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, 1998

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, 1999
Class A - $1.00 par value	13,143,257 shares
Class B - $1.00 par value	2,824,760 shares

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

<TABLE>
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<S>	December 31, 1998 <C> <C>	September 30, 1998 <C> <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 26,895,833	$ 25,369,834
Short-term investments	246,058	229,903
Accounts receivable	32,533,341	32,892,094
Inventories:		

Materials and finished goods	$15,116,890	$15,114,759
Labor and overhead in process	1,110,841	1,248,815
Supplies	381,335	388,219
	----------	----------
	16,609,066	16,751,793
Other current assets	1,693,878	1,984,053
	----------	----------
Total current assets	77,978,176	77,227,677
Investments	22,027,734	24,250,799
Property, plant and equipment: Cost	82,505,263	78,876,967
Less accumulated depreciation	(35,903,225)	(34,146,591)
	----------	----------
	46,602,038	44,730,376
Deferred income taxes and other assets	14,246,687	14,005,434
Goodwill	26,707,965	26,991,478
	-----------	-----------
Total assets	$187,562,600	$187,205,764
	===========	===========
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt, current maturities	1,257,275	800,252
Accounts payable	5,908,647	6,901,044
Accrued compensation	11,321,698	16,224,508
Accrued income taxes	6,758,420	3,942,617
Customer prepayments	7,176,644	7,441,088
Other current liabilities	8,253,466	8,597,060
	----------	----------
Total current liabilities	40,676,150	43,906,569
Long-term debt	1,252,631	1,434,679
Estimated finishing costs	4,035,393	3,831,674
Postretirement benefits	19,957,847	20,082,548
Other liabilities	13,817,786	13,639,998
Shareholders' equity:		
Common stock: Class A, par value $1.00	14,441,529	14,414,944
Class B, par value $1.00	3,725,467	3,752,052
Other shareholders' equity	89,655,797	86,143,300
	----------	----------
	107,822,793	104,310,296
	-----------	-----------
Total liabilities and shareholders' equity	$187,562,600	$187,205,764
	===========	===========

/TABLE

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

<TABLE>
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	Three Months Ended December 31,	
	1998	1997
	----	----
<S>	<C>	<C>
Sales	$ 56,441,488	$ 49,440,454
Cost of goods sold	32,982,990	28,209,018
	----------	----------
Gross profit	23,458,498	21,231,436
Selling and administrative expenses	14,759,243	13,615,117
	----------	----------
Operating profit	8,699,255	7,616,319
Investment income	438,593	668,330
Interest expense	(122,570)	(86,821)

Other income (deductions), net	(31,976)	111,631
Minority interest	(43,846)	(271,372)
	----------	----------
Income before income taxes	8,939,456	8,038,087
Income taxes	3,524,337	3,139,823
	----------	----------
Net income	$ 5,415,119	$ 4,898,264
	==========	==========
Earnings per share:		
Basic	$ .34	$ .29
	=====	=====
Diluted	$ .33	$ .29
	=====	=====
Dividends per share	$ .045	$.0425
	=====	=====

</TABLE>

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

<TABLE>
<CAPTION>

	Three Months Ended December 31,	
	1998	1997
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 5,415,119	$ 4,898,264
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,283,021	1,863,841
Change in deferred taxes	(123,337)	(673,595)
Changes in working capital items	(2,906,207)	(709,366)
(Increase) decrease in other non-current assets	(64,766)	341,190
Increase in estimated finishing costs	203,719	6,145
Increase in other liabilities	173,166	215,186
Decrease in postretirement benefits	(124,701)	(66,611)
(Gain) loss on sale of property, plant and equipment	2,280	(68,106)
Net loss on investments	15,087	17,481
Effect of exchange rate changes on operations	(58,981)	(17,692)
	----------	----------
Net cash provided by operating activities	4,814,400	5,806,737
	----------	----------
Cash flows from investing activities:		
Capital expenditures	(3,782,093)	(1,295,687)
Proceeds from disposals of property, plant and equipment	1,000	309,130
Acquisitions, net of cash acquired	-	(2,730,172)
Investments	(193,906)	(459,225)
Proceeds from disposition of investments	2,210,471	20,541
Collections on loans to officers and employees	106,301	166,150
	----------	----------
Net cash used in investing activities	(1,658,227)	(3,989,263)
	----------	----------
Cash flows from financing activities:		
Proceeds from long-term debt	470,000	-
Payments on long-term debt	(195,025)	(539,129)
Proceeds from the sale of treasury stock	188,750	771,410
Purchases of treasury stock	(1,329,730)	(6,271,317)
Dividends	(718,980)	(748,553)
	----------	----------
Net cash used in financing activities	(1,584,985)	(6,787,589)
	----------	----------
Effect of exchange rate changes on cash	(45,189)	(433,233)

	----------	----------
Net increase (decrease) in cash and cash equivalents	$ 1,525,999	$(5,403,348)
	==========	==========
Supplemental Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 122,570	$ 86,821
Income Taxes	831,871	721,107

</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1998

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, Graphics Imaging and Marking Products. The Bronze segment is a leading manufacturer of cast bronze memorial products, crematories and cremation-related products and is a leading builder of mausoleums in the United States. The Graphics Imaging 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, Canada, Australia, Sweden and Germany.

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, 1998 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 1999. 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, 1998.

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 39.4% and the Federal statutory rate of 35% primarily reflects the impact of state income taxes.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued
DECEMBER 31, 1998

Note 4. Earnings Per Share

For the Three Months Ended

	December 31, 1998	December 31, 1997
Net income	$ 5,415,119	$ 4,898,264
Weighted average common shares outstanding	15,998,525	16,633,601
Dilutive securities, primarily stock options	431,561	517,420
Diluted weighted average common shares outstanding	16,430,086	17,151,021
Basic earnings per share	$ .34	$ .29
Diluted earnings per share	$ .33	$ .29

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, 1998. 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,		
	1998	1997	1998	1997	1996
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Gross profit	41.6	42.9	44.0	44.1	44.6
Operating profit	15.4	15.4	17.0	16.3	15.6
Income before income taxes	15.8	16.3	17.5	17.1	19.5
Net income	9.6	9.9	10.6	10.4	11.8

Sales for the three months ended December 31, 1998 were $56.4 million and were $7.0 million, or 14.2%, higher than sales of $49.4 million for the quarter ended December 31, 1997. The sales increase for the first three months of fiscal 1999 principally resulted from higher sales in the Company's Bronze and Graphics Imaging segments. Sales for the Bronze segment increased 21% over the fiscal 1998 first quarter resulting primarily from the Company's acquisition of Gibraltar Mausoleum Construction Company in September 1998. In addition, Bronze segment sales for the fiscal 1999 first quarter reflected an increase in the unit volume of memorial products and cremation equipment over the same period a year ago. Sales for the Graphics Imaging segment were up 14% from the fiscal 1998 first quarter, primarily reflecting the Company's acquisition of a 50% interest in O.N.E. Color Communications, L.L.C. ("O.N.E.") in May 1998. Excluding the impact of this acquisition, sales of the Graphics Imaging segment for the fiscal 1999 first quarter were slightly below the same period last year, reflecting weak demand for corrugated printing plates. Marking Products segment sales for the three months ended December 31, 1998 declined approximately 5% from the same period a year ago. The decline, which was expected, resulted from the sale of the segment's distribution operation in France in February 1998 which had historically produced marginal results for the Company. Sales for the segment's North American operations increased 8% over the fiscal 1998 first quarter.

Results of Operations, continued:
Gross profit for the three months ended December 31, 1998 was $23.5 million, or 41.6% of sales, compared to $21.2 million, or 42.9% of sales, for the first three months of fiscal 1998. The increase in consolidated gross profit of $2.3 million, or 10.5%, reflected higher gross profit levels in all three of the Company's business segments. Increases in gross profit in the Bronze and Graphics Imaging segments resulted from higher sales, reflecting the Company's fiscal 1998 acquisitions and, for the Bronze segment, higher sales of memorial products and cremation equipment. Marking Products gross profit also improved slightly over the fiscal 1998 first quarter despite the reduction in the segment's sales. Higher margins were realized in the fiscal 1999 first quarter on the segment's North American sales which more than offset a decrease in gross profit resulting from the sale of the segment's distribution operation in France. Consolidated gross profit as a percent of sales for the quarter ended December 31, 1998 was 41.6%, compared to 42.9% for the same period a year ago. Gross profit as a percent of sales declined in the Bronze segment as a result of lower margins on sales of mausoleums. The reduction in gross profit as a percent of sales for the Graphics Imaging segment reflected a decline in the segment's sales (excluding the impact of the acquisition of a 50% interest in O.N.E.) combined with an increase in depreciation expense due to higher levels of capital investment.

Selling and administrative expenses for the three months ended December 31, 1998 were $14.8 million, representing an increase of $1.2 million, or 8.4%, over $13.6 million for the fiscal 1998 first quarter. The increase in selling and administrative expenses over the prior period principally resulted from the acquisition of O.N.E. and other increases in selling costs by the Graphics Imaging segment. Partially offsetting this increase was a reduction in Marking Products selling and administrative costs due to the sale of its French subsidiary. Although sales for the Bronze segment increased for the period, the segment's selling and administrative expenses were relatively consistent with the same period a year ago. Consolidated selling and administrative expense as a percent of sales was 26.2% for the first quarter of fiscal 1999 compared to 27.5% for the same quarter last year.

Operating profit for the three months ended December 31, 1998 was $8.7 million and was $1.1 million, or 14.2%, higher than the first three months of fiscal 1998. The increase in the Company's operating profit for the fiscal 1999 first quarter resulted primarily from higher sales in the Bronze segment. The increased sales volume of memorial products and cremation equipment accounted for the Bronze segment's operating profit improvement. Operating profit for the Marking Products segment also improved for the quarter despite the sale of the segment's distribution operation in France. The improvement resulted from higher sales in the segment's North American operations. Operating profit for the Graphics Imaging segment for the three months ended December 31, 1998 was lower than the same period last year due to several factors including weak demand for corrugated printing plates, an increase in depreciation expense due to higher levels of capital investment, and poor results from one of the segment's recent acquisitions. Management has developed an action plan designed to improve the segment's operating performance which includes an overall reduction of operating expenses while at the same time focusing on an increase in sales.

Investment income for the first quarter of fiscal 1999 was $439,000, compared to $668,000 for the first three months of fiscal 1998. The Company's average cash and investment balances were lower than a year ago as a result of acquisitions and stock repurchases completed during fiscal 1998.
Results of Operations, continued:

Interest expense for the three months ended December 31, 1998 was approximately $123,000, compared to $87,000 for the first quarter of fiscal 1998. Interest expense principally related to the Company's capital lease obligations. In addition, interest expense for the first quarter of fiscal 1999 includes interest on the Company's obligations related to the acquisition of O.N.E. An additional amount is payable by Matthews for its 50% interest three years from the acquisition date contingent on the attainment of certain operating performance levels of O.N.E., with such payout to be not less than $400,000. In addition, Matthews is obligated to purchase the remaining 50% interest no later than May 2004, also contingent on the attainment of certain operating performance levels of O.N.E., with such payment to be not less than $4.5 million. A liability has been recorded for the present value of the minimum future payouts with interest imputed on the obligation and recorded on a monthly basis as a charge against income.

Other income (deductions), net, for the three months ended December 31, 1998 represented a net reduction to pre-tax income of $32,000 compared to a net increase of $112,000 for the first three months of fiscal 1998. The first quarter of fiscal 1998 included gains on the sale of various fixed assets. Minority interest relates to the Company's 50%-owned affiliate, Tukaiz Communications L.L.C.

The Company's effective tax rate for the first quarter of fiscal 1999 was 39.4%, compared to 39.4% for the year ended September 30, 1998. The difference between the Company's effective tax rate and the Federal statutory rate of 35% primarily reflects the impact of state income taxes.

Liquidity and Capital Resources

Net cash provided by operating activities was $4.8 million for the three months ended December 31, 1998, compared to $5.8 million for the first three months of fiscal 1998. 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 $1.7 million for the three months ended December 31, 1998 compared to $4.0 million for the same period a year ago. Investing activities for the three months ended December 31, 1998 primarily reflected capital expenditures of $3.8 million which were partially offset by proceeds of $2.2 million from the disposition of investment securities. Capital expenditures for the first quarter of fiscal 1999 were higher than the same period last year principally as a result of capital investments in the Graphics Imaging segment. Investing activities in the first three months of fiscal 1998 included acquisitions in the Graphics Imaging segment of $2.7 million (Western Plasti-Type Co., Allied Reprographics, Inc. and Palomar Packaging, Inc.) and capital expenditures of $1.3 million. Capital spending for property, plant and equipment has averaged approximately $6.3 million for the last three fiscal years. The capital budget of the Company for fiscal 1999 is $10.9 million. The Company expects to generate sufficient cash from operations to fund all anticipated capital spending projects.

Liquidity and Capital Resources, continued

Cash used in financing activities for the three months ended December 31, 1998 was $1.6 million consisting principally of net treasury stock purchases of $1.1 million and the Company's quarterly dividend of $.045 per share. Financing activities in the fiscal 1999 first quarter also included proceeds of $470,000 from borrowings by Tukaiz Communications, L.L.C. under its line of credit. Cash used in financing activities for the three months ended December 31, 1997 was $6.8 million consisting principally of treasury stock purchases of $5.5 million, the Company's quarterly dividend of $.0425 per share and repayments under the Company's capital lease agreements. The Company currently has available lines of credit of approximately $13 million. Except as noted above, there were no outstanding borrowings on any of the Company's lines of credit at December 31, 1998.

At December 31, 1998 and September 30, 1998 and 1997, the Company's current ratio was 1.9, 1.8 and 1.9, respectively. The Company had cash and cash equivalents at December 31, 1998 and September 30, 1998 of $26.9 million and $25.4 million, respectively. Net working capital at December 31, 1998 was $37.3 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.

Year 2000 Issue

The Company has assessed the potential impact of the Year 2000 issue on its operations and information systems. Costs incurred to date for this assessment and for systems modifications required to address any Year 2000 issues have not been material. The Company's significant operating and information systems are substantially Year 2000 compliant except for certain systems within the Graphics Imaging segment, which are expected to be Year 2000 compliant before December 31, 1999. Based on management's assessment, the Year 2000 issue is not expected to have a material impact on the consolidated financial position, results of operations or cash flows of the Company.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following Exhibit to this report is filed herewith:

Exhibit No.	Description
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 2/10/99 D.M. Kelly

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

Date 2/10/99 E.J. Boyle
------------- ---
E. J. Boyle, Vice President, Accounting &
Finance, Treasurer and Secretary

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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, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE
TO SUCH FINANCIAL STATEMENTS.
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