

contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [[root]]

The aggregate market value of the Common Stock held by non-affiliates of the registrant as of March 7, 1997 was \$146,167,593

The number of shares of Common Stock outstanding as of March 7, 1997 were 23,237,340

PART 1

ITEM 1. DESCRIPTION OF BUSINESS

BACKGROUND AND RECENT DEVELOPMENTS

On June 15, 1995, as part of a series of transactions (collectively, the "Abex Transactions"), C&F Merger Inc. ("C&F"), a wholly owned subsidiary of Mafco Holdings Inc ("Mafco Holdings"), which then owned 100% of the outstanding capital stock of Consolidated Cigar Holdings Inc. ("Cigar Holdings") and Flavors Holdings Inc ("Flavors Holdings"), merged (the "Merger") with and into Abex Inc ("Abex"), with Abex being the surviving corporation in the Merger and being renamed Mafco Consolidated Group Inc. ("MC Group" or the "Company") Prior to the Abex Transactions, Abex was engaged in an aerospace business through its then wholly owned subsidiary, Pneumo Abex Corporation ("Pneumo Abex"), a wholly owned subsidiary of Power Control Technologies Inc ("PCT") In connection with the Abex Transactions, (i) holders of Abex's common stock ("Abex Common Stock") and related rights to acquire Abex Common Stock received in exchange therefor, among other consideration, 20% of the common stock of the Company (the "Company Common Stock") and all of the outstanding shares of PCT's common stock ("PCT Common Stock"), (ii) Mafco Holdings, through its wholly owned subsidiary Mafco Consolidated Holdings Inc ("Mafco Consolidated Holdings"), received 80% of the Company Common Stock, and (iii) the Company retained Series A 8% Convertible Redeemable Preferred Stock of PCT ("PCT Preferred Stock") (in each case, such percentages reflect the outstanding capital stock immediately following consummation of the Abex Transactions) In addition, as part of the Abex Transactions, the Company retained substantially all of Abex's consolidated assets and liabilities other than those principally related to PCT's aerospace business Accordingly, as a result of the Abex Transactions, the Company acquired certain non-aerospace assets and assumed certain liabilities of Abex as well as acquired an interest in the PCT Preferred Stock PCT, which became a separate publicly-traded company, continued to operate the aerospace business.

Subsequently, and in a separate transaction, on July 17, 1995, the Company purchased 5,939,400 shares of PCT Common Stock (thereby increasing its beneficial ownership of PCT Common Stock to approximately 36%) and 1,484,850 shares of Company Common Stock from Libra Invest & Trade Ltd ("Libra") for approximately \$63.9 million in cash In connection with such purchase, the Company entered into an agreement with PCT which, subject to certain exceptions, limits the Company's ability to dispose of its shares of PCT Common Stock for a period of three years

On April 15, 1996, PCT sold its aerospace operations, including substantially all of its assets, to Parker