The approximate effect of the temporary differences that gave rise to deferred tax balances were as follows:

MAFCO CONSOLIDATED GROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands)

	DECEMBER 31,	
	1996	1995
Deferred tax assets.		
Accounts receivable	$ 1,930	$ 2,078
Inventory	-	466
Prepaid and other	2,914	2,914
Property, plant and equipment	-	933
Long term investments and other	23,184	4,277
Pension liability	-	607
Accrued expenses and other	6,654	7,116
Employee benefits and other compensation	27,092	25,108
Other long term liabilities	11,109	5,384
Net operating loss carryforwards	-	4,900
Total deferred tax asset	72,883	53,783
Valuation allowance	(23,864)	-
Total deferred tax asset net of valuation allowance	49,019	53,783
Deferred tax liabilities		
Subsidiary stock issuance	$ 44,769	$ -
Property, plant and equipment	3,473	3,474
Pension asset	22,199	20,035
Unremitted foreign earnings	2,521	2,179
Other	385	403
Total deferred tax liability	73,347	26,091
Net deferred tax asset (liability)	$(24,328)	$27,692

As a result of the pension plan merger in 1995 (see Note 10), a deferred tax asset in the amount of $2 4 million which was related to the unfunded pension liability at the date of the 1993 Acquisition was recorded with a resulting reduction of goodwill.

As a result of the Merger, MC Group and its domestic subsidiaries (the "Mafco Group") have, for federal income tax purposes, become members of an affiliated group of corporations of which Mafco