\$ 38,575	\$ 5,489	\$ (8,925)		\$ 35,139
	=====	=====	=====		=====
Earnings per share:					

Basic:					
Class A Common Stock	\$ 1.37				\$ 1.25
Class B Common Stock	\$ 2.04				\$ 1.86
Diluted:					
Class A Common Stock	\$ 1.36				\$ 1.24
Class B Common Stock	\$ 2.04				\$ 1.86
Average number of shares outstanding:					

Basic:					
Class A Common Stock	10,523,196				10,523,196
Class B Common Stock	11,846,778				11,846,778
Diluted:					
Class A Common Stock	10,552,723				10,552,723
Class B Common Stock	11,846,778				11,846,778

See accompanying Notes to Pro Forma Condensed Combined Statements of Income

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES
PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED OCTOBER 31, 2000
(UNAUDITED)

(U.S. Dollars in Thousands, Except Per Share Amounts)

	Greif Bros. Corporation	Van Leer Industrial Packaging	Pro Forma Adjustments	Notes	Pro Forma Results
	-----	-----	-----	-----	-----
Net sales	\$929,861	\$950,890	\$(2,992)	h	\$1,877,759
Other income					
Gain on sale of timberlands	9,255	--	--		9,255
Interest and other	7,511	27,596	(21,466)	d	13,641
	-----	-----	-----		-----
	946,627	978,486	(24,458)		1,900,655
	-----	-----	-----		-----
Cost of products sold	703,391	818,149	864	b,f,h	1,522,404
Selling, general and administrative expenses	128,301	102,580	3,664	a,e	234,545
Interest expense	14,481	15,255	28,875	c,d	58,611
	-----	-----	-----		-----
	846,173	935,984	33,403		1,815,560
	-----	-----	-----		-----
Income before income taxes and equity in earnings of affiliates	100,454	42,502	(57,861)		85,095
Income taxes	38,027	982	(21,929)	g	17,080
	-----	-----	-----		-----
Income before equity in earnings of affiliates	62,427	41,520	(35,932)		68,015
Equity in earnings of affiliates	13,367	(35)	--		13,332
	-----	-----	-----		-----
 Net income	 \$75,794	 \$ 41,485	 \$(35,932)		 \$ 81,347
	=====	=====	=====		=====
 Earnings per share:					

Basic:					
Class A Common Stock	\$ 2.68				\$ 2.87
Class B Common Stock	\$ 4.01				\$ 4.30
Diluted:					
Class A Common Stock	\$ 2.67				\$ 2.87
Class B Common Stock	\$ 4.01				\$ 4.30
 Average number of shares outstanding:					

Basic:					
Class A Common Stock	10,557,935				10,557,935
Class B Common Stock	11,852,602				11,852,602
Diluted:					
Class A Common Stock	10,599,535				10,599,535
Class B Common Stock	11,852,602				11,852,602

See accompanying Notes to Pro Forma Condensed Combined Statements of Income

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO PRO FORMA CONDENSED COMBINED STATEMENTS OF INCOME

Note 1 - Basis of Presentation

The Pro Forma Condensed Combined Statements of Income for the quarter ended January 31, 2001 and the year ended October 31, 2000 have been prepared assuming the Company's acquisition of all of the issued share capital of Van Leer Industrial Packaging, more fully described in Item 2 and Exhibit 2 to the Company's previously filed Current Report on Form 8-K dated March 15, 2001, had occurred on November 1, 1999. The Company has a fiscal year that ends October 31, whereas Van Leer Industrial Packaging has a fiscal year that ends December 31. As such, the Pro Forma Condensed Combined Statement of Income for the quarter ended January 31, 2001 includes the unaudited statement of income of Van Leer Industrial Packaging for the quarter ended December 31, 2000, and the Pro Forma Condensed Combined Statement of Income for the year ended October 31, 2000 includes the unaudited statement of income of Van Leer Industrial Packaging for the year ended December 31, 2000.

The historical financial statements of Van Leer Industrial Packaging contained in Item 7(a) to this Current Report on Form 8-K/A are denominated in Euros and have been prepared in accordance with Dutch GAAP. As explained in the accompanying notes to Van Leer Industrial Packaging's historical financial statements, Dutch GAAP varies in certain significant respects from U.S. GAAP. The amounts shown for Van Leer Industrial Packaging in the Pro Forma Condensed Combined Income Statements have been derived from Van Leer Industrial Packaging's unaudited income statement for the quarter ended December 31, 2000 and unaudited income statement for the year ended December 31, 2000 as adjusted to give effect to these Dutch GAAP to U.S. GAAP differences. Van Leer Industrial Packaging's unaudited income statement for the year ended December 31, 2000 is included in Item 7(a) to this Current Report on Form 8-K/A. In addition, the amounts are presented in U.S. Dollars using average exchange rates of .8706 U.S. Dollar per Euro for the quarter ended December 31, 2000 and .9249 U.S. Dollar per Euro for the year ended December 31, 2000.

Note 2 - Pro Forma Adjustments

Pro forma adjustments to reflect the acquisition of Van Leer Industrial Packaging and other pro forma adjustments are described below. The pro forma amounts do not include anticipated synergies from the acquisition, nor do they include the anticipated savings associated with the consolidation activities of Van Leer Industrial Packaging and the Company's

locations existing prior to the acquisition date. All of the consolidation activities result from the Company's acquisition of Van Leer Industrial Packaging.

- a. Adjustments relate to the estimated amortization expense for goodwill and other intangible assets, as described above, that would have been incurred had the transaction been completed on November 1, 1999. The weighted average estimated useful life for goodwill and other intangible assets created from the acquisition of Van Leer Industrial Packaging is approximately 20 years.
- b. Adjustments result from an increase in depreciation expense related to the fair value adjustment of the properties, plants and equipment acquired from Van Leer Industrial Packaging using the straight-line method over the useful life of the respective asset.
- c. Adjustment relates to the incremental interest expense related to long-term obligations incurred to purchase Van Leer Industrial Packaging and refinance the Company's existing debt and other debt assumed. The interest rate used to calculate incremental interest expense is 7.9%.
- d. Adjustment relates to the elimination of intercompany interest income and expense between Van Leer Industrial Packaging and Huhtamaki.
- e. Adjustment for amortization expense related to deferred financing fees taken over the weighted average life of the new long-term debt (6 years).
- f. Adjustment for the appropriate portion of expense related to a 10-year environmental insurance policy.
- g. To adjust the income tax expense related to the pro forma adjustments described in (a) through (f) above. The income tax adjustments assume an effective tax rate for the Company of 37.9%.
- h. Adjustment to eliminate intercompany sales from American Flange & Manufacturing Company Inc. to the Company during the periods presented.

(c) Exhibits.

The following documents related to the purchase of Van Leer Industrial are being filed as exhibits to this Form 8-K/A:

<u>Exhibit Number</u> -----	<u>Description</u> -----
2	Share Purchase Agreement, dated October 27, 2000, as amended on January 5, 2001 and February 28, 2001, between Huhtamaki Van Leer Oyj, as the seller, and Greif Bros. Corporation, as the buyer.
23	Consent of Ernst & Young Accountants, Independent Auditors, Amsterdam, The Netherlands.
99.1	Press Release issued by Greif Bros. Corporation on March 2, 2001.
99.2	\$900 million Senior Secured Credit Agreement, dated as of March 2, 2001, among Greif Bros. Corporation, as U.S. Borrower, Greif Spain Holdings, S.L., as Subsidiary Borrower, Merrill Lynch & Co., as Sole Lead Arranger, Sole Book-Runner and Administrative Agent, Keybank National Association, as Syndication Agent, ABN AMRO Bank N.V., as Co-Documentation Agent, National City Bank, as Co-Documentation Agent, The Bank of Nova Scotia, as Paying Agent, and other financial institutions party hereto from time to time.
99.3	Royal Packaging Industries Van Leer N.V. audited financial statements for the years ended December 31, 1999, 1998 and 1997 and unaudited financial statements for the year ended December 31, 2000.

SIGNATURES

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

DATE: May 16, 2001

GREIF BROS. CORPORATION

BY /s/ Kenneth E. Kutcher

Kenneth E. Kutcher, Chief
Financial Officer and
Secretary

INDEX TO EXHIBITS

Exhibit Number -----	Description -----	If Incorporated by Reference, the Exhibit was Previously Filed with the SEC ---
2	Share Purchase Agreement, dated October 27, 2000, as amended on January 5, 2001 and February 28, between Huhtamaki Van Leer 2001. Oyj, as the seller, 2001, and Greif Bros. Corporation, as the buyer.	Current Report on Form 8-K dated March 15,
23	Consent of Ernst & Young Accountants, Independent Auditors, Amsterdam, The Netherlands.	Contained herein.
99.1	Press Release issued by Greif Bros. Corporation on March 2, 2001.	Current Report on Form 8-K dated March 15, 2001.
99.2	\$900 million Senior Secured Credit Agreement, dated as of March 2, 2001, among Greif Bros. Corporation, as U.S. Borrower, Greif Spain Holdings, S.L., as Subsidiary Borrower, Merrill Lynch & Co., as Sole Lead Arranger, Sole Book-Runner and Administrative Agent, Keybank National Association, as Syndication Agent, ABN AMRO Bank N.V., as Co-Documentation Agent, National City Bank, as Co-Documentation Agent, The Bank of Nova Scotia, as Paying Agent, and other financial institutions party hereto from time to time.	Current Report on Form 8-K dated March 15, 2001.
99.3	Royal Packaging Industries Van Leer N.V. audited financial statements for the years ended December 31, 1999, 1998 and 1997 and unaudited financial statements for the year ended December 31, 2000.	Contained herein.

EXHIBIT 23

CONSENT OF ERNST & YOUNG ACCOUNTANTS, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-26767) pertaining to the Greif Bros. Corporation 1996 Directors Stock Option Plan, (Form S-8 No. 333-26977) pertaining to the Greif Bros. Corporation Incentive Stock Option Plan, (Form S-8 No. 333-35048) pertaining to the Greif Bros. 401(k) Retirement Plan and Trust, (Form S-8 No. 333-46134) pertaining to the Greif Bros. Corporation Production Associates 401(k) Retirement Plan and Trust, and (Form S-8 No. 333-46136) pertaining to the Greif Bros. Riverville Mill Employee Retirement Savings Plan and Trust of our report dated May 10, 2001 with respect to the combined financial statements of the Industrial Packaging Division of Royal Packaging Industries Van Leer N.V., Huhtamaki Holding Ltda., Van Leer France Holding S.A.S., Van Leer Containers Inc., and American Flange and Manufacturing Company Inc. for the years ended December 31, 1999, 1998 and 1997 included in the Form 8-K/A of Greif Bros. Corporation, filed with the Securities and Exchange Commission on May 15, 2001.

/s/ Ernst & Young Accountants

Amsterdam, The Netherlands

May 15, 2001

EXHIBIT 99.3

**INDUSTRIAL PACKAGING DIVISION OF ROYAL PACKAGING INDUSTRIES VAN LEER N.V,
HUHTAMAKI HOLDING LTDA., VAN LEER FRANCE HOLDING S.A.S., VAN LEER CONTAINERS
INC., AND AMERICAN FLANGE AND MANUFACTURING COMPANY INC.**

**COMBINED FINANCIAL STATEMENTS FOR THE THREE YEAR PERIOD ENDED
DECEMBER 31, 1999 (WITH UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2000)**

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of Royal Packaging Industries Van Leer N.V., Huhtamaki Holding Ltda., Van Leer France Holding S.A.S., Van Leer Containers Inc., and American Flange and Manufacturing Company Inc.:

We have audited the accompanying combined balance sheets of the Industrial Packaging Division of Royal Packaging Industries Van Leer N.V., Huhtamaki Holding Ltda., Van Leer France Holding S.A.S., Van Leer Containers Inc., and American Flange and Manufacturing Company Inc. ("the Company") as of December 31, 1999, 1998 and 1997 and the related combined statements of operations and cash flows for each of the years in the three year period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in The Netherlands and the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Industrial Packaging Division of Royal Packaging Industries Van Leer N.V., Huhtamaki Holding Ltda., Van Leer France Holding S.A.S., Van Leer Containers Inc., and American Flange and Manufacturing Company Inc. as of December 31, 1999, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 1999, in conformity with generally accepted accounting principles in The Netherlands.

Generally accepted accounting principles in The Netherlands vary in certain significant respects from generally accepted accounting principles in the United States. Application of generally accepted accounting principles in the United States would have affected results of operations and shareholders' equity as of and for the years ended December 31, 1999 and 1998 to the extent summarized in Note 18 to the combined financial statements.

Amsterdam, May 10, 2001

/S/ ERNST & YOUNG ACCOUNTANTS

COMBINED BALANCE SHEETS
(AMOUNTS IN THOUSANDS OF EURO)

		AS OF DECEMBER 31,			
NOTES	2000 (UNAUDITED)	1999	1998	1997	
ASSETS EMPLOYED:					
Tangible fixed assets					
At cost	(3) 737,461	721,259	630,697	600,689	
Accumulated depreciation	(385,059)	(361,575)	(317,015)	(315,303)	
	352,402	359,684	313,682	285,386	
Financial fixed assets					
Loans and securities	(4) 48,072	657,855	462,414	418,328	
Total fixed assets	400,474	1,017,539	776,096	703,714	
Current assets					
Stocks	(5) 130,314	110,060	95,441	107,129	
Debtors	(6) 248,675	234,013	192,428	204,947	
Cash and banks	35,202	24,530	10,902	23,615	
Total current assets	414,191	368,603	298,771	335,691	
Current liabilities					
	(7) (182,620)	(196,953)	(152,476)	(163,897)	
Net working capital	231,571	171,650	146,295	171,794	
Net capital employed	632,045	1,189,189	922,391	875,508	
FINANCED BY:					
Medium and long-term loans	(8) 209,655	477,640	277,103	228,514	
Banks	36,696	47,058	49,907	36,355	
	246,351	524,698	327,010	264,869	
Provisions for liabilities and Charges					
Unfunded pension liabilities and similar obligations	(9) 33,630	41,006	42,889	47,888	
Deferred tax liabilities	(10) 36,669	29,660	37,848	39,430	
Other provisions	(11) 36,997	38,251	41,738	51,437	
	107,296	108,917	122,475	138,755	
Group equity					
Shareholders' equity	271,461	545,425	464,900	465,806	
Outside shareholders' interest	6,937	10,149	8,006	6,078	
Total group equity	(12) 278,398	555,574	472,906	471,884	
Financing capital	632,045	1,189,189	922,391	875,508	

SEE ACCOMPANYING NOTES.

COMBINED STATEMENTS OF OPERATIONS
(AMOUNTS IN THOUSANDS OF EURO)

		FOR THE YEARS ENDED DECEMBER 31,			
	NOTES	2000 (UNAUDITED)	1999	1998	1997
Net sales	(14)	1,028,078	921,854	919,550	972,691
Movements in stocks		1,476	(3,239)	(526)	(772)
Proceeds of production		1,029,554	918,615	919,024	971,919
Direct materials		(535,813)	(440,254)	(460,976)	(487,690)
Value added		493,741	478,361	458,048	484,229
Operating costs	(15)	(459,009)	(425,673)	(401,515)	(432,333)
Operating profit before interest and taxation		34,732	52,688	56,533	51,896
Interest income/(expense)	(16)	7,401	(1,647)	1,216	(2,888)
Foreign exchange result		(1,542)	1	(3,872)	(1,555)
Operating profit before taxation		40,591	51,042	53,877	47,453
Tax on operating profit		230	(12,301)	(9,665)	(10,468)
Net operating profit		40,821	38,741	44,212	36,985
Net extraordinary expense	(17)	-	(1,644)	(2,380)	(1,426)
Profit after taxation		40,821	37,097	41,832	35,559
Third party interest		(724)	(1,540)	(457)	(505)
Net income		40,097	35,557	41,375	35,054

SEE ACCOMPANYING NOTES.

COMBINED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS OF EURO)

	FOR THE YEARS ENDED DECEMBER 31,			
	2000	1999	1998	1997
	(UNAUDITED)			

CASH FLOW PROVIDED BY OPERATING ACTIVITIES				
Net income for the year	40,097	35,557	41,375	35,054
Depreciation	39,515	33,956	32,244	32,855
	-----	-----	-----	-----
OPERATING CASH FLOW	79,612	69,513	73,619	67,909
Movement in working capital	(49,249)	(11,727)	12,786	(1,754)
Stock appreciation rights exercised	--	(30,399)	(15,905)	(6,812)
Movement in provisions	(1,621)	(13,558)	(16,280)	(16,872)
	-----	-----	-----	-----
CASH FLOW PROVIDED BY OPERATING ACTIVITIES	28,742	13,829	54,220	42,471
Net investments in tangible fixed assets	(42,874)	(64,300)	(75,819)	(58,025)
Other	6,294	(6,064)	12,787	3,142
	-----	-----	-----	-----
CASH FLOW USED IN INVESTING ACTIVITIES	(36,580)	(70,364)	(63,032)	(54,883)
Loans and securities	86,783	(195,441)	(44,086)	(14,203)
Medium and long-term loans	(267,985)	200,537	48,589	16,591
Banks	(10,362)	(2,849)	13,552	13,050
Net transfers (to) from Parent Company	210,074	67,916	(21,956)	(12,168)
	-----	-----	-----	-----
CASH FLOW USED/PROVIDED BY FINANCING ACTIVITIES	18,510	70,163	(3,901)	3,270
	-----	-----	-----	-----
CASH FLOW	10,672	13,628	(12,713)	(9,142)
	=====	=====	=====	=====

SEE ACCOMPANYING NOTES.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS OF EURO)

(1) BASIS OF PRESENTATION OF THE COMBINED FINANCIAL STATEMENTS

The accompanying combined financial statements present the combined financial position, results of operations, and cash flows of the Industrial Packaging Division of Royal Packing Industries Van Leer N.V., Huhtamaki Holding Ltda., Van Leer France Holding S.A.S., Van Leer Containers Inc., and American Flange and Manufacturing Company Inc. (the "Company"). Each of these legal entities was a wholly owned subsidiary of Huhtamaki Van Leer Oyj (the "Parent Company") and historically operated two principal divisions: the Industrial Packaging Division and the Consumer Packaging Division.

On March 2, 2001, pursuant to the terms of a share purchase agreement between Greif Bros. Corporation (the "Purchaser") and Huhtamaki Van Leer Oyj, a Finnish corporation (the "Seller"), the Purchaser acquired all of the issued share capital of Royal Packaging Industries Van Leer N.V., a worldwide manufacturer of packaging products headquartered in the Netherlands. Pursuant to the terms of the agreement, the Purchaser also acquired all of the issued and outstanding share capital of Huhtamaki Holding Ltda., Van Leer France Holding S.A.S., Van Leer Containers Inc. and American Flange and Manufacturing Company Inc. Immediately prior to the acquisition by Greif Bros. Corporation, the Consumer Packaging Division of these entities was transferred to a subsidiary of the Parent Company. The Consumer Packaging Division was not acquired by Greif Bros. Corporation and, accordingly, these combined financial statements do not include financial information of the Consumer Packaging Division.

The accompanying combined financial statements include the assets, liabilities, net sales, movements in stocks, direct materials and other operating expenses that relate directly to the Industrial Packaging Division. Certain costs have been allocated to the Company on a direct basis, based upon a specific identification of the expenses. Allocations of expenses to the Company on an indirect basis have been made primarily on a proportional cost allocation method based on net capital. Management believes the above allocations to be reasonable under the circumstances, however, there can be no assurances that such allocations will be indicative of future results of operations of the combined businesses nor reflective of historical results had the combined businesses been a separate, stand-alone entity during the periods covered.

The combined financial statements have been prepared in accordance with generally accepted accounting principles in the Netherlands ("Dutch GAAP"). Note 18 includes a summary of differences between Dutch GAAP and generally accepted accounting principles in the United States that have an effect on net income and shareholders' equity. The accompanying combined financial statements do not represent Dutch statutory financial statements as the combined businesses were not conducted as a separate single legal entity. The preparation of the combined financial statements requires management to make estimates and assumption that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

The accompanying financial statements are reported in Euro for all periods presented. Prior year amounts were restated from Dutch guilders into Euro by dividing the amounts in Dutch guilders by the exchange rate of 2.20371, fixed on January 1, 1999. The comparative financial statements presented for periods prior to January 1, 1999 and reported in Euro depict the same trends as would have been presented if the Company had continued to present financial statements in Dutch guilders. However, the financial statements for the periods prior to January 1, 1999 will not be comparable to the financial statements of other companies that reported in Euro and that restated their prior period financial statements from a currency other than Dutch guilder.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

COMBINATION

The combined financial statements include all companies in which the Company directly or indirectly holds more than fifty percent of the shares and/or on whose management and financial policy the Company exercises a decisive influence. The results of subsidiaries acquired are included from the date of acquisition and for subsidiaries sold, up to the date of disposal. All intercompany balances and transactions between the entities have been eliminated.

UNAUDITED FINANCIAL INFORMATION

Information included in the combined financial statements as of and for the year ended December 31, 2000 is unaudited.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS OF EURO)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RELATED PARTY TRANSACTIONS

Amounts due from or payable to the Parent Company result primarily from intercompany charges. Loans to and loans from the Parent Company relate primarily to intercompany financing transactions.

TRANSLATION OF FOREIGN CURRENCIES

The balance sheets of foreign entities are translated into Euros at the year-end exchange rates. The statements of operations are translated at the average exchange rates for the year. The resulting net translation adjustments are recorded directly to shareholders' equity.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

TANGIBLE FIXED ASSETS

Land, buildings, machinery, installations and other tangible fixed assets are carried at cost net of depreciation.

Assets depreciation terms are as follows:

Land	-
Buildings	40 years
Machinery and installations	8-14 years
Other operational assets	3-12 years

Assets acquired under financing arrangements classified as capital leases are capitalized and depreciated in accordance with the above principles. The corresponding capital lease obligations are classified with long term loans due after more than one year. Other operational assets include primarily computer hardware and software and furniture and fixtures.

GOODWILL

Goodwill, representing the amount paid in excess of net asset value for companies acquired, is charged to shareholders' equity.

IMPAIRMENT OF LONG-LIVED ASSETS

Impairment of tangible fixed assets and other long-lived assets is recognized when events or changes in circumstances indicate that the carrying amount of the asset, or related groups of assets, may not be recoverable. Measurement of the amount of impairment may be based on appraisal, market value of similar assets or estimated discounted future cash flows resulting from the use and ultimate disposition of the asset.

LOANS AND SECURITIES

Loan and securities are valued at historical cost and represent the net realizable value.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS OF EURO)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STOCKS

Inventories are valued at the lower of cost of market principally by the first-in, first-out method. Work in progress and finished goods include the cost of direct materials, labour, and overhead.

PENSIONS AND POST-RETIREMENT BENEFITS

Pension schemes are established in various countries in conformity with local regulations. Current service costs of pension plans are charged to operations in the year in which they arise. The unfunded liability of pensions is determined by using the accrued benefit valuation method. Under this method the accrued liability represents the present value of benefits payable at retirement date, taking into account the applicable variables such as employee salaries, employee service years, and plan returns. Such variables do not take into account assumptions regarding future events.

Certain subsidiaries maintain post retirement health care and life insurance benefits. Benefits accrue over the periods employees render service, and are actuarially calculated based on current assumptions. These plans are not funded, however, the recorded provision is sufficient to cover the present value of the accumulated post-retirement benefit obligation. The cost for the year represents the increase in the obligation for post-retirement benefits granted to employees, and is adjusted for differences in this obligation due to changes in assumptions.

TAXATION ON THE RESULT

The provision for income tax included in the accompanying combined financial statements has been determined as if the Company was a stand alone entity during the periods covered. The provision for income taxes consists of current tax expense and deferred tax expense. In certain tax jurisdictions, the Company maintains deferred tax assets which consist principally of net operating loss carryforwards. Management has assessed whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has established, to the extent that deferred tax assets are not offset by deferred tax liabilities within a tax jurisdiction, a full valuation allowance for deferred tax assets.

OTHER ASSETS AND LIABILITIES

All other assets and liabilities are stated at the amounts at which they were acquired or incurred. Assets are stated net of related provisions.

INCOME AND EXPENSE

The Company recognizes sales when there is evidence of a sales agreement, the delivery of goods has occurred, and collectibility is reasonably assured. Other income, costs and expenses are allocated to the year to which they relate. Losses are accounted for in the year in which they are identified. Research and development expenditures are written off as incurred.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS OF EURO)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STOCK APPRECIATION RIGHTS

Until October 1999, the Company sponsored a Stock Appreciation Rights ("SAR") Plan, which provided eligible employees with the right to receive cash equal to the appreciation of the Company's ordinary shares subsequent to the date of grant. The stock appreciation rights vest over a two to three year period and expire five years from the date of grant. Compensation in the form of cash payments to employees related to the SAR Plan are charged directly to equity. Subsequent to October 1999, no stock appreciation rights were granted and none were outstanding.

(3) TANGIBLE FIXED ASSETS 2000 UNAUDITED	LAND	BUILDINGS	MACHINERY AND INSTALLATIONS	OTHER OPERATIONAL ASSETS	ASSETS UNDER CONSTRUCTION	NOT IN USE	TOTAL
Book value at 01-01-2000	19,138	74,270	188,592	18,527	56,830	2,327	359,684
Additions	--	3,961	37,614	4,449	(5,646)	2,496	42,874
Depreciation	--	(2,967)	(29,269)	(6,413)	--	(866)	(39,515)
Other movements	(829)	(2,319)	(2,879)	419	(3,874)	(1,159)	(10,641)
Book value at 31-12-2000	18,309	72,945	194,058	16,982	47,310	2,798	352,402
At cost at 31-12-2000	18,309	113,286	479,087	71,863	47,310	7,606	737,461
Accumulated depreciation	--	(40,341)	(285,029)	(54,881)	--	(4,808)	(385,059)
Book value at 31-12-2000	18,309	72,945	194,058	16,982	47,310	2,798	352,402
1999							
Book value at 01-01-1999	16,766	64,692	146,251	17,801	67,478	694	313,682
Additions	122	10,237	63,282	7,312	(19,335)	2,682	64,300
Depreciation	--	(2,967)	(24,614)	(5,784)	--	(591)	(33,956)
Other movements	2,250	2,308	3,673	(802)	8,687	(458)	15,658
Book value at 31-12-1999	19,138	74,270	188,592	18,527	56,830	2,327	359,684
At cost at 31-12-1999	19,138	115,125	452,494	70,937	56,830	6,735	721,259
Accumulated depreciation	--	(40,855)	(263,902)	(52,410)	--	(4,408)	(361,575)
Book value at 31-12-1999	19,138	74,270	188,592	18,527	56,830	2,327	359,684
1998							
Book value at 01-01-1998	13,467	68,020	141,986	18,404	42,877	632	285,386
Additions	3,455	2,209	34,107	6,960	29,082	6	75,819
Depreciation	--	(2,812)	(22,826)	(6,593)	--	(13)	(32,244)
Other movements	(156)	(2,725)	(7,016)	(970)	(4,481)	69	(15,279)
Book value at 31-12-1998	16,766	64,692	146,251	17,801	67,478	694	313,682
At cost at 31-12-1998	16,766	100,615	374,321	66,530	67,478	4,987	630,697
Accumulated depreciation	--	(35,923)	(228,070)	(48,729)	--	(4,293)	(317,015)
Book value at 31-12-1998	16,766	64,692	146,251	17,801	67,478	694	313,682

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS OF EURO)

(3) TANGIBLE FIXED ASSETS (CONTINUED)

	LAND	BUILDINGS	MACHINERY AND INSTALLATIONS	OTHER OPERATIONAL ASSETS	ASSETS UNDER CONSTRUCTION	NOT IN USE	TOTAL

1997							
Book value at 01-01-1997	10,218	69,540	137,694	17,650	27,025	1,664	263,791
Additions	3,729	3,902	26,099	8,012	16,230	53	58,025
Depreciation	--	(3,411)	(22,093)	(7,090)	--	(261)	(32,855)
Other movements	(480)	(2,011)	286	(168)	(378)	(824)	(3,575)

Book value at 31-12-1997	13,467	68,020	141,986	18,404	42,877	632	285,386
At cost at 31-12-1997	13,467	102,792	365,481	70,628	42,877	5,444	600,689
Accumulated depreciation	--	(34,772)	(223,495)	(52,224)	--	(4,812)	(315,303)

Book value at 31-12-1997	13,467	68,020	141,986	18,404	42,877	632	285,386
=====							

Other movements primarily include exchange rate effects. Assets under construction include payments on account. Assets not in use represent land and buildings held for sale or machinery temporarily idled. Such assets are recorded at their net realizable value.

(4) LOANS AND SECURITIES

	2000	1999	1998	1997

	(UNAUDITED)			
Loans to third parties and securities	33,920	2,198	2,095	3,285
Loans to Parent Company	9,513	652,237	457,707	413,862
Other	4,639	3,420	2,612	1,181

	48,072	657,855	462,414	418,328
=====				

In 2000, loans to the Parent Company were reduced by a dividend declared to the Parent Company in the amount of Euro 523,000. In February 2001, the transaction was settled in a non-cash transaction.

(5) STOCKS

	2000	1999	1998	1997

	(UNAUDITED)			
Direct materials	87,688	74,459	61,285	72,538
Work in progress	11,141	7,826	7,788	6,461
Finished goods	31,485	27,775	26,368	28,130

	130,314	110,060	95,441	107,129
=====				

Provision is made for obsolete and slow-moving items.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS OF EURO)

(6) DEBTORS

	2000	1999	1998	1997
	(UNAUDITED)			
Trade debtors third party	174,448	165,233	135,862	139,292
Miscellaneous debtors third party	16,310	17,519	22,215	25,549
Other debts from Parent Company	6,716	15,621	5,009	7,798
Prepayments and accrued income	44,277	29,211	23,916	26,754
Deferred tax assets	6,924	6,429	5,426	5,554
	248,675	234,013	192,428	204,947
	=====			

(7) CURRENT LIABILITIES

	2000	1999	1998	1997
	(UNAUDITED)			
Trade creditors third party	82,386	75,364	56,675	65,988
Taxes payable	6,892	19,209	12,065	13,161
Accruals and deferred income	69,509	80,032	57,960	63,603
Other current liabilities third party	20,391	17,644	22,344	18,683
Other current liabilities to Parent Company	3,442	4,704	3,432	2,462
	182,620	196,953	152,476	163,897
	=====			

(8) MEDIUM AND LONG-TERM LOANS

	2000		1999		1998		1997	
	TOTAL	REPAYABLE IN ONE YEAR	TOTAL	REPAYABLE IN ONE YEAR	TOTAL	REPAYABLE IN ONE YEAR	TOTAL	REPAYABLE IN ONE YEAR
	(UNAUDITED)							
Loans from Parent Company	180,492	-	359,287	-	160,321	-	105,564	-
Bank loans	23,964	972	112,517	3,213	110,032	3,523	116,640	574
Other loans	3,551	157	4,157	532	5,140	451	4,669	442
Finance lease liabilities	1,648	154	1,679	1,679	1,610	207	1,641	342
	209,655	1,283	477,640	5,424	277,103	4,181	228,514	1,358
	=====							

The average years to maturity and interest rate on medium and long-term debt is as follow:

	2000	1999	1998	1997
	(UNAUDITED)			
Average years to maturity	2.1	2.1	4.0	4.3
Average interest rate on bank loans	7.1%	7.0%	7.4%	7.5%

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS OF EURO)

(9) UNFUNDED PENSION LIABILITIES AND SIMILAR OBLIGATIONS

Unfunded pension liabilities and similar assets consist of the following:

	UNFUNDED PENSION LIABILITIES	POSTRETIREMENT BENEFITS	TOTAL
Balance at Dec. 31, 2000 (unaudited)	21,440	12,190	33,630
Balance at Dec. 31, 1999	29,425	11,581	41,006
Balance at Dec. 31, 1998	29,539	13,350	42,889
Balance at Dec. 31, 1997	33,503	14,385	47,888

The unfunded pension and postretirement obligations are primarily long-term liabilities.

(10) DEFERRED TAX LIABILITIES

2000 UNAUDITED

Balance at Dec. 31, 1999	29,660
Uses	(3,290)
Additional provision	10,299
Balance at Dec. 31, 2000	36,669
1999	
Balance at Dec. 31, 1998	37,848
Uses	(10,315)
Additional provision	2,127
Balance at Dec. 31, 1999	29,660
1998	
Balance at Dec. 31, 1997	39,430
Uses	(2,700)
Additional provision	1,118
Balance at Dec. 31, 1998	37,848
1997	
Balance at Dec. 31, 1996	43,735
Uses	(4,721)
Additional provision	416
Balance at Dec. 31, 1997	39,430

The deferred tax on timing differences is primarily a long-term liability and is calculated at year-end tax rates.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS OF EURO)

(11) OTHER PROVISIONS

Other provisions consist of the following:

	2000	1999	1998	1997

	(UNAUDITED)			
Litigation	2,007	2,154	2,056	2,262
Reorganizations	17,343	16,219	21,942	33,005
Release pay	2,099	2,819	3,497	1,782
Environmental	6,799	6,702	5,351	5,615
Sundry	8,749	10,357	8,892	8,773

	36,997	38,251	41,738	51,437
	=====			

(12) TOTAL GROUP EQUITY

	2000	1999	1998	1997

	(UNAUDITED)			
Beginning balance at January 1	555,574	472,906	471,884	445,420
Net income	40,097	35,557	41,375	35,054
Goodwill	(3,157)	(1,205)	(3,256)	(2,280)
Stock appreciation rights exercised	--	(30,399)	(15,905)	(6,812)
Dividend declared to the Parent Company	(523,000)	--	--	--
Net transfers (to) from Parent Company	210,074	67,916	(21,956)	(12,168)
Other	(1,190)	10,799	764	12,670

Ending balance at December 31	278,398	555,574	472,906	471,884
	=====			

Other relates primarily to the effect of foreign currency translation adjustments.

(13) CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2000	1999	1998	1997

	(UNAUDITED)			
Contingent liabilities (guarantees)	6,927	7,760	28,415	27,387
Rentals under lease contracts	16,864	11,968	10,064	8,368
Prospective capital expenditure	16,979	9,630	15,091	40,416

The Company is involved in several legal proceedings. It is not expected that the outcome from these legal proceedings will have a material effect on the Company. The Company has provided for all probable liabilities, as considered necessary by management.

(14) NET SALES

Net sales by geographical area are as follows:

	2000	1999	1998	1997

	(UNAUDITED)			
Europe	462,083	434,891	442,638	453,270
North America and Mexico	261,447	225,368	190,870	179,957
Africa	67,997	55,063	54,100	69,397
Australia and South East Asia	106,767	97,766	92,549	126,067
Central and South America	129,784	108,766	139,393	144,000

	1,028,078	921,854	919,550	972,691
	=====			

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS OF EURO)

(15) OPERATING COSTS

Operating costs consist of the following:

	2000	1999	1998	1997

	(UNAUDITED)			
Salaries and wages	158,084	148,737	142,362	143,375
Social charges	49,318	41,243	43,315	45,575
Pension costs	7,513	8,426	10,256	10,040

Total salaries, wages, social charges and pension costs	214,915	198,406	195,933	198,990
Depreciation of tangible fixed assets	39,515	33,956	32,244	32,855
Transport costs	69,727	61,373	54,650	53,159
Other operating costs	134,852	131,938	118,688	147,329

	459,009	425,673	401,515	432,333
	=====			

Other operating costs include utilities, insurance, rental, leases, travel expenses and miscellaneous overhead expenses. Social charges include the cost of post-retirement benefits.

(16) INTEREST INCOME/(EXPENSE)

Income/(expense) consists of the following:

	2000	1999	1998	1997

	(UNAUDITED)			
Interest expense	(15,769)	(18,338)	(20,306)	(23,671)
Interest income	23,170	16,691	21,522	20,783

	7,401	(1,647)	1,216	(2,888)
	=====			

(17) NET EXTRAORDINARY EXPENSE

	2000	1999	1998	1997

	(UNAUDITED)			
Extraordinary income	--	--	5,945	2,919
Extraordinary expense	--	(2,905)	(8,325)	(11,344)

Tax income/(expense)	--	(2,905)	(2,380)	(8,425)
	--	1,261	--	6,999

	--	(1,644)	(2,380)	(1,426)
	=====			

Extraordinary income primarily represents the reversal of tax liabilities as a result of a change in tax law and final settlements with tax authorities. Extraordinary expenses relate primarily to costs associated with the year 2000.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS OF EURO)

(18) NET INCOME AND SHAREHOLDERS' EQUITY UNDER ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

The combined financial statements have been prepared in accordance with generally accepted accounting principles in The Netherlands ("Dutch GAAP"), which differ in certain significant respects from generally accepted accounting principles in the United States of America ("U.S. GAAP").

The table below reconciles the net income and shareholders' equity of the Company under Dutch GAAP to the net income and shareholders' equity under U.S.

GAAP:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(UNAUDITED)		
Net income under Dutch GAAP	(EURO) 40,097	(EURO) 35,557	(EURO) 41,375
Stock-appreciation rights	-	(13,798)	(1,284)
Pensions and post retirement benefit plans	2,965	(2,226)	(1,151)
Restructuring provisions	320	(1,791)	(7,598)
Year 2000 costs	(1,055)	(862)	(1,588)
Start-up costs	4,469	(2,451)	(2,618)
Goodwill amortization	(652)	(507)	(309)
Income tax effect of U.S. GAAP adjustments	(1,292)	786	1,060
Net income under U.S. GAAP	(EURO) 44,852	(EURO) 14,708	(EURO) 27,887

	DECEMBER 31,		
	2000	1999	1998
	(UNAUDITED)		
Shareholders' equity under Dutch GAAP	(EURO) 271,461	(EURO) 545,425	(EURO) 464,900
Stock-based compensation	-	-	(4,814)
Pensions and post retirement benefit plans	30,766	28,585	27,092
Restructuring provisions	8,820	8,500	10,291
Year 2000 costs	-	1,055	1,917
Start-up costs	5,969	1,500	3,951
Goodwill	9,817	7,313	6,614
Income tax effect of U.S. GAAP adjustments	(14,651)	(13,998)	(10,655)
Shareholders' equity under U.S. GAAP	(EURO) 312,182	(EURO) 578,380	(EURO) 499,296

The following accounting principles were followed by the Company pursuant to U.S. GAAP:

STOCK-APPRECIATION RIGHTS

Until October 1999, the Company sponsored a Stock Appreciation Rights ("SAR") Plan, which provided eligible employees with the right to receive cash equal to the appreciation of the Company's ordinary shares subsequent to the date of grant. Stock appreciation rights issued under the SAR Plan vest over a two to three year period and expire five years from the date of grant. Under Dutch GAAP, compensation in the form of cash payments to employees related to the SAR Plan are charged directly to equity. Under U.S. GAAP, compensation expense or benefit on SARs is recorded each reporting period based on changes in the market price of the Company's ordinary shares.

PENSIONS AND POST RETIREMENT BENEFIT PLANS

Under Dutch GAAP, defined benefit pension and post retirement health care benefit expenses are based on premiums paid to certain pension and other post retirement benefit plan funds. The premiums are calculated using actuarial assumptions which among other variables do not take into account future salary increases or employee turnover due to resignations, dismissals or disability. Premiums are not reduced by credits relating to overfunding of the funds, which under Dutch GAAP is computed by valuing assets at fair market value less a prudence provision unless refunds are actually received from the fund.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)
(AMOUNTS IN THOUSANDS OF EURO)

(18) NET INCOME AND SHAREHOLDERS' EQUITY UNDER ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (CONTINUED)

Under U.S. GAAP, pension costs are calculated in accordance with Financial Accounting Standards Board ("FASB") No. 87, "Employers' Accounting for Pensions" and postretirement benefit obligations are calculated in accordance with FASB No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions." FASBs Nos. 87 and 106 are generally more prescriptive than Dutch GAAP. Under FASB No. 87, service costs are based on actuarial assumptions which among other variables include estimated future salary increases and estimated employee turnover related to resignations, dismissals and disability. Moreover, net periodic pension costs are reduced by credits representing amortization of overfunding of the fund which is calculated by valuing plan assets at fair market value. Under FASB No. 106, the service costs is based on the expected amount and timing of future benefits, taking into consideration the expected future cost of providing the benefits.

RESTRUCTURING PROVISIONS

Under Dutch GAAP, the Company provided reserves for anticipated costs associated with termination benefits and other costs associated with exit activities at the point when a general plan was approved by management and the costs were reasonably estimable.

Under U.S. GAAP, certain criteria, as outlined by Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity" and Securities and Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") No. 100, "Restructuring and Impairment Charges," must be met prior to providing for these costs. For those accruals where the Company did not meet the criteria of EITF No. 94-3 and SAB 100, the Company expensed the restructuring costs, if any, in the year in which they were incurred.

YEAR 2000 COSTS

Under Dutch GAAP, the Company accrued for anticipated costs related to Year 2000 preparation. Under U.S. GAAP, year 2000 costs were accounted for in accordance with EITF No. 96-14 "Accounting for the Costs Associated with Modifying Computer Software for the Year 2000" and were expensed as incurred.

START-UP COSTS

Under Dutch GAAP, the Company accrued for anticipated costs related to start-up activities of some of its operations. Under U.S. GAAP, these costs were accounted for in accordance with Statement of Position ("SOP") No. 98-5, "Reporting on the Costs of Start-up Activities" and, accordingly, were expensed as incurred.

GOODWILL

Under Dutch GAAP, the Company charged all goodwill directly to equity. Under U.S. GAAP, goodwill is amortized on a straight method over 15 years, the estimated useful life. The carrying amount of goodwill is reviewed on a quarterly basis for recoverability based on the undiscounted cash flows of the businesses acquired over the remaining amortization period. Should the review indicate that goodwill is not recoverable, the Company's carrying value of the goodwill would be reduced by the estimated shortfall of the discounted cash flows.

INCOME TAX EFFECT OF U.S. GAAP ADJUSTMENTS

For all U.S. GAAP adjustments noted above, the tax effect was computed using the statutory tax rates of the respective subsidiaries of the Company creating the U.S. GAAP adjustment. To the extent the U.S. GAAP adjustment created a temporary deductible difference and there was insufficient positive evidence to support valuing the related deferred tax asset, an effective tax rate of 0% was used.

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