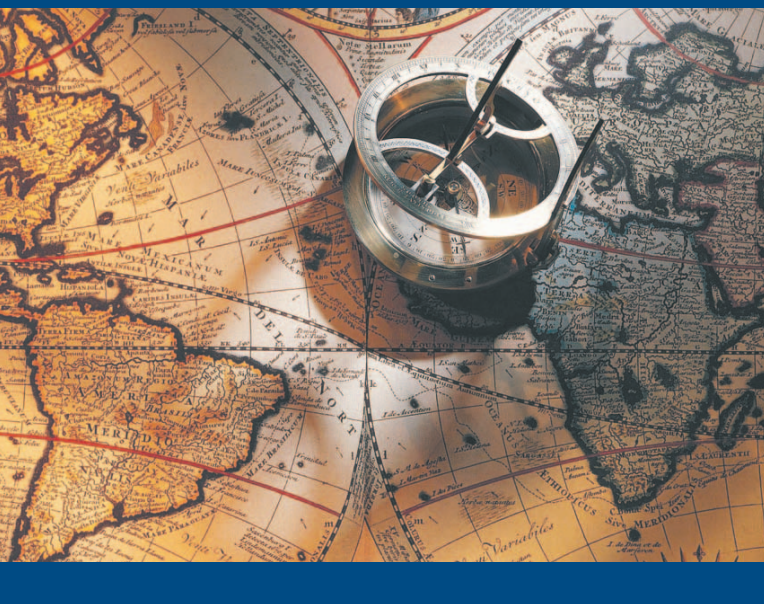


**M A T T H E W S**  
**I N T E R N A T I O N A L**  
**C O R P O R A T I O N**

A T R A D I T I O N O F Q U A L I T Y S I N C E 1 8 5 0



**Second Quarter Report**

*For the Period Ended*

March 31, 2004

**To Our Shareholders**

Matthews International Corporation reported net income of \$13,801,000 for the second fiscal quarter ended March 31, 2004 versus \$11,612,000 for the same quarter last year. Earnings per share for the second quarter of fiscal 2004 were \$0.42 compared to \$0.36 a year ago, an increase of 16.7%. Sales in the quarter increased 8.1% to \$124,987,000 versus \$115,581,000 in the second quarter of fiscal 2003.

Net income for the six months ended March 31, 2004 was \$25,184,000 versus \$20,885,000 for the six months ended March 31, 2003. Earnings per share for the first half of fiscal 2004 increased 18.5% percent to \$0.77 compared to \$0.65 for the first six months a year ago. Sales for the first half of fiscal 2004 increased 7.7% to \$241,889,000 versus \$224,654,000 for the first half of fiscal 2003.

Our results for the second quarter and first six months reflected a higher level of sales in all five of the Company's business segments. The significant factors in the sales growth included the favorable impact of changes in foreign currency rates, higher volume in our Marking Products business related primarily to the recent improvement in the domestic economy, and the acquisition of a European graphics company in the fourth quarter of fiscal 2003. The growth in operating income for the period resulted primarily from the higher level of sales, the favorable impact of changes in foreign currency rates, and the European graphics company acquisition. Improvements in manufacturing efficiencies and other cost structure improvements in several of our businesses also contributed to our operating income improvement. However, during the second quarter, the Company's results began to be affected by the recent significant increases in bronze and steel costs. These increased costs are expected to have a more significant impact on the Company's results in the second half of the year and the Company is currently working on strategies in an effort to mitigate this impact. As such, the Company's ability to achieve its stated targeted earnings of \$1.58 per share for fiscal 2004 will depend on the level and duration of these cost increases and the success of our initiatives.

On April 23, 2004, Matthews announced that its Board of Directors approved the continuation of the Company's stock repurchase program and increased the total authorization for stock repurchases by an additional two million shares.

Handwritten signature of David M. Kelly in black ink.

**David M. Kelly**

*Chairman of the Board, President and  
Chief Executive Officer*

**May 10, 2004**

## Consolidated Statement of Income (Unaudited)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2004	2003	2004	2003
Sales	\$124,987	\$ 115,581	\$241,889	\$ 224,654
Cost of sales	(77,355)	(72,190)	(151,634)	(143,061)
Gross profit	47,632	43,391	90,255	81,593
Selling and administrative expenses	(23,466)	(22,913)	(46,236)	(44,281)
Operating profit	24,166	20,478	44,019	37,312
Investment income	311	356	662	631
Interest expense	(429)	(703)	(880)	(1,672)
Other income (deductions), net	1	(28)	(85)	(45)
Minority interest	(1,499)	(1,131)	(2,566)	(2,101)
Income before income taxes	22,550	18,972	41,150	34,125
Income taxes	(8,749)	(7,360)	(15,966)	(13,240)
<b>Net income</b>	<b>\$ 13,801</b>	<b>\$ 11,612</b>	<b>\$ 25,184</b>	<b>\$ 20,885</b>
<b>Earnings per share:</b>				
Basic	\$ .43	\$ .37	\$ .78	\$ .67
Diluted	\$ .42	\$ .36	\$ .77	\$ .65
<b>Dividends per share</b>				
	\$ .04	\$ .0275	\$ .08	\$ .055
<b>Weighted-average number of common shares outstanding:</b>				
Basic	32,212,133	31,438,751	32,155,592	31,336,961
Diluted	32,700,705	32,147,502	32,652,245	32,086,457

## Condensed Consolidated Balance Sheet

Dollar amounts in thousands

	March 31, 2004*	September 30, 2003
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 82,146	\$ 66,954
Short-term investments	4,601	4,588
Accounts receivable, net	65,794	62,883
Inventories	29,371	27,065
Other current assets	3,915	4,564
<b>Total current assets</b>	<b>185,827</b>	<b>166,054</b>
Investments	4,673	4,561
Property, plant and equipment, net	65,217	69,633
Deferred income taxes and other assets	28,962	32,182
Goodwill and other intangible assets, net	170,346	167,752
<b>Total assets</b>	<b>\$455,025</b>	<b>\$440,182</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Long-term debt, current maturities	\$ 30,969	\$ 6,029
Accounts payable	18,741	19,805
Accrued compensation	23,367	24,745
Accrued income taxes	13,519	1,274
Customer prepayments	1,866	2,488
Other current liabilities	20,088	21,982
<b>Total current liabilities</b>	<b>108,550</b>	<b>76,323</b>
Long-term debt	12,209	57,023
Estimated finishing costs	4,840	4,863
Postretirement benefits	17,700	17,644
Environmental reserve	11,028	11,154
Deferred income taxes	2,297	3,441
Other liabilities and deferred revenue	13,436	13,506
<b>Shareholders' equity:</b>		
Common stock	36,334	36,334
Additional paid-in capital	9,668	6,476
Retained earnings	280,165	257,559
Accumulated other comprehensive income	11,017	6,643
Treasury stock, at cost	(52,219)	(50,784)
<b>Total shareholders' equity</b>	<b>284,965</b>	<b>256,228</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$455,025</b>	<b>\$440,182</b>

\*Unaudited.

## Corporate Information

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### Matthews International Corporation

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Internet: **www.matw.com**

E-mail: **investorrelations@matw.com**

*Matthews International Corporation, headquartered in Pittsburgh, Pennsylvania, is a designer, manufacturer and marketer principally of memorialization products, caskets and cremation equipment for the cemetery and funeral home industries, and custom-made products which are used to identify people, places, products and events. The Company's products include cast bronze memorials and other memorialization products; caskets; cast and etched architectural products; cremators and cremation-related products; mausoleums; printing plates, pre-press services, and imaging systems for the corrugated and flexible packaging industries; and marking equipment and consumables for identifying various consumer and industrial products, components and packaging containers.*

#### COMMON STOCK

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

#### TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSEMENT AGENT

Computershare Investor Services LLC  
P.O. Box 2388  
Chicago, IL 60690-2388  
Phone: (888) 294-8217 ■ Fax: (312) 601-4332  
Internet: **www.computershare.com**

#### INVESTOR CONTACT

Steven F. Nicola  
Chief Financial Officer, Secretary and Treasurer

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Permit #777

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