GREIF INC
Form 10-Q
June 09, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 30, 2016

Commission File Number 001-00566

GREIF, INC.

(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.)**
425 Winter Road, Delaware, Ohio	**43015**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code (740) 549-6000

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 by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The number of shares outstanding of each of the issuer s classes of common stock as of the close of business on June 6, 2016:

Class A Common Stock	25,781,791 shares
Class B Common Stock	22,009,725 shares

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GREIF, INC. AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(In millions, except per share amounts)

	Three months ended April 30, 2016	Three months ended April 30, 2015	Six months ended April 30, 2016	Six months ended April 30, 2015
Net sales	$ 839.6	$ 915.9	$ 1,611.0	$ 1,818.2
Cost of products sold	665.9	734.8	1,286.0	1,483.2
Gross profit	173.7	181.1	325.0	335.0
Selling, general and administrative expenses	94.5	108.5	187.7	220.3
Restructuring charges	5.4	7.3	7.7	10.5
Timberland gains				(24.3)
Non-cash asset impairment charges	1.7	4.5	40.8	4.7
Gain on disposal of properties, plants and equipment, net	(7.9)	(0.7)	(8.8)	(2.3)
(Gain) loss on disposal of businesses, net	(2.8)	10.4	(2.8)	9.6
Operating profit	82.8	51.1	100.4	116.5
Interest expense, net	19.9	18.2	38.4	37.8
Other expense, net	1.7	2.5	4.7	2.6
Income before income tax expense and equity earnings of unconsolidated affiliates, net	61.2	30.4	57.3	76.1
Income tax expense	28.7	9.6	34.7	27.1
Equity earnings (losses) of unconsolidated affiliates, net of tax		(0.3)		(0.3)
Net income	32.5	20.5	22.6	48.7
Net (income) loss attributable to noncontrolling interests	(1.1)	0.3	(2.3)	2.2
Net income attributable to Greif, Inc.	$ 31.4	$ 20.8	$ 20.3	$ 50.9
Basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A Common Stock	$ 0.53	$ 0.35	$ 0.35	$ 0.87
Class B Common Stock	$ 0.80	$ 0.53	$ 0.51	$ 1.29

Diluted earnings per share attributable to Greif, Inc. common shareholders:				
Class A Common Stock	$ 0.53	$ 0.35	$ 0.35	$ 0.87
Class B Common Stock	$ 0.80	$ 0.53	$ 0.51	$ 1.29
Weighted-average number of Class A common shares outstanding:				
Basic	25.8	25.7	25.7	25.6
Diluted	25.8	25.7	25.7	25.7
Weighted-average number of Class B common shares outstanding:				
Basic	22.1	22.1	22.1	22.1
Diluted	22.1	22.1	22.1	22.1
Cash dividends declared per common share:				
Class A Common Stock	$ 0.42	$ 0.42	$ 0.84	$ 0.84
Class B Common Stock	$ 0.63	$ 0.63	$ 1.25	$ 1.25

See accompanying Notes to Condensed Consolidated Financial Statements

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GREIF, INC. AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

(In millions)

	Three months ended April 30,		Six months ended April 30,	
	2016	2015	2016	2015
Net income	$ 32.5	$ 20.5	$ 22.6	$ 48.7
Other comprehensive income (loss), net of tax:				
Foreign currency translation	46.3	(40.5)	18.0	(115.1)
Net reclassification of cash flow hedges to earnings				0.1
Minimum pension liabilities, net	(1.3)	0.9	0.6	6.4
Other comprehensive income (loss), net of tax	45.0	(39.6)	18.6	(108.6)
Comprehensive income (loss)	77.5	(19.1)	41.2	(59.9)
Comprehensive income (loss) attributable to noncontrolling interests	4.1	(10.1)	1.7	(26.1)
Comprehensive income (loss) attributable to Greif, Inc.	$ 73.4	$ (9.0)	$ 39.5	$ (33.8)

See accompanying Notes to Condensed Consolidated Financial Statements

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GREIF, INC. AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(In millions)

ASSETS

	April 30, 2016	October 31, 2015
Current assets		
Cash and cash equivalents	$ 89.6	$ 106.2
Trade accounts receivable, less allowance of $9.4 in 2016 and $11.8 in 2015	404.8	403.7
Inventories	290.3	297.0
Deferred tax assets		25.4
Assets held for sale	9.3	16.9
Prepaid expenses and other current assets	134.1	159.3
	928.1	1,008.5
Long-term assets		
Goodwill	798.8	807.1
Other intangible assets, net of amortization	125.7	132.7
Deferred tax assets	13.2	7.8
Assets held by special purpose entities	50.9	50.9
Other long-term assets	92.5	91.0
	1,081.1	1,089.5
Properties, plants and equipment		
Timber properties, net of depletion	278.5	277.1
Land	105.4	106.3
Buildings	409.6	410.4
Machinery and equipment	1,470.1	1,457.9
Capital projects in progress	90.1	78.0
	2,353.7	2,329.7
Accumulated depreciation	(1,155.7)	(1,112.0)
	1,198.0	1,217.7
Total assets	$ 3,207.2	$ 3,315.7

See accompanying Notes to Condensed Consolidated Financial Statements

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GREIF, INC. AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(In millions)

LIABILITIES AND EQUITY

	April 30, 2016	October 31, 2015
Current liabilities		
Accounts payable	$ 326.0	$ 355.3
Accrued payroll and employee benefits	72.4	83.5
Restructuring reserves	12.7	21.3
Current portion of long-term debt	317.7	30.7
Short-term borrowings	59.4	40.7
Deferred tax liabilities		2.4
Liabilities held for sale	1.0	1.8
Other current liabilities	119.5	111.3
	908.7	647.0
Long-term liabilities		
Long-term debt	777.0	1,116.2
Deferred tax liabilities	192.7	214.9
Pension liabilities	143.7	141.1
Postretirement benefit obligations	13.9	14.9
Liabilities held by special purpose entities	43.3	43.3
Contingent liabilities and environmental reserves	9.3	8.2
Other long-term liabilities	82.7	70.2
	1,262.6	1,608.8
Commitments and Contingencies (Note 13)		
Redeemable Noncontrolling Interest (Note 18)	35.4	
Equity		
Common stock, without par value	141.1	139.1
Treasury stock, at cost	(135.6)	(130.6)
Retained earnings	1,334.9	1,384.5
Accumulated other comprehensive loss:		
-foreign currency translation	(238.0)	(256.6)
-minimum pension liabilities	(120.2)	(120.8)

Total Greif, Inc. equity	982.2	1,015.6
Noncontrolling interests	18.3	44.3
Total equity	1,000.5	1,059.9
Total liabilities and equity	$ 3,207.2	$ 3,315.7

See accompanying Notes to Condensed Consolidated Financial Statements

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GREIF, INC. AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In millions)

For the six months ended April 30,	2016	2015
Cash flows from operating activities:		
Net income	$ 22.6	$ 48.7
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	64.3	69.3
Timberland gains		(24.3)
Non-cash asset impairment charges	40.8	4.7
Gain on disposals of properties, plants and equipment, net	(8.8)	(2.3)
(Gain) Loss on disposals of businesses, net	(2.8)	9.6
Unrealized foreign exchange (gain) loss	5.0	(4.0)
Deferred income tax expense	(4.1)	(2.6)
Other, net	(0.6)	(0.3)
Increase (decrease) in cash from changes in certain assets and liabilities:		
Trade accounts receivable	(12.6)	14.5
Inventories	(0.8)	(11.7)
Deferred purchase price on sold receivables	(15.2)	(0.6)
Accounts payable	(12.7)	(82.2)
Restructuring reserves	(8.7)	6.4
Pension and postretirement benefit liabilities	(0.8)	(6.0)
Other, net	(7.9)	(45.7)
Net cash provided by (used in) operating activities	57.7	(26.5)
Cash flows from investing activities:		
Acquisitions of companies, net of cash acquired	(0.4)	(0.4)
Collection of subordinated note receivable	44.2	
Purchases of properties, plants and equipment	(44.8)	(69.8)
Purchases of and investments in timber properties	(3.5)	(25.4)
Purchases of properties, plants and equipment with insurance proceeds	(3.6)	
Proceeds from the sale of properties, plants, equipment and other assets	3.8	39.2
Proceeds from the sale of businesses	23.6	12.5
Proceeds from insurance recoveries	6.6	
Net cash provided by (used in) investing activities	25.9	(43.9)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	564.2	366.0
Payments on long-term debt	(593.6)	(323.5)

Proceeds from short-term borrowings, net	6.1	29.2
Proceeds from trade accounts receivable credit facility	14.8	111.9
Payments on trade accounts receivable credit facility	(36.1)	(75.2)
Dividends paid to Greif, Inc. shareholders	(49.3)	(49.2)
Dividends paid to noncontrolling interests	(1.3)	(1.6)
Exercise of stock options		0.2
Acquisitions of treasury stock	(5.2)	
Purchases of redeemable noncontrolling interest	(0.8)	
Net cash provided by (used in) financing activities	(101.2)	57.8
Effects of exchange rates on cash	1.0	(5.1)
Net decrease in cash and cash equivalents	(16.6)	(17.7)
Cash and cash equivalents at beginning of period	106.2	85.1
Cash and cash equivalents at end of period	$ 89.6	$ 67.4

See accompanying Notes to Condensed Consolidated Financial Statements

GREIF, INC. AND SUBSIDIARY COMPANIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2016

(Unaudited)

NOTE 1 BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The condensed consolidated financial statements have been prepared in accordance with the U.S. Securities and Exchange Commission (SEC) instructions to Quarterly Reports on Form 10-Q and include all of the information and disclosures required by accounting principles generally accepted in the United States (GAAP) for interim financial reporting. The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual amounts could differ from those estimates.

The Company s fiscal year begins on November 1 and ends on October 31 of the following year. Any references to the year 2016 or 2015, or to any quarter of those years, relates to the fiscal year or quarter, as the case may be, ended in that year.

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the condensed consolidated balance sheets as of April 30, 2016 and October 31, 2015, the condensed consolidated statements of income and comprehensive income (loss) for the three and six months ended April 30, 2016 and 2015 and the condensed consolidated statements of cash flows for the six month periods ended April 30, 2016 and 2015 of Greif, Inc. and its subsidiaries (the Company). The condensed consolidated financial statements include the accounts of Greif, Inc., all wholly-owned and consolidated subsidiaries and investments in limited liability companies, partnerships and joint ventures in which it has controlling influence or is the primary beneficiary. Non-majority owned entities include investments in limited liability companies, partnerships and joint ventures in which the Company does not have controlling influence and are accounted for using either the equity or cost method, as appropriate.

The unaudited condensed consolidated financial statements included in the Quarterly Report on Form 10-Q (this Form 10-Q) should be read in conjunction with the consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for its fiscal year ended October 31, 2015 (the 2015 Form 10-K).

Recently Issued Accounting Standards

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, Interest: Imputation of Interest (Subtopic 835-30). The objective of this update is to simplify the presentation of debt issuance costs in the financial statements. Under this ASU, the Company would present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset; amortization of the costs is reported as interest expense. This ASU is effective for annual periods beginning after December 15, 2015. The Company would apply the new guidance retrospectively to all prior periods (i.e., the balance sheet for each period would be adjusted). This ASU requires the Company to disclose in the first fiscal year after the entity s adoption date, and in the interim periods within the first fiscal year, the following: (1) the nature and reason for the change in accounting principle; (2) the transition method; (3) a description of the prior-period information that has been retrospectively adjusted; and (4) the effect of the change on the financial statement line item (that is, the debt issuance costs asset and the debt liability). The Company is expected to adopt this guidance beginning on November 1, 2016 and the adoption of this new guidance is not expected to have a material impact on the Company s financial position, results of operations, comprehensive income (loss) or cash flows, other than the related disclosures.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which makes changes to both the variable interest model and voting interest model and eliminates the indefinite deferral of FASB Statement No. 167, included in ASU 2010-10, for certain investment funds. All reporting entities that hold a variable interest in other legal entities will need to re-evaluate their consolidation conclusions as well as disclosure requirements. This ASU is effective for annual periods beginning after December 15, 2015 and early adoption is permitted, including any interim period. The Company is in the process of determining the potential impact of adopting this guidance on its financial position, results of operations, comprehensive income (loss), cash flows, and disclosures.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification (ASC) 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The update is effective in fiscal year 2019 using one of two retrospective application methods. The Company is in the process of determining the potential impact of adopting this guidance on its financial position, results of operations, comprehensive income (loss), cash flows and disclosures.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements-Going Concern: Disclosure of Uncertainties about an Entity s Ability to Continue as Going Concern. The objective of this update is to reduce the diversity in the timing and content of footnote disclosures related to going concern. The amendments require management to assess an entity s ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. This update applies to all entities that would be required to disclose information about their potential inability to continue as a going concern when substantial doubt about their ability to continue as a going concern exists. The Company will be required to evaluate relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The Company will have to document its consideration of this ASU, but not because the Company believes there is substantial doubt about its ability to continue as a going concern. The Company is expected to adopt this guidance beginning November 1, 2017, and the adoption of the new guidance is not expected to impact the Company s financial position, results of operations, comprehensive income (loss) or cash flows, other than the related disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which amends the lease accounting and disclosure requirements in ASC 842, Leases. The objective of this update is to increase transparency and comparability among organizations recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about lease arrangements. This ASU will require the recognition of lease assets and lease liabilities for those leases classified as operating leases under previous GAAP. The update is effective in fiscal year 2020 using a modified retrospective approach. The Company is in the process of determining the potential impact of adopting this guidance on its financial position, results of operations, comprehensive income (loss), cash flows and disclosures.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies several aspects of the accounting for employee share-based payment transaction. This ASU is effective for annual periods beginning after December 15, 2016 and early adoption is permitted, including any interim period. The Company is in the process of determining the potential impact of adopting this guidance on its financial position, results of operations, comprehensive income (loss), cash flows, and disclosures.

Newly Adopted Accounting Standards

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Tax Items. The ASU amends ASC 740-10-45-4, which now states that in a classified statement of financial position, an entity must classify deferred tax liabilities and assets as noncurrent amounts. The ASU also supersedes ASC 740-10-45-5, which required the valuation allowance for a particular tax jurisdiction to be allocated between current and noncurrent deferred tax assets for that tax jurisdiction on a pro rata basis. For public companies, this ASU is effective for periods beginning after December 15, 2016. The Company elected to adopt the new guidance beginning February 1, 2016 prospectively, resulting in deferred tax liabilities and assets being classified as noncurrent on the Company s balance sheet. Prior periods were not retrospectively adjusted. The adoption did not have a material impact on the Company s financial position, results of operations, comprehensive income (loss) or cash flows. Refer to Note 11 herein for additional disclosures regarding the adoption of this new guidance.

NOTE 2 ACQUISITIONS AND DIVESTITURES

The Company completed three divestitures and no material acquisitions for the six months ended April 30, 2016. The divestitures were of nonstrategic businesses in the Rigid Industrial Packaging & Services segment. The gain on the disposal of businesses was

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$2.8 million for the six months ended April 30, 2016. Proceeds from divestitures were $23.6 million. Additionally, the Company recorded notes receivable of $2.4 million for the sale of two of the businesses sold in the second quarter 2016, which are expected to be collected in the fourth quarter of 2017. Proceeds from divestitures completed in fiscal year 2015 and collected during the six months ended April 30, 2016 were $0.9 million. The Company has $4.4 million of notes receivable recorded from the sale of businesses, ranging in remaining term from six months to seventeen months.

The Company completed seven divestitures and no material acquisitions for the six months ended April 30, 2015. The divestitures were of nonstrategic businesses, five in the Rigid Industrial Packaging & Services segment and two in the Flexible Products & Services segment. The loss on disposal of businesses was $9.6 million for the six months ended April 30, 2015. Proceeds from divestitures were $12.5 million.

NOTE 3 SALE OF NON-UNITED STATES ACCOUNTS RECEIVABLE

On April 27, 2012, Cooperage Receivables Finance B.V. (the Main SPV) and Greif Coordination Center BVBA, an indirect wholly owned subsidiary of Greif, Inc. (Seller), entered into the Nieuw Amsterdam Receivables Purchase Agreement (the European RPA) with affiliates of a major international bank (the Purchasing Bank Affiliates). On April 20, 2015, the Main SPV and Seller amended and extended the term of the existing European RPA. Under the European RPA, as amended, the number of entities participating in the agreement have decreased to now include only the following entities: Greif Belgium BVBA; EarthMinded Benelux N.V. (formerly Pack2pack Rumbeke N.V.); Greif Nederland B.V.; Greif Italia S.p.A.; Greif Plastics Italy Srl (formerly Fustiplast S.p.A.); Greif France S.A.S.; Greif Packaging Spain S.A.; Greif Germany GmbH; Greif Plastics Germany GmbH (formerly Fustiplast GmbH); and Greif Portugal S.A. Additionally, the terms have been amended to decrease the maximum amount of receivables that may be sold and outstanding under the European RPA at any time to 100 million ($113.2 million as of April 30, 2016). Under the terms of the European RPA, the Company has the ability to loan excess cash to the Purchasing Bank Affiliates in the form of a subordinated loan receivable. As of October 31, 2015, the Company had loaned $44.2 million of excess cash back to the Purchasing Bank Affiliates. During the six months ended April 30, 2016, the Company collected the full balance of the subordinated note receivable.

Under the terms of the European RPA, the Company has agreed to sell trade receivables meeting certain eligibility requirements that the Seller had purchased from other of our indirect wholly-owned subsidiaries under a factoring agreement. The structure of the transactions provide for a legal true sale, on a revolving basis, of the receivables transferred from our various subsidiaries to the respective banks and their affiliates. The purchaser funds an initial purchase price of a certain percentage of eligible receivables based on a formula, with the initial purchase price approximating 75 percent to 90 percent of eligible receivables. The remaining deferred purchase price is settled upon collection of the receivables. At the balance sheet reporting dates, we remove from accounts receivable the amount of proceeds received from the initial purchase price since they meet the applicable criteria of ASC 860, Transfers and Servicing, and we continue to recognize the deferred purchase price in accounts receivable. The receivables are sold on a non-recourse basis with the total funds in the servicing collection accounts pledged to the banks between settlement dates.

In October 2007, Greif Singapore Pte. Ltd., an indirect wholly-owned subsidiary of Greif, Inc., entered into the Singapore Receivable Purchase Agreement (the Singapore RPA) with a major international bank. The maximum amount of aggregate receivables that may be financed under the Singapore RPA is 15.0 million Singapore Dollars ($11.1 million as of April 30, 2016).

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The table below contains certain information related to the Company s accounts receivables programs (Dollars in millions):

	Three months ended April 30,		Six months ended April 30,	
	2016	2015	2016	2015
European RPA				
Gross accounts receivable sold to third party financial institution	$ 162.3	$ 195.2	$ 303.3	$ 386.7
Cash received for accounts receivable sold under the programs	143.5	173.0	268.5	342.4
Deferred purchase price related to accounts receivable sold	18.6	22.2	34.4	44.3
Loss associated with the programs	0.2	0.4	0.5	0.9
Expenses associated with the programs				
Singapore RPA				
Gross accounts receivable sold to third party financial institution	$ 10.4	$ 12.8	$ 21.1	$ 24.4
Cash received for accounts receivable sold under the program	10.4	12.8	21.1	24.4
Deferred purchase price related to accounts receivable sold				
Loss associated with the program				
Expenses associated with the program				
Total RPAs				
Gross accounts receivable sold to third party financial institution	$ 172.7	$ 208.0	$ 324.4	$ 411.1
Cash received for accounts receivable sold under the program	153.9	185.8	289.6	366.8
Deferred purchase price related to accounts receivable sold	18.6	22.2	34.4	44.3
Loss associated with the program	0.2	0.4	0.5	0.9
Expenses associated with the program				

The table below contains certain information related to the Company s accounts receivables programs and the impact it has on the condensed consolidated balance sheets (Dollars in millions):

	April 30, 2016	October 31, 2015
European RPA		
Accounts receivable sold to and held by third party financial institution	$ 118.4	$ 114.8
Uncollected deferred purchase price related to accounts receivable sold	20.9	
Deferred purchase price liability related to accounts receivable sold		(1.5)
Singapore RPA		
	$ 4.1	$ 4.0

Accounts receivable sold to and held by third party financial institution		
Uncollected deferred purchase price related to accounts receivable sold		
Total RPAs		
Accounts receivable sold to and held by third party financial institution	$ 122.5	$ 118.8
Uncollected deferred purchase price related to accounts receivable sold	20.9	
Deferred purchase price liability related to accounts receivable sold		(1.5)

The deferred purchase price related to the accounts receivable sold is reflected as prepaid expenses and other current assets or other current liabilities on the Company s consolidated balance sheet and was initially recorded at an amount which approximates its fair value due to the short-term nature of these items. The cash received initially and the deferred purchase price relate to the sale or ultimate collection of the underlying receivables and are not subject to significant other risks given their short nature; therefore, the Company reflects all cash flows under the accounts receivable sales programs as operating cash flows on the Company s consolidated statements of cash flows.

Additionally, the Company performs collections and administrative functions on the receivables sold, similar to the procedures it uses for collecting all of its receivables, including receivables that are not sold under the European RPA and the Singapore RPA. The servicing liability for these receivables is not material to the consolidated financial statements.

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NOTE 4 INVENTORIES

Inventories are stated at the lower of cost or market and are summarized as follows (Dollars in millions):

	April 30, 2016	October 31, 2015
Finished Goods	$ 91.1	$ 88.0
Raw materials	185.6	190.7
Work-in-process	13.6	18.3
	$ 290.3	$ 297.0

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NOTE 5 ASSETS AND LIABILITIES HELD FOR SALE AND DISPOSALS OF PROPERTIES, PLANTS AND EQUIPMENT, NET, AND TIMBERLAND GAINS

The following table presents assets and liabilities classified as held for sale as of April 30, 2016 and October 31, 2015 (Dollars in millions):

	April 30, 2016	October 31, 2015
Cash and cash equivalents	$ 0.5	$
Trade accounts receivable, less allowance	1.7	2.3
Inventories	1.6	1.6
Properties, plants and equipment, net	5.2	8.1
Other assets	0.3	4.9
Assets held for sale	9.3	16.9
Accounts payable	0.7	1.8
Other liabilities	0.3	
Liabilities held for sale	1.0	1.8

As of April 30, 2016, there were two asset groups within the Rigid Industrial Packaging & Services segment and two asset groups in the Flexible Products & Services segment classified as assets and liabilities held for sale. The assets and liabilities held for sale are being marketed for sale, and it is the Company s intention to complete the sales of these assets and liabilities within the next twelve months.

As of October 31, 2015, there were four asset groups in the Rigid Industrial Packaging & Services segment and one asset group in the Flexible Products & Services segment classified as assets and liabilities held for sale.

For the three months ended April 30, 2016, the Company recorded a gain on disposal of properties, plants and equipment, net of $7.9 million. This included insurance recoveries that resulted in gains of $6.4 million in the Rigid Industrial Packaging & Services segment, disposals of assets in the Flexible Products & Services segment classified as held for sale that resulted in gains of $0.8 million, sales of surplus properties in the Land Management segment that resulted in gains of $0.2 million, and other net gains totaling an additional $0.5 million.

For the six months ended April 30, 2016, the Company recorded a gain on disposal of properties, plants and equipment, net of $8.8 million. This included insurance recoveries that resulted in gains of $6.4 million in the Rigid Industrial Packaging & Services segment, disposals of assets in the Flexible Products & Services segment classified as held for sale that resulted in gains of $0.9 million, sales of surplus properties in the Land Management segment that resulted in gains of $0.8 million and other net gains totaling an additional $0.7 million.

For the three months ended April 30, 2015, the Company recorded a gain on disposal of properties, plants and equipment, net of $0.7 million. This included sales of surplus properties in the Land Management segment that resulted in gains of $0.9 million and other net losses totaling an additional $0.2 million.

For the six months ended April 30, 2015, the Company recorded a gain on disposal of properties, plants and equipment, net of $2.3 million. This included sales of surplus properties in the Land Management segment that resulted in gains of $1.3 million, a disposal of an asset in the Rigid Industrial Packaging & Services segment that resulted in a gain of $0.9 million and other net gains totaling an additional $0.1 million.

For the three and six months ended April 30, 2016, the Company recorded no gains relating to the sale of timberland. For the three and six months ended April 30, 2015, the Company recorded immaterial gains and gains of $24.3 million, respectively.

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NOTE 6 GOODWILL AND OTHER INTANGIBLE ASSETS

The following table summarizes the changes in the carrying amount of goodwill by segment for the six month period ended April 30, 2016 (Dollars in millions):

	Rigid Industrial Packaging & Services	Paper Packaging & Services	Total
Balance at October 31, 2015	$ 747.6	$ 59.5	$ 807.1
Goodwill acquired			
Goodwill allocated to divestitures and businesses held for sale (1)	3.4		3.4
Goodwill adjustments			
Goodwill Impairment charge	(21.0)		(21.0)
Currency translation	9.3		9.3
Balance at April 30, 2016	$ 739.3	$ 59.5	$ 798.8

(1) Goodwill previously allocated to divestitures and businesses held for sale that was impaired during the first quarter of 2016.

As of April 30, 2016 and October 31, 2015, the accumulated goodwill impairment loss was $50.3 million in the Flexible Products & Services segment.

The following table summarizes the carrying amount of net other intangible assets by class as of April 30, 2016 and October 31, 2015 (Dollars in millions):

	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
April 30, 2016:			
Indefinite lived:			
Trademarks and patents	$ 13.2	$	$ 13.2
Definite lived:			
Customer relationships	179.9	86.6	93.3
Trademarks and patents	12.3	4.4	7.9
Non-compete agreements	1.9	1.7	0.2
Other	24.5	13.4	11.1
Total	$ 231.8	$ 106.1	$ 125.7
October 31, 2015:			

Indefinite lived:			
Trademarks and patents	$ 13.1	$	$ 13.1
Definite lived:			
Customer relationships	180.7	81.7	99.0
Trademarks and patents	12.4	4.2	8.2
Non-compete agreements	4.9	4.5	0.4
Other	24.2	12.2	12.0
Total	$ 235.3	$ 102.6	$ 132.7

Amortization expense for the three months ended April 30, 2016 and 2015 was $4.3 million and $4.6 million, respectively. Amortization expense for the six months ended April 30, 2016 and 2015 was $8.5 million and $9.4 million, respectively. Amortization expense for the next five years is expected to be $16.8 million in 2016, $16.1 million in 2017, $15.7 million in 2018, $15.6 million in 2019 and $15.1 million in 2020.

Definite lived intangible assets for the periods presented are subject to amortization and are being amortized using the straight-line method over periods that are contractually, legally determined, or over the period a market participant would benefit from the asset.

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NOTE 7 RESTRUCTURING CHARGES

The following is a reconciliation of the beginning and ending restructuring reserve balances for the six month period ended April 30, 2016 (Dollars in millions):

	Employee Separation Costs	Other Costs	Total
Balance at October 31, 2015	$ 14.7	$ 6.6	$ 21.3
Costs incurred and charged to expense	5.3	2.4	7.7
Costs paid or otherwise settled	(10.7)	(5.6)	(16.3)
Balance at April 30, 2016	$ 9.3	$ 3.4	$ 12.7

The focus for restructuring activities in 2016 is to continue to rationalize operations and close underperforming assets throughout all segments. During the three months ended April 30, 2016, the Company recorded restructuring charges of $5.4 million, which compares to $7.3 million of restructuring charges recorded during the three months ended April 30, 2015. The restructuring activity for the three months ended April 30, 2016 consisted of $4.3 million in employee separation costs and $1.1 million in other restructuring costs, primarily consisting of professional fees incurred for services specifically associated with employee separation and relocation. During the six months ended April 30, 2016, the Company recorded restructuring charges of $7.7 million, which compares to $10.5 million of restructuring charges recorded during the six months ended April 30, 2015. The restructuring activity for the six months ended April 30, 2016 consisted of $5.3 million in employee separation costs and $2.4 million in other restructuring costs, primarily consisting of professional fees incurred for services specifically associated with employee separation and relocation.

The following is a reconciliation of the total amounts expected to be incurred from approved restructuring plans or plans that are being formulated and have not been announced as of the date of this Form 10-Q. Remaining amounts expected to be incurred are $14.2 million as of April 30, 2016 compared to $14.7 million as of October 31, 2015. The change was due to the formulation of new plans during the period offset by the realization of expenses from plans formulated in prior periods. (Dollars in millions):

	Total Amounts Expected to be Incurred	Amounts expensed during the six month period ended April 30, 2016	Amounts Remaining to be Incurred
Rigid Industrial Packaging & Services			
Employee separation costs	$ 11.2	$ 3.0	$ 8.2
Other restructuring costs	3.9	1.3	2.6