

GREIF INC

FORM 10-Q (Quarterly Report)

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Address	425 WINTER ROAD DELAWARE, Ohio 43015
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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 April 30, 1997 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 X . 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 Ended April 30,		Six Months Ended April 30,	
	1997	1996	1997	1996
Net sales	\$152,529	\$159,212	\$304,899	\$318,955
Other income:				
Interest and other	4,649	1,173	7,116	2,028
Gain on timber sales	2,058	1,106	3,597	2,997
	159,236	161,491	315,612	323,980
Costs and expenses (including depreciation of \$14,305 in 1997 and \$13,063 in 1996):				
Cost of products sold	134,921	133,161	266,250	260,595
Selling, general and administrative	17,812	17,481	35,024	34,766
Interest	923	270	1,673	514
	153,656	150,912	302,947	295,875
Income before income taxes	5,580	10,579	12,665	28,105
Taxes on income	2,000	4,000	4,600	10,700
Net income	\$ 3,580	\$ 6,579	\$ 8,065	\$ 17,405

Earnings 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	\$.12	\$.27	\$.26	\$.68
Class B Common Stock	\$.18	\$.31	\$.43	\$.83

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 the Consolidated Financial Statements.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

ASSETS	April 30, 1997	October 31, 1996
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,068	\$ 26,560
Canadian government securities	15,691	19,479
Trade accounts receivable--less allowance of \$828 for doubtful items (\$826 in 1996)	68,461	73,987
Inventories	52,469	49,290
Prepaid expenses and other	16,654	16,131
Total current assets	172,343	185,447
LONG TERM ASSETS		
Cash surrender value of life insurance	3,028	2,982
Goodwill - less amortization	14,699	4,617
Other long term assets	7,697	7,116
	25,424	14,715
PROPERTIES, PLANTS AND EQUIPMENT--at cost		
Timber properties--less depletion	6,159	6,112
Land	10,815	10,771
Buildings	130,595	125,132

Machinery, equipment, etc.	390,139	385,834	
Construction in progress	50,802		33,450
Less accumulated depreciation	(256,526)	(249,123)	
	331,984	312,176	
	\$529,751	\$512,338	
CURRENT LIABILITIES			
Accounts payable	\$ 26,574	\$ 31,609	
Current portion of long term obligations	18,317		2,455
Accrued payrolls and employee benefits	7,373	8,989	
Accrued taxes--general	1,023	1,949	
Taxes on income	634	5,678	
Total current liabilities	53,921	50,680	
LONG TERM OBLIGATIONS	39,609	22,748	
OTHER LONG TERM LIABILITIES	13,943	15,406	
DEFERRED INCOME TAXES	25,510	22,872	
Total long term liabilities	79,062	61,026	
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			
Treasury Stock, at cost	(41,867)	(41,867)	
Class A Common Stock: 10,267,788 shares			
Class B Common Stock: 5,278,207 shares			
Retained earnings	434,462	436,672	
Cumulative translation adjustment	(4,861)		(3,207)
	396,768	400,632	
	\$529,751	\$512,338	

See accompanying Notes to the Consolidated Statements.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)		
For the six months ended April 30,		
	1997	1996
Cash flows from operating activities:		
Net income	\$ 8,065	\$17,405
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	14,916	13,063
Deferred income taxes	2,654	3,659
Increase (decrease) in cash from changes in certain assets and liabilities, net of effects from acquisitions:		
Trade accounts receivable	8,912	12,508
Inventories	(208)	11,078
Prepaid expenses and other	(436)	287
Other long term assets	(577)	(99)
Accounts payable	(5,980)	(9,241)
Accrued payrolls and employee benefits	(1,911)	(1,654)
Accrued taxes - general	(935)	(674)
Taxes on income	(5,061)	(229)
Other long term liabilities		
Net cash provided by operating activities	17,976	44,252
Cash flows from investing activities:		
Acquisitions of companies, net of cash acquired		
	(5,188)	(479)
Net disposals of investments in government securities	3,788	311

Purchase of properties, plants and equipment	(22,224)	(30,452)
Net cash used by investing activities	(23,624)	(30,620)
Cash flows from financing activities:		
Net proceeds (payments) on long term debt		9,723 (1,443)
Dividends paid	(10,275)	(9,120)
Net cash used by financing activities	(552)	(10,563)
Foreign currency translation adjustment	(1,292)	(481)
Net increase (decrease) in cash and cash equivalents	(7,492)	2,588
Cash and cash equivalents at beginning of period	26,560	31,612
Cash and cash equivalents at end of period	\$19,068	\$34,200

See accompanying Notes to Consolidated Financial Statements.

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 APRIL 30, 1997

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 April 30, 1997	Six Months Ended April 30, 1996	Six Months Ended April 30, 1997	1996
Class A Common Stock	\$.12	\$.08	\$.36	\$.32
Class B Common Stock	\$.18	\$.12	\$.53	\$.47

NOTE 3 - CALCULATION OF EARNINGS PER SHARE

Earnings per share were calculated using the following number of shares for the periods presented:

	Three Months Ended April 30,	Six Months Ended April 30,
Class A Common Stock	10,873,172 shares	10,873,172 shares
Class B Common Stock	12,001,793 shares	12,001,793 shares

NOTE 4 - INVENTORIES

Inventories are comprised principally of raw materials and are stated at the lower of cost (principally on last-in, first-out basis) or market.

NOTE 5 - ACQUISITIONS

On November 8, 1996, the Company purchased the assets of Aero Box Company, a corrugated container company, located in Roseville, Michigan. On March 26, 1997, the Company acquired the assets of two steel drum manufacturing plants with locations in Merced, California and Oakville, Ontario. These acquisitions have been accounted for using the purchase method of accounting and, accordingly, the purchase price has been allocated to the assets purchased and liabilities assumed based upon the fair values at the date of acquisition. The excess of the purchase price over the fair values of the net assets acquired has been recorded as goodwill. The Consolidated Financial Statements include the operating results of each business from the date of acquisition. Pro forma results of operations have not been presented because the effect of these acquisitions were not significant.

Subsequent to April 30, 1997, the Company purchased all of the outstanding common stock of Independent Container, Inc., a corrugated container company, located in Louisville, Kentucky, Ferdinand, Indiana and Erlanger, Kentucky.

NOTE 6 - RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the 1997 presentation.

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 6-month periods ended April 30, 1997 and April 30, 1996.

Net sales decreased 4% during the current period compared to the previous period. This decrease was principally the result of lower sales in the containerboard segment, which was significantly affected by lower sales prices of its products. The lower prices were caused by the continued weakness in the containerboard market resulting from excess capacity of containerboard. The net sales of the shipping containers segment did not fluctuate significantly from the prior year.

The increase in other income was primarily due to a gain on the sale of an office building and an injection molding facility.

The cost of products sold as a percentage of sales increased from 81.7% in 1996 to 87.3% in 1997. This increase is primarily the result of lower net sales of the containerboard segment without a corresponding reduction in the cost of products sold.

The increase in interest expense is due to more long term obligations than the prior year.

Liquidity and Capital Resources

As indicated in the Consolidated Balance Sheet, elsewhere in this report and discussed in greater detail in the 1996 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.

As discussed in the 1996 Annual Report, the Company is subject to the economic conditions of the market in which it operates. During this period, the Company has been able to utilize its developed financial position to meet its continued business needs.

The current ratio as of April 30, 1997 is an indication of the continuation of the Company's strong liquidity.

Capital expenditures were \$22,224,000 during the six months ended April 30, 1997. These capital expenditures were principally needed to replace and improve equipment.

In November 1996, the Company acquired the assets of Aero Box Company, a manufacturer of corrugated containers, located in Roseville, Michigan. In March 1997, the Company purchased the assets of two steel drum plants with locations in Merced, California and Oakville, Ontario.

The Company has approved future purchases, primarily for equipment, of approximately \$17 million. Self-financing and low interest rate borrowing has been the primary source for financing such capital expenditures.

Subsequent to April 30, 1997, the Company acquired all of the outstanding common stock of Independent Container, Inc., a corrugated container company, located in Louisville, Kentucky, Ferdinand, Indiana and Erlanger, Kentucky.

The increase in long term obligations since year-end is primarily due to the purchase of a corrugated container company, two steel drum operations, improvements related to Greif Board Corporation's machinery and equipment and other capital expenditures.

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 April 30, 1997, the consolidated statements of income for the 6-month periods ended April 30, 1997 and 1996, and the consolidated statements of cash flows for the 6-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 June 11, 1997

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	6 MOS
FISCAL YEAR END	OCT 31 1997
PERIOD END	APR 30 1997
CASH	19,068
SECURITIES	15,691
RECEIVABLES	69,289
ALLOWANCES	(828)
INVENTORY	52,469
CURRENT ASSETS	172,343
PP&E	588,510
DEPRECIATION	(256,526)
TOTAL ASSETS	529,751
CURRENT LIABILITIES	53,921
BONDS	39,609
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9,034
OTHER SE	387,734
TOTAL LIABILITY AND EQUITY	529,751
SALES	304,899
TOTAL REVENUES	315,612
CGS	266,250
TOTAL COSTS	266,250
OTHER EXPENSES	35,024
LOSS PROVISION	0
INTEREST EXPENSE	1,673
INCOME PRETAX	12,665
INCOME TAX	4,600
INCOME CONTINUING	8,065
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	8,065
EPS PRIMARY	0.26 ¹
EPS DILUTED	0.26 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 \$0.43.

End of Filing

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