



SECOND QUARTER REPORT

For the Period Ended
March 31, 2011

Matthews
INTERNATIONAL

A Tradition of Quality Since 1850

To Our Shareholders

Matthews reported net income of \$16,587,000 for the fiscal 2011 second quarter, compared to \$15,931,000 for the same quarter a year ago. Earnings per share for the fiscal 2011 second quarter were \$0.56 per share, compared to \$0.53 per share for the second quarter of fiscal 2010, an increase of 5.7%. Sales for the quarter ended March 31, 2011 increased 9.6% to \$220,151,000, compared to \$200,866,000 for the second fiscal quarter a year ago. The improvement reflected sales growth in the Company's Brand Solutions businesses and higher unit volume in the Casket segment, in addition to the impact of recent acquisitions. Consolidated operating profit for the three months ended March 31, 2011 was \$28,485,000, compared to \$27,118,000 in the same quarter a year ago, an increase of 5.0%.

For the six months ended March 31, 2011, net income was \$29,801,000, compared to \$28,927,000 for the first six months of fiscal 2010. Earnings per share for the first six months of fiscal 2011 were \$1.01 per share, compared to \$0.96 per share for the same period a year ago, an increase of 5.2%. Sales for the six months ended March 31, 2011 were \$427,495,000, compared to \$393,839,000 for the same period a year ago, an increase of 8.5%. The increase was principally attributable to sales growth in the Company's Brand Solutions businesses and the impact of recent acquisitions, offset partially by an unfavorable impact from changes in foreign currency rates. Consolidated operating profit for the six months ended March 31, 2011 increased to \$50,451,000, compared to \$49,294,000 in the same period last year.

We were pleased with the improvement in our consolidated operating results for the second quarter and first six months of fiscal 2011. Each of our Brand Solutions segments reported sales growth for the quarter and year-to-date periods, which we believe is attributable in part to further stability in economic trends. More importantly, the consistency of order rates in these businesses continued to improve. In addition, we are seeing improvements in our operating margins for these businesses, resulting from a combination of sales growth and the benefit of recent cost structure actions. As a group, our Memorialization businesses also reported higher sales for the quarter and year-to-date periods, compared to a year ago. Higher casket sales volume and an increase in cremation equipment backlog in North America during the current quarter were very encouraging. In addition, acquisitions continued to be an important contributor to the growth of these segments.

The recent sales trends in several of our businesses are encouraging, however, we continue to expect some near-term challenges, particularly in our Bronze segment with rising metal costs in a competitive selling price environment. With the continued growth in our Brand Solutions businesses, we remain confident toward achieving our earnings expectations for the fiscal year. Based on the fiscal 2011 year-to-date operating results and our current forecasts, we are maintaining our guidance that fiscal 2011 earnings are projected to grow in the mid-to-high single digit percentage range over fiscal 2010 (excluding unusual charges from both years).


Joseph C. Bartolacci
President and Chief Executive Officer

May 6, 2011

Consolidated Statements of Income (Unaudited)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2011	2010	2011	2010
Sales	\$220,151	\$200,866	\$427,495	\$393,839
Cost of sales	(132,038)	(123,085)	(259,637)	(242,668)
Gross profit	88,113	77,781	167,858	151,171
Selling and administrative expenses	(59,628)	(50,663)	(117,407)	(101,877)
Operating profit	28,485	27,118	50,451	49,294
Investment income	498	809	1,649	2,004
Interest expense	(2,087)	(1,812)	(3,839)	(3,751)
Other deductions, net	(697)	(633)	(966)	(731)
Income before income taxes	26,199	25,482	47,295	46,816
Income taxes	(9,080)	(9,187)	(16,653)	(16,865)
Net income	17,119	16,295	30,642	29,951
Net income attributable to noncontrolling interests	(532)	(364)	(841)	(1,024)
Net income attributable to				
 Matthews' shareholders:	\$ 16,587	\$ 15,931	\$ 29,801	\$ 28,927
Earnings per share available to				
 Matthews shareholders:				
Basic	\$.56	\$.53	\$ 1.01	\$.97
Diluted	\$.56	\$.53	\$ 1.01	\$.96
Dividends per share	\$.08	\$.07	\$.16	\$.14

Condensed Consolidated Balance Sheets (Unaudited)

Dollar amounts in thousands

	March 31, 2011	September 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60,331	\$ 59,715
Short-term investments	1,392	1,395
Accounts receivable, net	150,179	151,038
Inventories	122,495	107,926
Other current assets	16,917	15,581
Total current assets	351,314	335,655
Investments	16,069	13,642
Property, plant and equipment, net	132,021	129,750
Deferred income taxes and other assets	50,048	51,656
Goodwill and other intangible assets, net	502,918	463,122
Total assets	\$1,052,370	\$993,825
LIABILITIES		
Current liabilities:		
Long-term debt, current maturities	\$ 10,095	\$ 12,073
Accounts payable	35,820	36,308
Accrued compensation	34,874	39,062
Accrued income taxes	11,318	12,984
Other current liabilities	47,568	47,686
Total current liabilities	139,675	148,113
Long-term debt	248,445	225,256
Accrued pension	52,094	50,276
Postretirement benefits	23,818	23,307
Deferred income taxes	16,538	15,950
Environmental reserve	5,749	5,961
Other liabilities and deferred revenue	37,063	31,234
Total liabilities	523,382	500,097
SHAREHOLDERS' EQUITY		
Shareholders' equity – Matthews:		
Common stock	36,334	36,334
Additional paid-in capital	45,341	48,294
Retained earnings	643,992	621,923
Accumulated other comprehensive loss	(25,156)	(37,136)
Treasury stock, at cost	(207,778)	(207,470)
Total shareholders' equity – Matthews	492,733	461,945
Noncontrolling interests	36,255	31,783
Total shareholders' equity	528,988	493,728
Total liabilities and shareholders' equity	\$1,052,370	\$993,825

Corporate Information

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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 and granite memorials, 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 and granite memorials; other memorialization products; caskets; cast and etched architectural products; cremation equipment and cremation-related products; mausoleums; brand management, printing plates and cylinders, 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 Global Select Market System under the symbol "MATW."

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