MAFCO CONSOLIDATED GROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands)

YEAR ENDED DECEMBER 31,

	1996	1995	1994
Income from continuing operations before income taxes			
Domestic	$320,035	$13,437	$ 8,567
Foreign (includes Puerto Rico)	28,385	19,357	15,246
	$348,420	$32,794	$23,813
Provision (benefit) for income taxes:			
Current·			
Federal	$ 41,215	$ 2,827	$ 3,477
State and local	9,995	1,442	809
Foreign	2,712	1,941	2,036
	53,922	6,210	6,322
Deferred:			
Federal	50,699	2,794	963
State and local	(675)	108	174
Foreign	878	591	19
	$104,824	$ 9,703	$ 7,478

The effective tax rate on consolidated income from continuing operations before income taxes varies from the current statutory federal income tax rate as follows:

	1996	1995	1994
Statutory rate	35.0%	35 0%	35.0%
Foreign income taxed at other than the statutory tax rate	(1 0)	(8.5)	(7.4)
Non-deductible amortization	0 2	1.9	2.7
Permanent benefit on sale of Flavors resulting from basis difference in goodwill	(11 9)	-	-
State and local taxes, net	1 7	3 1	3 0
Increase (Decrease) in valuation allowance	6.1	(1.8)	(2.5)
Other, net	-	(0.1)	0.6
	30 1%	29 6%	31.4%