UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

[X] Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For The Quarterly Period Ended December 31, 1997

Commission File Nos. 0-9115 and 0-24494

MATTHEWS INTERNATIONAL CORPORATION
(Exact Name of registrant as specified in its charter)

PENNSYLVANIA	25-0644320
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

TWO NORTHSHORE CENTER, PITTSBURGH, PA	15212-5851
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (412) 442-8200

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class of Common Stock	Outstanding at January 31, 1998
Class A - $1.00 par value	6,489,662 shares
Class B - $1.00 par value	1,750,196 shares

PART I - FINANCIAL INFORMATION
MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (UNAUDITED)

<TABLE>
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<S>	December 31, 1997 <C> <C>	September 30, 1997 <C> <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,555,364	$ 19,958,712
Short-term investments	3,580,542	3,090,507
Accounts receivable	29,253,698	30,054,396
Inventories:		

Materials and finished goods	$11,253,448	$10,482,503
Labor and overhead in process	753,950	803,815
Supplies	449,229	479,887
	12,456,627	11,766,205
Other current assets	2,224,703	2,219,631
Total current assets	62,070,934	67,089,451
Investments	30,901,700	30,771,594
Property, plant and equipment: Cost	73,336,043	72,231,128
Less accumulated depreciation	(30,525,643)	(29,747,385)
	42,810,400	42,483,743
Deferred income taxes and other assets	12,634,433	12,316,481
Goodwill	17,941,728	16,543,121
Total assets	$166,359,195	$169,204,390
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt, current maturities	813,072	850,533
Accounts payable	4,619,560	5,854,582
Accrued compensation	8,034,846	11,244,999
Accrued income taxes	6,052,889	2,999,511
Customer prepayments	8,818,073	8,892,467
Other current liabilities	6,461,326	6,204,991
Total current liabilities	34,799,766	36,047,083
Long-term debt	2,071,675	2,151,413
Estimated finishing costs	3,315,243	3,309,098
Postretirement benefits	20,609,671	20,676,282
Other liabilities	3,372,086	2,854,439
Shareholders' equity:		
Common stock: Class A, par value $1.00	6,895,909	6,884,859
Class B, par value $1.00	2,187,589	2,198,639
Other shareholders' equity	93,107,256	95,082,577
	102,190,754	104,166,075
Total liabilities and shareholders' equity	$166,359,195	$169,204,390

/TABLE

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

<TABLE>
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	Three Months Ended December 31,	
	1997	1996
<S>	<C>	<C>
Sales	$ 49,440,454	$ 42,582,795
Cost of sales	28,209,018	23,719,377
Gross profit	21,231,436	18,863,418
Selling and administrative expenses	13,615,117	12,249,660
Operating profit	7,616,319	6,613,758
Investment income	668,330	604,419
Interest expense	(86,821)	(12,030)

Other income (deductions), net	111,631	(95,804)
Minority interest	(271,372)	-
	----------	----------
Income before income taxes	8,038,087	7,110,343
Income taxes	3,139,823	2,805,935
	----------	----------
Net income	$ 4,898,264	$ 4,304,408
	==========	==========
Basic earnings per share	$ .59	$ .49
	=====	=====
Diluted earnings per share	$ .57	$ .48
	=====	=====
Dividends per share	$ .085	$ .08
	=====	=====

</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

<TABLE>
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	Three Months Ended December 31,	
	1997	1996
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 4,898,264	$ 4,304,408
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,863,841	1,281,502
Deferred taxes	(673,595)	118,214
Net increase in working capital items	(709,366)	(587,306)
Decrease in other noncurrent assets	341,190	580,837
Increase in estimated finishing costs	6,145	31,314
Increase in other liabilities	215,186	37,148
Decrease in postretirement benefits	(66,611)	(154,249)
(Gain) loss on sale of property, plant and equipment	(68,106)	5,678
Net loss on investments	17,481	2,034
Effect of exchange rate changes on operations	(17,692)	74,946
	----------	----------
Net cash provided by operating activities	5,806,737	5,694,526
	----------	----------
Cash flows from investing activities:		
Acquisitions of property, plant and equipment	(1,295,687)	(1,366,500)
Proceeds from disposals of property, plant and equipment	309,130	3,920
Acquisitions, net of cash acquired	(2,730,172)	-
Investments	(459,225)	(535,526)
Proceeds from disposition of investments	20,541	1,523,062
Collections on loans to officers and employees	166,150	132,155
	----------	----------
Net cash used in investing activities	(3,989,263)	(242,889)
	----------	----------
Cash flows from financing activities:		
Payments on long-term debt	(539,129)	(78,983)
Proceeds from the sale of treasury stock	771,410	-
Purchases of treasury stock	(6,271,317)	(1,858,231)
Dividends paid	(748,553)	(698,461)
	----------	----------
Net cash used in financing activities	(6,787,589)	(2,635,675)
	----------	----------

Effect of exchange rate changes on cash	(433,233)	(81,184)
Net increase (decrease) in cash and cash equivalents	$(5,403,348)	$ 2,734,778
Supplemental Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 86,821	$ 12,030
Income Taxes	721,107	128,364

</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1997

Note 1. Nature of Operations

Matthews International Corporation, founded in 1850 and incorporated in Pennsylvania in 1902, is a designer, manufacturer and marketer principally of custom-made products which are used to identify people, places, products and events. The Company's products and operations are comprised of three business segments: Bronze, Graphic Systems and Marking Products. The Bronze segment is a leading manufacturer of cast bronze memorial products, crematories and cremation-related products. The Graphic Systems segment manufactures and provides printing plates, pre-press services and imaging systems for the corrugated and flexible packaging industries. The Marking Products segment designs, manufactures and distributes a wide range of equipment and consumables used by customers to mark or identify various consumer and industrial products and containers. The Company has sales and manufacturing facilities in the United States, Australia, Canada, Sweden and the United Kingdom.

Note 2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information for commercial and industrial companies and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the three-month period ended December 31, 1997 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 1998. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 1997.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Income Taxes

The income tax provision for the period is based on the effective tax rate expected to be applicable for the full year. The difference between the estimated effective tax rate of 39.1% and the Federal statutory rate of 35% primarily reflects the impact of state and foreign income taxes.

Note 4. Earnings Per Share

	For the Three Months Ended December 31, 1997	1996
Numerator:		
Net income	$ 4,898,264	$ 4,304,408
Denominator:		
Weighted average number of common shares outstanding	8,316,801	8,748,654
Dilutive securities, primarily stock options	258,710	194,481
Diluted weighted average number of common shares outstanding	8,575,511	8,943,135
Basic earnings per share	$ .59	$ .49
Diluted earnings per share	$ .57	$ .48

Note 5. Supplemental Cash Flow Information

Non-cash transactions for the period included contributions of property, plant and equipment valued at $715,000 and assumed liabilities, principally long-term debt and capital lease obligations, of $413,000 in the formation of Mavrick Cutting Dies, Inc., a 60%-owned subsidiary, on October 1, 1997.

Note 6. Acquisitions

On October 1, 1997, the Company acquired for $480,000 cash the assets of Western Plasti-Type Co. ("Western"). On November 4, 1997, the Company acquired the common stock of Allied Reprographics, Inc. ("Allied") for $700,000 cash. Both Western and Allied are printing plate manufacturers located in Denver, Colorado. On November 3, 1997, the Company acquired for $1,400,000 cash the assets of Palomar Packaging, Inc. ("Palomar"), a manufacturer of printing plates and steel-rule cutting dies, located near San Diego, California. An additional amount up to $880,000 may be payable for Palomar during the five-year period from the acquisition date contingent on the attainment of certain operating performance levels. The Company has accounted for these acquisitions using the purchase method and, accordingly, recorded the acquired assets and liabilities at their estimated fair values at the acquisition dates. The excess of the purchase price over the fair value of the net assets has been recorded as goodwill to be amortized on a straight-line basis over 25 years.

Note 7. Subsequent Event

In January 1998, the Company entered into an agreement for the purchase of certain assets of S&N Graphics, Inc. for approximately $1.6 million cash. S&N Graphics, Inc. is a St. Louis, Missouri manufacturer of printing plates and other marking devices with annual sales of approximately $2.0 million. The Company will account for this acquisition, which is expected to close by February 28, 1998, using the purchase method and, accordingly, will record the acquired assets at their estimated fair values at the acquisition date. The excess of the purchase price over the fair value of the assets will be recorded as goodwill to be amortized on a straight-line basis over 25 years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement:

The following discussion should be read in conjunction with the consolidated financial statements and footnotes thereto included in this Quarterly Report on Form 10-Q and the Company's Annual Report on Form 10-K for the year ended September 30, 1997. Any forward-looking statements contained herein are included pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results in future periods to be materially different from management's expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Factors that could cause the Company's results to differ materially from the results discussed in such forward-looking statements principally include economic, competitive and technological factors beyond the Company's control.

Results of Operations

The following table sets forth certain income statement data of the Company expressed as a percentage of net sales for the periods indicated.

	Three months ended December 31,		Years ended September 30,		
	1997	1996	1997	1996	1995
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Gross profit	42.9	44.3	44.1	44.6	44.8
Operating profit	15.4	15.5	16.3	15.6	14.7
Income before income taxes	16.3	16.7	17.1	19.5	15.0
Net income	9.9	10.1	10.4	11.8	9.3

Sales for the three months ended December 31, 1997 were $49.4 million and were $6.8 million, or 16.1%, higher than sales of $42.6 million for the quarter ended December 31, 1996. The sales increase for the first three months of fiscal 1998 principally resulted from higher sales in the Company's Graphic Systems segment. Sales for the Graphic Systems segment were up over 60% from the fiscal 1997 first quarter, reflecting the fiscal 1997 acquisitions of Tukaiz Communications L.L.C. (January 1997) and Carolina Repro-Graphic (May 1997), growth in the segment's sales volume, and fiscal 1998 first quarter acquisitions of Western Plasti-Type Co., Allied Reprographics, Inc. and Palomar Packaging, Inc. (See Acquisitions). Bronze segment sales for the first three months of fiscal 1998 increased approximately 3% from the same period a year ago. The higher level of sales for the current period reflected an increase in sales of cremation equipment and granite products. Sales for the Bronze segment increased over the prior period despite the expiration of the Company's contract with the U.S. Veteran's Administration as of September 30, 1997. Marking Products segment sales for the three months ended December 31, 1997 declined approximately 10% from the same period a year ago. The decline, which was expected, resulted from the sale of the segment's distribution operation in Australia in August 1997 which had historically produced marginal results for the Company.

Results of Operations, continued:

Gross profit for the three months ended December 31, 1997 was $21.2 million, or 42.9% of sales, compared to $18.9 million, or 44.3% of sales, for the first three months of fiscal 1997. The increase in gross profit of $2.3 million, or 12.6%, resulted principally from higher sales in the Graphic Systems segment. Gross profit in the Bronze segment also improved slightly with its increased sales. Marking Products gross profit for the current quarter declined from the prior period primarily as a result of the sale of the segment's Australian operation. Consolidated gross profit as a percent of sales for the quarter ended December 31, 1997 was lower than the same period a year ago principally due to a change in product mix.

Selling and administrative expenses for the three months ended December 31, 1997 were $13.6 million, representing an increase of $1.4 million, or 11.1%, over $12.2 million for the fiscal 1997 first quarter. The increase in selling and administrative expenses from the prior period principally resulted from the acquisitions by the Graphic Systems segment during the past twelve months. Partially offsetting this increase was a reduction in Marking Products selling and administrative costs with the sale of its Australian subsidiary.

Operating profit for the three months ended December 31, 1997 was $7.6 million and was $1.0 million, or 15.1%, higher than the first three months of fiscal 1997. The increase in the Company's operating profit for the current quarter resulted primarily from higher sales in the Graphic Systems segment. The segment's acquisitions during the past twelve months and increased sales volume accounted for the segment's operating profit improvement. Operating profit for the Marking Products segment improved slightly for the quarter despite the sale of the segment's Australian operation in August 1997. The improvement resulted from higher sales and slightly lower selling and administrative costs in the segment's North American operations. Operating profit for the Bronze segment during the current period was only slightly lower than the same period a year ago despite the expiration of the Company's contract with the U.S. Veteran's Administration. The segment's operating results also reflected higher sales of cremation equipment and granite products for the quarter which were offset by slightly higher selling and administrative costs for the segment.

Investment income for the first quarter of fiscal 1998 was $668,000, compared to $604,000 for the first quarter of fiscal 1997. The increase reflected a higher rate of return on investments during the current period.

Interest expense for the three months ended December 31, 1997 was approximately $87,000, compared to $12,000 for the first three months of fiscal 1997. Interest expense principally related to the Company's capital lease obligations. Other income (deductions), net for the three months ended December 31, 1997 represented a net increase to pre-tax income of $112,000 compared to a net reduction of $96,000 for the first three months of fiscal 1997. The current period primarily reflected gains on the sale of various fixed assets.

Minority interest for the three months ended December 31, 1997 related to the Company's 50%-owned affiliate, Tukaiz Communications L.L.C., which was acquired in January 1997.

Results of Operations, continued:

The Company's effective tax rate for the first quarter of fiscal 1998 was 39.1%, compared to 39.2% for the year ended September 30, 1997. The difference between the Company's effective tax rate and the Federal statutory rate of 35% primarily reflects the impact of state and foreign income taxes.

Liquidity and Capital Resources

Net cash provided by operating activities was $5.8 million for the three months ended December 31, 1997, compared to $5.7 million for the first three months of fiscal 1997. Operating cash flow for both periods primarily reflected net income for the respective quarters adjusted for depreciation and amortization and the payment of year-end compensation and profit distribution accruals.

Cash used in investing activities was approximately $4.0 million for the three months ended December 31, 1997 compared to $243,000 for the same period a year ago. Investing activities for the three months ended December 31, 1997 included the acquisitions of Western Plasti-Type Co. ($480,000), Allied Reprographics, Inc. ($700,000) and Palomar Packaging, Inc. ($1.4 million). See Acquisitions. In addition, fiscal 1998 first quarter investing activities included capital expenditures of $1.3 million. Investing activities for the fiscal 1997 first quarter primarily reflected capital expenditures of $1.4 million and proceeds from the net disposition of investments of $1.0 million. Capital spending for property, plant and equipment has averaged approximately $5.8 million for the last three fiscal years. The capital budget of the Company for fiscal 1998 is $10.9 million. The Company expects to generate sufficient cash from operations to fund all anticipated capital spending projects.

Cash used in financing activities for the three months ended December 31, 1997 was $6.8 million consisting principally of net treasury stock purchases of $5.5 million and the Company's quarterly dividend of $.085 per share. Cash used in financing activities for the three months ended December 31, 1996 was $2.6 million consisting of treasury stock purchases, the Company's quarterly dividend of $.08 per share and repayments under the Company's capital lease agreements. The Company currently has available lines of credit of approximately $13 million. There were no outstanding borrowings on any of the Company's lines of credit at December 31, 1997.

At December 31, 1997 and September 30, 1997 and 1996, the Company's current ratio was 1.8, 1.9 and 2.2, respectively. The Company had cash and cash equivalents at December 31, 1997 and September 30, 1997 of $14.6 million and $20.0 million, respectively. Net working capital at December 31, 1997 was $27.4 million. The Company believes that its current liquidity sources, combined with its operating cash flow and additional borrowing capacity, will be sufficient to meet its capital needs for the next 12 months.

Acquisitions

On October 1, 1997, the Company acquired for $480,000 cash the assets of Western Plasti-Type Co. ("Western"). On November 4, 1997, the Company acquired the common stock of Allied Reprographics, Inc. ("Allied") for $700,000 cash. Both Western and Allied are printing plate manufacturers located in Denver, Colorado. On November 3, 1997, the Company acquired for $1.4 million cash the assets of Palomar Packaging, Inc. ("Palomar"), a manufacturer of printing plates and steel-rule cutting dies, located near San Diego, California. An additional amount up to $880,000 may be payable for Palomar during the five-year period from the acquisition date contingent on the attainment of certain operating performance levels. The acquisitions of Western and Allied are designed to provide Matthews with a presence in the Colorado and surrounding markets which were not previously served by the Company. The acquisition of Palomar is designed to increase Matthews' presence in the growing marketplace for packaged products in southern California and northern Mexico. The Company has accounted for these acquisitions using the purchase method and, accordingly, recorded the acquired assets and liabilities at their estimated fair values at the acquisition dates. The excess of the purchase price over the fair value of the net assets has been recorded as goodwill to be amortized on a straight-line basis over 25 years.

Subsequent Event

In January 1998, the Company entered into an agreement for the purchase of certain assets of S&N Graphics, Inc. for approximately $1.6 million cash. S&N Graphics, Inc. is a St. Louis, Missouri manufacturer of printing plates and other marking devices with annual sales of approximately $2.0 million. The Company will account for this acquisition, which is expected to close by February 28, 1998, using the purchase method and, accordingly, will record the acquired assets at their estimated fair values at the acquisition date. The excess of the purchase price over the fair value of the assets will be recorded as goodwill to be amortized on a straight-line basis over 25 years. The acquisition is designed to increase Matthews' share of the St. Louis marketplace for prepress and printing plates in the flexible and corrugated packaging industries.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following Exhibits to this report are filed herewith:

Exhibit No.	Description
11	Computation of Earnings Per Share
27	Financial Data Schedule (via EDGAR)

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MATTHEWS INTERNATIONAL CORPORATION
(Registrant)

Date 2/11/98 D.M. Kelly

D.M. Kelly, Chairman of the Board,
President and Chief Executive Officer

Date 2/11/98 E.J. Boyle

E. J. Boyle, Vice President, Accounting &
Finance, Treasurer and Secretary

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
EXHIBIT 11 - COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE MONTHS ENDED DECEMBER 31, 1997 AND 1996

	1997	1996
1. Net income	$ 4,898,264	$ 4,304,408
2. Weighted average number of common shares outstanding during the period	8,316,801	8,748,654
3. Dilutive securities, primarily shares issuable upon exercise of stock options outstanding during period, based on higher of average or period-end values	258,710	194,481
4. Weighted average number of common shares outstanding during the period, assuming dilution (2 + 3)	8,575,511	8,943,135
5. Basic earnings per share (1 divided by 2)	$ .59	$ .49
6. Diluted earnings per share (1 divided by 4)	$ .57	$ .48

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE REGISTRANT'S QUARTERLY REPORT ON FORM 10-Q FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS
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