Consolidated Statement of Source and Disposition of Funds

Years Ended December 31, 1967 and 1966

	1967	1966
SOURCE OF FUNDS		
Net earnings	$11,270,000	$12,827,000
Depreciation and amortization of intangibles	11,233,000	11,114,000
Increase in long term liabilities	751,000	3,360,000
Retirement of property, plant, and equipment—net	855,000	555,000
TOTAL	24,109,000	27,856,000
DISPOSITION OF FUNDS		
Expenditures for property, plant, and equipment	12,322,000	15,224,000
Dividends paid	5,909,000	5,797,000
Common stock purchases less sales to employees	113,000	576,000
Retirement of long term liabilities	2,088,000	4,059,000
Increase in other assets	1,628,000	365,000
Increase in working capital, excluding cash and equivalent	6,610,000	4,043,000
TOTAL	28,670,000	30,064,000
DECREASE IN CASH AND EQUIVALENT	4,561,000	2,208,000
CASH AND EQUIVALENT		
Beginning of year	19,944,000	22,152,000
End of year	$15,383,000	$19,944,000

Accountants' Opinion

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF ABEX CORPORATION:

We have examined the consolidated balance sheet of ABEX CORPORATION and its subsidiaries as of December 31, 1967, and the related statements of consolidated earnings, earnings reinvested in the business (note 7), and the consolidated statement of source and disposition of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the consolidated financial statements of the Company and its subsidiaries for the year 1966.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of the Company and its subsidiaries at December 31, 1967 and 1966 and the consolidated results of their operations and the consolidated source and disposition of funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, February 5, 1968

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