UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 1997
Commission File Numbers 0-9115 and 0-24494

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

COMMONWEALTH OF 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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, $1.00 par value	NASDAQ National Market System
Class B Common Stock, $1.00 par value	None

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 [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405a of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of November 30, 1997 was $326,294,000.

As of November 30, 1997, shares of common stock outstanding were:

Class A Common Stock	6,450,261 shares
Class B Common Stock	1,858,242 shares

Documents incorporated by reference: None

The index to exhibits is on pages 66-68.

PART I

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION:

Any forward-looking statements contained in this Annual Report on Form 10-K (specifically those contained in Item 1, "Business" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations") are included in this report 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.

ITEM 1. BUSINESS.

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 marking equipment and consumables for identifying various consumer and industrial products, components and packaging containers. The following table sets forth sales and operating profit for the three business segments of the Company for the past three fiscal years.

	Fiscal Year Ended September 30,					
	1997		1996		1995	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)					
Sales to unaffiliated customers:						
Bronze	$ 96,384	50.9%	$ 84,529	49.2%	$ 80,032	48.0%
Graphic Systems	57,804	30.6	43,062	25.0	42,360	25.4
Marking Products	34,981	18.5	44,387	25.8	44,356	26.6
Total	$189,169	100.0%	$171,978	100.0%	$166,748	100.0%
Operating profit:						
Bronze	22,579	73.1	20,072	75.0	18,171	74.3
Graphic Systems	5,507	17.8	4,217	15.7	4,254	17.4
Marking Products	2,801	9.1	2,482	9.3	2,033	8.3
Total	$ 30,887	100.0%	$ 26,771	100.0%	$ 24,458	100.0%

ITEM 1. BUSINESS, continued.

Detailed financial information relating to business segments and to foreign and domestic operations is presented in Note 14 (Segment Information) to the Consolidated Financial Statements included in Part II of this Annual Report on Form 10-K.

In fiscal 1997, approximately 86% of the Company's sales were made from the United States, and 4%, 4% and 6% were made from Europe, Canada and Australia, respectively. Bronze operations are primarily conducted in the United States and Canada with 6% of the segment's revenues coming from Australia. Graphic Systems products are manufactured and primarily sold in the United States. Marking Products sells equipment and consumables directly to industrial consumers and through distributors throughout the world. This segment has manufacturing and marketing facilities in the United States, Canada, Sweden and the United Kingdom. Approximately 48% of Marking Products sales were made to locations outside the United States in fiscal 1997.

The Company employs approximately 1,500 people and has its principal executive offices at Two NorthShore Center, Pittsburgh, Pennsylvania 15212. Its telephone number is (412) 442-8200.

PRODUCTS AND MARKETS:

Bronze:

The Bronze segment manufactures and markets in the United States, Canada and

Australia cast bronze memorial products used primarily in cemeteries. The segment also manufactures and markets cast bronze and aluminum architectural products used to identify or commemorate people, places and events. In addition, the segment manufactures and markets crematories and cremation-related products through a wholly-owned subsidiary, Industrial Equipment and Engineering Company (IEEC).

Memorial products, which comprise the majority of the Bronze segment's sales, include flush bronze memorials, flower vases, crypt letters, cremation urns, niche units and cemetery features, along with other related products. Flush bronze memorials, which represent approximately two-thirds of the segment's memorial product sales, are bronze plaques which contain vital information about a deceased individual such as name and birth and death dates. These memorials are used in cemeteries as an alternative to upright granite tombstones. The memorials are even or "flush" with the ground and therefore are preferred by many cemeteries for easier mowing and other maintenance. In order to provide products for the granite memorial market, the Company's other memorial products include granite tombstones as well as bronze plaques and letters that can be affixed to tombstones, mausoleums and crypts. Principal customers for memorial products are cemeteries and memorial parks, which in turn sell the Company's products to the consumer.

The Bronze segment manufactures a full line of memorial products for cremation, including urns in a variety of sizes, styles and shapes. In addition, the Company manufactures bronze niche units which are comprised of numerous compartments used to display cremation urns in mausoleums and churches.

Architectural products include cast bronze and aluminum plaques, etchings and letters that are used to recognize, commemorate and identify people, places, events and accomplishments. The Company's plaques are frequently used to identify the name of a building or the names of companies or individuals located within a building. Such products are also used to commemorate events or accomplishments, such as military service or financial donations. The principal markets for the segment's architectural products are corporations, fraternal organizations, contractors, churches, hospitals, schools and government agencies. These products are distributed through a network of independent dealers including sign suppliers, recognition companies and trophy dealers.

In March 1996, Matthews International Corporation acquired IEEC which is headquartered in Orlando, Florida and is the leading North American manufacturer of cremation equipment and cremation-related products. In August 1996, IEEC acquired the assets of All Crematory Corporation, which was also a manufacturer of cremation equipment. IEEC equipment and products are sold primarily to mortuary and cemetery facilities within North America and Europe.

Within the Bronze segment was a wholly-owned cemetery and mortuary facility, Sunland Memorial Park, Inc. ("Sunland"), located in Sun City, Arizona. Sunland was sold in January 1996. The revenues of Sunland represented approximately 7% of the Bronze segment's fiscal 1995 sales.

Raw materials used by the Bronze segment consist principally of bronze and aluminum ingot, sheet metal and coating materials and are generally available in adequate supply. Ingot is obtained from various North American and Australian smelters.

Graphic Systems:

The Graphic Systems segment provides printing plates, pre-press services and imaging systems to the corrugated and flexible packaging industries. The corrugated packaging industry consists of manufacturers of printed corrugated boxes and the flexible packaging industry consists of manufacturers of printed bags and other packaging products made of paper, film and foil.

The segment's principal products are printing plates used by corrugated packaging manufacturers to print corrugated boxes with graphics that help sell the packaged product and provide information such as product identification, logos, bar codes and other packaging detail specified by the manufacturer of the packaged product. The corrugated packaging manufacturer produces printed boxes by first combining linerboard with fluted paper to form a corrugated sheet. Using the Company's products, this sheet is then printed and die cut to make a finished box. The flexible packaging industry produces printed packaging from paper, film and foil, such as for food wrappers.

ITEM 1. BUSINESS, continued.

PRODUCTS AND MARKETS, continued:

Graphic Systems, continued:

The Company works closely with manufacturers to provide the proper printing plates and tooling used to print the packaging to the user's specifications. The segment's printing plate products are made from natural rubber, synthetic rubber or photopolymer resin. Upon customer request, plates can be pre-mounted press-ready in a variety of configurations that maximize print quality and minimize press set-up time.

The segment also provides creative art design services to manufacturers of corrugated and flexible packaging and to end users of such packaging. Other products and services include pre-press preparation, such as computer-generated camera-ready art, negatives, films and master patterns; plate mounting accessories for the corrugated industry; various press aids designed to improve print quality; rotary and flat cutting dies used to cut out intricately designed containers and point-of-purchase displays; and film masters used to print bar codes such as Universal Product Codes (known as "UPCs").

The Graphic Systems segment customer base consists primarily of packaging industry manufacturers and "national accounts." National accounts are generally large, well-known consumer goods companies with a national presence that purchase their printing plates directly. These companies then provide their printing plates to the packaging industry manufacturer of their choice.

On January 31, 1997, Matthews International Corporation acquired 50% of Tukaiz Litho, Inc. ("Tukaiz"), a leading pre-press and pre-media firm based in Franklin Park, Illinois. A pre-press firm prepares art or digital files for printing or reproduction. The combination of the Company's Graphic Systems business and Tukaiz is designed to create a leader in the graphics industry, providing a unique array of pre-press and pre-media services to ad agencies, manufacturers, printers and publishers. These services include creative design, audio, video, animation, multimedia, digital photography, web site service and on-demand digital printing.

On May 23, 1997, Matthews acquired the common stock of both Carolina Repro-Graphic and Dieworks, Inc., manufacturers of pre-press services, flexible printing plates and steel rule cutting dies, located in North Carolina. The acquisitions are expected to increase Matthews' market share for these products in the southeast region of the United States.

On October 1, 1997, the Company acquired the assets of Western Plasti-Type Co. ("Western") and, on November 4, 1997, the common stock of Allied Reprographics, Inc. ("Allied"). Both Western and Allied are printing plate manufacturers located in Denver, Colorado. On November 3, 1997, the Company acquired the assets of Palomar Packaging ("Palomar"), a manufacturer of printing plates and steel-rule cutting dies, located near San Diego, California. 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.

ITEM 1. BUSINESS, continued.

PRODUCTS AND MARKETS, continued:

Graphic Systems, continued:

Major raw materials for this segment's products include rubber, photopolymer resin, film and graphic art supplies. All such materials are presently available in adequate supply from various industry sources.

Marking Products:

The Marking Products segment designs, manufactures and distributes a wide range of marking equipment and consumables used by customers to identify various consumer and industrial products, components and packaging containers. Marking products range from simple handstamps made from special alloy steel to sophisticated microprocessor-based ink-jet and impulse-jet printing systems. The Marking Products segment employs contact printing, indenting, ink-jet printing and impulse-jet printing to meet customer needs, sometimes using a combination of these marking methods.

A significant portion of the revenue of this segment is attributable to the sale of consumables, software and replacement parts in connection with the marking hardware sold by the Company. The Company develops inks in harmony with the marking equipment in which they are used, which is critical to assure ongoing equipment reliability and mark quality. Many marking equipment customers also use the Company's ink, solvents and cleaners.

The principal customers for the Company's marking products include food and beverage processors, metal fabricators, producers of health and beauty products and manufacturers of textiles, plastic and rubber products. A large percentage of the segment's sales are outside the United States and are distributed through the Company's wholly-owned subsidiaries in Canada, Sweden and France in addition to minority-owned companies in Asia, Australia, Germany and the United Kingdom.

The marking products industry is fragmented, with many companies having limited product lines which focus on well-defined specialty markets. Other industry participants, like the Company, have broad product offerings and compete in various product markets and countries. In the United States, the Company has been supplying marking products for over 140 years.

Major raw materials for this segment's products include printing components, tool steels, rubber and chemicals, all of which are presently available in adequate supply from various sources.

ITEM 1. BUSINESS, continued.

COMPETITION:

Bronze:

Competition from other bronze memorial manufacturers, which is intense, is on the basis of product quality, delivery, price and design availability. The Company also competes with upright granite tombstone and flush granite memorial providers. The Company and its two major competitors account for a substantial portion of the bronze memorial market. The Company believes that its superior quality, broad product lines, innovative designs, delivery capability, customer responsiveness, experienced personnel and customer oriented merchandising systems are competitive advantages in its markets. Competitors in the architectural market are numerous and include companies that manufacture cast and painted signs, plastic materials and other fabricated products. The Company competes with several manufacturers in the crematory market principally on the basis of product quality and price.

Graphic Systems:

Graphic Systems is one of several manufacturers of printing plates with a national presence and competes in a fragmented industry consisting of a few multi-plant regional printing plate suppliers and a large number of local one-plant companies located across the United States. Competition is on the basis of price, timeliness of delivery and product quality. The Company differentiates itself from the competition by meeting customer demands and by distinguishing itself as an innovator of new products.

Marking Products:

Competition is intense and based on product performance, service and price. The Company normally competes with specialty companies in specific marking applications. The Company believes that, in general, it has the broadest lines of marking products to address industrial marking applications.

PATENTS, TRADEMARKS AND LICENSES:

The Company holds a number of domestic and foreign patents and trademarks. However, the Company believes the loss of any or a significant number of patents or trademarks would not have a material impact on operations or revenues.

BACKLOG:

Because the nature of the Company's business is custom products made to order with short lead times, backlogs are not generally material in any segment of the Company's operations except for IEEC and Marking Products. Backlogs in IEEC generally vary in the range of four to six months of sales. Backlogs in the Marking Products segment can vary in a range up to six weeks of sales.

ITEM 1. BUSINESS, continued.

REGULATORY MATTERS:

The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. The Company believes that its current operations are in material compliance with all presently applicable environmental laws and regulations. The Company's expenditures for environmental compliance have not had, nor are they presently expected to have, a material adverse effect on the Company.

The Clean Air Act Amendments of 1990 are not expected to impact two of the Company's operating segments, Graphic Systems and Marking Products. In the United States, the Company's Bronze segment operates four nonferrous foundries, none of which is within the "major source" industry category as defined by the Environmental Protection Agency. As such, it is believed that the Bronze segment operations will be regulated as "area sources" at certain locations. No material capital expenditures are anticipated within the next few years as a result of the Clean Air Act Amendments.

Like most nonferrous foundry operations, the Company's plants produce a significant volume of residual materials as a result of the bronze casting process. Chief among these is spent foundry sands. Currently, the majority of these materials, including foundry sands, are regulated as solid waste under most state and federal laws. Pursuant to the Resource Conservation and Recovery Act, the Company is regulated as a generator of hazardous waste, and all plants are registered with the Environmental Protection Agency in accordance with applicable regulations. The Company has implemented detailed plans and procedures for waste management at each of its Bronze operating plants in the United States.

ITEM 2. PROPERTIES.

The principal properties of the Company are as follows (properties are owned by the Company except as noted):

Location	Description of Property	Square Feet
Bronze:		
Pittsburgh, PA	Manufacturing / Division Offices	94,000
Apopka, FL	Manufacturing	40,000
Melbourne, Australia	Manufacturing	26,000(1)
Milton, Ontario, Canada	Manufacturing	30,000
Nashotah, WI	Sales	8,000(1)
Searcy, AR	Manufacturing	84,000
Seneca Falls, NY	Manufacturing	21,000
Sun City, CA	Manufacturing	24,000
Graphics Systems:		
Pittsburgh, PA	Manufacturing / Division Offices	56,000
Atlanta, GA	Manufacturing	16,000

Cranberry Twp., PA	Manufacturing	15,000(1)
Dallas, TX	Manufacturing	15,000(1)
Denver, CO	Manufacturing	12,000(1)
Escondido, CA	Manufacturing	9,700(1)
High Point, NC	Manufacturing	34,700(1)
LaPalma, CA	Manufacturing	22,000
Orlando, FL	Manufacturing	2,000(1)
Randolph, MA	Manufacturing	2,500(1)
St. Louis, MO	Manufacturing	24,000
Marking Products:		
Pittsburgh, PA	Manufacturing / Division Offices	67,000
Pittsburgh, PA	Ink Manufacturing	18,000
Gothenburg, Sweden	Manufacturing / Distribution	28,000(1)
Pontoise, France	Distribution	8,600(1)
Corporate Office:		
Pittsburgh, PA	General Offices	48,000(2)

(1) These properties are leased by the Company under operating lease arrangements. Rent expense incurred by the Company for these facilities was approximately $806,000 in fiscal 1997.

(2) The Company uses approximately one-third of this building and leases, or offers to lease, the remainder to unrelated parties.

All of the owned properties are unencumbered. The Company believes its facilities are generally well suited for their respective uses and are of adequate size and design to provide the operating efficiencies necessary for the Company to be competitive. The Company's facilities provide adequate space for meeting its near term production requirements and have availability for additional capacity. The Company intends to continue to expand and modernize its facilities as necessary to meet the demand for its products.

ITEM 3. LEGAL PROCEEDINGS.

The Company is party to various legal proceedings generally incidental to its business. The eventual outcome of these matters is not predictable and it is possible that their resolution could be unfavorable to the Company. Although the ultimate disposition of these proceedings is not presently determinable, management is of the opinion, based on the facts now known, that the matters should not result in liabilities in an amount which would materially affect the consolidated financial position, annual results of operations or cash flows of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of the Company's security holders during the fourth quarter of fiscal year 1997.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

(a) Market Information:

The authorized common stock of the Company is divided into two classes consisting of Class A Common Stock, $1 par value, and Class B Common Stock, $1 par value. The Company's Class A Common Stock is traded on the NASDAQ National Market System. The following table sets forth the high, low and closing prices as reported by NASDAQ for the periods indicated:

	High	Low	Close
Fiscal 1997:			
Quarter ended: September 30, 1997	$41.25	$34.75	$39.75
June 30, 1997	35.50	28.875	35.50

March 31, 1997	31.00	28.25	30.50
December 31, 1996	30.75	27.75	29.25

Fiscal 1996:

Quarter ended: September 30, 1996	$30.50	$27.125	$28.25
June 30, 1996	29.50	25.50	27.50
March 31, 1996	27.25	18.625	26.75
December 31, 1995	20.25	18.50	19.50

Shares of Class A stock have one vote per share and are freely transferable subject to applicable securities laws. Shares of Class B stock have ten votes per share and are only transferable by a shareholder to the Company or to an active employee of the Company. If shareholders wish to otherwise sell Class B Common Stock, the Company may, at its discretion, purchase such shares at the fair market value per share of the Company's Class A Common Stock or permit shareholders to tender such shares to the Company in exchange for an equal number of shares of Class A Common Stock.

In fiscal 1996, the Company initiated a limited stock repurchase program authorizing the repurchase of up to 500,000 shares of Class A and Class B Common Stock. In March 1997, the Company announced a continuation of the program and authorized the repurchase of up to an additional 500,000 shares of Class A and Class B Common Stock. The original stock repurchase program initiated in fiscal 1996 has been completed. In conjunction with the fiscal 1996 buy-back program, the Company invoked the provisions of the Fifth Article of its Restated Articles of Incorporation. Such Article provides (among other things) that any shareholder wishing to sell or convert any Class B common shares must first offer such shares to the Company for redemption. The Company will then have an option to purchase such shares for a 24-hour period. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions of the Restated Articles of Incorporation.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS, continued.

(b) Holders:

The number of registered holders of the Company's common stock at November 30, 1997 was as follows:

Class A Common Stock	454
Class B Common Stock	317

(c) Dividends:

A quarterly dividend of $.085 per share was paid for the fourth quarter of fiscal 1997 to shareholders of record on October 31, 1997. The Company paid quarterly dividends of $.08 per share for the first three quarters of fiscal 1997 and the fourth quarter of fiscal 1996. The Company paid quarterly dividends of $.07 per share for the first three quarters of fiscal 1996.

Cash dividends have been paid on common shares in every year for at least the past thirty years. It is the present intention of the Company to continue to pay quarterly cash dividends on its common stock. However, there is no assurance that dividends will be declared and paid as the declaration and payment of dividends is at the discretion of the Board of Directors of the Company and is dependent upon the Company's financial condition, results of operations, cash requirements, future prospects and other factors deemed relevant by the Board.

ITEM 6. SELECTED FINANCIAL DATA.

<TABLE>
<CAPTION>

	Years ended September 30,				
	1997	1996(1)	1995	1994	1993(3)
	(Not Covered by Independent Auditor's Report)				
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$189,168,640	$171,977,619	$166,747,781	$158,700,158	$151,094,305
Gross profit	83,500,886	76,640,900	74,729,267	71,613,709	64,128,595

Interest expense	337,375	131,364	104,820	309,939	594,513
Income before income taxes and cumulative effect of changes in accounting principles	32,297,897	33,522,616	25,079,263	23,705,257	16,574,586
Income taxes	12,671,833	13,265,062	9,628,028	9,677,091	6,618,543
Income before cumulative effect of changes in accounting principles	19,626,064	20,257,554	15,451,235	14,028,166	9,956,043
Cumulative effect of changes in accounting principles (2)	-	-	-	-	(10,836,726)
Net income (loss)	$ 19,626,064	$ 20,257,554	$ 15,451,235	$14,028,166	$ (880,683)
Per common share:					
Income before cumulative effect of changes in accounting principles	$ 2.28	$ 2.28	$ 1.75	$ 1.56	$ 1.07
Net income (loss)	2.28	2.28	1.75	1.56	(.09)
Cash dividends	.325	.29	.25	.10	.03
Weighted average common shares outstanding	8,597,036	8,890,912	8,850,350	8,982,353	9,312,105
Total assets	$169,204,390	$153,411,709	$138,206,376	$120,683,005	$110,568,941
Long-term debt, noncurrent	2,151,413	-	270,092	745,616	6,133,340

<FN>

(1) Fiscal 1996 included after-tax income of $2.9 million ($.33 per share) which consisted of a gain on the sale of Sunland Memorial Park, Inc., the write-off of the remaining goodwill of Matthews Swedot AB and certain other non-operating charges. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Fiscal year 1993 includes the cumulative effect of changes in accounting for postretirement benefits and income taxes.

(3) Fiscal year 1993 includes charges of $1.0 million relative to inventory write-offs and other adjustments, $800,000 for a change in the amortization period of goodwill for Matthews Swedot AB and $500,000 in connection with a public offering which did not occur during fiscal 1993. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

/TABLE

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the consolidated financial statements of the Company and related notes thereto. Also, see "Cautionary Statement Regarding Forward-looking Information" included in Part I of this Annual Report on Form 10-K.

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 and the percentage change in such income statement data from year to year.

	Years Ended September 30,			Percentage Change	
	1997	1996	1995	1997-1996	1996-1995
Sales	100.0%	100.0%	100.0%	10.0%	3.1%
Gross profit	44.1	44.6	44.8	9.0	2.6
Operating profit	16.3	15.6	14.7	15.4	9.5
Income before taxes	17.1	19.5	15.0	(3.7)	33.7
Net income	10.4	11.8	9.3	(3.1)	31.1

Comparison of Fiscal 1997 and Fiscal 1996:

Sales for the year ended September 30, 1997 were $189.2 million and were $17.2 million, or 10.0%, higher than sales of $172.0 million for the year ended September 30, 1996. The increase for fiscal 1997 reflected higher sales in the Company's Bronze and Graphic Systems segments. Bronze segment sales were $96.4 million for fiscal 1997 representing an increase of $11.9 million, or 14%, over fiscal 1996. The increase primarily reflected higher volume of memorial products as well as sales by Industrial Equipment and Engineering Company, Inc. ("IEEC") of crematories and cremation-related products. Fiscal 1997 revenues of IEEC, which was acquired in March 1996, also included sales of All Crematory Corporation, which was acquired in August 1996. Sales for the Bronze segment increased over the prior year despite the absence of Sunland Memorial Park, Inc. which was sold in January 1996. Graphic Systems segment sales for the year ended September 30, 1997 were $57.8 million, representing an increase of $14.7 million, or 34%, over fiscal 1996. The sales growth over fiscal 1996 was primarily the result of acquisitions. On January 31, 1997, Matthews acquired a 50% interest in Tukaiz Litho, Inc. ("Tukaiz") and, on May 23, 1997, Matthews purchased 100% of the common stock of both Carolina Repro-Graphic and Dieworks, Inc. (collectively "Carolina"). For the year ended January 31, 1997, Tukaiz reported sales of $16.4 million and, for the year ended December 31, 1996, Carolina reported sales of $3.7 million. Marking Products sales for the year ended September 30, 1997 were $35.0 million representing a decrease of $9.4 million, or 21.1%, below fiscal 1996. The decrease in sales for Marking Products resulted from the sale of the segment's label printer application business in September 1996 and the Company's decision in September 1996 to liquidate its German subsidiary. The label printer application business had historically produced marginal results for the Company and the German subsidiary had accumulated significant losses during the past few years.

Comparison of Fiscal 1997 and Fiscal 1996, continued:

Gross profit for the year ended September 30, 1997 was $83.5 million, or 44.1% of sales, compared to $76.6 million, or 44.6% of sales, for fiscal 1996. The increase in gross profit of $6.9 million, or 9.0%, was attributable to higher gross profits in the Bronze and Graphic Systems segments. Bronze gross profit improved 15% as a result of higher sales of bronze memorials and the additional sales related to the IEEC and All Crematory Corporation acquisitions. Bronze gross profit as a percent of sales improved slightly for the year as a result of the increased sales of memorial products. Gross profit for the Graphic Systems segment increased approximately 30% over fiscal 1996 as a result of the acquisitions of Tukaiz and Carolina. Graphic Systems gross profit as a percent of sales declined for the year principally due to lower margins on the sales of Tukaiz products. Marking Products gross profit declined 22% from fiscal 1996 as a result of lower sales. Marking Products gross profit as a percent of sales for fiscal 1997 remained relatively unchanged from fiscal 1996.

Selling and administrative expenses for the year ended September 30, 1997 were $52.6 million, representing an increase of $2.7 million, or 5.5%, over selling and administrative expenses of $49.9 million for fiscal 1996. Selling and administrative expenses for the Bronze segment increased over fiscal 1996 primarily reflecting the additions of IEEC and All Crematory Corporation. Graphic Systems expenses also increased for the year reflecting the acquisitions of Tukaiz and Carolina. These increases were partially offset by reductions in Marking Products selling and administrative costs due to the disposition of the label printer application business and the liquidation of the German subsidiary.

Operating profit for the year ended September 30, 1997 was $30.9 million and was $4.1 million, or 15.4%, higher than fiscal 1996 operating profit of $26.8 million. The increase in consolidated operating profit resulted from improvements in all three of the Company's business segments. Operating profit for the Bronze segment was $22.6 million for fiscal 1997 representing an increase of $2.5 million, or 12%, over fiscal 1996 operating profit of $20.1 million. The higher level of operating profit was due primarily to an increase in the segment's sales of memorial and cremation products. Graphic Systems operating profit was $5.5 million for the year ended September 30, 1997 representing an increase of $1.3 million, or 31%, over fiscal 1996. The increase over the prior year reflected the acquisitions of Tukaiz and Carolina. Operating profit for the Marking Products segment was $2.8 million for fiscal 1997 representing an increase of approximately $300,000, or 13%, over fiscal 1996. The segment's operating profit improvement was due principally to the absence of losses of the German subsidiary. Consolidated operating profit for the year ended September 30, 1997 also reflected the favorable impact of changes to the retiree medical plan which were approved by the Board of Directors in September 1996. These changes, which provide additional plan options while limiting future Company contributions to retiree benefits, reduced net periodic postretirement benefit cost from the prior year. This reduction was partially offset by costs associated with the Company's implementation of a 401(k) employee savings plan and related Company contributions.

Comparison of Fiscal 1997 and Fiscal 1996, continued:

Investment income for the year ended September 30, 1997 was $2.5 million, representing a reduction of 5.4% from fiscal 1996 investment income of $2.6 million. The slight decrease principally reflected fluctuations in the average cash and investment position during the year as a result of the Company's stock repurchase program and recent acquisitions.

Interest expense for the year ended September 30, 1997 was $337,000, compared to $131,000 for fiscal 1996. The increase in interest expense for the current year reflected the capital lease obligations assumed in connection with the acquisition of Tukaiz in January 1997.

Other income (deductions), net for the year ended September 30, 1997 represented a net reduction to pre-tax income of $738,000 compared to a net increase of $4.3 million for fiscal 1996. Other deductions in fiscal 1997 included contributions of approximately $500,000 to the Jas. H. Matthews & Co. Educational and Charitable Trust. Other income for fiscal 1996 included a $9.4 million pre-tax gain on the sale of Sunland Memorial Park, Inc. This gain was partially offset by the write-off of the remaining goodwill with respect to the Company's investment in its Swedish subsidiary and a charge for certain other non-operating expenses during the period.

The Company's effective tax rate for the year ended September 30, 1997 was 39.2% compared to 39.6% for the year ended September 30, 1996. The decline from fiscal 1996 primarily reflected changes in the effect of foreign taxes and a tax benefit in connection with life insurance proceeds. 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.

Comparison of Fiscal 1996 and Fiscal 1995:

Sales for the year ended September 30, 1996 were $172.0 million and were $5.3 million, or 3.1%, higher than sales of $166.7 million for the year ended September 30, 1995. The increase in fiscal 1996 principally resulted from higher sales in the Bronze segment, but also reflected slight increases in the Graphic Systems and Marking Products segments. Bronze segment sales for the year were up $4.5 million, or 5.6% over fiscal 1995 despite the sale of Sunland Memorial Park, Inc. ("Sunland") in January 1996. Sunland sales were 6.5% of the segment's total sales in fiscal 1995. Fiscal 1996 Bronze segment sales reflected increases in both price and unit volume as well as additional sales from IEEC which was acquired in March 1996, and All Crematory Corporation, which was acquired in August 1996. Sales for the Graphic Systems segment increased $700,000, or 1.7%, over fiscal 1995. Sales for this segment were adversely impacted from the postponement by many customers of printing plate purchases in an attempt to offset increased costs for linerboard. Marking Products segment sales for fiscal 1996 were up less than 1.0% over fiscal 1995. The segment's international sales increased 5% over the same period a year ago reflecting higher demand in Europe and Australia which more than offset a decline in North American sales volume.

Comparison of Fiscal 1996 and Fiscal 1995, continued:

Gross profit for the year ended September 30, 1996 was $76.6 million, or 44.6% of sales, compared to $74.7 million, or 44.8% of sales, for the year ended September 30, 1995. The increase in gross profit of $1.9 million, or 2.6%, was attributable principally to higher gross profit in the Bronze segment. Bronze segment gross profit increased as a result of higher sales and its gross profit percentage improved slightly over the prior year. Graphic Systems gross profit improved slightly from the prior year also reflecting its higher sales for the year. Marking Products gross profit for year ended September 30, 1996 was approximately 2.0% lower than fiscal 1995 reflecting lower sales in North America and lower margins in Germany.

Selling and administrative expenses for the year ended September 30, 1996 were $49.9 million, representing a decrease of $400,000, less than one percent, from $50.3 million for the year ended September 30, 1995. The reduction in selling and administrative costs for fiscal 1996 reflected the absence of Sunland, which was sold in January 1996, and the discontinuance of the Company's Italian operations effective November 1, 1995. North American selling costs of the Marking Products segment also declined for the period on lower sales volume. In addition, administrative costs were lower for the year as a result of several executive retirements and other management changes as well as management's cost control efforts. Higher sales and marketing costs in the Bronze and Graphic Systems segments and the selling and administrative costs of Industrial Equipment and Engineering Company, Inc. partially offset these declines.

Operating profit for the year ended September 30, 1996 was $26.8 million and was $2.3 million, or 9.5%, higher than operating profit of $24.5 million for the year ended September 30, 1995. The higher consolidated operating profit for fiscal 1996 principally resulted from operating profit increases in the Bronze and Marking Products segments. The Bronze segment recorded the largest increase, $1.9 million, or 10.5% over fiscal 1995, due principally to higher sales and related gross profit. Operating profit improvement for the Marking Products segment reflected the increase in international sales combined with lower North American selling expenses. Graphic Systems operating profit was relatively unchanged from fiscal 1995.

Investment income for the year ended September 30, 1996 was $2.6 million compared to $1.6 million for fiscal 1995. The increase reflected the Company's higher cash and investment position during fiscal 1996 and a higher rate of return as a result of a change in the Company's investment strategies (see "Liquidity and Capital Resources").

Interest expense for the year ended September 30, 1996 was $131,000, compared to $105,000 for fiscal 1995. Interest expense principally related to the Company's capital lease obligations.

Comparison of Fiscal 1996 and Fiscal 1995, continued:

Other income (deductions), net for the year ended September 30, 1996 represented a net increase to pre-tax income of $4.3 million compared to a net reduction of $894,000 for fiscal 1995. Other income for fiscal 1996 primarily included a $9.4 million pre-tax gain on the sale of Sunland. This gain was partially offset by the write-off of the remaining goodwill ($2.3 million) with respect to the Company's investment in its Swedish subsidiary. Other deductions for fiscal 1996 also reflected certain other non-operating expenses which principally included estimated costs of $1.2 million associated with the liquidation of the Company's German subsidiary. In September 1996, the Company authorized the liquidation of its German subsidiary. The transaction had no impact on the Company's fiscal 1996 net income due to the tax benefits related to the write-off of an intercompany loan and investment.

The Company's effective tax rate for the year ended September 30, 1996 was 39.6%, compared to 38.4% for the year ended September 30, 1995. The higher effective tax rate for fiscal 1996 was primarily the result of the impact of the Company's foreign income tax position, primarily in Sweden, on the Company's consolidated tax position offset partially by the tax benefits related to the write-off of an intercompany loan and investment in connection with the liquidation of the Company's German subsidiary. The difference between the Company's effective tax rate and the Federal statutory rate of 35% primarily reflected the impact of state and foreign income taxes.

Comparison of Fiscal 1995 and Fiscal 1994:

Sales for the year ended September 30, 1995 were $166.7 million, representing an increase of $8.0 million, or 5.1%, over fiscal 1994 sales of $158.7 million. The increase from the prior year resulted from higher sales in the Company's Bronze and Marking Products segments. Bronze segment sales in fiscal 1995 increased $5.0 million, or 6.6%, over fiscal 1994 reflecting increases in selling price and unit volume. Bronze sales were higher in the United States and Australia reflecting increases in both memorial and architectural products. Sales in the Marking Products segment increased $3.7 million, or 9.2%, over fiscal 1994 resulting principally from an increase in international sales. The increase in international sales reflected higher demand, particularly in Germany and Australia. Sales in the Graphic Systems segment declined $665,000, or 1.6%, below fiscal 1994. During fiscal 1995, the Graphic Systems segment experienced a reduction in demand due the postponement by many customers of printing plate purchases in an attempt to offset increased linerboard costs.

Gross profit for the year ended September 30, 1995 was $74.7 million, or 44.8% of sales, compared to $71.6 million, or 45.1% of sales, for fiscal 1994. The increase of $3.1 million, or 4.4%, from the prior year related primarily to higher gross profit levels in the Bronze and Marking Products segments. The increase in the Bronze segment gross profit resulted from the segment's sales growth for the year, but was offset partially by higher material costs. The higher gross profit in the Marking Products segment resulted from an increase in international sales volume, more favorable product mix and reductions in various overhead costs. Graphic Systems gross profit and gross profit as a percent of sales declined from fiscal 1994 primarily due to a reduction in sales for the year.

Comparison of Fiscal 1995 and Fiscal 1994, continued:

Selling and administrative expenses for the year ended September 30, 1995 were $50.3 million, or 30.1% of sales, compared to $47.7 million, or 30.0% of sales, in fiscal 1994. Selling expenses increased $1.4 million, or 4.6%, over fiscal 1994, proportionate with the higher sales for the year. Selling expenses for the year principally reflected higher marketing expenses and increased sales personnel costs in Australia and Europe for Marking Products. Administrative expenses increased $1.2 million, or 6.7%, over the prior year. The increase in administrative expenses primarily reflected normal growth in general and employee-related costs and an increase in research and development costs, principally in the Marking Products segment.

Operating profit for the year ended September 30, 1995 was $24.5 million, or 14.7% of sales compared to fiscal 1994 operating profit of $23.9 million, or 15.1% of sales. The operating profit increase of $549,000, or 2.3%, generally reflected higher sales in the Bronze and Marking Products segments offset by a decline in demand for printing plates of the Graphic Systems segment and higher bronze material costs.

Investment income for the year ended September 30, 1995 was $1.6 million compared to $626,000 for fiscal 1994. The increase from fiscal 1994 related primarily to an increase in the average cash position of the Company from the previous year as well as a higher rate of return.

Interest expense for the year ended September 30, 1995 was $105,000 compared to $310,000 for fiscal 1994. The decrease in interest expense was principally a result of the repayment of all amounts outstanding under the Term Loan Agreement during fiscal 1994.

Other income and deductions (net) for the year ended September 30, 1995 resulted in a net reduction in pre-tax income of $894,000 compared to a net reduction of $519,000 in fiscal 1994. Other deductions in fiscal 1995 reflected costs in connection with the liquidation of the Company's Italian subsidiary.

The Company's effective tax rate for the year ended September 30, 1995 was 38.4%, compared to 40.8% in fiscal 1994. The lower effective tax rate for fiscal 1995 was primarily the result of a reduction in the effect of foreign income taxes on the Company's consolidated tax position and favorable prior year federal income tax adjustments. The difference between the Company's effective tax rate and the federal statutory rate of 35% was principally the result of state and foreign income taxes.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued.

LIQUIDITY AND CAPITAL RESOURCES:

Cash flow from operations was $37.5 million for the year ended September 30, 1997, compared to $19.2 million for fiscal 1996 and $20.2 million for fiscal 1995. Operating cash flow for fiscal 1997 reflected the improvement in the Company's operating profit over the prior year in addition to the effect of changes in the various components of working capital, principally an increase in customer prepayments. Operating cash flow for the year ended September 30, 1996 resulted from the Company's net income of $20.3 million adjusted to exclude the effects of the pre-tax gain of $9.4 million of the sale of Sunland, the write-off of remaining $2.3 million goodwill of Matthews Swedot AB and estimated liquidation costs in connection with the Company's German subsidiary. Operating cash flow for fiscal 1995 primarily reflected the Company's net income of $15.5 million.

Cash used in investing activities was $7.7 million for the year ended September 30, 1997, compared to $34.2 million for fiscal 1996 and $2.7 million for fiscal 1995. Investing activities for fiscal 1997 included the acquisitions of Tukaiz in January 1997 and Carolina in May 1997 (See "Acquisitions and Dispositions"). Fiscal 1997 investing activities also reflected net proceeds from investments of $5.1 million. Investing activities for the year ended September 30, 1996 included net investments of $36.8 million in short-term and intermediate-term securities of the U.S. government and its agencies and corporate obligations. The investments were designed to improve the rate of return on the Company's excess cash position while maintaining a sufficient degree of liquidity for future cash needs. Investing activities in fiscal 1996 also included the acquisitions of IEEC and All Crematory Corporation and the disposition of Sunland (See "Acquisitions and Dispositions"). In addition, fiscal 1996 investing activities included the acquisition (for $1.6 million cash and 19,286 shares of Matthews International Corporation Class A Common Stock) of 49% of the common stock of Applied Technology Developments, Ltd., a British manufacturer of impulse ink-jet printing equipment. Investing activities in fiscal 1995 included the sale of two of the Company's facilities. Two facilities of the Marking Products segment (one of the Company's Pittsburgh facilities and the Division's Canadian facility) were sold during the year and the related operations were consolidated into other facilities of the Company.

Capital expenditures were $6.2 million for the year ended September 30, 1997, compared to $5.4 million and $6.0 million for fiscal 1996 and 1995, respectively. Capital expenditures in the last three fiscal years reflected reinvestment in each of the Company's industry segments and were made primarily for the purchase of new manufacturing machinery, equipment and facilities designed to improve product quality, increase manufacturing efficiency, lower production costs and meet regulatory requirements. Capital expenditures for all three years were primarily financed through operating cash and the related assets are unencumbered. Capital spending for property, plant and equipment has averaged $5.8 million for the last three fiscal years. The capital budget for fiscal 1998 is $10.9 million. The Company expects to generate sufficient cash from operations to fund all anticipated capital spending projects.

Investing activities included collections on notes receivable from designated officers and employees for the purchase of the Company's common stock under the Employees' Stock Purchase Plan. Collections under such loans were $500,000, $1.4 million and $1.5 million in fiscal 1997, 1996 and 1995, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, continued.

LIQUIDITY AND CAPITAL RESOURCES, continued:

Cash used in financing activities for the year ended September 30, 1997 was $21.7 million, compared to $11.9 million in fiscal 1996 and $2.7 million in fiscal 1995. Financing activities in fiscal 1997 included net treasury stock purchases totaling $14.4 million, payments of $4.5 million on long-term debt and capital lease obligations assumed in the acquisition of Tukaiz, and dividends on common stock of $2.8 million. The Company paid dividends of $.085 per share for the fourth quarter and $.08 per share for each of the first three quarters of fiscal 1997.

In fiscal 1996, the Company initiated a limited stock repurchase program authorizing the repurchase of up to 500,000 shares of Class A and Class B Common Stock. In March 1997, the Company announced a continuation of the program and authorized the repurchase of up to an additional 500,000 shares of Class A and Class B Common Stock. The original stock repurchase program initiated in fiscal 1996 has been completed. In conjunction with the fiscal 1996 buy-back program, the Company invoked the provisions of the Fifth Article of its Restated Articles of Incorporation. Such Article provides (among other things) that any shareholder wishing to sell or convert any Class B common shares must first offer such shares to the Company for redemption. The Company will then have an option to purchase such shares for a 24-hour period. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions of the Restated Articles of Incorporation.

Cash used in financing activities for the year ended September 30, 1996 was $11.9 million principally reflecting net treasury stock purchases of $8.9 million and dividends on common stock of $2.6 million. The Company paid dividends of $.08 per share for the fourth quarter and $.07 per share for each of the first three quarters of fiscal 1996. Cash used in financing activities for fiscal 1995 primarily reflected dividends on common stock of $2.2 million. The Company paid dividends of $.07 per share for the fourth quarter and $.06 per share for each of the first three quarters of fiscal 1995.

The Company has a Revolving Credit and Term Loan Agreement. Under terms of the agreement, the Company may borrow principal amounts up to $10.0 million in the aggregate at various interest rate options approximating current market rates. The Revolving Credit and Term Loan Agreement requires the Company to maintain minimum levels of consolidated working capital and tangible net worth. At September 30, 1997, 1996 and 1995, no amounts were outstanding under this agreement.

The Company has a line of credit of $500,000 in Canadian dollars which provides for borrowings at the bank's prime interest rate. The Company has a foreign exchange line of credit of $200,000 for standby letters of credit to support performance guarantees. The Company also maintains a multi-currency line of credit with a bank for 6.0 million French francs. The multi-currency line of credit bears interest at various rates based on market as determined by the bank. Tukaiz has a line of credit of $1.5 million which bears interest at one-half percent over the bank's prime rate. Compensating balances of approximately $43,000 and $44,000 were maintained by the Company at September 30, 1997 and 1996, respectively, in connection with the various lines of credit. There were no borrowings outstanding on the various lines of credit at September 30, 1997 and 1996.

LIQUIDITY AND CAPITAL RESOURCES, continued:

Consolidated working capital of the Company was $31.0 million at September 30, 1997 compared to $30.8 million at September 30, 1996. Consolidated working capital was $56.3 million at September 30, 1995. Cash and cash equivalents were $20.0 million at September 30, 1997 compared to $12.4 million at September 30, 1996 and $39.2 million at September 30, 1995. The Company's current ratio at September 30, 1997 was 1.9, compared to 2.2 and 3.5 at September 30, 1996 and 1995, respectively. The reductions in working capital, cash and cash equivalents and current ratio from fiscal 1995 reflected the Company's investments in longer-term securities.

ACQUISITIONS AND DISPOSITIONS:

On January 31, 1997, Matthews International Corporation acquired 50% of Tukaiz Litho, Inc. ("Tukaiz"), a pre-press and pre-media firm headquartered in Franklin Park, Illinois. A pre-press firm prepares art or digital files for printing or reproduction. The remaining 50% will continue to be owned by the existing president and chief executive officer of Tukaiz. The transaction was structured as an asset purchase with the purchase price consisting of $4.0 million cash and the assumption of a 50% interest, approximately $4.0 million, in certain of the liabilities of Tukaiz. The parties each contributed their respective 50% interests into a newly-formed Illinois limited liability company, Tukaiz Communications, L.L.C. Matthews also provided the new company with subordinated convertible debt of $5.5 million. Matthews has accounted for this acquisition using the purchase method and, accordingly, has recorded the acquired assets and liabilities at their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets was recorded as goodwill to be amortized on a straight-line basis over 25 years. Tukaiz reported sales of $16.4 million for the year ended January 31, 1997. The accounts of Tukaiz have been included in the consolidated financial statements of Matthews. The combination of the Company's Graphic Systems business and Tukaiz is designed to create a leader in the graphics industry, providing a unique array of pre-press and pre-media services to ad agencies, manufacturers, printers and publishers. These services include creative design, audio, video, animation, multimedia, digital photography, web site service and on-demand digital printing.

On May 23, 1997, Matthews acquired for $2.4 million cash the common stock of both Carolina Repro-Graphic and Dieworks, Inc., manufacturers of pre-press services, flexible printing plates and steel rule cutting dies, located in North Carolina. The acquisitions are expected to increase Matthews' market share for these products in the southeast region of the United States. Matthews has accounted for these acquisitions using the purchase method and, accordingly, has recorded the acquired assets and liabilities at their estimated fair values at the acquisition date. The excess of the purchase price over the fair value of the net assets was recorded as goodwill to be amortized on a straight-line basis over 25 years. Combined sales for Carolina Repro-Graphic and Dieworks, Inc. were approximately $3.7 million for the year ended December 31, 1996.

ACQUISITIONS AND DISPOSITIONS, continued:

On March 25, 1996, Matthews International Corporation acquired Industrial Equipment and Engineering Company, Inc., a Florida corporation ("IEEC"), for 213,862 shares of Matthews Class A Common Stock (valued at $5.4 million) and $3.6 million cash. The Company has accounted for this acquisition using the purchase method and, accordingly, has recorded the acquired assets and liabilities at their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets was recorded as goodwill to be amortized on a straight-line basis over 20 years. Sales of IEEC for the year ended December 31, 1995 were $7.5 million. On August 1, 1996, IEEC acquired for cash substantially all of the assets and certain of the liabilities of All Crematory Corporation. The total purchase price, including the assumption of liabilities, was $2.0 million. Sales of All Crematory Corporation for the year ended September 30, 1995 were $3.4 million. These acquisitions provide Matthews International Corporation with the opportunity to further participate in the increasing world-wide trend of cremation and expand its range of products and services to the deathcare industry.

On January 5, 1996, Matthews International Corporation sold for $13.1 million cash its cemetery and mortuary facility (Sunland Memorial Park, Inc.) in Sun City, Arizona to Service Corporation International. Matthews recorded a pre-tax gain in the fiscal 1996 second quarter of $9.4 million on the sale which was recorded in other income. Sunland Memorial Park, Inc., which was purchased in 1982, was the only such facility owned by the Company. The facility had sales in fiscal 1995 of approximately $5.0 million, representing about 3 percent of the consolidated sales of the Company.

In September 1996, the Company authorized the liquidation of its German subsidiary and recorded a pre-tax charge to other expense of $1.2 million in connection with the transaction. The transaction had no impact on the Company's fiscal 1996 net income due to the tax benefits related to the write-off of an intercompany loan and investment. The German subsidiary had sales of $4.2 million with an operating loss of approximately $1.0 million in fiscal 1996.

SUBSEQUENT EVENTS:

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 ("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 will account for these acquisitions using the purchase method and, accordingly, record the acquired assets and liabilities at their estimated fair values at the acquisition date. The excess of the purchase price over the fair value of the net assets will be recorded as goodwill to be amortized on a straight-line basis over 25 years.

FASB PRONOUNCEMENTS:

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share." The pronouncement establishes standards for computing and presenting earnings per share. SFAS No. 128 replaces the presentation of primary earnings per share with basic earnings per share and requires dual presentation of basic and diluted earnings per share on the face of the income statement. Computations of basic and diluted earnings per share for the Company will not differ materially from the current computations of primary and fully-diluted earnings per share. The required dual presentation of basic and diluted earnings per share will be adopted by the Company for the quarter ended December 31, 1997.

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The pronouncement establishes standards for reporting information about operating segments of an enterprise. The pronouncement requires the disclosure of selected segment information in interim financial reports. SFAS No. 131 will not impact the current presentation of the Company's segment information. The interim presentation requirement of the pronouncement will be adopted by the Company in the first quarter of fiscal 1999.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and
Board of Directors of
Matthews International Corporation:

We have audited the accompanying consolidated balance sheet of Matthews International Corporation and subsidiaries as of September 30, 1997 and 1996, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended September 30, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Matthews International Corporation and subsidiaries as of September 30, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 1997, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

Pittsburgh, Pennsylvania
November 20, 1997

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
September 30, 1997 and 1996

<TABLE>
<CAPTION>

ASSETS	1997	1996
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 19,958,712	$ 12,418,718
Short-term investments	3,090,507	3,079,084
Accounts receivable	30,054,396	26,158,666
Inventories (Note 3)	11,766,205	11,973,194
Deferred income taxes	865,082	886,450
Other current assets	1,354,549	1,244,106
Total current assets	67,089,451	55,760,218
Investments (Note 4)	30,771,594	35,333,326

Property, plant and equipment, net (Note 5)	42,483,743	37,322,773
Deferred income taxes (Note 11)	6,160,927	6,477,022
Other assets	6,155,554	7,092,783
Goodwill, net of accumulated amortization of $2,429,697 and $1,763,003, respectively (Note 2)	16,543,121	11,425,587
	-----------	-----------
	$169,204,390	$153,411,709
	===========	===========

The accompanying notes are an integral part of these consolidated financial statements.
/TABLE

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET, continued
September 30, 1997 and 1996

<TABLE>
<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY	1997	1996
	----	----
<S>	<C>	<C>
Current liabilities:		
Long-term debt, current maturities	$ 850,533	$ 270,092
Trade accounts payable	5,854,582	6,049,732
Accrued compensation	4,505,358	2,234,233
Accrued vacation pay	3,198,676	2,722,521
Profit distribution to employees	3,540,965	3,579,467
Accrued income taxes	2,999,511	963,886
Customer prepayments	8,892,467	3,069,904
Postretirement benefits, current portion	626,925	945,933
Other current liabilities	5,578,066	5,075,162
	----------	----------
Total current liabilities	36,047,083	24,910,930
Long-term debt (Note 6)	2,151,413	-
Estimated finishing costs	3,309,098	2,954,299
Postretirement benefits other than pensions (Note 10)	20,676,282	21,005,067
Other liabilities	2,854,439	2,082,370
Commitments and contingent liabilities (Note 12)		
Shareholders' equity (Notes 2, 7 and 8):		
Common stock:		
Class A, $1.00 par value, authorized 70,000,000 shares, 6,884,859 and 6,039,542 shares issued at September 30, 1997 and 1996, respectively	6,884,859	6,039,542
Class B, $1.00 par value, authorized 30,000,000 shares, 2,198,639 and 3,043,956 shares issued at September 30, 1997 and 1996, respectively	2,198,639	3,043,956
Preferred stock, $100 par value, authorized 10,000 shares, none issued	-	-
Additional paid-in capital	6,688,414	7,466,009
Retained earnings	115,179,462	98,367,657
Other shareholders' equity	(4,346,430)	(3,651,299)
Treasury stock, at cost, 713,283 and 318,918 shares at September 30, 1997 and 1996, respectively	(22,438,869)	(8,806,822)
	-----------	-----------
Total shareholders' equity	104,166,075	102,459,043
	-----------	-----------

	$169,204,390	$153,411,709
	===========	===========

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
for the years ended September 30, 1997, 1996 and 1995

<TABLE>
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<S>	1997 <C>	1996 <C>	1995 <C>
Sales	$189,168,640	$171,977,619	$166,747,781
Cost of goods sold	105,667,754	95,336,719	92,018,514
Gross profit	83,500,886	76,640,900	74,729,267
Selling expense	31,651,446	31,495,111	31,146,043
Administrative expense	20,962,045	18,374,409	19,125,520
Operating profit	30,887,395	26,771,380	24,457,704
Investment income	2,486,357	2,628,747	1,620,038
Interest expense	(337,375)	(131,364)	(104,820)
Other income (deductions), net	(738,480)	4,253,853	(893,659)
Income before income taxes	32,297,897	33,522,616	25,079,263
Income taxes (Note 11)	12,671,833	13,265,062	9,628,028
Net income	$ 19,626,064	$ 20,257,554	$ 15,451,235
	===========	===========	===========
Earnings per share (Note 2)	$ 2.28	$ 2.28	$ 1.75
	====	====	====
Weighted average number of common shares outstanding	8,597,036	8,890,912	8,850,350
	=========	=========	=========

The accompanying notes are an integral part of these consolidated financial statements.
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MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
for the years ended September 30, 1997, 1996 and 1995

<S>	Common Stock (Note 7) <C>	Additional Paid-in Capital <C>	Retained Earnings <C>	Other Shareholders' Equity <C>	Treasury Stock <C>	Total <C>
Balance, September 30, 1994	$8,850,350	$ 1,844,092	$ 67,451,034	$(6,782,208)	$ -	$ 71,363,268
Net income	-	-	15,451,235	-	-	15,451,235
Dividends, $.25 per share	-	-	(2,212,063)	-	-	(2,212,063)
Other changes, net	-	-	-	2,195,964	-	2,195,964
Balance, September 30, 1995	8,850,350	1,844,092	80,690,206	(4,586,244)	-	86,798,404
Net income	-	-	20,257,554	-	-	20,257,554
Treasury stock transactions:						
Purchase of 335,732 shares	-	-	-	-	(9,247,272)	(9,247,272)
Sale of 5,000 shares	-	1,769	-	-	106,200	107,969
Issuance of 11,814 shares under						

stock plans (Note 8)	-	(74,695)	-	-	334,250	259,555
Issuance of 233,148 shares for						
acquisitions (Notes 4 and 15)	233,148	5,694,843	-	-	-	5,927,991
Dividends, $.29 per share	-	-	(2,580,103)	-	-	(2,580,103)
Other changes, net	-	-	-	934,945	-	934,945
Balance, September 30, 1996	9,083,498	7,466,009	98,367,657	(3,651,299)	(8,806,822)	102,459,043
Net income	-	-	19,626,064	-	-	19,626,064
Treasury stock transactions:						
Purchase of 515,009 shares	-	-	-	-	(17,189,821)	(17,189,821)
Issuance of 120,644 shares						
under stock plans (Note 8)	-	(777,595)	-	-	3,557,774	2,780,179
Dividends, $.325 per share	-	-	(2,814,259)	-	-	(2,814,259)
Other changes, net	-	-	-	(695,131)	-	(695,131)
Balance, September 30, 1997	$9,083,498	$ 6,688,414	$115,179,462	$(4,346,430)	$(22,438,869)	$104,166,075

The accompanying notes are an integral part of these consolidated financial statements.

/TABLE

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

for the years ended September 30, 1997, 1996 and 1995

<TABLE>
<CAPTION>

	1997	1996	1995
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income	$19,626,064	$20,257,554	$15,451,235
Adjustments to reconcile net income to net			
cash provided by operating activities:			
Depreciation and amortization	6,047,085	7,334,669	4,887,122
Change in deferred taxes	80,349	(558,999)	(1,313,280)
Net change in certain working capital items (Note 13)	10,050,004	2,301,488	(597,897)
(Increase) decrease in other non-current assets	1,125,185	(1,378,517)	(393,667)
Increase in estimated finishing and cemetery costs	354,799	156,284	230,363
Increase (decrease) in other liabilities	877,767	(287,921)	23,228
Increase (decrease) in postretirement benefits	(647,793)	894,131	1,373,095
(Gain) loss on sale of property, plant and equipment	192,529	(80,686)	43,170
Gain on sale of subsidiary	-	(9,409,058)	-
Net (gain) loss on investments	50,164	(33,756)	-
Effect of exchange rate changes on operations	(219,407)	(10,517)	486,135
Net cash provided by operating activities	37,536,746	19,184,672	20,189,504
Cash flows from investing activities:			
Acquisitions of property, plant and equipment	(6,164,630)	(5,378,053)	(5,976,264)
Proceeds from sales of property, plant and equipment	574,029	472,697	1,736,869
Acquisitions, net of cash acquired	(7,766,275)	(5,182,055)	-
Proceeds from sale of subsidiary	-	13,070,853	-
Investments	(4,018,535)	(43,735,439)	-
Proceeds from disposition of investments	9,146,833	5,225,068	-
Collections on loans to officers and employees	491,623	1,361,769	1,520,011
Net cash used in investing activities	(7,736,955)	(34,165,160)	(2,719,384)
Cash flows from financing activities:			
Payments on long-term debt	(4,474,258)	(433,465)	(465,322)
Proceeds from the sale of treasury stock	2,780,179	367,524	-
Purchases of treasury stock	(17,189,821)	(9,247,272)	-
Dividends	(2,814,259)	(2,580,103)	(2,212,063)
Net cash used in financing activities	(21,698,159)	(11,893,316)	(2,677,385)
Effect of exchange rate changes on cash	(561,638)	88,512	146,308
Net increase (decrease) in cash and cash equivalents	7,539,994	(26,785,292)	14,939,043
Cash and cash equivalents at beginning of year	12,418,718	39,204,010	24,264,967

Cash and cash equivalents at end of year	$19,958,712	$12,418,718	$39,204,010
	==========	==========	==========
Cash paid during the year for:			
Interest	$ 337,375	$ 131,364	$ 104,820
Income taxes	10,458,745	13,523,856	11,023,880

The accompanying notes are an integral part of these consolidated financial statements.
/TABLE

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
----

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 the flexible packaging industries. The Marking Products segment designs, manufactures and distributes marking equipment and consumables used by customers for identifying various consumer and industrial products and containers.

Matthews International Corporation has sales and manufacturing facilities in the United States, Canada, Australia and Sweden as well as sales and distribution operations in France and the United Kingdom.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation:

The consolidated financial statements include all foreign and domestic subsidiaries. The consolidated financial statements also include the accounts of the Company's 50%-owned affiliate, Tukaiz Communications, L.L.C. (See Note 15). All intercompany accounts and transactions have been eliminated.

Use of Estimates:

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 the 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.

Cash and Cash Equivalents:

For purposes of the consolidated statement of cash flows, the Company considers all investments purchased with a remaining maturity of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturities of these instruments. At September 30, 1997, a significant portion of the Company's cash and cash equivalents were invested with one financial institution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Foreign Currency:

Balance sheet accounts for foreign subsidiaries are translated into U.S. dollars at current exchange rates in effect at the consolidated balance sheet date. Gains or losses that result from this process are recorded in other shareholders' equity. The cumulative translation adjustment at September 30, 1997 and 1996 was a reduction in shareholders' equity of $3,148,584 and $1,741,116, respectively. The revenue and expense accounts of foreign subsidiaries are translated into U.S. dollars at the average exchange rates that prevailed during the period.

Inventories:

Inventories are stated at the lower of cost or market with cost generally determined under the average cost method.

Property, Plant and Equipment:

Property, plant and equipment are carried at cost. Depreciation of machinery and equipment is computed primarily on the straight-line method. Depreciation of buildings is computed using both straight-line and declining balance methods. Gains or losses from the disposition of assets are generally included in other income or other deductions from income. The cost of maintenance and repairs is charged against income as incurred. Renewals and betterments of a nature considered to extend the useful lives of the assets are capitalized.

Goodwill:

Goodwill, which represents the excess of cost over the estimated fair value of net assets of acquired businesses, is amortized using the straight-line method over periods ranging from 10 to 25 years. Management periodically evaluates the net realizable value of goodwill and, based on such analysis, goodwill will be reduced if considered necessary. During the second quarter of fiscal 1996, the Company wrote off the remaining goodwill ($2,288,000) of its subsidiary, Matthews Swedot AB.

Estimated Finishing Costs and Estimated Cemetery Costs:

Estimated costs for finishing have been provided for bronze memorials, vases and granite bases which have been manufactured, sold to customers and placed in storage for future delivery. Estimated cemetery costs represented current costs of providing various cemetery-related products and services sold to customers on a pre-need basis. The Company's cemetery, Sunland Memorial Park, Inc., was sold in January 1996 (See Note 15).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Treasury Stock:

Treasury stock is carried at cost. The cost of treasury shares sold is determined under the average cost method. At September 30, 1997, treasury stock consisted of 398,685 shares of Class A Common Stock and 314,598 shares of Class B Common Stock. At September 30, 1996, treasury stock consisted of 241,634 shares of Class A Common Stock and 77,284 shares of Class B Common Stock. No treasury shares were held at September 30, 1995.

Income Taxes:

Deferred tax liabilities and assets are provided for the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. Deferred income taxes for U.S. tax purposes have not been provided on the undistributed earnings of foreign subsidiaries, as such earnings are considered to be reinvested indefinitely. At September 30, 1997, undistributed earnings for which deferred U.S. income taxes have not been provided approximated $4,000,000. Determination of the amount of unrecognized U.S. deferred tax liability on these unremitted earnings is not practical as any taxes paid upon distribution to the Company would be offset, at least in part, by foreign tax credits under U.S. tax regulations.

Research and Development Expenses:

Research and development costs are expensed as incurred and approximated $1,814,000, $1,997,000 and $2,138,000 for the years ended September 30, 1997, 1996 and 1995, respectively.

Earnings Per Share:

Earnings per share is computed based on the weighted average number of shares of common stock outstanding during the year.

Revenue Recognition:

Revenues of the Company are generally recognized at the time of product shipment. Pre-need sales of cemetery lots, mausoleum spaces and cemetery products (e.g., memorials and vaults) and services were primarily made through installment contracts with terms generally not exceeding 60 months. Revenues and costs were recognized on the installment basis over the contract period. The costs to provide cemetery products sold but uncompleted were reflected as estimated cemetery costs. The Company's cemetery, Sunland Memorial Park, Inc., was sold in January 1996 (See Note 15).

3. INVENTORIES:

Inventories at September 30 consisted of the following:

	1997	1996
Materials and finished goods	$10,482,503	$10,424,521
Labor and overhead in process	803,815	879,593
Supplies	479,887	669,080
	$11,766,205	$11,973,194

4. INVESTMENTS:

The following investment securities are classified as available-for-sale and are recorded at estimated market value at the consolidated balance sheet date. Short-term investments consist of securities with purchased maturities of over three months but less than one year. Accrued interest on all investment securities, including purchased interest, is also classified with short-term investments. Investments classified as non-current consist of securities with purchased maturities intended to range from one to five years.

Unrealized gains and losses on investment securities, including related deferred taxes, are reflected in other shareholders' equity. Realized gains and losses are based on the specific identification method and are recorded in investment income. Realized losses for fiscal 1997 and 1996 were $94,683 and $38,802, respectively. Bond premiums and discounts are amortized on the straight-line method which does not significantly differ from the interest method.

	Book Value (Amortized Cost)	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
September 30, 1997:				

Short-term investments:				
Corporate obligations	$ 2,600,000	$ -	$ -	$ 2,600,000
Other	490,507	-	-	490,507
Total	$ 3,090,507	$ -	$ -	$ 3,090,507
Investments:				
U.S. government and its agencies	$14,002,207	$ 26,417	$ 77,577	$13,951,047
Corporate obligations	14,293,361	4,354	87,195	14,210,520
Other	23,105	-	-	23,105
Total	$28,318,673	$ 30,771	$164,772	$28,184,672

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

4. INVESTMENTS, continued:

	Book Value (Amortized Cost)	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
September 30, 1996:				
Short-term investments:				
U.S. government and its agencies	$ 1,499,957	$ 343	$ -	$ 1,500,300
Corporate obligations	1,100,000	-	-	1,100,000
Other	478,784	-	-	478,784
Total	$ 3,078,741	$ 343	$ -	$ 3,079,084
Investments:				
U.S. government and its agencies	$14,502,942	$ -	$375,532	$14,127,410
Corporate obligations	19,121,106	-	324,246	18,796,860
Other	189,454	-	-	189,454
Total	$33,813,502	$ -	$699,778	$33,113,724

In fiscal 1996, the Company acquired for $1,596,688 cash and 19,286 shares of Class A Common Stock (valued at $527,975), 49% of the common stock of Applied Technology Developments, Ltd. (ATD), a British manufacturer of impulse ink-jet printing equipment. The investment has been recorded under the equity method of accounting. The Company's investment in ATD at September 30, 1997 and 1996 was $2,326,840 and $2,219,602, respectively. In addition, the Company acquired during fiscal 1997 minority interests (less than 20% each) in several foreign marking products distributors. These investments totaled $260,082 at September 30, 1997 and have been recorded under the cost method of accounting.

5. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment and the related accumulated depreciation at September 30 were as follows:

	1997	1996
Buildings	$21,496,235	$20,373,634
Machinery and equipment	46,977,825	37,817,758
	68,474,060	58,191,392
Less accumulated depreciation	29,747,385	26,169,878
	38,726,675	32,021,514
Land	3,041,981	3,117,945
Construction in progress	715,087	2,183,314
	$42,483,743	$37,322,773

6. LONG-TERM DEBT:

The Company has a Revolving Credit and Term Loan Agreement. Under terms of the agreement, the Company may borrow principal amounts up to $10,000,000 in the aggregate at various interest rate options approximating current market rates. The Revolving Credit and Term Loan Agreement requires the Company to maintain minimum levels of consolidated working capital and tangible net worth. At September 30, 1997 and 1996, no amounts were outstanding under this agreement.

Long-term debt at September 30, 1997 and 1996 of $3,001,946 and $270,092, respectively, (which included $850,533 and $270,092, respectively, classified as long-term debt, current maturities) consisted of obligations under capital lease agreements. In connection with the acquisition of Tukaiz Litho, Inc. (see Note 15), the Company assumed bank debt and capital lease obligations on certain equipment of $1,949,994 and $4,486,750, respectively. The bank debt was immediately repaid in full. The capital lease agreements expire within five years and provide for renewal or purchase options. Future minimum lease payments under these leases are as follows:

1998	$1,144,213	
1999	977,366	
2000	774,847	
2001	572,070	
2002	256,744	

	3,725,240	
Less amount representing interest		723,294

	$3,001,946	
	=========	

Assets under capital leases are depreciated by the straight-line method over the estimated useful lives of the assets. Cost and accumulated amortization of assets under capital leases were $2,799,328 and $312,708, respectively, at September 30, 1997 and $2,073,290 and $1,629,057, respectively, at September 30, 1996.

The Company has a line of credit of $500,000 in Canadian dollars which provides for borrowings at the bank's prime interest rate. The Company has a foreign exchange line of credit of $200,000 for standby letters of credit to support performance guarantees. The Company also maintains a multi-currency line of credit with a bank for 6,000,000 French francs. The multi-currency line of credit bears interest at various rates based on market as determined by the bank. Tukaiz has a line of credit of $1,500,000 which bears interest at one-half percent over the bank's prime rate. Compensating balances of approximately $43,000 and $44,000 were maintained by the Company at September 30, 1997 and 1996, respectively, in connection with the various lines of credit. There were no borrowings outstanding on the various lines of credit at September 30, 1997 and 1996.

7. SHAREHOLDERS' EQUITY:

The authorized common stock of the Company consists of 100,000,000 shares, divided into two classes: Class A Common Stock, 70,000,000 shares, $1 par value, and Class B Common Stock, 30,000,000 shares, $1 par value. Shares of Class A Common Stock have one vote per share and are freely transferable subject to applicable securities laws. Shares of Class B Common Stock have ten votes per share and are only transferable by a shareholder to the Company or to an active employee of the Company. The Company may, at its discretion, purchase such shares at the fair market value per share of the Company's Class A Common Stock or permit shareholders to tender such shares to the Company in exchange for an equal number of shares of Class A Common Stock. For the fiscal years ended September 30, 1997, 1996 and 1995, 845,317, 1,796,641 and 2,629,753 shares, respectively, of Class B Common Stock were exchanged for an equal number of shares of Class A Common Stock.

In fiscal 1996, the Company initiated a limited stock repurchase program authorizing the repurchase of up to 500,000 shares of Class A and Class B Common Stock. In March 1997, the Company announced a continuation of the program and authorized the repurchase of up to an additional 500,000 shares of Class A and Class B Common Stock. The original stock repurchase program initiated in fiscal 1996 has been completed. In conjunction with the fiscal 1996 buy-back program, the Company invoked the provisions of the Fifth Article of its Restated Articles of Incorporation. Such Article provides (among other things) that any shareholder wishing to sell or convert any Class B common shares must first offer such shares to the Company for redemption. The Company will then have an option to purchase such shares for a 24-hour period. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions of the Restated Articles of Incorporation.

Other shareholders' equity also includes notes receivable from officers and employees which arise from purchases of common stock by designated officers and employees under the Employees' Stock Purchase Plan. At September 30, 1997 and 1996, notes receivable of $912,060 and $1,403,683, respectively, were outstanding which included $559,800 and $812,708, respectively, due from officers. Each note bears interest at 6.5% per annum and is due five years from the date of its execution, which period may be, and in some instances has been, extended by the Executive Committee. There are 255,600 shares of the Company's Class B Common Stock owned by borrowers pledged as collateral on the notes as of September 30, 1997.

8. STOCK PLANS:

The Company has a stock incentive plan which provides for the grant of incentive stock options, nonstatutory stock options and restricted share awards. The plan is administered by the Compensation Committee of the Board of Directors. The aggregate number of shares of the Company's common stock which may be issued upon exercise of the stock options and pursuant to the restricted share awards under the stock incentive plan was increased in fiscal 1997 to 1,100,000 shares from 600,000 shares in fiscal 1996. The option price for each stock option which may be granted under the plan may not be less than the fair market value of the Company's common stock on the date of grant.

8. STOCK PLANS, continued:

Outstanding stock options are exercisable in various share amounts based on the attainment of certain market value levels of Class A Common Stock but, in the absence of such events, are exercisable in full for a one-week period beginning five years from the date of grant. In addition, options granted after September 30, 1996 vest in one-third increments after three, four and five years, respectively, from the grant date (but, in any event, not until the attainment of the certain market value levels described above). The options are not exercisable within six months from the date of grant and expire on the earlier of ten years from the date of grant, upon employment termination, or within specified time limits following voluntary employment termination (with the consent of the Company), retirement or death.

In October 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." The pronouncement establishes a fair value based method of accounting for stock-based compensation plans. The pronouncement allows an entity to continue to measure those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees." The Company has elected to continue its accounting under APB Opinion No. 25. If compensation cost had been determined under SFAS No. 123, the Company's net income and earnings per share would have been as follows:

	1997	1996
Net income, as reported	$19,626,064	$20,257,554
Net income, pro forma	19,140,081	19,575,947
Earnings per share, as reported	$2.28	$2.28

Earnings per share, pro forma	2.23	2.20

The weighted average fair value of options granted was $9.05 per share in 1997 and $7.35 per share in 1996.

The fair value of each option grant is estimated on the date of grant using a Black-Scholes based pricing model with the following assumptions for 1997 and 1996: dividend yield, 1.0%; expected volatility, 21.3%; average risk-free interest rate, 6.1%; and average expected term, 6.0 years.

The following tables summarize certain stock option information at September 30, 1997:

Options Outstanding:

Range of exercise price	Number	Weighted average remaining life	Weighted average exercise price
$14.25	221,000	7.2	$14.25
$16.375	100,000	7.7	16.375
$18.875	32,833	8.2	18.875
$26.00 and $28.50	109,500	8.5	26.09
$28.125 - $34.75	333,550	9.2	28.34
	796,883	8.3	$22.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

8. STOCK PLANS, continued:

Options exercisable:

Range of exercise price	Number	Weighted average exercise price
$14.25	221,000	$14.25
$16.375	100,000	16.375
$18.875	32,833	18.875
$26.00 and $28.50	73,003	26.09
$28.125 - $34.75	-	-
	426,836	$17.13

The transactions for shares under options were as follows:

	1997	1996	1995
Outstanding, beginning of year			
Number	586,833	419,500	-
Weighted average exercise price	$17.55	$14.76	-
Granted:			
Number	336,050	191,500	477,500
Weighted average exercise price	$28.33	$23.58	$14.70
Exercised:			
Number	119,834	11,001	-
Weighted average exercise price	$16.15	$18.88	-
Expired or forfeited:			
Number	6,166	13,166	58,000
Weighted average exercise price	$27.84	$15.01	$14.25
Outstanding, end of year:			
Number	796,883	586,833	419,500
Weighted average exercise price	$22.23	$17.55	$14.76
Exercisable, end of year:			
Number	426,836	482,555	279,667
Weighted average exercise price	$17.13	$15.94	$14.76
Shares reserved for future options, end of year	172,282	2,166	180,500

In addition, under the Company's Director Fee Plan, directors who are not also officers of the Company each receive as a annual retainer fee shares of the

Company's Class A Common Stock equivalent to approximately $16,000. Each director may elect to be paid these shares on a current basis or have such shares credited to a deferred stock account as phantom stock, with such shares to be paid to the director subsequent to leaving the Board. The value of deferred shares is recorded in other liabilities. Shares deferred under the Director Fee Plan at September 30, 1997, 1996 and 1995 were 8,454, 6,467 and 3,222, respectively.

9. PENSION PLANS:

The Company maintains noncontributory, defined benefit pension plans covering substantially all employees of the Company and its wholly-owned U.S. and Canadian subsidiaries. The plans provide benefits based on years of service and average monthly earnings for the highest five consecutive years during the ten years immediately preceding termination of employment. The Company's funding policy for the plans is to contribute annually the amount recommended by its consulting actuaries, subject to statutory provisions. The Company has reached the full-funding limitation and, accordingly, is not permitted to make deductible contributions for tax purposes to its pension plans during periods of such excess funding. Consequently, no contributions were made to the plans for the plan years ended July 31, 1997, 1996 and 1995.

In addition, the Company has a Supplemental Retirement Plan which provides for supplemental pension benefits to certain executive officers of the Company. Upon normal retirement under this plan, such individuals who meet stipulated age and service requirements are entitled to receive monthly supplemental retirement payments, in addition to their pension under the Company's retirement plan, based on final average monthly earnings. Benefits under this plan do not vest until age 55; the Supplemental Retirement Plan is unfunded.

Pension expense for the U.S. plans included the following components:

	1997	1996	1995
Service cost - benefits earned during the year	$ 1,715,536	$ 1,704,691	$ 1,675,738
Interest cost on projected benefit obligation	3,396,778	3,212,293	3,007,169
Actual return on plan assets	(13,160,172)	(2,939,242)	(6,701,003)
Net amortization and deferral	8,448,112	(1,677,961)	2,210,749
Net pension expense	$ 400,254	$ 299,781	$ 192,653

Actuarial assumptions are evaluated and revised as necessary as of August 1 each year. The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.5% at August 1, 1997 and 8.0% at September 30, 1996 and 1995. The rate of increase in future compensation levels was 4.5% at August 1, 1997, 1996 and 1995. The expected long-term rate of return on assets was 9.0% at August 1, 1997, 1996 and 1995.

9. PENSION PLANS, continued:

The following table sets forth the funded status of the regular U.S. plan and the Supplemental Retirement Plan and the amounts recognized in the Company's consolidated financial statements at September 30, 1997 and 1996, which were determined as of August 1, 1997 and 1996, respectively:
<TABLE>
<CAPTION>

1997		1996	
Regular	Supplemental	Regular	Supplemental

<S>	<C>	<C>	<C>	<C>
Actuarial value of benefit obligation:				
Vested benefit obligation	$37,910,728	$ 2,003,108	$34,062,739	$ 1,756,116
Accumulated benefit obligation	$38,651,375	$ 2,260,901	$34,793,265	$ 1,915,448
Plan assets at fair value, primarily equity and fixed income securities	$58,870,495	$ -	$48,201,382	$ -
Projected benefit obligation for participants' service rendered to date	(46,164,647)	(2,752,269)	(41,582,145)	(2,211,073)
Plan assets in excess of (less than) projected benefit obligation	12,705,848	(2,752,269)	6,619,237	(2,211,073)
Unrecognized transition asset being recognized over 15 years	(1,211,388)	-	(1,615,182)	-
Unrecognized prior service cost	787,614	434,403	886,016	323,413
Unrecognized net (gain) loss	(8,685,099)	825,868	(2,193,824)	476,803
Minimum liability adjustment	-	(768,903)	-	(504,591)
Prepaid (accrued) pension	$ 3,596,975	$(2,260,901)	$ 3,696,247	$(1,915,448)

</TABLE>

Prepaid and accrued pension costs are included in other assets and other liabilities, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued

10. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS:

The Company provides certain health care and life insurance benefits for substantially all retired employees. These health and life insurance benefits are unfunded and are provided through an insurance company. Employees are assumed to be eligible for these retiree benefits generally after attaining age 55 where age plus years of service equal at least 75.

The following table sets forth the plan's funded status reconciled with the amount shown in the Company's consolidated balance sheet at September 30:

	1997	1996
Accumulated postretirement benefit obligation:		
Retirees	$ 4,528,254	$ 5,222,939
Fully eligible active plan participants	2,439,756	1,032,226
Other active plan participants	3,353,216	4,952,054
	10,321,226	11,207,219
Unrecognized prior service cost	12,785,782	13,794,853
Unrecognized net loss	(1,803,801)	(3,051,072)
Accumulated postretirement benefit obligation	21,303,207	21,951,000
Current portion	626,925	945,933
	$20,676,282	$21,005,067

Net periodic postretirement benefit cost included the following components:

	1997	1996	1995
Service cost - benefits attributed to employee service during the year	$ 268,835	$ 441,330	$ 472,206
Interest cost on accumulated postretirement benefit obligation	855,587	1,719,158	1,632,554
Net amortization	(888,517)	(29,663)	-
Net periodic postretirement benefit cost	$ 235,905	$2,130,825	$2,104,760

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.5%, 8.0% and 8.25% at September 30, 1997, 1996 and 1995, respectively. The rate for compensation increases at September 30, 1997, 1996 and 1995 was 4.5%.

10. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

For measurement purposes, a 6.9% annual rate of increase in the per capita cost of health care benefits was assumed for 1997; the rate was assumed to decrease gradually to 5.0% for 2003 and remain at that level thereafter. The health care cost trend rate has a significant effect on the amounts reported. An increase in the assumed health care cost trend rates by one percentage point in each year would have increased the accumulated postretirement benefit obligation as of September 30, 1997 by 4.4% and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for the year then ended by 7.2%.

In September 1996, the Board of Directors approved changes to the retiree medical plan which provides additional plan options while limiting future Company contributions to retiree benefits.

11. INCOME TAXES:

The provision for income taxes consisted of the following:

	1997	1996	1995
Current:			
Federal	$ 9,245,044	$10,244,785	$ 8,430,866
State	1,815,067	1,675,200	1,886,148
Foreign	1,533,969	1,027,798	624,294
	12,594,080	12,947,783	10,941,308
Deferred	77,753	317,279	(1,313,280)
Total	$12,671,833	$13,265,062	$ 9,628,028

The reconciliation of the federal statutory tax rate to the consolidated effective tax rate is as follows:

	1997	1996	1995
Federal statutory tax rate	35.0 %	35.0 %	35.0 %
Effect of state income taxes, net of federal deduction	3.2	3.3	4.5
Foreign taxes in excess of federal statutory rates	1.7	.8	(.9)
Other	(.7)	.5	(.2)
Effective tax rate	39.2 %	39.6 %	38.4 %

The Company's foreign subsidiaries had income (losses) before income taxes for the years ended September 30, 1997, 1996 and 1995 of approximately $2,825,000, $(3,377,000) and $462,000, respectively.

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11. INCOME TAXES, continued:

The components of the provision for deferred income taxes were as follows:

	1997	1996	1995
Accrued vacation pay	$ (8,836)	$ (136,489)	$ 2,143
Estimated finishing costs	(145,346)	52,712	(76,880)
Postretirement benefits other than pensions	246,309	(342,382)	(535,508)
Installment sales	-	1,092,937	(75,760)
Foreign subsidiary losses, net	450,000	236,821	(495,546)
Pension costs	(156,090)	(116,887)	(75,134)
Depreciation	(51,919)	(233,522)	(15,661)
Deferred gain on sale of facilities	(30,274)	(31,664)	(22,186)
Other	(226,091)	(204,247)	(18,748)
	$ 77,753	$ 317,279	$(1,313,280)

The components of the net deferred tax asset at September 30 were as follows:

	1997	1996
Deferred tax assets:		
Accrued vacation pay	$ 765,951	$ 757,115
Estimated finishing costs	807,633	662,287
Postretirement benefits other than pensions	8,308,252	8,554,561
Foreign subsidiary losses, net	500,000	950,000
Unrealized investment loss	52,260	272,780
Other	648,014	461,113
	11,082,110	11,657,856
Deferred tax liabilities:		
Pension costs	(682,188)	(838,278)
Depreciation	(2,789,525)	(2,841,444)
Deferred gain on sale of facilities	(584,388)	(614,662)
	(4,056,101)	(4,294,384)
Net deferred tax asset	7,026,009	7,363,472
Less current portion	865,082	886,450
	$ 6,160,927	$ 6,477,022

11. INCOME TAXES, continued:

At September 30, 1997, the Company had foreign net operating loss carryforwards of approximately $3,200,000, principally related to its European subsidiaries. Approximately $400,000 of these carryforwards expire between 2002 and 2003, while the remainder have an indefinite carryforward period. The Company has recorded a valuation allowance of approximately $500,000 and $950,000 at September 30, 1997 and 1996, respectively, related to the carryforwards.

12. COMMITMENTS AND CONTINGENT LIABILITIES:

The Company operates various production and office facilities and equipment under operating lease agreements. Annual rentals under these and other operating leases were $2,262,000, $2,130,000 and $2,089,000 in 1997, 1996 and 1995, respectively. Future minimum rental commitments are not material.

The Company is party to various legal proceedings generally incidental to its business. The eventual outcome of these matters is not predictable, and it is possible that their resolution could be unfavorable to the Company. Although the ultimate disposition of these proceedings is not presently determinable, management is of the opinion, based on the facts now known, that they should not result in liabilities in an amount which would materially affect the Company's consolidated financial position, results of operations or cash flows.

Tukaiz has employment agreements with certain key employees, the terms of which expire at January 31, 2001 and 2002. The agreements provide for base salary levels and benefits and include a non-compete clause. The aggregate commitment for salaries under these agreements at September 30, 1997 was $2,650,000.

13. SUPPLEMENTAL CASH FLOW INFORMATION:

On March 25, 1996, the Company issued 213,862 shares of authorized Class A Common Stock, valued at $5,400,000, in connection with the acquisition of Industrial Equipment and Engineering Company, Inc. (See Note 15). On May 6, 1996, the Company issued 19,286 shares of authorized Class A Common Stock, valued at $527,975, in connection with the purchase of an additional 9% interest in ATD (See Note 4).

13. SUPPLEMENTAL CASH FLOW INFORMATION, continued:

Changes in working capital items (excluding cash and cash equivalents, short-term investments, deferred income taxes, long-term debt, current maturities and postretirement benefits, current portion) consisted of the following:

	1997	1996	1995
Current assets:			
Accounts and notes receivable	$ (985,433)	$ 2,463,712	$(1,392,991)
Inventories	2,087,337	(571,217)	(581,459)
Other current assets	(61,624)	(770,017)	313,179
	1,040,280	1,122,478	(1,661,271)
Current liabilities:			
Trade accounts payable	(1,012,648)	737,433	482,320
Accrued compensation	2,010,941	326,942	(12,309)
Accrued vacation pay	56,238	197,241	(21,194)
Profit distribution to employees	(112,274)	(239,942)	(333,407)
Accrued income taxes	1,991,625	(252,243)	(82,572)
Customer prepayments	5,822,563	(177,754)	21,984
Other current liabilities	253,279	587,333	1,008,552
	9,009,724	1,179,010	1,063,374
Net increase (decrease)	$10,050,004	$ 2,301,488	$ (597,897)

14. SEGMENT INFORMATION:

Sales and operating profit of the Company's business segments follows:
<TABLE>
<CAPTION>

<S>	Graphic Systems <C>	Marking Products <C>	Bronze <C>	Eliminations <C>	Consolidated <C>
Sales to unaffil-iated customers:					
1997	$57,804,162	$34,980,976	$96,383,502	$ -	$189,168,640
1996	43,062,133	44,386,703	84,528,783	-	171,977,619
1995	42,360,000	44,356,157	80,031,624	-	166,747,781
Intersegment sales:					
1997	4,681	53,473	39,849	(98,003)	-

1996	42,408	238,439	26,479	(307,326)	-
1995	33,610	211,040	18,975	(263,625)	-
Operating profit:					
1997	5,507,148	2,800,757	22,579,490	-	30,887,395
1996	4,217,472	2,481,859	20,072,049	-	26,771,380
1995	4,253,769	2,032,915	18,171,020	-	24,457,704

</TABLE>

14. SEGMENT INFORMATION, continued:

Information related to assets identifiable to segments follows:

<TABLE>
<CAPTION>

<S>	Graphic Systems <C>	Marking Products <C>	Bronze <C>	Other <C>	Consolidated <C>
Identifiable assets:					
1997	$38,495,477	$22,118,584	$49,753,812	$58,836,517	$169,204,390
1996	19,271,417	24,752,912	46,836,367	62,551,013	153,411,709
1995	19,559,346	25,811,626	39,084,530	53,750,874	138,206,376
Depreciation expense:					
1997	2,033,727	739,978	1,944,148	520,930	5,238,783
1996	1,189,791	964,954	1,619,925	602,575	4,377,245
1995	1,049,438	999,435	1,590,125	572,218	4,211,216
Capital expenditures:					
1997	3,189,371	400,543	2,144,218	430,498	6,164,630
1996	942,909	1,067,917	3,228,309	138,918	5,378,053
1995	1,868,994	931,116	2,909,655	266,499	5,976,264

</TABLE>

Information about the Company's operations in different geographic areas follows:

<TABLE>
<CAPTION>

<S>	United States <C>	Canada <C>	Australia <C>	Europe <C>	Eliminations <C>	Consolidated <C>
Sales to unaffiliated customers:						
1997	$162,281,107	$8,634,068	$10,553,058	$ 7,700,407	$ -	$189,168,640
1996	139,945,843	8,180,041	10,534,846	13,316,889	-	171,977,619
1995	135,078,165	8,044,331	9,710,776	13,914,509	-	166,747,781
Transfers between geographic areas:						
1997	6,728,953	187,161	-	2,820,395	(9,736,509)	-
1996	7,361,044	244,185	-	2,342,427	(9,947,656)	-
1995	7,581,885	260,007	-	2,280,101	(10,121,993)	-
Operating profit:						
1997	28,223,301	405,658	1,933,004	325,432	-	30,887,395
1996	25,827,733	(349,587)	1,718,944	(425,710)	-	26,771,380
1995	23,505,940	(228,905)	1,491,977	(311,308)	-	24,457,704
Identifiable assets:						
1997	164,499,917	4,444,878	8,840,270	7,973,623	(16,554,298)	169,204,390
1996	145,346,058	4,913,342	9,554,718	8,409,239	(14,811,648)	153,411,709
1995	130,465,301	5,261,030	8,558,234	14,362,677	(20,440,866)	138,206,376

</TABLE>

14. SEGMENT INFORMATION, continued:

Intersegment sales are accounted for at negotiated prices. Operating profit is total revenue less operating expenses.

Identifiable assets include those assets which are used in the Company's operations in each segment. Corporate headquarters' assets are included in Other and principally consist of cash and cash equivalents, investments, deferred tax assets and the headquarters' administration building.

15. ACQUISITIONS AND DISPOSITIONS:

On January 31, 1997, Matthews International Corporation acquired 50% of Tukaiz Litho, Inc. ("Tukaiz"), a pre-press and pre-media firm headquartered in Franklin Park, Illinois. The remaining 50% will continue to be owned by the existing president and chief executive officer of Tukaiz. The transaction was structured as an asset purchase with the purchase price consisting of $4,000,000 cash and the assumption of a 50% interest, approximately $4,000,000, in certain of the liabilities of Tukaiz. The parties have each contributed their respective 50% interests into a newly-formed Illinois limited liability company, Tukaiz Communications, L.L.C. Matthews also provided the new company with subordinated convertible debt of $5,500,000. Matthews has accounted for this acquisition using the purchase method and, accordingly, has recorded the acquired assets and liabilities at their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets was recorded as goodwill to be amortized on a straight-line basis over 25 years. Tukaiz reported sales of $16,400,000 for the year ended January 31, 1997. The accounts of Tukaiz have been included in the consolidated financial statements of Matthews.

On May 23, 1997, Matthews acquired for $2,400,000 cash the common stock of both Carolina Repro-Graphic and Dieworks, Inc., manufacturers of pre-press services, flexible printing plates and steel rule cutting dies, located in North Carolina. Matthews has accounted for these acquisitions using the purchase method and, accordingly, has recorded the acquired assets and liabilities at their estimated fair values at the acquisition date. The excess of the purchase price over the fair value of the net assets was recorded as goodwill to be amortized on a straight-line basis over 25 years. Combined sales for Carolina Repro-Graphic and Dieworks, Inc. were approximately $3,700,000 for the year ended December 31, 1996.

On March 25, 1996, Matthews International Corporation acquired Industrial Equipment and Engineering Company, Inc., a Florida corporation ("IEEC"), for 213,862 shares of Matthews Class A Common Stock (valued at $5,400,000) and $3,600,000 cash. The Company has accounted for this acquisition using the purchase method and, accordingly, has recorded the acquired assets and liabilities at their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets was recorded as goodwill to be amortized on a straight-line basis over 20 years. Sales of IEEC for the year ended December 31, 1995 were $7,500,000. On August 1, 1996, IEEC acquired for cash substantially all of the assets and certain of the liabilities of All Crematory Corporation. The total purchase price, including the assumption of liabilities, was $2,000,000. Sales of All Crematory Corporation for the year ended September 30, 1995 were $3,400,000.

15. ACQUISITIONS AND DISPOSITIONS, continued:

On January 5, 1996, Matthews International Corporation sold for $13,100,000 cash its cemetery and mortuary facility (Sunland Memorial Park, Inc.) in Sun City, Arizona to Service Corporation International. Matthews recorded a pre-tax gain in the fiscal 1996 second quarter of $9,400,000 on the sale which was recorded in other income. Sunland Memorial Park, Inc., which was purchased in 1982, was the only such facility owned by the Company. The facility had sales in fiscal year 1995 of approximately $5,000,000, representing about 3 percent of the consolidated sales of the Company.

In September 1996, the Company authorized the liquidation of its German subsidiary and recorded a pre-tax charge to other expense of $1,200,000 in connection with the transaction. The transaction had no impact on the Company's fiscal 1996 net income due to the tax benefits related to the write-off of an intercompany loan and investment. The German subsidiary had sales of $4,200,000 with an operating loss of $970,000 in fiscal 1996.

16. SUBSEQUENT EVENTS:

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 ("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 will account for these acquisitions using the purchase method and, accordingly, record the acquired assets and liabilities at their estimated fair values at the acquisition date. The excess of the purchase price over the fair value of the net assets will be recorded as goodwill to be amortized on a straight-line basis over 25 years.

17. FASB PRONOUNCEMENTS:

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share." The pronouncement establishes standards for computing and presenting earnings per share. SFAS No. 128 replaces the presentation of primary earnings per share with basic earnings per share and requires dual presentation of basic and diluted earnings per share on the face of the income statement. Computations of basic and diluted earnings per share for the Company will not differ materially from the current computations of primary and fully-diluted earnings per share. The required dual presentation of basic and diluted earnings per share will be adopted by the Company for the quarter ended December 31, 1997.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued
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17. FASB PRONOUNCEMENTS, continued:

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The pronouncement establishes standards for reporting information about operating segments of an enterprise. The pronouncement requires the disclosure of selected segment information in interim financial reports. SFAS No. 131 will not impact the current presentation of the Company's segment information. The interim presentation requirement of the pronouncement will be adopted by the Company in the first quarter of fiscal 1999.

SUPPLEMENTARY FINANCIAL INFORMATION

Selected Quarterly Financial Data (Unaudited):

The following table sets forth certain items included in the Company's unaudited consolidated financial statements for each quarter of fiscal 1997 and fiscal 1996.

<TABLE>
<CAPTION>

	Quarter Ended				Year Ended
	December 31	March 31	June 30	September 30	September 30
<S>	<C>	<C>	<C>	<C>	<C>
FISCAL YEAR 1997:					
Sales	$42,582,795	$45,427,408	$51,736,477	$49,421,960	$189,168,640
Gross profit	18,863,418	20,237,199	22,843,057	21,557,212	83,500,886
Operating profit	6,613,758	7,885,207	8,797,942	7,590,488	30,887,395
Net income	4,304,408	5,012,993	5,484,608	4,824,055	19,626,064
Earnings per share	.49	.58	.64	.57	2.28

FISCAL YEAR 1996:

Sales	$41,185,350	$42,791,474	$44,304,394	$43,696,401	$171,977,619
Gross profit	18,583,348	18,971,759	19,724,336	19,361,457	76,640,900
Operating profit	6,452,253	6,846,286	6,979,626	6,493,215	26,771,380
Net income	4,245,989	7,376,045	4,480,071	4,155,449	20,257,554
Earnings per share	.48	.83	.50	.47	2.28

/TABLE

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

There have been no changes in accountants or disagreements on accounting or financial disclosure between the Company and Coopers & Lybrand L.L.P., Certified Public Accountants, for the fiscal years ended September 30, 1997, 1996 and 1995.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The following information as of November 30, 1997 is furnished with respect to each director and executive officer:

Name	Age	Positions with Registrant
David M. Kelly	55	Chairman of the Board, President and Chief Executive Officer
Geoffrey D. Barefoot	50	President, Graphic Systems Division and Director
Edward J. Boyle	51	Vice President, Accounting & Finance, Treasurer and Secretary
William A. Coates	68	Director
David J. DeCarlo	52	President, Bronze Division and Director
Richard C. Johnson	51	Vice President, Corporate Development and Human Resources
Thomas N. Kennedy	62	Director
Steven F. Nicola	37	Controller
John P. O'Leary, Jr.	50	Director
James L. Parker	59	Director
William J. Stallkamp	58	Director

David M. Kelly was elected Chairman of the Board on March 15, 1996. He was appointed President and Chief Operating Officer of the Company in April 1995 and President and Chief Executive Officer effective October 1, 1995. He was appointed as a Director of the Company in May 1995. Prior to joining the Company, he worked for Carrier Corporation as Senior Vice President from 1993 to 1995; and Vice President, Strategic Planning and Global Purchasing from 1992 to 1993.

Geoffrey D. Barefoot, a Director of the Company since 1990, was elected President, Graphic Systems Division in November 1993. Prior thereto, he was Vice President and Division Manager, Graphic Systems.

Edward J. Boyle was elected Vice President, Accounting & Finance effective December 1, 1995. Prior thereto, he was Controller of the Company. He was appointed Treasurer and Secretary in September 1996.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT, continued.

William A. Coates, a Director of the Company since 1992, retired in 1989 as Executive Vice President, Technology, Quality and Operations Services, Westinghouse Electric Corporation.

David J. DeCarlo, a Director of the Company since 1987, was elected President, Bronze Division in November 1993. Prior thereto, he was Senior Vice President and Division Manager, Bronze.

Richard C. Johnson was elected Vice President, Corporate Development and Human Resources in December 1991.

Thomas N. Kennedy, a Director of the Company since 1987, retired as an officer of the Company effective December 1, 1995. He was Senior Vice President, Chief Financial Officer and Treasurer since January 1991.

Steven F. Nicola was elected Controller of the Company effective December 1, 1995. Prior thereto, he was Manager, Tax Planning and International Accounting.

John P. O'Leary, Jr., a Director of the Company since 1992, has been President and Chief Executive Officer of Tuscarora, Incorporated, a plastics manufacturer, since 1990.

James L. Parker, a Director of the Company since 1981, retired as an officer of the Company effective November 1, 1996. He was Senior Vice President, General Counsel and Secretary since January 1991.

William J. Stallkamp, a Director of the Company since 1981, has been Chairman and Chief Executive Officer of Mellon PSFS in Philadelphia since January 1996. Prior thereto, he was an Executive Vice President of Mellon Bank, N.A.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT, continued.

Board Committees:

The Executive Committee is appointed by the Board of Directors to have and exercise during the periods between Board meetings all of the powers of the Board of Directors, except that the Executive Committee may not elect directors, change the membership of or fill vacancies in the Executive Committee, change the By-Laws of the Company or exercise any authority specifically reserved by the Board. The membership of the Executive Committee since October 1, 1996 consisted of the following:

October 1, 1996 to October 31, 1996	Messrs. Kelly, Parker, DeCarlo and Barefoot
November 1, 1996 to the date of this report	Messrs. Kelly, DeCarlo and Barefoot

The principal function of the Audit Committee, the members of which are Messrs. Stallkamp (Chairman), Coates and O'Leary, is to endeavor to assure the integrity and adequacy of financial statements issued by the Company. It is intended that the Audit Committee will review internal auditing systems and procedures as well as the activities of the public accounting firm performing the external audit.

The principal function of the Compensation Committee, the members of which are Messrs. Coates (Chairman), Kennedy and Stallkamp is to review periodically the suitability of the remuneration arrangements (including benefits) for the principal officers of the Company other than stock remuneration. A subcommittee of the Compensation Committee, the Stock Compensation Committee, the members of which are Messrs. Coates (Chairman) and Stallkamp, consider and grant stock remuneration and administer the Company's 1992 Stock Incentive Plan.

ITEM 11. EXECUTIVE COMPENSATION.

The following table sets forth the individual compensation information for the fiscal years ended September 30, 1997, 1996 and 1995 for the Company's Chief Executive Officer and the four most highly compensated executive officers.

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

		Annual Compensation		Long-Term Compensation		
				Awards	Payouts	
Name of Individual and Principal Position	Year	Salary	Bonus (1)	Securities Underlying Options (Shares)	LTIP Payouts	All Other Compen-sation (2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
David M. Kelly (3)	1997	$290,174	$290,687	95,000	None	None
Chairman of the Board and	1996	268,764	261,193	35,000	None	None
Chief Executive Officer	1995	125,004	94,233	100,000	None	None
David J. DeCarlo	1997	199,473	174,477	125,000	None	$3,046
Director and President,	1996	188,100	159,409	20,000	None	4,904
Bronze Division	1995	177,636	162,132	43,000	None	3,851
Geoffrey D. Barefoot	1997	146,080	13,487	None	None	2,622
Director and President,	1996	142,497	59,827	15,000	None	2,028
Graphic Systems Division	1995	135,696	68,213	32,000	None	1,391
Edward J. Boyle	1997	113,379	75,043	20,500	None	3,804
Vice President,	1996	104,709	68,308	14,000	None	2,205
Accounting & Finance	1995	92,745	47,484	17,500	None	1,092
Richard C. Johnson	1997	109,570	75,814	12,500	None	4,685
Vice President,	1996	104,562	55,004	13,000	None	5,216
Corporate Development	1995	98,508	54,515	17,500	None	4,082

<FN>

(1) Includes the current portion of management incentive plan and supplemental management incentive payments and, for Mr. Kelly, an amount equal to his life insurance premium cost. At his request, the Company does not provide life insurance for Mr. Kelly, but in lieu thereof pays to him annually the amount which the Company would have paid in premiums to provide coverage, considering his position and age. Such amounts are not included in calculating other Company benefits for Mr. Kelly. The amount paid to Mr. Kelly in lieu of life insurance for 1997, 1996 and 1995 was $4,100 each year. The Company has adopted a management incentive plan for officers and key management personnel. Participants in such plan are not eligible for the Company's profit distribution plan. The incentive plan is based on improvement in divisional and Company economic value added and the attainment of established personal goals. A portion of amounts earned are deferred by the Company and are payable with interest at a market rate over a two-year period contingent upon economic value added performance and continued employment during such period. See Long-Term Incentive Plans - Awards in Last Fiscal Year table. The deferred portion of management incentive compensation will be included under LTIP Payouts for the fiscal years paid. In addition, payments include a supplement in amounts which are sufficient to pay annual interest expense on the outstanding notes of management under the Company's Designated Employee Stock Purchase

ITEM 11. EXECUTIVE COMPENSATION, continued.

(2) Includes educational assistance for dependent children and premiums for term life insurance. Educational assistance for dependent children is provided to any officer or employee of the Company whose child meets the scholastic eligibility criteria and is attending an eligible college or university. Educational assistance amounts reported in this column for the named officers in fiscal 1997, 1996 and 1995, respectively, were: Mr. DeCarlo, none, $2,000 and $2,000; Mr. Boyle, $2,000, $1,000 and none; and Mr. Johnson, $3,000, $4,000 and $3,000. Each officer of the Company is provided term life insurance coverage in an amount approximately equivalent to three times his respective salary. Amounts reported in this column for the named officers in fiscal 1997, 1996 and 1995 include the following respective life insurance benefit costs: Mr. DeCarlo, $3,046, $2,904 and $1,851; Mr. Barefoot, $2,622, $2,028 and $1,391; Mr. Boyle, $1,804, $1,205 and $1,092 and Mr. Johnson, $1,685, $1,216 and $1,082. See also note (1).

(3) Mr. Kelly joined the Company on April 3, 1995 and was elected Chief Executive Officer effective October 1, 1995. Mr. Kelly has an employment arrangement with the Company

which provides that, in the event of his discharge without cause prior to April 3, 1998, he will receive additional compensation of double his annual base salary rate as of the discharge date. Such arrangement further provides for the life insurance payments described in note (1) above and the waiver of minimum service for vesting purposes described under "Retirement Plans."
</TABLE>

The Summary Compensation Table does not include expenses to the Company of incidental benefits of a limited nature to executive officers including use of Company vehicles, club memberships, dues, or tax planning services. The Company believes such incidental benefits are in the conduct of the Company's business, but, to the extent such benefits and use would be considered personal benefits, the value thereof is not reasonably ascertainable and does not exceed, with respect to any individual named in the compensation table, the lesser of $50,000 or 10% of the annual compensation reported in such table.

Long-Term Incentive Plans - Awards in Last Fiscal Year
<TABLE>
<CAPTION>

Name	Number of Shares or Other Rights	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans Target
<S>	<C>	<C>	<C>
D.M. Kelly	-	2 Years	$452,547
D.J. DeCarlo	-	2 Years	508,791
G.D. Barefoot	-	2 Years	None
E.J. Boyle	-	2 Years	113,306
R.C. Johnson	-	2 Years	91,040

<FN>
The Company has a management incentive plan based on improvement in divisional and Company economic value added and the attainment of established personal goals. A portion of amounts earned are deferred by the Company and are payable with interest at a market rate over a two-year period contingent upon economic value added performance and continued employment during such period.
/TABLE
ITEM 11. EXECUTIVE COMPENSATION, continued.

Option/SAR Grants in Last Fiscal Year
<TABLE>
<CAPTION>

Individual Grants (1)					Potential Realized Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price per Share	Expiration Date	5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
D.M. Kelly	95,000	28.3%	$28.125	12/13/06	$1,680,318	$4,258,274
D.J. DeCarlo	125,000	37.2%	$28.125	12/13/06	2,210,944	5,602,992
G.D. Barefoot	None	-	-	-	-	-
E.J. Boyle	20,500	6.1%	$28.125	12/13/06	362,594	918,890
R.C. Johnson	12,500	3.7%	$28.125	12/13/06	221,094	560,299

<FN>
(1) All options were granted at market value as of the date of grant. Options are exercisable in various share amounts based on the attainment of certain market value levels of Class A Common Stock, but, in the absence of such events, are exercisable in full for a one-week period beginning five years from the date of grant. In addition, options granted after September 30, 1996 vest in one-third increments after three, four and five years, respectively, from the grant date (but, in any event, not until the

attainment of the certain market value levels described above). The options are not exercisable within six months from the date of grant and expire on the earlier of ten years from the date of grant, upon employment termination, or within specified time limits following voluntary employment termination (with consent of the Company), retirement or death.
</TABLE>

Aggregated Option Exercises in Last Fiscal Year
and Fiscal Year End Option Values
<TABLE>
<CAPTION>

Name	Shares Acquired On Exercise	Value Realized	Number of Securities Underlying Unexercised Options Exercisable	Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year End Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
D.M. Kelly	None	None	123,334	106,666	$2,673,759	$1,278,115
D.J. DeCarlo	None	None	56,334	131,666	1,286,884	1,561,240
G.D. Barefoot	None	None	42,000	5,000	958,750	69,375
E.J. Boyle	None	None	26,834	25,166	577,946	305,615
R.C. Johnson	None	None	26,167	16,833	568,691	206,995

/TABLE
ITEM 11. EXECUTIVE COMPENSATION, continued.

Retirement Plans:

The Company's domestic retirement plan is noncontributory and provides benefits based upon length of service and final average earnings. Generally, employees age 21 with one year of continuous service are eligible to participate in the retirement plan. The benefit formula is 3/4 of 1% of the first $550 of final average monthly earnings plus 1-1/4% of the excess times years of credited service (maximum 35). The plan is an insured, defined benefit plan and covered compensation is limited generally to base salary or wages. Benefits are not subject to any deduction or offset for Social Security.

In addition to benefits provided by the Company's retirement plan, the Company has a Supplemental Retirement Plan, which provides for supplemental pension benefits to executive officers of the Company designated by the Board of Directors, including those named in the Summary Compensation Table. Upon normal retirement under this plan, such individuals who meet stipulated age and service requirements are entitled to receive monthly supplemental retirement payments which, when added to their pension under the Company's retirement plan and their maximum anticipated Social Security primary insurance amount, equal, in total, 1.85% of final average monthly earnings (including incentive compensation) times the individual's years of continuous service (subject to a maximum of 35 years). Upon early retirement under this plan, reduced benefits will be provided, depending upon age and years of service. Benefits under this plan do not vest until age 55 and the attainment of 15 years of continuous service. However, in order to recruit Mr. Kelly, the Company waived such minimum service requirement with respect to Mr. Kelly. No benefits will be payable under such supplemental plan following the voluntary employment termination or death of any such individual. The Supplemental Retirement Plan is unfunded; however, a provision has been made on the Company's books for the actuarially computed obligation.

The following table shows the total estimated annual retirement benefits payable at normal retirement under the above plans for the individuals named in the Summary Compensation Table at the specified executive remuneration and years of continuous service:

Covered Remuneration	Years of Continuous Service 15	20	25	30	35
$125,000	$ 34,688	$ 46,250	$ 57,813	$ 69,375	$ 80,938
150,000	41,625	55,500	69,375	83,250	97,125
175,000	48,563	64,750	80,938	97,125	113,313
200,000	55,500	74,000	92,500	111,000	129,500
225,000	62,438	83,250	104,063	124,875	145,688
250,000	69,375	92,500	115,625	138,750	161,875

300,000	83,250	111,000	138,750	166,500	194,250
400,000	111,000	148,000	185,000	222,000	259,000
500,000	138,750	185,000	231,250	277,500	323,750
600,000	166,500	222,000	277,500	333,000	388,500
700,000	194,250	259,000	323,750	388,500	453,250

ITEM 11. EXECUTIVE COMPENSATION, continued.

The table shows benefits at the normal retirement age of 65, before applicable reductions for social security benefits. The Employee Retirement Income Security Act of 1974 places limitations, which may vary from time to time, on pensions which may be paid under federal income tax qualified plans, and some of the amounts shown on the foregoing table may exceed the applicable limitation. Such limitations are not currently applicable to the Company's supplemental retirement plan.

Estimated years of continuous service for each of the individuals named in the Summary Compensation Table, as of October 1, 1997 and rounded to the next higher year, are: Mr. Kelly, 3 years; Mr. DeCarlo, 13 years; Mr. Barefoot, 22 years; Mr. Boyle, 11 years and Mr. Johnson, 10 years.

Compensation Committee Interlocks and Insider Participation:

Thomas N. Kennedy, a former officer of the Company, is a member of the Company's Compensation Committee.

Compensation of Directors:

Pursuant to the Director Fee Plan, directors who are not also officers of the Company each receive as a annual retainer fee shares of the Company's Class A Common Stock equivalent to approximately $16,000. Each director may elect to be paid these shares on a current basis or have such shares credited to a deferred stock account as phantom stock. In addition, each such director is paid $800 for every meeting of the Board of Directors attended and (other than a Chairman) $500 for every committee meeting attended. The Chairman of a committee of the Board of Directors is paid $700 for every committee meeting attended. No other remuneration is otherwise paid by the Company to any director for services as a director.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

(a)(b) Security Ownership of Certain Beneficial Owners and Management:

The Company's Articles of Incorporation divide its voting stock into three classes: Preferred Stock and Class A and Class B Common Stock. At the present time, none of the Preferred Stock is issued or outstanding. The following information is furnished with respect to persons who the Company believes, based on its records, beneficially own more than five percent of the outstanding shares of Class A and Class B Common Stock of the Company, and with respect to directors and officers. Those individuals with more than five percent of such shares could be deemed to be "control persons" of the Company.

This information is as of November 30, 1997.

Name of Beneficial Owner (1)	Number of Class A Shares Beneficially Owned (2)	Percent of Class	Number of Class B Shares Beneficially Owned (2)	Percent of Class
Directors and Officers:				
D.M. Kelly	27,000	0.4%	28,000	1.5%
G.D. Barefoot	None	-	104,500	5.6

W.A. Coates	17,572	0.3	None	-
D.J. DeCarlo	None	-	144,995	7.8
T.N. Kennedy	45,490	0.7	None	-
J.P. O'Leary, Jr.	5,750	0.1	None	-
J.L. Parker	199,760	3.1	None	-
W.J. Stallkamp	3,100	*	None	-
All directors and executive officers as a group (11 persons)	298,672	4.6	354,845	19.1

Others:
- ------

W. Hauber	423,300	6.6	None	-
D. Majestic	None	-	156,000	8.4
R. Buzza	None	-	103,250	5.6

* Less than 0.1%

(1) The mailing address of each beneficial owner is the same as that of the Registrant.

(2) The nature of the beneficial ownership for all shares is sole voting and investment power, except for 100 Class A shares held by Mr. Stallkamp as custodian under UTMA for son.

(c) Changes in Control:

The Company knows of no arrangement which may, at a subsequent date, result in a change in control of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The Securities and Exchange Commission requires disclosure of certain business transactions or relationships between the Company, or its subsidiaries, and other organizations with which any of the Company's directors are affiliated as an owner, partner, director, officer or employee. Briefly, disclosure is required where such a business transaction or relationship meets the standards of significance established by the Securities and Exchange Commission with respect to the types and amounts of business transacted. The Company is aware of no transaction requiring disclosure pursuant to this item during the past fiscal year except as stated herein.

The following officers and directors were indebted to the Company on notes carrying annual interest rates of 6.5% were issued under the Company's Designated Employee Stock Purchase Plan, as referred to in Note 7 of the Notes to Consolidated Financial Statements:

	Highest Amount Outstanding During the Year Ended September 30, 1997	Amount Outstanding at November 30, 1997
Geoffrey D. Barefoot	$ 143,436	$ 70,373
Edward J. Boyle	88,125	57,064
David J. DeCarlo	446,670	317,960
Richard C. Johnson	96,373	-
Steven F. Nicola	38,104	27,336

The Company has annually made supplemental management incentive payments to officers and other employees indebted on such notes in amounts equal to the interest paid by such persons on their respective notes.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements:

The following items are included in Part II, Item 8:

Pages

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2. Financial Statement Schedules:

Financial statement schedules have been omitted for the reason that the information is not required or is otherwise given in the consolidated financial statements and notes thereto.

3. Exhibits Filed:

The index to exhibits is on pages 66-68.

(b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on December 12, 1997.

MATTHEWS INTERNATIONAL CORPORATION

(Registrant)

By David M. Kelly

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on December 12, 1997:

David M. Kelly	Edward J. Boyle
- ------------------------------------	------------------------------------
David M. Kelly	Edward J. Boyle
Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	Vice President, Accounting & Finance, Treasurer and Secretary (Principal Financial and Accounting Officer)

Geoffrey D. Barefoot	John P. O'Leary, Jr.

- ------------------------------------ ------------------------------------
Geoffrey D. Barefoot, Director John P. O'Leary, Jr., Director

William A. Coates James L. Parker
- ------------------------------------ ------------------------------------
William A. Coates, Director James L. Parker, Director

David J. DeCarlo William J. Stallkamp
- ------------------------------------ ------------------------------------
David J. DeCarlo, Director William J. Stallkamp, Director

Thomas N. Kennedy
- ------------------------------------
Thomas N. Kennedy, Director

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
EXHIBITS
INDEX

The following Exhibits to this report are filed herewith or, if marked with an asterisk (*), are incorporated by reference. Exhibits marked with an "a" represent a management contract or compensatory plan, contract or arrangement required to be filed by Item 601(b)(10)(iii) of Regulation S-K.

Exhibit No.	Description	Prior Filing or Sequential Page Numbers Herein
3.1	Restated Articles of Incorporation *	Exhibit Number 3.1 to Form 10-K for the year ended September 30, 1994
3.2	By-laws *	Exhibit Number 3.2 to Form 10-K for the year ended September 30, 1994
4.1 a	Form of Employee Stock Purchase Agreement Entered into by Designated Key Employees *	Exhibit Number 4.1 to Form 10-K for the year ended September 30, 1983
4.2 a	Form of Employee Stock Purchase Agreement Entered into by Designated Key Employees (effective October 1, 1993) *	Exhibit Number 4.2 to Form 10-K for the year ended September 30, 1993
4.3 a	Representative Form of Option Agreement of Repurchase *	Exhibit Number 10.2 to Form S-2 Registration Statement (No. 33-79538) filed on June 1, 1994
4.4 a	Form of Revised Option Agreement of Repurchase *	Exhibit Number 4.2 to Form 10-K for the year ended September 30, 1983
4.5 a	Form of Revised Option Agreement of Repurchase (effective October 1, 1993) *	Exhibit Number 4.5 to Form 10-K for the year ended September 30, 1993
4.6 a	Employees' Stock Purchase Plan *	Exhibit Number 4.6 to Form 10-K for the year ended September 30, 1993
4.7 a	Restricted Stock Plan *	Exhibit Number 4.5 to Form 10-K for the year ended September 30, 1987

4.8 a	Form of Option Agreement of Repurchase - Restricted Stock Plan *	Exhibit Number 4.6 to Form 10-K for the year ended September 30, 1987

INDEX, Continued

Exhibit No.	Description	Prior Filing or Sequential Page Numbers Herein
4.9	Form of Share Certificate for Class A Common Stock *	Exhibit Number 4.9 to Form 10-K for the year ended September 30, 1994
4.10	Form of Share Certificate for Class B Common Stock *	Exhibit Number 4.10 to Form 10-K for the year ended September 30, 1994
10.1 a	Supplemental Retirement Agreement between the Registrant and Thomas F. Purner, Jr., dated July 6, 1983 *	Exhibit Number 10.1 to Form 10-K for the year ended September 30, 1983
10.2 a	Form of Stock Appreciation Right Agreement *	Exhibit Number 10.2 to Form 10-K for the year ended September 30, 1983
10.3 a	Form of Agreement which amends the Option Agreement of Repurchase with Respect to Major Shareholders *	Exhibit Number 19.1 to Form 10-Q for the quarter ended March 31, 1988
10.4	Revolving Credit and Term Loan Agreement *	Exhibit Number 10.7 to Form 10-K for the year ended September 30, 1986
10.5 a	Supplemental Retirement Plan *	Exhibit Number 10.8 to Form 10-K for the year ended September 30, 1988
10.6	Term Loan Agreement and Promissory Note *	Exhibit Number 10.9 to Form 10-K for the year ended September 30, 1991
10.7 a	Form of Termination Agreement - Restricted Stock Plan *	Exhibit Number 10.8 to Form 10-K for the year ended September 30, 1992
10.8 a	Written Description of Matthews International Corporation Management Incentive Compensation Plan *	Exhibit Number 10.9 to Form 10-K for the year ended September 30, 1992
10.9 a	1992 Stock Incentive Plan (as amended through December 13, 1996) *	Exhibit A to Definitive Proxy Statement filed on January 22, 1997
10.10a	Form of Stock Option Agreement *	Exhibit Number 10.1 to Form 10-Q for the quarter ended December 31, 1994

INDEX, Continued

Exhibit No.	Description	Prior Filing or Sequential Page Numbers Herein
10.11a	1994 Director Fee Plan (as amended through March 14, 1997)	Filed Herewith
10.12a	1994 Employee Stock Purchase Plan *	Exhibit Number 10.2 to Form 10-Q for the quarter ended March 31, 1995

10.13	Capital Stock Purchase Agreement, Sunland Memorial Park, Inc. *	Exhibit Number 10.1 to Form 10-Q for the quarter ended December 31, 1995
10.14	Agreement of Plan and Merger, Industrial Equipment and Engineering Company, Inc. *	Exhibit Number 10.2 to Form 10-Q for the quarter ended March 31, 1996
10.15	Asset Purchase Agreement among TKZ Holding Corp., Tukaiz Litho, Inc. and Michael Vitallo *	Exhibit Number 10.1 to Form 10-Q for the quarter ended December 31, 1996
10.16	Membership Interest Agreement among TKZ Holding Corp., Tukaiz Litho, Inc., Frank Defino, Sr. and Tukaiz Communications, L.L.C. *	Exhibit Number 10.2 to Form 10-Q for the quarter ended December 31, 1996
10.17	Subordinated Convertible Note from Tukaiz Communications, L.L.C. in favor of Venetian Investment Corporation *	Exhibit Number 10.3 to Form 10-Q for the quarter ended December 31, 1996
10.18	Operating Agreement of Tukaiz Communications, L.L.C. between TKZ Holding Corp. and Tukaiz Litho, Inc. *	Exhibit Number 10.4 to Form 10-Q for the quarter ended December 31, 1996
11	Computation of Earnings Per Share	Filed Herewith
21	Subsidiaries of the Registrant	Filed Herewith
23	Consent of Independent Accountants	Filed Herewith
27	Financial Data Schedule	Filed Herewith (via EDGAR)

Copies of any Exhibits will be furnished to shareholders upon written request. Requests should be directed to Mr. Edward J. Boyle, Vice President, Accounting & Finance, Treasurer and Secretary of the Registrant.

MATTHEWS INTERNATIONAL CORPORATION

1994 DIRECTOR FEE PLAN,
as amended through March 14, 1997

SECTION 1
Purposes; Reservation of Shares

The purposes of the 1994 Director Fee Plan, as amended through March 14, 1997 (the "Plan") are to provide to each Director of Matthews International Corporation (the "Corporation") who is not also an employee of the Corporation or any of its Subsidiaries ("Director") the payment of retainer fees for future services to be performed by such Director ("Director Fees") as a member of the Board of Directors of the Corporation (the "Board") in shares of Class A Common Stock, par value $1.00 per share, of the Corporation ("Common Stock") and to increase the identification of interests between such Directors and the shareholders of the Corporation by paying Directors the Director Fees in shares of Common Stock. The purposes of the Plan also are to provide current payment in cash to each Director for fees paid tot attendance at meetings of the Board ("Board Meeting Fees"), fees paid to members other than the Chairperson of a Committee for attendance at meetings of Committees of the Board ("Committee Meeting Fees"), fees paid to the Chairperson of a Committee for attendance at meetings of Committees ("Committee Chairperson Fees") and fees paid to a Director tot attendance at the annual shareholders' meeting of the Corporation ("Shareholders' Meeting Fees") (collectively, "Meeting Fees"). For purposes of the Plan, the term "Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Corporation, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in the chain. The aggregate number of shares of Common Stock which may be issued under the Plan or credited to Deferred Stock Compensation Accounts for subsequent issuance under the Plan is limited to 50,000 shares, subject to adjustment and substitution as set forth in Section 5(b).

SECTION 2
Eligibility

Any non-employee Director of the Corporation who is separately compensated in the form of Director Fees or Meeting Fees for services on the Board shall be eligible to participate in the Plan.

SECTION 3
Payment of Director Fees in Common Stock

(a) Current Stock Payment. Subject to the provisions of Section 3(b), each Director shall receive payment of Director Fees by the issuance to the Director of a number of whole shares of Common Stock per calendar year, payable on the fifteenth (15th) business day following the annual meeting of the shareholders of the Corporation (each such date of payment referred to as a "Payment Date") to the Directors as of that date, equal to sixteen thousand dollars ($16,000) divided by the Fair Market Value of one share of the Common Stock, as defined in Section 10 hereof, on such Payment Date (rounded upward to the next whole
(b) Deferred Stock Payment. Each Director may elect to defer the receipt of Director Fees in shares of Common Stock for a calendar year (a "Stock Deferral Election") by filing a Notice of Election with the Secretary of the Corporation in the form prescribed by the Corporation, which shall be effective on January 1 of the year following the date on which the Notice of Election is filed. A Stock Deferral Election shall be effective on the date on which the Notice of Election is filed with respect to Director Fees payable after the time of a person's initial election to the office of Director, or any subsequent re-election if immediately prior thereto such person was not serving as a Director, provided the Director files such Notice of Election within ten (10) business days subsequent to being elected or re-elected as a Director. A Stock Deferral Election shall apply to all Director Fees otherwise payable while such Stock Deferral Election is effective. Each Director may terminate a Stock Deferral Election and receive current payment of Director Fees in shares of Common Stock by filing a Notice of Termination with the Secretary of the

Corporation in the form prescribed by the Corporation, which shall be effective on January 1 of the year following the date on which a Notice of Termination is filed. A Stock Deferral Election shall continue in effect until the effective date of any Notice of Termination.

(c) Share Certificates. As of the date on which the Director Fees are payable in shares of Common Stock pursuant to Section 3(a) or, if a Stock Deferral Election was made, Sections 5(c) and 6, the Corporation shall issue share certificates to the Director for the shares of Common Stock received under the Plan and the Director shall be a shareholder of the Corporation with respect to any such shares.

SECTION 4
Payment of Meeting Fees in Cash

Each Director shall receive payment of Meeting Fees in cash in the following amounts for attendance at each meeting:

Board Meeting Fees	$800
Committee Meeting Fees	$500
Committee Chairperson Fees	$700
Shareholders' Meeting Fees	$800

Each Director shall receive payment of Meeting Fees within ten (10) business days following the meeting with respect to which such fees are payable. Directors may not elect to defer payment of all or any part of the Meeting Fees. The amount and time of payment of Meeting Fees may be changed from time to time by the Board in its sole discretion.

SECTION 5
Deferred Stock Compensation Account

(a) General. The amount of any Director Fees deferred in accordance with a Stock Deferral Election shall be credited to a deferred stock compensation account maintained by the Corporation in the name of the Director (a "Deferred Stock Compensation Account"). A separate Deferred Stock Compensation Account shall be maintained for each calendar year for which a Director has elected a different number of payment installments or as otherwise determined by the Board of Directors. On each Payment Date that a Stock Deferral Election is effective for a Director, the Director's Deferred Stock Compensation Account for that calendar year shall be credited on the Payment Date with the number of whole shares of Common Stock which otherwise would have been payable to the Director under Section 3(a). If a dividend or distribution is paid on the Common Stock in cash or property other than Common Stock, on the date of payment of the dividend or distribution to holders of the Common Stock, each Deferred Stock Compensation Account shall be credited with a number of shares of Common Stock (including fractional shares) equal to the number of shares of Common Stock that had been credited to such Account on the date fixed for determining the shareholders entitled to receive such dividend or distribution multiplied by the amount of the dividend or distribution paid per share of Common Stock divided by the Fair Market Value of one share of the Common Stock, as defined in Section 10 hereof, on the date on which the dividend or distribution is paid. If the dividend or distribution is paid in property other than Common Stock, the amount of the dividend or distribution shall equal the fair market value of the property on the date on which the dividend or distribution is paid. The immediately preceding two sentences shall not apply to dividends or distributions paid on the Common Stock in cash or property other than Common Stock on or after March 14, 1997 with respect to Directors on such date or Directors elected thereafter. Such dividends or distributions shall neither be credited to the Director's Deferred Stock Compensation Account nor paid to the Director. The Deferred Stock Compensation Account of a Director shall be charged on the date of distribution with any distribution of shares of Common Stock made to the Director from such Account pursuant to Section 5(c) hereof.

(b) Adjustment and Substitution. The number of shares of Common Stock credited to each Deferred Stock Compensation Account, and the number of shares of Common Stock available for issuance or crediting under the Plan in accordance with Section 1 hereof shall be proportionately adjusted to reflect any dividend or other distribution on the outstanding Common Stock payable in shares of Common Stock or any split or consolidation of the outstanding shares of Common Stock. If the outstanding Common Stock shall, in whole or in part, be changed into or exchangeable tot a different class or classes of securities of the Corporation or securities of another corporation or cash or property other than Common Stock, whether through reorganization, reclassification, recapitalization, merger, consolidation or otherwise, the Board of the Corporation shall adopt such amendments to the Plan as it deems necessary to carry out the purposes of the Plan, including the continuing deferral of any shares in any Deferred Stock Compensation Accounts.

(c) Manner of Payment. The balance of a Director's Deferred Stock Compensation Account will be paid in shares of Common Stock to the Director or, in the event of the Director's death, to the person designated by the Director in the Director's Will, or, if the Director tails to make a testamentary disposition of the shares or dies intestate, to the person entitled to receive the shares pursuant to the laws of descent and distribution of the state of domicile of the Director at the time of death (the "Director's Beneficiary"). A Director may elect at the time of filing the Notice of Election tor a Stock Deferral Election to receive payment of the shares of Common Stock credited to the Director's Deferred Stock Compensation Account in annual installments rather than a lump sum, provided that the payment period for installment payments shall not exceed ten (10) years following the Payment Commencement Date as described in Section 6. The number of shares of Common Stock distributed in each installment shall be determined by multiplying (i) the number of shares of Common Stock in the Deferred Stock Compensation Account on the date of payment of such installment, by (ii) a fraction, the numerator of which is one and the denominator of which is the number of remaining unpaid installments, and by rounding such result down to the nearest whole number of shares. The balance of the number of shares of Common Stock in the Deferred Stock Compensation Account shall be appropriately reduced in accordance with the Section 5(a) to reflect the installment payments made hereunder. Shares of Common Stock remaining in a Deferred Stock Compensation Account pending distribution pursuant to this Section 5(c) shall be subject to adjustment pursuant to Section 5(b) and, for former Directors who are not Directors on March 14, 1997 but were Directors prior to that date, shall continue to be credited with respect to dividends or distributions paid on the Common Stock pursuant to Section 5(a). If a lump sum payment or the final installment payment hereunder would result in the issuance of a fractional share of Common Stock, such fractional share shall not be issued and cash in lieu of such fractional share shall be paid to the Director based on the Fair Market Value of a share of Common Stock, as defined in Section 10, on the date immediately preceding the date of such payment. The Corporation shall issue share certificates to the Director, or the Director's Beneficiary, for the shares of Common Stock distributed hereunder. As of the date on which the Director is entitled to receive payment of shares of Common Stock pursuant to this Section 5(a), a Director or the Director's Beneficiary shall be a shareholder of the Corporation with respect to such shares.

SECTION 6
Payment Commencement Date

Payment of shares in a Deferred Stock Compensation Account shall commence on April 1 (or if April 1 is not a business day, on the first preceding business day) of the calendar year following the calendar year in which the Director ceases to be a member of the Board for any reason, including by reason of death or disability.

SECTION 7
Non-Alienability of Benefits

Neither the Director nor the Director's Beneficiary shall have the right to, directly or indirectly, alienate, assign, transfer, pledge, anticipate or encumber (except by reason of death) any amounts or shares of Common Stock that are or may be payable hereunder nor shall any such amounts or shares be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the Director or the Director's Beneficiary or to the debts, contracts, liabilities, engagements, or torts of any Director or Director's Beneficiary, or transfer by operation of law in the event of bankruptcy or insolvency of the Director or the Director's Beneficiary, or any legal process.

SECTION 8
Nature of Deferred Stock Compensation Accounts

Any Deferred Stock Compensation Account shall be established and maintained only on the books and records of the Corporation. No assets or funds of the Corporation, a Subsidiary or the Plan shall be removed from the claims of the Corporation's or a Subsidiary's general or judgment creditors or otherwise made available, and no shares of Common Stock of the Corporation to be issued pursuant to a Deferred Stock Compensation Account shall be issued or outstanding, until such amounts and shares are actually payable to a Director or a Director's Beneficiary as provided herein. The Plan constitutes a mere promise by the Corporation to make payments in the future. Each Director and Director's Beneficiary shall have the status of, and their rights to receive a payment of shares of Common Stock under the Plan shall be no greater than the rights of, general unsecured creditors of the Corporation. No person shall be entitled to any voting rights with respect to shares credited to a Deferred Stock Compensation Account and not yet payable to a Director or the Director's Beneficiary. The Corporation shall not be obligated under any circumstances to fund any financial obligations under the Plan and the Plan is intended to constitute an unfunded plan for tax purposes. However, the Corporation may, in its discretion, set aside funds in a trust or other vehicle, subject to the claims of its creditors, in order to assist it in meeting its obligations under the Plan, if such arrangement will not cause the Plan to be considered a funded deferred compensation plan under the Internal Revenue Code of 1986, as amended, and provided, further, that any trust created by the Corporation, and any assets held by such trust to assist the Corporation in meeting its obligations under the Plan, will conform to the terms of the model trust, as described in Rev. Proc. 92-64, 1992-2 C.B. 422 or any successor.

SECTION 9
Administration of Plan; Hardship Withdrawal

Full power and authority to construe, interpret, and administer the Plan shall be vested in the Board. Decisions of such Board shall be final, conclusive, and binding upon all parties. Notwithstanding the terms of a Stock Deferral Election made by a Director hereunder, the Board may, in its sole discretion, permit the withdrawal of shares credited to a Deferred Stock Compensation Account with respect to Director Fees previously payable upon the request of a Director or the Director's representative, or following the death of a Director upon the request of a Director's Beneficiary or such beneficiary's representative, if such Board determines that the Director or the Director's Beneficiary, as the case may be, is confronted with an unforeseeable emergency. For this purpose, an unforeseeable emergency is an unanticipated emergency caused by an event that is beyond the control of the Director or the Director's Beneficiary and that would result in a severe financial hardship to the Director or the Director's Beneficiary if an early hardship withdrawal were not permitted. The Director or the Director's Beneficiary shall provide to such Board evidence as the Board, in its discretion, may require to demonstrate such emergency exists and financial hardship would occur if the withdrawal were not permitted. The withdrawal shall be limited to the number of shares necessary to meet the emergency. For this purpose, a hardship shall be considered to constitute an immediate and unforeseen financial hardship if the Director or Director's Beneficiary has an unexpected need for cash to pay for expenses incurred by him or a member of his immediate family (spouse and/or natural or adopted children) such as those arising from illness, casualty loss, or death. Cash needs arising from foreseeable events, such as the purchase or building of a house or education expenses, will not be considered to be the result of an unforeseeable financial emergency. Payment shall be made, as soon as practicable after the Board approves the payment and determines the number of shares which shall be withdrawn, in a single lump sum from the portion of the Deferred Stock Compensation Account with the longest number of installment payments first. No Director shall participate in any decision of such Board regarding such Director's request for a withdrawal under this Section 9.

SECTION 10
Fair Market Value

Fair Market Value of the Common Stock shall be the mean between the following prices, as applicable, for the date as of which Fair Market Value is to be determined as quoted in The Wall Street Journal (or in any other reliable publication as the Board of the Corporation or its delegate, in its discretion, may determine to rely upon): (a) if the Common Stock is listed on the New York Stock Exchange, the highest and lowest sales prices per share of the Common Stock as quoted in the NYSE-Composite Transactions listing for such date, (b) if the Common Stock is not listed on such exchange, the highest and lowest sales prices per share of Common Stock for such date on (or on any composite index including) the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended (the "1934 Act") on which the Common Stock is listed, or (c) if the Common Stock is not listed on any such exchange, the highest and lowest sales prices per share of the Common Stock for such date on the National Association of Securities Dealers Automated Quotations System or any successor system then in use ("NASDAQ"). If there are no such sale price quotations for the date as of which Fair Market Value is to be determined but there are such sale price quotations within a reasonable period both before and after such date, then Fair Market Value shall be determined by taking a weighted average of the means between the highest and lowest sales prices per share of the Common Stock as so quoted on the nearest date before and the nearest date after the date as of which Fair Market Value is to be determined. The average should be weighted inversely by the respective numbers of trading days between the selling dates and the date as of which Fair Market Value is to be determined. If there are no such sale price quotations on or within a reasonable period both before and after the date as of which Fair Market Value is to be determined, then Fair Market Value of the Common Stock shall be the mean between the bona fide bid and asked prices per share of Common Stock as so quoted for such date on NASDAQ, or if none, the weighted average of the means between such bona fide bid and asked prices on the nearest trading date before and the nearest trading date after the date as

of which Fair Market Value is to be determined, if both such dates are within a reasonable period. The average is to be determined in the manner described above in this Section 10. If the Fair Market Value of the Common Stock cannot be determined on the basis previously set forth in this Section 10 on the date as of which Fair Market Value is to be determined, the Board or its delegate shall in good faith determine the Fair Market Value of the Common Stock on such date. Fair Market Value shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

SECTION 11
Securities Laws; Issuance of Shares

The obligation of the Corporation to issue or credit shares of Common Stock under the Plan shall be subject to (i) the effectiveness of a registration statement under the Securities Act of 1933, as amended, with respect to such shares, if deemed necessary or appropriate by counsel for the Corporation, (ii) the condition that the shares shall have been listed (or authorized for listing upon official notice of issuance) upon each stock exchange, if any, on which the Common Stock shares may then be listed and (iii) all other applicable laws, regulations, rules and orders which may then be in effect. If, on the date on which any shares of Common Stock would be issued pursuant to a Current Stock Payment or credited to a Deferred Stock Compensation Account, sufficient shares of Common Stock are not available under the Plan or the Corporation is not obligated to issue shares pursuant to this Section 11, then no shares of Common Stock shall be issued or credited but rather, in the case of a Current Stock Payment, cash shall be paid in payment of the Director Fees payable, and in the case of a Deferred Stock Compensation Account, Director Fees and dividends, if applicable, which would otherwise have been credited in shares of Common Stock, shall be credited in cash to a deferred cash compensation account in the name of the Director. The Board shall adopt appropriate rules and regulations to carry out the intent of the immediately preceding sentence if the need for such rules and regulations arises.

SECTION 12
Governing Law

The provisions of this Plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Pennsylvania.

SECTION 13
Effect of the Plan on the Rights of Corporation and Shareholders

Nothing in the Plan shall confer any right to any person to continue as a

Director of the Corporation or interfere in any way with the rights of the shareholders of the Corporation or the Board to elect and remove Directors.

SECTION 14
Amendment and Termination

The right to amend the Plan at any time and from time to time and the right to terminate the Plan at any time are hereby specifically reserved to the Board; provided that no amendment of the Plan shall (a) be made without shareholder approval if shareholder approval of the amendment is at the time required by the rules of the NASDAQ National Market System or any stock exchange on which the Common Stock may then be listed, or (b) otherwise amend the Plan in any manner that would cause the shares of Common Stock issued or credited under the Plan not to qualify for the exemption from Section 16(b) of the 1934 Act provided by Rule 16b-3. No amendment or termination of the Plan shall, without the written consent of the holder of shares of Common Stock issued or credited under the Plan, adversely affect the rights of such holder with respect thereto.

Notwithstanding anything contained in the preceding paragraph or any other provision of the Plan, the Board shall have the power to amend the Plan in any manner deemed necessary or advisable for shares of Common Stock issued or credited under the Plan to qualify for the exemption provided by Rule 16b-3 (or any successor rule relating to exemption from Section 16(b) of the 1934 Act), and any such amendment shall, to the extent deemed necessary or advisable by the Board, be applicable to any outstanding shares of Common Stock theretofore issued or credited under the Plan.

SECTION 15
Effective Date

The effective date and date of adoption of the Plan shall be December 9, 1994, the date of adoption of the Plan by the Board.

EXHIBIT 11

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
EXHIBIT 11 - COMPUTATION OF EARNINGS PER SHARE
1997

	1997	1996	1995
1. Net income	$19,626,064	$20,257,554	$15,451,235
2. Weighted average number of common shares outstanding during the year	8,597,036	8,890,912	8,850,350
3. Shares issuable upon exercise of dilutive stock options outstanding during the year, based on higher of average or year-end values	251,360	216,021	69,656
4. Weighted average number of common shares outstanding during the year, assuming full dilution (2 + 3)	8,848,396	9,106,933	8,920,006
5. Primary earnings per share (1 divided by 2)	$ 2.28	$ 2.28	$ 1.75
6. Fully diluted earnings per share (1 divided by 6)	$ 2.22	$ 2.22	$ 1.73

EXHIBIT 21

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
EXHIBIT 21 - SUBSIDIARIES OF THE REGISTRANT

Name	Percentage Ownership
Matthews Canada Ltd.	100%
Matthews Industries	100
Matthews Bronze Pty. Ltd.	100
Matthews Properties Pty. Ltd.	100
Matthews International (Arkansas) Corporation	100
Matthews International (Australia) Pty. Ltd.	100
Matthews International California, Inc.	100
Matthews International Colorado, Inc.	100
Matthews International Trading Company, Ltd.	100
Matthews Swedot AB	100
Matthews Swedot France S.A.R.L.	100
Carolina Repro-Graphic	100
Industrial Equipment and Engineering Company, Inc.	100
Venetian Investment Corporation	100
TKZ Holding Corporation	100
Tukaiz Communications L.L.C.	50

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (Registration Nos. 2-48760, 33-57793, 33-57795 and 33-57797) of Matthews International Corporation, of our report dated November 20, 1997, on our audits of the consolidated financial statements of Matthews International Corporation and subsidiaries as of September 30, 1997 and 1996, and for the years ended September 30, 1997, 1996 and 1995, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Pittsburgh, Pennsylvania
December 19, 1997

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE REGISTRANT'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED SEPTEMBER 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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