



Second Quarter Report

For the Period Ended
March 31, 2008

Matthews
INTERNATIONAL

A Tradition of Quality Since 1850

Matthews reported net income for the fiscal 2008 second quarter of \$20,283,000 versus \$18,501,000 for the same quarter last year. Earnings per share for the second quarter of fiscal 2008 were \$0.65 compared to \$0.58 a year ago, an increase of 12.1%. Sales in the quarter were \$197,827,000 versus \$202,979,000 in the fiscal 2007 second quarter. Net income for the six months ended March 31, 2008 was \$37,714,000 versus \$32,472,000 for the six months ended March 31, 2007. Earnings per share for the first six months of fiscal 2008 were \$1.21, compared to \$1.02 for the first six months a year ago, representing an increase of 18.6%. Sales for the first six months of fiscal 2008 were \$380,175,000 versus \$378,403,000 for the first half of fiscal 2007. Year-to-date fiscal 2008 earnings included the favorable effect of a one-time adjustment (recorded in the fiscal 2008 first quarter) of \$0.06 per share to income tax expense. Fiscal 2007 earnings for the quarter and six-month periods included pre-tax charges of \$667,000 and \$1,333,000, respectively, related to the earn-out provisions under the acquisition-related agreements for Milso Industries.

The three months ended March 31, 2008 represented another solid quarter for Matthews and I am particularly pleased with the continued progress on some of our recent strategic initiatives. The Casket segment reported increased sales and operating profit for the quarter over the same period last year as it moves forward from the recent transition to direct distribution channels in several territories. In addition, last year's cost structure changes contributed to an increase in the profitability of the Graphics Imaging Group and improved productivity in the Merchandising Solutions segment during the current year.

For the fiscal 2008 second quarter, five of our six businesses reported operating profit growth over the same quarter last year. As a result, we were able to achieve our targeted earnings per share growth despite the absence of a significant Merchandising Solutions segment project which had a favorable impact on our reported results a year ago, and several challenges in certain of our other businesses. These challenges included the recent downturn in the domestic economy, which had an unfavorable impact on the operating results of our Marking Products business, and the continued weakness in the U.K. graphics market.

Based on our current operating projections, including the pending acquisition in Germany, we have maintained our earnings guidance in the range of \$2.48 to \$2.54 per share. This range excludes the impact of unusual items, such as the income tax adjustment recorded in our fiscal 2008 first quarter. However, with the continued volatility in the copper markets and recent increases in the prices of steel and fuel, we remain cautious.

Joseph C. Bartolacci

President and Chief Executive Officer

May 6, 2008

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2008	2007	2008	2007
Sales	\$197,827	\$202,979	\$380,175	\$378,403
Cost of sales	(117,593)	(128,772)	(227,953)	(239,262)
Gross profit	80,234	74,207	152,222	139,141
Selling and administrative expenses	(45,842)	(42,562)	(91,052)	(83,312)
Operating profit	34,392	31,645	61,170	55,829
Investment income	491	439	1,003	850
Interest expense	(1,890)	(1,924)	(4,034)	(3,740)
Other income (deductions), net	123	79	368	210
Minority interest	(715)	(591)	(1,267)	(1,111)
Income before income taxes	32,401	29,648	57,240	52,038
Income taxes	(12,118)	(11,147)	(19,526)	(19,566)
Net income	\$ 20,283	\$ 18,501	\$ 37,714	\$ 32,472

Earnings per share:

Basic	\$.66	\$.58	\$ 1.22	\$ 1.02
Diluted	\$.65	\$.58	\$ 1.21	\$ 1.02

Dividends per share

	\$.06	\$.055	\$.12	\$.11
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Weighted-average number of common shares outstanding:

Basic	30,972,836	31,733,347	30,989,359	31,699,731
Diluted	31,202,563	31,868,998	31,198,880	31,884,507

Dollar amounts in thousands

	March 31, 2008 ¹	September 30, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 65,820	\$ 44,002
Short-term investments	73	105
Accounts receivable, net	118,594	120,882
Inventories	90,842	93,834
Other current assets	12,175	7,691
Total current assets	287,504	266,514
Investments	15,935	12,044
Property, plant and equipment, net	85,499	88,926
Deferred income taxes and other assets	37,117	33,981
Goodwill and other intangible assets, net	377,254	369,604
Total assets	\$803,309	\$771,069
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt, current maturities	\$ 26,536	\$ 27,057
Accounts payable	25,248	22,859
Accrued compensation	29,455	31,205
Accrued income taxes	17,338	5,792
Other current liabilities	34,554	36,543
Total current liabilities	133,131	123,456
Long-term debt	124,888	142,273
Accrued pension	24,706	23,629
Postretirement benefits	21,125	20,743
Deferred income taxes	10,597	11,799
Environmental reserve	7,606	7,841
Other liabilities and deferred revenue	13,459	14,550
Shareholders' equity:		
Common stock	36,334	36,334
Additional paid-in capital	41,982	41,570
Retained earnings	501,826	467,846
Accumulated other comprehensive income	21,859	13,390
Treasury stock, at cost	(134,204)	(132,362)
Total shareholders' equity	467,797	426,778
Total liabilities and shareholders' equity	\$803,309	\$771,069

¹Unaudited.

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Matthews International Corporation, headquartered in Pittsburgh, Pennsylvania, is a designer, manufacturer and marketer principally of memorialization products and brand solutions. Memorialization products consist primarily of bronze memorials and other memorialization products, caskets and cremation equipment for the cemetery and funeral home industries. Brand solutions include graphics imaging products and services, marking products, and merchandising solutions. The Company's products and services include cast bronze memorials and other memorialization products; caskets; cast and etched architectural products; cremation equipment and cremation-related products; mausoleums; brand management, printing plates, pre-press services and imaging services for the primary packaging and corrugated industries; marking and coding equipment and consumables, and industrial automation products for identifying, tracking and conveying various consumer and industrial products, components and packaging containers; and merchandising display systems and marketing and design services.

COMMON STOCK

Matthews International Corporation common stock is traded on the NASDAQ National Market System under the symbol "MATW."

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