

GREIF INC

FORM 10-Q (Quarterly Report)

Filed 9/9/1996 For Period Ending 7/31/1996

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

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For Quarter Ended July 31, 1996 Commission File Number 1-566

GREIF BROS. CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	31-4388903
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

621 Pennsylvania Avenue, Delaware, Ohio 43015

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 614-363-1271

Not Applicable

Former name, former address and former fiscal year, if changed
since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report:

Class A Common Stock 10,873,172 shares Class B Common Stock 12,001,793 shares

PART I. FINANCIAL INFORMATION

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share amounts)

	Three Months		Nine Months	
	Ended July 31, 1996	1995	Ended July 31, 1996	1995
Net sales	\$155,994	\$184,159	\$474,949	\$539,086
Other income:				
Interest and other	1,535	1,553	3,563	4,184
Gain on timber sales	3,084	1,402	6,081	6,119
	160,613	187,114	484,593	549,389
Costs and expenses:				
Cost of products sold	128,865	138,011	389,460	417,569
Selling, general and administrative	16,116	19,911	50,882	54,153
Interest	196	104	710	820
	145,177	158,026	441,052	472,542
Income before income taxes	15,436	29,088	43,541	76,847
Taxes on income	5,800	11,500	16,500	29,000
Net income	\$ 9,636	\$ 17,588	\$ 27,041	\$ 47,847

Net income per share (based on the average number of shares outstanding during the period):

Based on the assumption that earnings were allocated to Class A and Class B Common Stock to the extent that dividends were actually paid for the year and the remainder were allocated as they would be received by shareholders in the event of liquidation, that is, equally to Class A and Class B shares, share and share alike:

Class A Common Stock	\$.36	\$.71	\$1.00	\$1.89
Class B Common Stock	\$.40	\$.74	\$1.15	\$2.05

Due to the special characteristics of the Company's two classes of stock (see Note 1), earnings per share can be calculated upon the basis of varying assumptions, none of which, in the opinion of management, would be free from the claim that it fails fully and accurately to represent the true interest of the shareholders of each class of stock and in the retained earnings.

See accompanying Notes to Consolidated Financial Statements.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

ASSETS	July 31, 1996	October 31, 1995
CURRENT ASSETS		
Cash and cash equivalents	\$ 42,192	\$ 31,612
Canadian government securities	18,846	18,981
Trade accounts receivable--less allowance of \$789 for doubtful items	63,474	76,950
Inventories, at the lower of cost (prin- cipally last-in, first-out) or market	36,924	53,876
Prepaid expenses and other	14,281	16,482
Total current assets	175,717	197,901
LONG TERM ASSETS		
Cash surrender value of life insurance	3,030	2,838
Interest in partnership	--	1,091
Other long term assets	6,620	6,977
	9,650	10,906

PROPERTIES, PLANTS AND EQUIPMENT--at cost		
Timber properties--less depletion	5,688	4,518
Land	10,982	11,014
Buildings	120,123	104,892
Machinery, equipment, etc.	337,020	319,785
Construction in progress	58,819	42,102
Less accumulated depreciation	(241,887)	(223,456)
	290,745	258,855
	\$476,112	\$467,662

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 24,143	\$ 35,935
Current portion of long term obligations	1,273	264
Accrued payrolls and employee benefits	8,107	10,882
Accrued taxes--general	1,748	1,954
Taxes on income	4,496	126
Total current liabilities	39,767	49,161

LONG TERM OBLIGATIONS (interest rates from 4.81% - 8.00%; payable to 2002)	12,696	14,101
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OTHER LONG TERM LIABILITIES	19,226	18,305
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DEFERRED INCOME TAXES	18,338	13,562
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Total long term liabilities	50,260	45,968
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SHAREHOLDERS' EQUITY (Note 1)

Capital stock, without par value	9,034	9,034
Class A Common Stock:		
Authorized 32,000,000 shares;		
issued 21,140,960 shares;		
outstanding 10,873,172 shares		
Class B Common Stock:		
Authorized and issued 17,280,000 shares;		
outstanding 12,001,793 shares		
(13,201,793 in 1995)		
Treasury Stock, at cost	(41,867)	(40,776)
Class A Common Stock: 10,267,788 shares		
Class B Common Stock: 5,278,207 shares		
(4,078,207 in 1995)		
Retained earnings	423,276	407,665
Cumulative translation adjustment	(4,358)	(3,390)
	386,085	372,533
	\$476,112	\$467,662

See accompanying Notes to Consolidated Financial Statements.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

For the nine months ended July 31, 1996 1995
Cash flows from operating activities:

Net income	\$27,041	\$47,847
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and depletion	19,360	17,097
Deferred income taxes	4,786	4,329
(Increase) decrease:		
Trade accounts receivable	13,476	2,168
Inventories	16,952	(18,647)
Prepaid expenses and other	2,201	(108)
Other long term assets	165	(2,144)
Increase (decrease):		
Accounts payable	(11,792)	(5,040)
Accrued payrolls and employee benefits	(2,775)	2,864
Accrued taxes - general	(206)	(739)
Taxes on income	4,370	(401)

Other long term liabilities	921	3,751
Net cash provided by operating activities	74,499	50,977
Cash flows from investing activities:		
Net sales of investments in government securities	135	4,200
Purchase of properties, plants and equipment	(51,413)	(31,008)
Net cash used by investing activities	(51,278)	(26,808)
Cash flows from financing activities:		
Net payments on long term obligations	(396)	(17,793)
Acquisition of treasury stock	--	(2,646)
Dividends paid	(11,430)	(10,340)
Net cash used by financing activities	(11,826)	(30,779)
Foreign currency translation adjustment	(815)	(220)
Net increase (decrease) in cash and cash equivalents	10,580	(6,830)
Cash and cash equivalents at beginning of period	31,612	29,543
Cash and cash equivalents at end of period	\$42,192	\$22,713

See accompanying Notes to Consolidated Financial Statements.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JULY 31, 1996

NOTE 1 - CAPITAL STOCK AND RETAINED EARNINGS

Class A Common Stock is entitled to cumulative dividends of 1 cent a share per year after which Class B Common Stock is entitled to non-cumulative dividends up to 1/2 cent a share per year. Further distribution in any year must be made in proportion of 1 cent a share for Class A Common Stock to 1-1/2 cents a share for Class B Common Stock. The Class A Common Stock shall have no voting power nor shall it be entitled to notice of meetings of the stockholders, all rights to vote and all voting power being vested exclusively in the Class B Common Stock unless four quarterly cumulative dividends upon the Class A Common Stock are in arrears. There is no cumulative voting.

NOTE 2 - DIVIDENDS PER SHARE

The following dividends per share were paid during the period indicated,

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	1996	1995	1996	1995
Class A Common Stock	\$.08	\$.06	\$.40	\$.34
Class B Common Stock	\$.12	\$.09	\$.59	\$.50

NOTE 3 - CALCULATION OF NET INCOME PER SHARE

Net income per share was calculated using the following number of shares for the periods presented:

	Three Months Ended	Nine Months Ended
	July 31,	July 31,
Class A Common Stock	10,873,172 shares	10,873,172 shares
Class B Common Stock	12,001,793 shares	12,028,460 shares

NOTE 4 - INVENTORIES

Inventories are comprised principally of raw materials.

NOTE 5 - TREASURY SHARES ACQUIRED

Effective November 6, 1995, Macauley & Company (the Partnership) in which the Company was a limited partner, was liquidated. Prior to the liquidation, the Partnership held Class B Common Stock (2,400,000 shares) of the Company. Upon liquidation, the Company received 1,200,000 shares of the Class B Common Stock. The Company recorded the liquidation by crediting interest in partnership and charging an equal amount to treasury stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Historically, revenues or earnings may or may not be representative of future operations because of various economic factors. The following comparative information is presented for the three-month and nine-month periods ended July 31, 1996 and July 31, 1995.

Net sales decreased during the current period compared to the previous period. This decrease was principally the result of decreases in the containerboard segment, which was significantly affected by lower sales prices of the products in this segment.

For the quarter ended July 31, 1996, the gain on sales of timber and timber properties increased since the prior year due to timber properties sold in Nova Scotia, Canada.

The cost of products sold as a percentage of sales increased since the prior year. The profit margins of the containerboard segment were lower as compared to the previous period due to a reduction in the sales prices of its products without a corresponding reduction in its costs.

Liquidity and Capital Resources

As indicated in the Consolidated Balance Sheet, elsewhere in this report and discussed in greater detail in the 1995 Annual Report to Shareholders, the Company is dedicated to maintaining a strong financial position. It is our belief that this dedication is extremely important during all economic times.

The current ratio as of July 31, 1996 is an indication of the continuation of the Company's strong liquidity.

As discussed in the 1995 Annual Report, the Company is subject to the economic conditions of its customers. During this period, the Company has been able to utilize its developed financial position to meet its continued business needs.

During the nine months ended July 31, 1996, the Company generated \$74,499,000 of cash from operations. Capital expenditures were \$51,413,000 during this same period. These capital expenditures were principally related to a paper mill modernization program in Virginia as well as replacing and improving equipment.

The Company has approved future purchases, primarily for equipment, of approximately \$38 million. Self-financing and low interest rate borrowing has been the primary source for financing such capital expenditures.

The reduction in trade accounts receivable since year-end is due to lower sales during the third quarter of fiscal 1996 compared to the third quarter of fiscal 1995. Inventory and accounts payable balances are lower primarily due to a decrease in certain raw material prices.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no material pending legal proceedings.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a.) Exhibits.
None.

(b.) Reports on Form 8-K. No events occurred requiring Form 8-K to be filed.

OTHER COMMENTS

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the consolidated balance sheet as of July 31, 1996, the consolidated statement of income for the 9-month periods ended July 31, 1996 and 1995, and the consolidated statement of cash flows for the 9-month periods then ended. These financial statements are unaudited; however, at year end an audit will be made for the fiscal year by our independent accountants.

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 thereunto duly authorized.

Greif Bros. Corporation

(Registrant)

Date September 9, 1996

John K. Dieker
Controller

ARTICLE 5

This schedule contains summary financial information extracted from the Form 10-Q and is qualified in its entirety by reference to such Form 10-Q.

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	OCT 31 1996
PERIOD END	JUL 31 1996
CASH	42,192
SECURITIES	18,846
RECEIVABLES	64,263
ALLOWANCES	(789)
INVENTORY	36,924
CURRENT ASSETS	175,717
PP&E	532,632
DEPRECIATION	(241,887)
TOTAL ASSETS	476,112
CURRENT LIABILITIES	39,767
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9,034
OTHER SE	377,051
TOTAL LIABILITY AND EQUITY	476,112
SALES	474,949
TOTAL REVENUES	484,593
CGS	389,460
TOTAL COSTS	389,460
OTHER EXPENSES	50,882
LOSS PROVISION	0
INTEREST EXPENSE	710
INCOME PRETAX	43,541
INCOME TAX	16,500
INCOME CONTINUING	27,041
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	27,041
EPS PRIMARY	1.00 ¹
EPS DILUTED	1.00 ¹

¹ Amount represents the earnings per share for the Class A Common Stock. The earnings per share for the Class B Common Stock are \$1.15.

End of Filing

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