	YEAR ENDED DECEMBER 31, (DOLLARS IN MILLIONS				
	1996	1995	1994	1993	1992
STATEMENTS OF INCOME DATA					
Net Sales	$103 4	$103 2	$95 6	$90 4	$100
Cost of Sales	57 4	60 0	57 4	55 3	60 4
Gross Profit	46 0	43 2	38 2	37 1	39 7
SG&A Expenses	9 4	9 2	8 5	9 2	9 4
Operating Income	36 6	34 0	29 7	28 1	30 3
Interest Income	(4)	(5)	(2)	(1)	(5)
Interest expense	12 5	13 5	14 7	15 6	16 5
Amortization of debt issuance costs	9	9	9	1 0	1 2
Other, net	(3)	3	2	2	5
Income Before Income Taxes and Extraordinary Loss	23 9	19 8	14 1	11 3	13 0
Income Taxes	9 0	7 7	5 4	4 2	4 8
Income Before Extraordinary Loss	14 9	12 1	8 7	7 1	8 2
Extraordinary Loss	6(a)		2 7(a)		7 6(a)
Net Income	$ 14 3	$ 12 1	$ 6 0	$ 7 1	$ 6
OTHER DATA					
Depreciation expense	$ 2 0	$ 1 8	$ 1 7	$ 1 6	$ 1 5
Capital expenditures	1 9	2 3	1 9	1 4	2 0
BALANCE SHEET DATA					
Cash and cash equivalents	$ 3 5	$ 8 5	$ 7 6	$ 1 9	$ 3 1
Inventories	46 3	45 5	47 6	53 3	44 0
Total assets	126 6	85 3	85 9	87 7	82 6
Long term debt	91 9	118 3	124 0	131 1	134 2
Stockholder's equity (deficit)	5 0(b)	(47 3)	(51 4)	(58 3)	(64 8)

(a) Reflects the write-off of deferred financing costs resulting from the refinancing of the long term debt inNovember 1992 and June 1994 and prepayments in 1996

(b) Reflects the effects of the merger of Mafco Worldwide and Pneumo Abex, a capital contribution of $17 million and the dividends paid of $12 5 million by Mafco Worldwide in 1996

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and the notes thereto included elsewhere in this Form 10-K See "Index to Consolidated Financial Statements and Schedule.

GENERAL

The discussion below relates to the consolidated results of operations of Mafco Worldwide prior to November 25, 1996 and the consolidated results of Mafco Worldwide and Pneumo Abex from November 25, 1996.

RESULTS OF OPERATIONS