

ONCOSEC MEDICAL Inc
Form 10-Q
June 14, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 30, 2012

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 000-54318

ONCOSEC MEDICAL INCORPORATED

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(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

98-0573252
(IRS Employer
Identification No.)

4690 Executive Drive, Suite 250, San Diego, CA 92121

(Address of principal executive offices) (zip code)

855.662.6732

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

87,856,000 shares of the registrant's common stock were issued and outstanding as of June 14, 2012.

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OncoSec Medical Incorporated

Form 10-Q

for the Quarterly Period Ended April 30, 2012

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Table of Contents**OncoSec Medical Incorporated****(A Development Stage Company)****Consolidated Balance Sheets****As of April 30, 2012 and July 31, 2011**

	(unaudited)	
	April 30, 2012	July 31, 2011
Assets		
Current assets		
Cash and cash equivalents	\$ 6,569,626	\$ 2,457,693
Prepaid expenses	128,732	427,961
Other current assets	18,789	15,939
Total Current Assets	6,717,147	2,901,593
Property and equipment, net	56,102	57,298
Intangible assets, net	2,033,029	2,715,167
Total Assets	\$ 8,806,278	\$ 5,674,058
Liabilities and Stockholders Equity (Deficit)		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 370,023	\$ 369,175
Accrued compensation	258,416	67,774
Accrued income taxes	3,200	1,600
Derivative liabilities		4,850,385
Acquisition obligation, current	1,399,223	1,250,000
Total Current Liabilities	2,030,862	6,538,934
Acquisition obligation, net of current portion	967,176	1,500,000
Total Liabilities	2,998,038	8,038,934
Stockholders Equity (Deficit)		
Common stock authorized 3,200,000,000 common shares with a par value of \$0.0001		
Common stock issued and outstanding 87,856,000 and 56,856,000 common shares as of April 30, 2012 and July 31, 2011, respectively	8,786	5,686
Additional paid-in capital	5,382,081	1,033,333
Warrants issued and outstanding 42,246,000 and 13,696,000 units as of April 30, 2012 and July 31, 2011, respectively	5,024,640	431,981
Deficit accumulated during the development stage	(4,607,267)	(3,835,876)
Total Stockholders Equity (Deficit)	5,808,240	(2,364,876)
Total Liabilities and Stockholders Equity (Deficit)	\$ 8,806,278	\$ 5,674,058

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

Table of Contents**OncoSec Medical Incorporated****(A Development Stage Company)****Consolidated Statements of Operations (unaudited)**

	Three Months Ended April 30, 2012	Three Months Ended April 30, 2011	Nine Months Ended April 30, 2012	Nine Months Ended April 30, 2011	Period from Inception (February 8, 2008) to April 30, 2012
Revenue	\$	\$	\$	\$	\$
Expenses:					
Research and development	701,201	216,658	1,725,194	216,658	2,409,865
General and administrative	887,648	279,751	2,238,222	286,547	3,317,084
Loss from operations	(1,588,849)	(496,409)	(3,963,416)	(503,205)	(5,726,949)
Other income (expense):					
Fair value of derivative liabilities in excess of proceeds					(808,590)
Adjustments to fair value of derivative liabilities	1,613,329		4,192,781		3,150,985
Loss on extinguishment of debt	(761,492)		(761,492)		(761,492)
Financing transaction costs					(210,000)
Non-cash interest expense	(74,562)		(236,864)		(236,864)
Interest expense		(1,400)		(1,400)	(1,357)
Impairment charges					(9,000)
Net income (loss) before income taxes	(811,574)	(497,809)	(768,991)	(504,605)	(4,603,267)
Provision for income taxes		1,600	2,400	1,600	4,000
Net income (loss)	\$ (811,574)	\$ (499,409)	\$ (771,391)	\$ (506,205)	\$ (4,607,267)
Basic net income (loss) per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Diluted net income (loss) per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average shares used in computing basic net income (loss) per common share	68,222,667	61,611,326	60,589,577	66,240,762	
Weighted average shares used in computing diluted net income (loss) per common share	68,222,667	61,611,326	60,589,577	66,240,762	

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

Table of Contents**OncoSec Medical Incorporated****(A Development Stage Company)****Consolidated Statements of Stockholders Equity (Deficit) (unaudited)****For the period from Inception (February 8, 2008) to April 30, 2012**

	Common Stock (1)		Additional	Warrants		Deficit	Total
	Shares	Amount	Paid In Capital (1)	Shares	Amount	Accumulated during the Development Stage	Stockholders Equity (Deficit)
Balance, February 8, 2008		\$	\$		\$	\$	\$
Shares issued to founder on Feb 8, 2008	48,000,000	4,800	10,200				15,000
Private placement on June 30, 2008	20,480,000	2,048	29,952				32,000
Net loss						(7,187)	(7,187)
Balance, July 31, 2008	68,480,000	6,848	40,152			(7,187)	39,813
Net loss						(33,714)	(33,714)
Balance, July 31, 2009	68,480,000	6,848	40,152			(40,901)	6,099
Net loss						(36,158)	(36,158)
Balance, July 31, 2010	68,480,000	6,848	40,152			(77,059)	(30,059)
Common stock cancelled	(17,280,000)	(1,728)	1,728				
Private placement on March 18, 2011	1,456,000	146	659,873	1,456,000	431,981		1,092,000
Common stock issued for services	200,000	20	331,980				332,000
Private placement on June 24, 2011	4,000,000	400	(400)	4,000,000			
Net loss						(3,758,817)	(3,758,817)
Balance, July 31, 2011	56,856,000	5,686	1,033,333	5,456,000	431,981	(3,835,876)	(2,364,876)
Issuance of warrants - Inovio				4,000,000	958,111		958,111
Expiration of Series B Warrants				(4,000,000)			
Re-classification of Series A Warrants				4,240,000	657,604		657,604
Public offering on March 28, 2012, net of issuance costs of \$542,500	31,000,000	3,100	4,227,456	32,550,000	2,976,944		7,207,500
Share-based compensation expense			121,292				121,292
Net loss						(771,391)	(771,391)
Balance, April 30, 2012	87,856,000	\$ 8,786	\$ 5,382,081	42,246,000	\$ 5,024,640	\$ (4,607,267)	\$ 5,808,240

(1) Adjusted to reflect the forward stock split of 32-for-1 effective March 1, 2011.

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

Table of Contents**OncoSec Medical Incorporated****(A Development Stage Company)****Consolidated Statements of Cash Flows (unaudited)**

	Nine Months Ended April 30, 2012	Nine Months Ended April 30, 2011	Period from Inception (February 8, 2008) to April 30, 2012
<i>Operating activities</i>			
Net income (loss)	\$ (771,391)	\$ (506,205)	\$ (4,607,267)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortization	532,828	62,642	783,650
Write-down of supplies inventory		38,000	38,000
Write-down of web development costs			9,000
Fair value of derivative liabilities in excess of proceeds			808,590
Loss on extinguishment of debt	761,492		761,492
(Gain) loss on adjustment to fair value of derivative liabilities	(4,192,781)		(3,150,985)
Non-cash interest expense	236,864		236,864
Share-based compensation	121,292		121,292
Amortization of common stock issued for services	249,000		332,000
Changes in operating assets and liabilities:			
(Increase) decrease in prepaid expenses	50,229	(83,816)	(128,732)
(Increase) decrease in other current assets	(2,849)	(9,444)	(18,792)
(Decrease) increase in accounts payable and accrued liabilities	848	144,836	370,024
(Decrease) increase in accrued compensation	190,642	85,149	258,416
(Decrease) increase in accrued income taxes	1,600	1,600	3,200
Net cash (used in) provided by operating activities	(2,822,226)	(267,238)	(4,183,248)
<i>Investing activities</i>			
Purchases of property and equipment	(23,341)	(17,736)	(93,626)
Investment in intangible assets		(250,000)	(250,000)
Net cash (used) provided by investing activities	(23,341)	(267,736)	(343,626)
<i>Financing activities</i>			
Proceeds from issuance of common stock and warrants	7,750,000	1,092,000	11,889,000
Payment of financing and offering costs	(542,500)		(542,500)
Payment of amounts due under acquisition obligation	(250,000)		(250,000)
Proceeds from amounts due to stockholder		139,500	153,867
Repayment of amounts due to stockholder		(153,867)	(153,867)
Net cash (used in) provided by financing activities	6,957,500	1,077,633	11,096,500
Net increase (decrease) in cash and cash equivalents	4,111,933	542,659	6,569,626
Cash and cash equivalents, at beginning of period	2,457,693	237	
Cash and cash equivalents, at end of period	\$ 6,569,626	\$ 542,896	\$ 6,569,626
Supplemental disclosure for cash flow information:			
Cash paid during the period for:			
Interest	\$	\$ 1,400	\$ 1,357
Income taxes	\$ 800	\$	\$ 800

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Noncash investing and financing transaction:

Fair value of placement agent warrants issued in conjunction with financing	\$	276,980	\$	276,980
Acquisition obligation of asset purchase agreement	\$		\$ 2,750,000	\$ 2,750,000
Acquisition obligation discounts - imputed interest and fair value of warrants	\$	483,139	\$	483,139

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Nature of Operations and Basis of Presentation

OncoSec Medical Incorporated (the Company) was incorporated under the name of Netventory Solutions Inc., in the state of Nevada on February 8, 2008 to pursue the business of inventory management solutions. On March 1, 2011, Netventory Solutions Inc. completed a merger with its subsidiary OncoSec Medical Incorporated and changed its name to OncoSec Medical Incorporated. On March 24, 2011, the Company completed the acquisition of certain technology and related assets from Inovio Pharmaceuticals, Inc. (Inovio) pursuant to an Asset Purchase Agreement (the Asset Purchase Agreement) dated March 14, 2011. The acquired technology and related assets relate to the use of drug-medical device combination products for the treatment of various cancers. With this acquisition, the Company re-focused its efforts in the biomedical industry and abandoned its efforts in the online inventory services industry. Prior to the acquisition of the assets from Inovio, the Company had been inactive since March 2010 and had no continuing operations other than those of a company seeking a business opportunity. The Company has not produced any revenues from its newly acquired assets and is considered a development stage company.

The accompanying consolidated financial statements include the accounts of OncoSec Medical Incorporated and its wholly-owned inactive subsidiary, OncoSec Medical Therapeutics Incorporated (OncoSec Medical Therapeutics), which was acquired on June 3, 2011 for a total purchase price of \$1,000. OncoSec Medical Therapeutics was incorporated in Delaware on July 2, 2010. There have been no significant transactions related to this subsidiary since its inception. All significant intercompany transactions and balances have been eliminated at consolidation.

Certain reclassifications have been made to the prior interim period consolidated financial statements, including the aggregation of certain operating expenses into the classification of general and administrative expenses, to conform to the presentation used for the interim periods ended April 30, 2012. The reclassifications had no effect on previously reported net losses.

Note 2 Significant Accounting Policies

Financial Instruments

The carrying amounts for cash, prepaid expenses, accounts payable and accrued expenses approximate fair value due to their short-term nature, generally less than three months. The carrying amounts of our short-term and long-term acquisition obligation outstanding approximate their fair value based upon current rates and terms available to us for similar activity. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from its other financial instruments and that their fair values approximate their carrying values except where separately disclosed.

Derivative Liabilities

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The Company accounts for its warrants and other derivative financial instruments as either equity or liabilities based upon the characteristics and provisions of each instrument. Warrants classified as equity are recorded at fair value as of the date of issuance on the Company's consolidated balance sheets and no further adjustments to their valuation are made. Warrants classified as derivative liabilities and other derivative financial instruments that require separate accounting as liabilities are recorded on the Company's consolidated balance sheets at their fair value on the date of issuance and will be revalued on each subsequent balance sheet date until such instruments are exercised or expire, with any changes in the fair value between reporting periods recorded as other income or expense. Management estimates the fair value of these liabilities using option pricing models and assumptions that are based on the individual characteristics of the warrants or instruments on the valuation date, as well as assumptions for future financings, expected volatility, expected life, yield, and risk-free interest rate.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and disclosures made in the accompanying notes to the consolidated financial statements. Actual results could differ materially from the estimates.

Property and Equipment

The cost of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets. The useful lives of property and equipment for the purpose of computing depreciation are:

Computers and Equipment	3 to 5 years
Computer Software	1 to 3 years
Leasehold Improvements	1 year

Total depreciation expense recorded for the three and nine months ended April 30, 2012 was approximately \$8,400 and \$24,500, respectively. Total depreciation expense for the three and nine months ended April 30, 2011 was approximately \$1,000.

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Net Income (Loss) Per Share

The Company computes basic net income (loss) per common share by dividing the applicable net income (loss) by the weighted average number of common shares outstanding during the respective period. Diluted earnings per share is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of potential future issuances of common stock relating to stock options and other potentially dilutive securities using the treasury stock method. In calculating diluted earnings per share, the dilutive effect of stock options is computed using the average market price for the respective period. In addition, the assumed proceeds under the treasury stock method include the average unrecognized compensation expense of stock options that are in-the-money. This results in the assumed buyback of additional shares, thereby reducing the dilutive impact of stock options. The Company did not include shares underlying stock options and warrants outstanding of 2,035,000 and 42,246,000, respectively, in the computation of net income (loss) per share for the three and nine months ended April 30, 2012, as the effect would have been anti-dilutive.

Stock Options to Non-Employees

Expense for stock options granted to non-employees have been determined using the estimated fair value of the stock options issued, based on the Black-Scholes Option Pricing Model. Such options are revalued quarterly until fully vested, with any change in fair value expensed. During the three and nine months ended April 30, 2012, the Company recorded approximately \$8,000 in research and development expense and \$25,000 in general and administrative expense for stock options granted to non-employees.

Comprehensive Income

Comprehensive income or loss includes all changes in equity except those resulting from investments by owners and distributions to owners. The Company did not have any items of comprehensive income or loss other than net income (loss) from operations for the three and nine months ended April 30, 2012 and 2011, or for the period from inception through April 30, 2012.

New Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04. This newly issued accounting standard clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable inputs. This guidance is effective on a prospective basis for annual and interim reporting periods beginning after December 15, 2011. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

In June 2011, the FASB issued ASU 2011-05. This newly issued accounting standard (1) eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity; (2) requires the consecutive presentation of the statement of net income and other comprehensive income; and (3) requires an entity to present reclassification adjustments on the face of the financial statements from other comprehensive income to net income. The amendments do not change the items that must be reported in other

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comprehensive income or when an item of other comprehensive income must be reclassified to net income nor do the amendments affect how earnings per share is calculated or presented. This guidance is required to be applied retrospectively and is effective for fiscal years and interim periods beginning after December 15, 2011. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

In December 2011, the FASB issued ASU 2011-12. This accounting standard amends certain pending paragraphs in ASU 2011-05. The amendments are being made to allow a company's board of directors time to re-deliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. This guidance is effective on a prospective basis for annual and interim reporting periods beginning after December 15, 2011. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

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Note 3 Cash and Liquidity

The Company considers all liquid investments with maturities of ninety days or less when purchased to be cash equivalents. As of April 30, 2012 and July 31, 2011, cash and cash equivalents were comprised of cash in checking accounts.

The Company's activities to date have been supported by equity and debt financing. It has sustained losses in previous reporting periods with an inception to date loss of \$4,607,267 as of April 30, 2012.

The Company will require additional financing to fund its planned operations, including research and development, its ongoing clinical trials and commercialization of the intellectual property acquired from Inovio pursuant to the Asset Purchase Agreement (as further described in Note 5) and making of scheduled payments to Inovio under the acquisition obligation (as further described in Note 6). In addition, the Company will require additional financing in order to seek to license or acquire new assets, research and develop any potential patents and the related compounds, and obtain any further intellectual property that the Company may seek to acquire. Additional financing may not be available to the Company when needed or, if available, it may not be obtained on commercially reasonable terms. If the Company is not able to obtain the necessary additional financing on a timely basis, the Company will be forced to delay or scale down some or all of its development activities or perhaps even cease the operation of its business. Since inception the Company has funded its operations primarily through equity and debt financings and it expects that it will continue to fund its operations through equity and debt financings. If the Company raises additional financing by issuing equity securities, its existing stockholders' ownership will be diluted. Obtaining commercial loans, assuming those loans would be available, would increase the Company's liabilities and future cash commitments. The Company also expects to pursue non-dilutive financing sources. However, obtaining such financing would require significant efforts by the Company's management team, and such financing may not be available, and if available, could take a long period of time to obtain.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. There is substantial doubt about the Company's ability to continue as a going concern as the continuation of the Company's business is dependent upon obtaining additional financing and the continued support of its stockholders to aid in financing operations. The consolidated financial statements do not include any adjustments that might result from this uncertainty.

Note 4 Fair Value of Financial Instruments

Financial assets and liabilities are measured at fair value, which is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities.

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- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In conjunction with the June Private Placement, the Company issued warrants with derivative features. These instruments are accounted for as derivative liabilities (see Note 7).

The Company used Level 3 inputs for its valuation methodology for the warrant derivative liabilities. The estimated fair values were determined using a Monte Carlo option pricing model based on various assumptions (see Note 7). The Company's derivative liabilities are adjusted to reflect estimated fair value at each period end, with any decrease or increase in the estimated fair value being recorded in other income or expense accordingly, as adjustments to fair value of derivative liabilities.

On February 21, 2012, Series C Warrants to purchase an aggregate of 4,000,000 shares of the Company's stock expired unexercised. On March 28, 2012, the Series A Warrants were reclassified to equity, following the reset of the exercise price to the base floor price of \$0.50 per warrant share and an evaluation of the instrument's settlement provisions which were determined to be fixed-for-fixed (see Note 7). As a result, at April 30, 2012, there were no derivative liabilities recorded on the Company's consolidated balance sheet.

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At July 31, 2011, the estimated fair values of the liabilities measured on a recurring basis are as follows:

Fair Value Measurements at July 31, 2011

	Balance at July 31, 2011	Quoted Prices in Active Markets (Level 1)	Significant Other	0;	-	-	-	4,847	-	-	4
Total comprehensive income											40,535
Stock-based compensation	-		4,153	-	-	-	-	-	-		4,153
Purchase of 405,116 shares of treasury stock	-		-	-	-	(13,529)	-	-	-		(13,529)
Issuance of 294,478 shares of treasury stock	-		(8,125)	-	-	9,081	-	-	-		956
Cancellations of 44,006 shares of treasury stock	-		1,884			(1,884)					-
Dividends, \$.30 per share	-		-	(8,300)	-	-	-	-	-		(8,300)
Arrangement with noncontrolling interests					4,980				1,653		6,633
Distributions to noncontrolling interests	-		-	-	-	-			(766)		(766)
Balance, June 30, 2013	\$36,334		\$45,805	\$764,294	\$(64,603)	\$(274,831)		\$3,117			\$510,116

	Shareholders' Equity							Total
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling interests		
Balance,	\$36,334	\$47,315	\$775,762	\$ (26,940)	\$(283,006)	\$3,465		\$552,930

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September 30, 2013							
Net income	-	-	38,510	-	-	286	38,796
Minimum pension liability	-	-	-	1,622	-	-	1,622
Translation adjustment	-	-	-	3,246	-	66	3,312
Fair value of derivatives	-	-	-	74	-	-	74
Total comprehensive income							43,804
Stock-based compensation	-	4,906	-	-	-	-	4,906
Purchase of 112,863 shares of treasury stock	-	-	-	-	(4,639)	-	(4,639)
Issuance of 218,578 shares of treasury stock	-	(6,796)	-	-	8,785	-	1,989
Cancellations of 77,597 shares of treasury stock		3,156			(3,156)		
Dividends, \$.33 per share	-	-	(9,118)	-	-	-	(9,118)
Distributions to noncontrolling interests	-	-	-	-	-	(165)	(165)
Balance, June 30, 2014	\$36,334	\$48,581	\$805,154	\$ (21,998)	\$(282,016)	\$3,652	\$589,707

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

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollar amounts in thousands, except per share data)

	Nine Months Ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net income	\$38,796	\$39,956
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,020	26,481
Stock-based compensation expense	4,906	4,153
Change in deferred taxes	(309)	137
Gain on sale of assets	(571)	(630)
Unrealized gain on investments	(1,283)	(952)
Changes in working capital items	(14,348)	(5,827)
(Increase) decrease in other assets	(1,835)	370
Decrease in other liabilities	2,236	2,864
Increase in pension and postretirement benefits	6,190	10,043
Other, net	1,745	(3,657)
Net cash provided by operating activities	63,547	72,938
Cash flows from investing activities:		
Capital expenditures	(18,754)	(17,268)
Proceeds from sale of assets	45	251
Acquisitions, net of cash acquired	-	(67,587)
Net cash used in investing activities	(18,709)	(84,604)
Cash flows from financing activities:		
Proceeds from long-term debt	20,352	113,906
Payments on long-term debt	(28,479)	(74,122)
Payment on contingent consideration	(3,703)	(9,542)
Proceeds from the sale of treasury stock	2,045	956
Purchases of treasury stock	(4,639)	(13,529)
Dividends	(9,118)	(8,300)
Distributions to noncontrolling interests	(165)	(766)
Net cash provided by (used in) financing activities	(23,707)	8,603
Effect of exchange rate changes on cash	526	(335)
Net change in cash and cash equivalents	\$21,657	\$(3,398)

Non-cash investing and financing activities:

Acquisition of equipment under capital lease	\$949	\$-
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The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

June 30, 2014

(Dollar amounts in thousands, except per share data)

Note 1. Nature of Operations

Matthews International Corporation ("Matthews" or the "Company"), founded in 1850 and incorporated in Pennsylvania in 1902, is a designer, manufacturer and marketer principally of memorialization products and brand solutions. Memorialization products consist primarily of bronze and granite 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 and fulfillment systems and merchandising solutions. The Company's products and operations are comprised of six business segments: Cemetery Products, Funeral Home Products, Cremation, Graphics Imaging, Marking and Fulfillment Systems and Merchandising Solutions. The Cemetery Products segment is a leading manufacturer of cast bronze and granite memorials and other memorialization products, cast and etched architectural products and is a leading builder of mausoleums in the United States. The Funeral Home Products segment is a leading casket manufacturer and distributor in North America and produces a wide variety of wood, metal and cremation caskets. The Cremation segment is a leading designer and manufacturer of cremation equipment in North America and Europe. The Graphics Imaging segment manufactures and provides brand management, printing plates, gravure cylinders, pre-press services and imaging services for the primary packaging and corrugated industries. The Marking and Fulfillment Systems segment designs, manufactures and distributes a wide range of marking and coding equipment and consumables, industrial automation products and order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products. The Merchandising Solutions segment designs and manufactures merchandising displays and systems and provides creative merchandising and marketing solutions services.

The Company has manufacturing and marketing facilities in the United States, Mexico, Canada, Europe, Australia and Asia.

Note 2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information for commercial and industrial companies and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the nine months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2014. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2013. The consolidated financial statements include all domestic and foreign subsidiaries in which the Company maintains an ownership interest and has operating control. All intercompany accounts and transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of

revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 2. Basis of Presentation (continued)

Reclassifications and Revision:

Certain reclassifications have been made in these financial statements to adjust for bank overdrafts in the Consolidated Statement of Cash Flows for the nine months ended June 30, 2013 and on the Consolidated Balance Sheet for the fiscal year ended September 30, 2013.

Note 3. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three level fair value hierarchy is used to prioritize the inputs used in valuations, as defined below:

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The fair values of the Company's assets and liabilities measured on a recurring basis are categorized as follows:

	June 30, 2014				September 30, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Derivatives (1)	-	\$2,230	-	\$2,230	-	\$3,736	-	\$3,736
Trading securities	\$19,279	-	-	19,279	\$17,929	-	-	\$17,929
Total assets at fair value	\$19,279	\$2,230	-	\$21,509	\$17,929	\$3,736	-	\$21,665
Liabilities:								
Derivatives (1)	-	\$3,017	-	\$3,017	-	\$4,644	-	\$4,644
Total liabilities at fair value	-	\$3,017	-	\$3,017	-	\$4,644	-	\$4,644

(1) Interest rate swaps are valued based on observable market swap rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 4. Inventories

Inventories consisted of the following:

	June 30, 2014	September 30, 2013
Raw materials	\$ 42,825	\$ 40,931
Work in process	31,590	25,293
Finished goods	67,493	64,544
	\$ 141,908	\$ 130,768

Note 5. Debt

The Company has a domestic Revolving Credit Facility with a syndicate of financial institutions. The maximum amount of borrowings available under the facility at June 30, 2014 was \$500,000. Borrowings under the facility bear interest at LIBOR plus a factor ranging from .75% to 1.25% based on the Company's leverage ratio. The facility's maturity is July 2018. The leverage ratio is defined as net indebtedness divided by EBITDA (earnings before interest, taxes, depreciation and amortization). The Company is required to pay an annual commitment fee ranging from .15% to .25% (based on the Company's leverage ratio) of the unused portion of the facility.

The Revolving Credit Facility requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed \$30,000) is available for the issuance of trade and standby letters of credit. Outstanding borrowings on the Revolving Credit Facility at June 30, 2014 and September 30, 2013 were \$305,000. The weighted-average interest rate on outstanding borrowings on this facility at June 30, 2014 and 2013 was 2.55% and 3.05%, respectively.

In connection with the recent acquisition of SGK (see "Acquisitions"), on July 29, 2014 the Company entered into the first and second amendments to the Revolving Credit Facility to amend certain terms of the Revolving Credit Facility and increase the maximum amount of borrowings available under the facility from \$500,000 to \$900,000. Under the terms of the amended facility, the interest rate spread at June 30, 2014 of 1.25% would have increased to 1.75%.

The Company has entered into the following interest rate swaps:

Effective Date	Amount	Fixed Interest Rate	Interest Rate Spread at June 30, 2014	Maturity Date
October 2011	\$25,000	1.67%	1.25%	October 2015
November 2011	25,000	2.13%	1.25%	November 2014
March 2012	25,000	2.44%	1.25%	March 2015
June 2012	40,000	1.88%	1.25%	June 2022
August 2012	35,000	1.74%	1.25%	June 2022
September 2012	25,000	3.03%	1.25%	December 2015
	25,000	1.24%	1.25%	March 2017

September
2012

November 2012	25,000	1.33%	1.25%	November 2015
May 2014	25,000	1.35%	1.25%	May 2018

The Company enters into interest rate swaps in order to achieve a mix of fixed and variable rate debt that it deems appropriate. The interest rate swaps have been designated as cash flow hedges of the future variable interest payments under the Revolving Credit Facility which are considered probable of occurring. Based on the Company's assessment, all of the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 5. Debt (continued)

The fair value of the interest rate swaps reflected an unrealized net loss, net of unrealized gains of \$787 (\$480 after tax) at June 30, 2014 and an unrealized loss, net of unrealized gains, of \$908 (\$554 after tax) at September 30, 2013. The net unrealized gain and loss are included in shareholders' equity as part of accumulated other comprehensive income (loss) ("AOCI"). Assuming market rates remain constant with the rates at June 30, 2014, approximately \$1,152 net unrealized loss included in AOCI is expected to be recognized in earnings as an adjustment to interest expense over the next twelve months.

At June 30, 2014 and September 30, 2013, the interest rate swap contracts were reflected as net asset and net liability on the balance sheets. The following derivatives are designated as hedging instruments:

Balance Sheet Location:	June 30, 2014	September 30, 2013
Current assets		
Other current assets	\$ 279	\$ 427
Long-term assets		
Other assets	1,951	3,309
Current liabilities:		
Other current liabilities	(2,167)	(2,590)
Long-term liabilities		
Other liabilities	(850)	(2,054)
Total derivatives	\$ (787)	\$ (908)

The loss recognized on derivatives was as follows:

Derivatives in Cash Flow Hedging Relationships	Location of Loss Recognized in Income on Derivative	Amount of Loss Recognized in Income on Derivatives Three Months ended June 30,		Amount of Loss Recognized in Income on Derivatives Nine Months ended June 30,	
		2014	2013	2014	2013
Interest rate swaps	Interest expense	\$(1,987)	\$(1,065)	\$(4,117)	\$(3,094)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 5. Debt (continued)

The Company recognized the following losses in AOCI:

Derivatives in Cash Flow	Amount of Gain or (Loss) Recognized in AOCI on Derivatives		Location of Gain or (Loss) Reclassified From AOCI into Income (Effective Portion*)	Amount of Loss Reclassified from AOCI into Income (Effective Portion*)	
	June 30, 2014	June 30, 2013		June 30, 2014	June 30, 2013
Hedging Relationships					
Interest rate swaps	\$(2,437)	\$2,960	Interest expense	\$(2,511)	\$(1,887)

*There is no ineffective portion or amount excluded from effectiveness testing.

The Company, through certain of its European subsidiaries, has a credit facility with a European bank. The maximum amount of borrowings available under this facility is 25.0 million Euros (\$34,233). Outstanding borrowings under the credit facility totaled 20.1 million Euros (\$27,539) and 22.5 million Euros (\$30,454) at June 30, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding borrowings under this facility at June 30, 2014 and 2013 was 1.35% and 1.37%, respectively.

The Company, through its German subsidiary, Saueressig GmbH & Co. KG ("Saueressig"), has several loans with various European banks. Outstanding borrowings under these loans totaled 1.5 million Euros (\$2,007) and 1.7 million Euros (\$2,310) at June 30, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding borrowings of Saueressig at June 30, 2014 and 2013 was 4.04% and 3.92%, respectively.

The Company, through its German subsidiary, Wetzel GmbH ("Wetzel"), has several loans with various European banks. Outstanding borrowings under these loans totaled 6.3 million Euros (\$8,581) and 7.4 million Euros (\$10,000) at June 30, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding borrowings of Wetzel at June 30, 2014 and 2013 was 7.62% and 7.26%, respectively.

The Company, through its wholly-owned subsidiary, Matthews International S.p.A., has several loans with various Italian banks. Outstanding borrowings on these loans totaled 6.0 million Euros (\$8,182) and 5.1 million Euros (\$6,871) at June 30, 2014 and September 30, 2013, respectively. Matthews International S.p.A. also has three lines of credit totaling 11.3 million Euros (\$15,514) with the same Italian banks. Outstanding borrowings on these lines were 4.8 million Euros (\$6,555) and 5.6 million Euros (\$7,639) at June 30, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding Matthews International S.p.A. borrowings at June 30, 2014 and 2013 was 3.13% and 3.17%, respectively.

As of June 30, 2014 and September 30, 2013 the fair value of the Company's long-term debt, including current maturities, which is classified as level 2 in the fair value hierarchy, approximated the carrying value included in the

Condensed Consolidated Balance Sheet.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 6. Share-Based Payments

The Company maintains an equity incentive plan (the “2012 Equity Incentive Plan”) that provides for grants of stock options, restricted shares, stock-based performance units and certain other types of stock-based awards. The Company also maintains an equity incentive plan (the “2007 Equity Incentive Plan”) and a stock incentive plan (the “1992 Incentive Stock Plan”) that previously provided for grants of stock options, restricted shares and certain other types of stock-based awards. Under the 2012 Equity Incentive Plan, which has a ten-year term, the maximum number of shares available for grants or awards is an aggregate of 2,500,000. There will be no further grants under the 2007 Equity Incentive Plan or the 1992 Incentive Stock Plan. At June 30, 2014, there were 2,097,550 shares reserved for future issuance under the 2012 Equity Incentive Plan. All plans are administered by the Compensation Committee of the Board of Directors.

The option price for each stock option granted under any of the plans may not be less than the fair market value of the Company's common stock on the date of grant. Outstanding stock options are generally exercisable in one-third increments upon the attainment of pre-defined levels of appreciation in the market value of the Company's Class A Common Stock. In addition, options generally 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 market value thresholds). The options 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. The Company generally settles employee stock option exercises with treasury shares. With respect to outstanding restricted share grants, for grants made prior to fiscal 2013, generally one-half of the shares vest on the third anniversary of the grant, with the remaining one-half of the shares vesting in one-third increments upon attainment of pre-defined levels of appreciation in the market value of the Company's Class A Common Stock. For grants made in fiscal 2013, generally one-half of the shares vest on the third anniversary of the grant, one-quarter of the shares vest in one-third increments upon the attainment of pre-defined levels of adjusted earnings per share, and the remaining one-quarter of the shares vest in one-third increments upon attainment of pre-defined levels of appreciation in the market value of the Company's Class A Common Stock. Additionally, restricted shares cannot vest until the first anniversary of the grant date. Unvested restricted shares generally expire on the earlier of five 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. The Company issues restricted shares from treasury shares.

For the three-month periods ended June 30, 2014 and 2013, total stock-based compensation cost totaled \$1,667 and \$1,396, respectively. For the nine-month periods ended June 30, 2014 and 2013, total stock-based compensation cost totaled \$4,906 and \$4,153, respectively. The associated future income tax benefit recognized was \$650 and \$545 for the three-month periods ended June 30, 2014 and 2013, respectively, and \$1,913 and \$1,620 for the nine-month periods ended June 30, 2014 and 2013, respectively.

For the three-month period ended June 30, 2014 and 2013, the amount of cash received from the exercise of stock options was \$217 and \$432, respectively. For the nine-month periods ended June 30, 2014 and 2013, the amount of cash received from the exercise of stock options was \$2,045 and \$956, respectively. In connection with these exercises, the tax benefits realized by the Company were \$1 and \$32 for the three-month period ended June 30, 2014 and 2013, respectively, and \$186 and \$98 for the nine-month periods ended June 30, 2014 and 2013, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 6. Share-Based Payments (continued)

The transactions for restricted stock for the nine months ended June 30, 2014 were as follows:

	Shares	Weighted- average grant-date fair value
Non-vested at September 30, 2013	641,399	\$29.46
Granted	201,225	35.71
Vested	(236,888)	29.48
Expired or forfeited	(77,417)	30.84
Non-vested at June 30, 2014	528,319	31.63

As of June 30, 2014, the total unrecognized compensation cost related to unvested restricted stock was \$6,387 and is expected to be recognized over a weighted average period of 1.7 years.

The transactions for shares under options for the nine months ended June 30, 2014 were as follows:

	Shares	Weighted- average exercise price	Weighted- average remaining contractual term	Aggregate intrinsic value
Outstanding, September 30, 2013	744,824	\$37.76		
Granted	-	-		
Exercised	(63,121)	32.40		
Expired or forfeited	(20,546)	39.08		
Outstanding, June 30, 2014	661,157	38.23	1.5	2,213
Exercisable, June 30, 2014	348,715	37.77	1.4	1,326

No options vested during the three-month and nine-month periods ended June 30, 2014 and 2013, respectively. The intrinsic value of options (which is the amount by which the stock price exceeded the exercise price of the options on the date of exercise) exercised during the nine-month periods ended June 30, 2014 and 2013 was \$510 and \$291, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 6. Share-Based Payments (continued)

The transactions for non-vested options for the nine months ended June 30, 2014 were as follows:

	Shares	Weighted-average grant-date fair value
Non-vested at September 30, 2013	331,755	\$11.29
Granted	-	-
Vested	-	-
Expired or forfeited	(19,313)	12.65
Non-vested at June 30, 2014	312,442	11.21

The fair value of each restricted stock grant is estimated on the date of grant using a binomial lattice valuation model. The following table indicates the assumptions used in estimating fair value of restricted stock for the nine months ended June 30, 2014 and 2013.

	Nine Months Ended June 30,			
	2014		2013	
Expected volatility	26.6	%	29.5	%
Dividend yield	1.1	%	1.2	%
Average risk free interest rate	1.4	%	0.6	%
Average expected term (years)	2.0		2.0	

The risk free interest rate is based on United States Treasury yields at the date of grant. The dividend yield is based on the most recent dividend payment and average stock price over the 12 months prior to the grant date. Expected volatilities are based on the historical volatility of the Company's stock price. The expected term represents an estimate of the average period of time for restricted shares to vest. The option characteristics for each grant are considered separately for valuation purposes.

Under the Company's Director Fee Plan, directors (except for the Chairman of the Board) who are not also officers of the Company each receive, as an annual retainer fee, either cash or shares of the Company's Class A Common Stock with a value equal to \$60. The annual retainer fee paid to a non-employee Chairman of the Board is \$130. Where the annual retainer fee is provided in shares, 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. A total of 17,005 shares had been deferred under the Director Fee Plan at June 30, 2014. Additionally, directors who are not also officers of the Company each receive an annual stock-based grant (non-statutory stock options, stock appreciation rights and/or restricted shares) with a value of \$100. A total of 22,300 stock options have been granted under the plan. At June 30, 2014, 11,800 options were outstanding and vested. Additionally, 120,503 shares of restricted stock have been granted under the plan, 37,457 of which were unvested at June 30, 2014. A total of 300,000 shares have been authorized to be issued under the Director Fee Plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 7. Earnings Per Share Attributable to Matthews' Shareholders

The information used to compute earnings per share attributable to Matthews' common shareholders was as follows:

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Net income attributable to Matthews shareholders	\$ 19,263	\$ 17,991	\$ 38,510	\$ 40,438
Less: dividends and undistributed earnings allocated to participating securities	35	178	128	438
Net income available to Matthews shareholders	\$ 19,228	\$ 17,813	\$ 38,382	\$ 40,000
Weighted-average shares outstanding (in thousands):				
Basic shares	27,294	27,299	27,223	27,303
Effect of dilutive securities	197	161	227	116
Diluted shares	27,491	27,460	27,450	27,419

There were no anti-dilutive securities for the three and nine months ended June 30, 2014. Options to purchase 550,366 and 563,022 shares of common stock were not included in the computation of diluted earnings per share for the three months and nine months ended June 30, 2013, respectively, because the inclusion of these options would be anti-dilutive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 8. Pension and Other Postretirement Benefit Plans

The Company provides defined benefit pension and other postretirement plans to certain employees. Net periodic pension and other postretirement benefit cost for the plans included the following:

	Three months ended June 30,			
	Pension		Other Postretirement	
	2014	2013	2014	2013
Service cost	\$1,582	\$1,685	\$109	\$199
Interest cost	2,213	1,913	230	282
Expected return on plan assets	(2,396)	(2,243)	-	-
Amortization:				
Prior service cost	(52)	(52)	(23)	(68)
Net actuarial loss	991	1,806	(49)	110
Net benefit cost	\$2,338	\$3,109	\$267	\$523
	Nine months ended June 30,			
	Pension		Other Postretirement	
	2014	2013	2014	2013
Service cost	\$4,746	\$5,055	\$327	\$597
Interest cost	6,639	5,739	690	846
Expected return on plan assets	(7,188)	(6,729)	-	-
Amortization:				
Prior service cost	(156)	(156)	(66)	(204)
Net actuarial loss	2,973	5,418	(147)	330
Net benefit cost	\$7,014	\$9,327	\$804	\$1,569

Benefit payments under the Company's principal retirement plan are made from plan assets, while benefit payments under the postretirement benefit plan are made from the Company's operating funds. Under IRS regulations, the Company is not required to make any significant contributions to its principal retirement plan in fiscal year 2014.

Contributions made and anticipated for fiscal year 2014 are as follows:

Contributions	Pension	Other Postretirement
Contributions during the nine months ended June 30, 2014:		
Supplemental retirement plan	\$543	\$ -
Other postretirement plan	-	709

Additional contributions expected in fiscal 2014:

Supplemental retirement plan	180	-
Other postretirement plan	-	217

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 9. Accumulated Other Comprehensive Income

The changes in AOCI by component, net of tax, for the three month period ended June 30, 2014 were as follows:

	Post-retirement benefit plans	Currency translation adjustment	Derivatives	Total
Attributable to Matthews:				
Balance, March 31, 2014	\$ (29,043)	\$ 6,483	\$ 273	\$ (22,287)
OCI before reclassification	-	477	(1,965)	(1,488)
Amounts reclassified from AOCI (a)	565	-	(b) 1,212	1,777
Net current-period OCI	565	477	(753)	289
Balance, June 30, 2014	\$ (28,478)	\$ 6,960	\$ (480)	\$ (21,998)
Attributable to noncontrolling interest:				
Balance, March 31, 2014	-	\$ 347	-	\$ 347
OCI before reclassification	-	120	-	120
Net current-period OCI	-	120	-	120
Balance, June 30, 2014	-	\$ 467	-	\$ 467

The changes in AOCI by component, net of tax, for the nine month period ended June 30, 2014 were as follows:

	Post-retirement benefit plans	Currency translation adjustment	Derivatives	Total
Attributable to Matthews:				
Balance, September 30, 2013	\$ (30,000)	\$ 3,714	\$ (554)	\$ (26,940)
OCI before reclassification	-	3,246	(2,437)	809
Amounts reclassified from AOCI (a)	1,622	-	(b) 2,511	4,133
Net current-period OCI	1,622	3,246	74	4,942
Balance, June 30, 2014	\$ (28,478)	\$ 6,960	\$ (480)	\$ (21,998)
Attributable to noncontrolling interest:				
Balance, September 30, 2013	-	\$ 401	-	\$ 401
OCI before reclassification	-	66	-	66
Net current-period OCI	-	66	-	66
Balance, June 30, 2014	-	\$ 467	-	\$ 467

(a) Amounts were included in net periodic benefit cost for pension and other postretirement benefit plans (see note 8).

(b) Amounts were included in interest expense in the periods the hedged item affected earnings (see note 5).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 9. Accumulated Other Comprehensive Income (continued)

Reclassifications out of AOCI for the three and nine month periods ended June 30, 2014 were as follows:

Details about AOCI Components	Three months ended June 30, 2014	Amount reclassified from AOCI		Affected line item in the Statement of income
		Nine months ended June 30, 2014		
Postretirement benefit plans				
Prior service (cost) credit	75	(a)	222	
Actuarial losses	(942)	(a)	(2,826)	
	(867)	(b)	(2,604)	Total before tax
	(302)		(982)	Tax provision (benefit)
	\$ (565)		\$ (1,622)	Net of tax
Derivatives				
Interest rate swap contracts	(1,987)		(4,117)	Interest expense
	(1,987)	(b)	(4,117)	Total before tax
	(775)		(1,606)	Tax provision (benefit)
	(1,212)		(2,511)	Net of tax

(a) Amounts are included in the computation of pension and other postretirement benefit expense, which is reported in both cost of goods sold and selling and administrative expenses. For additional information, see Note 8.

(b) For pre-tax items, positive amounts represent income and negative amounts represent expense.

Note 10. Income Taxes

Income tax provisions for the Company's interim periods are based on the effective income tax rate expected to be applicable for the full year. The Company's effective tax rate for the nine months ended June 30, 2014 was 34.1%, compared to 34.3% for the nine months ended June 30, 2013. The difference between the Company's effective tax rate and the Federal statutory rate of 35.0% primarily reflected the impact of state taxes and estimated non-deductible transaction costs related to the pending acquisition of Schawk, Inc. ("SGK") (see Note 12), offset by lower foreign income taxes.

The Company had unrecognized tax benefits (excluding penalties and interest) of \$4,346 and \$4,516 on June 30, 2014 and September 30, 2013, respectively, all of which, if recorded, would impact the 2014 annual effective tax rate.

The Company classifies interest and penalties on tax uncertainties as a component of the provision for income taxes. The Company included \$587 in interest and penalties in the income tax provision for the nine months of fiscal 2014. Total penalties and interest accrued were \$2,670 and \$2,401 at June 30, 2014 and September 30, 2013, respectively. These accruals may potentially be applicable in the event of an unfavorable outcome of uncertain tax positions.

The Company is currently under examination in several tax jurisdictions and remains subject to examination until the statute of limitations expires for those tax jurisdictions. As of June 30, 2014, the tax years that remain subject to examination by major jurisdiction generally are:

United States – Federal	2011 and forward
United States – State	2009 and forward
Canada	2008 and forward
Europe	2008 and forward
United Kingdom	2012 and forward
Australia	2009 and forward
Asia	2008 and forward

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 11. Segment Information

The Company's products and operations consist of two principal businesses that are comprised of three operating segments each, as described under Nature of Operations (Note 1): Memorialization (Cemetery Products, Funeral Home Products, Cremation) and Brand Solutions (Graphics Imaging, Marking and Fulfillment Systems, Merchandising Solutions). Management evaluates segment performance based on operating profit (before income taxes) and does not allocate non-operating items such as investment income, interest expense, other income (deductions), net and minority interests.

Information about the Company's segments follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Sales to external customers:				
Memorialization:				
Cemetery Products	\$58,622	\$60,913	\$161,307	\$169,427
Funeral Home Products	58,056	58,523	179,793	187,276
Cremation	21,248	11,408	39,837	34,830
	137,926	130,844	380,937	391,533
Brand Solutions:				
Graphics Imaging	81,008	78,505	233,958	219,459
Marking and Fulfillment Systems	25,719	23,653	70,087	63,918
Merchandising Solutions	35,330	17,650	71,783	57,741
	142,057	119,808	375,828	341,118
	\$279,983	\$250,652	\$756,765	\$732,651
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Operating profit:				
Memorialization:				
Cemetery Products	\$9,982	\$11,709	\$24,170	\$23,932
Funeral Home Products	7,986	12,089	23,948	29,533
Cremation	4,804	(67)	4,967	1,405
	22,772	23,731	53,085	54,870
Brand Solutions:				
Graphics Imaging	983	4,204	3,334	10,006
Marking and Fulfillment Systems	2,806	2,527	5,776	5,310
Merchandising Solutions	5,631	298	5,885	2,143
	9,420	7,029	14,995	17,459
	\$32,192	\$30,760	\$68,080	\$72,329

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 12. Acquisitions

In March 2014, the Company signed a definitive agreement to acquire SGK (NYSE: SGK). SGK is a leading global brand development, activation and brand deployment company. Under the terms of the transaction, SGK shareholders will receive \$11.80 cash and 0.20582 shares of Matthews' common stock for each SGK share held. The Company completed the acquisition on July 29, 2014. Based on the closing price of Matthews' stock on July 28, 2014, the transaction represents an implied price of \$20.74 per share and a total enterprise value (which includes net outstanding debt) of approximately \$606,000. A preliminary purchase price allocation for the acquisition has not been completed at the date of this filing given the proximity to the acquisition date. Therefore, we have not included all required disclosures related to the acquisition.

In April 2013, the Company completed the purchase of the remaining 20% interest in Tact Group Limited ("Tact"). The Company had acquired an 80% interest in Tact in July 2009.

In March 2013, the Company completed the purchase of the remaining 38.5% interest in Kroma Pre-Press Preparation Systems Industry & Trade, Inc. ("Kroma"), completing the option arrangement in connection with the July 2011 acquisition of a 61.5% interest in Kroma.

In March 2013, the Company completed the purchase of the remaining 20% interest in Furnace Construction Cremators Limited ("FCC"). The Company had acquired an 80% interest in FCC in March 2010.

In December 2012, the Company acquired Pyramid Controls, Inc. and its affiliate, Pyramid Control Systems (collectively, "Pyramid"). Pyramid is a provider of warehouse control systems and conveyor control solutions for distribution centers. The acquisition is designed to expand Matthews' fulfillment products and services in the warehouse management market. The initial purchase price for the transaction was \$24,532, plus potential additional consideration up to \$3,700 based on future operating results.

In November 2012, the Company completed the acquisition of Wetzel Holding AG, Wetzel GmbH and certain related affiliates (collectively "Wetzel"). Wetzel is a leading European provider of pre-press services and gravure printing forms, with manufacturing operations in Germany and Poland. Wetzel's products and services are sold primarily within Europe, and the acquisition is designed to expand Matthews' products and services in the global graphics imaging market. The purchase price for Wetzel was 42.6 million Euros (\$54,748) on a cash-free, debt-free basis.

Note 13. Goodwill and Other Intangible Assets

Goodwill related to business combinations is not amortized, but is subject to annual review for impairment. In general, when the carrying value of a reporting unit exceeds its implied fair value, an impairment loss may need to be recognized. For purposes of testing for impairment, the Company uses a discounted cash flow technique. A number of assumptions and estimates are involved in the application of the discounted cash flow model to forecast operating cash flows, including sales volumes and pricing, costs to produce, tax rates, capital spending, working capital changes, and discount rate. The Company estimates future cash flows using volume and pricing assumptions based largely on existing customer relationships and contracts, and operating cost assumptions management believes are reasonable based on historical performance and projected future performance as reflected in its most recent operating plans and projections. The discount rate used in the discounted cash flow analysis was developed with the assistance of valuation experts and management believes it appropriately reflects the risks associated with the Company's operating cash flows. In order to further validate the reasonableness of the estimated fair values of the reporting units as of the

valuation date, a reconciliation of the aggregate fair values of all reporting units to market capitalization was performed using a reasonable control premium.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 13. Goodwill and Other Intangible Assets (continued)

The Company performed its annual impairment review in the second quarter of fiscal 2014 and determined that for all reporting units, except Graphics Imaging, the estimated fair value significantly exceeded carrying value so no adjustments to the carrying value of goodwill were necessary at March 31, 2014. As discussed in the Company's Annual Report on Form 10-K for the year ended September 30, 2013, recent economic conditions in Europe have unfavorably impacted the operating results of the Graphics Imaging business. For the Graphics Imaging reporting unit, the estimated fair value exceeded its carrying value by less than 10%, resulting in no goodwill impairment for the unit. While the Graphics Imaging reporting unit passed the first step of the impairment test, if its operating profits or another significant assumption were to deteriorate in the future, it could adversely affect the estimated fair value of the reporting unit. Factors that could have a negative impact on the estimated fair value of the Graphics Imaging reporting unit include a further delay in the recovery of the European market, continued pricing pressure, declines in expected volumes, and an increase in discount rates. If the Company is unsuccessful in its plans to recover the profitability of this business, the estimated fair value could decline and lead to a potential goodwill impairment in the future.

Trade names with indefinite lives are tested for impairment annually in the second quarter. Matthews performed a quantitative impairment evaluation of its trade names for 2014, and the test indicated the trade names were not impaired.

A summary of the carrying amount of goodwill attributable to each segment as well as the changes in such amounts are as follows:

	Cemetery Products	Funeral Home Products	Cremation	Graphics Imaging	Marking and Fulfillment Products	Merchandising Solutions	Consolidated
Goodwill	\$99,707	\$163,208	\$17,823	\$193,281	\$50,646	\$ 9,138	\$ 533,803
Accumulated impairment losses	(412)	-	(5,000)	(3,840)	-	-	(9,252)
Balance at September 30, 2013	99,295	163,208	12,823	189,441	50,646	9,138	524,551
Additions during period	-	-	-	-	-	-	-
Translation and other adjustments	334	-	269	2,056	(60)	-	2,599
Goodwill	100,041	163,208	18,092	195,337	50,586	9,138	536,402
Accumulated impairment losses	(412)	-	(5,000)	(3,840)	-	-	(9,252)
Balance at June 30, 2014	\$99,629	\$163,208	\$13,092	\$191,497	\$50,586	\$ 9,138	\$ 527,150

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited), Continued
(Dollar amounts in thousands, except per share data)

Note 13. Goodwill and Other Intangible Assets (continued)

The following tables summarize the carrying amounts and related accumulated amortization for intangible assets as of June 30, 2014 and September 30, 2013, respectively.

	Carrying Amount	Accumulated Amortization	Net
June 30, 2014:			
Trade names	\$23,140	\$ -	* \$23,140
Trade names	3,042	(2,202)) 840
Customer relationships	59,184	(21,763)) 37,421
Copyrights/patents/other	10,257	(9,443)) 814
	\$95,623	\$ (33,408)) \$62,215
September 30, 2013:			
Trade names	\$22,878	\$ -	* \$22,878
Trade names	3,034	(2,142)) 892
Customer relationships	59,061	(19,099)) 39,962
Copyrights/patents/other	10,116	(8,746)) 1,370
	\$95,089	\$ (29,987)) \$65,102

* Not subject to amortization

The carrying amount of indefinite-lived trade names as of September 30, 2013 included an impairment loss of approximately \$1.6 million in the Graphics Imaging segment that was recorded in the second quarter of fiscal 2013. The net change in intangible assets during the nine months ended June 30, 2014 included foreign currency fluctuations during the period and additional amortization.

Amortization expense on intangible assets was \$830 and \$1,169 for the three-month periods ended June 30, 2014 and 2013, respectively. For the nine-month periods ended June 30, 2014 and 2013, amortization expense was \$3,170 and \$3,048, respectively. Amortization expense is estimated to be \$963 for the remainder of 2014, \$3,664 in 2015, \$3,374 in 2016, \$3,181 in 2017 and \$3,163 in 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement:

The following discussion should be read in conjunction with the consolidated financial statements of Matthews International Corporation ("Matthews" or the "Company") and related notes thereto included in this Quarterly Report on Form 10-Q and the Company's Annual Report on Form 10-K for the year ended September 30, 2013. Any forward-looking statements contained herein are included pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results in future periods to be materially different from management's expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Factors that could cause the Company's results to differ materially from the results discussed in such forward-looking statements principally include changes in domestic or international economic conditions, changes in foreign currency exchange rates, changes in the cost of materials used in the manufacture of the Company's products, changes in death rates, changes in product demand or pricing as a result of consolidation in the industries in which the Company operates, changes in product demand or pricing as a result of domestic or international competitive pressures, unknown risks in connection with the Company's acquisitions, including the risks associated with the Company's recent acquisition of Schawk, Inc. ("SGK"), and technological factors beyond the Company's control. In addition, although the Company does not have any customers that would be considered individually significant to consolidated sales, changes in the distribution of the Company's products or the potential loss of one or more of the Company's larger customers are also considered risk factors.

Results of Operations:

The following table sets forth the sales and operating profit for the Company's Memorialization and Brand Solutions businesses for the three and nine-month periods ended June 30, 2014 and 2013.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
Sales:				
Memorialization	\$137,926	\$130,844	\$380,937	\$391,533
Brand Solutions	142,057	119,808	375,828	341,118
	\$279,983	\$250,652	\$756,765	\$732,651
Operating Profit:				
Memorialization	\$22,772	\$23,731	\$53,085	\$54,870
Brand Solutions	9,420	7,029	14,995	17,459
	\$32,192	\$30,760	\$68,080	\$72,329

Sales for the nine months ended June 30, 2014 were \$756.8 million, compared to \$732.7 million for the nine months ended June 30, 2013. The increase in sales primarily reflected the impact of significant projects during the fiscal 2014 third quarter in the Cremation and Merchandising Solutions segments, and acquisitions in the Graphics Imaging and Marking and Fulfillment Systems segments. Consolidated sales for the current period also reflected the benefit of favorable changes in foreign currencies against the U.S. dollar of approximately \$7.6 million.

In the Company's Memorialization business, Cemetery Products segment sales for the first nine months of fiscal 2014 were \$161.3 million, compared to \$169.4 million for the first nine months of fiscal 2013. The decrease primarily reflected lower unit volume of memorial products. Sales for the Funeral Home Products segment were \$179.8 million for the nine months ended June 30, 2014, compared to \$187.3 million a year ago. The decrease resulted principally from lower unit volume. Based on published CDC data, the Company estimated that the number of casketed, in-ground burial deaths in the U.S. declined in the first nine months of fiscal 2014, compared to a year ago, contributing to the decrease in unit volume in both the Cemetery Products and Funeral Home Products segments in fiscal 2014. Sales for the Cremation segment were \$39.8 million for the first nine months of fiscal 2014, compared to \$34.8 million for the same period a year ago. The increase principally reflected a significant waste incineration equipment project in Saudi Arabia during the third quarter of fiscal 2014. In the Brand Solutions business, sales for the Graphics Imaging segment were \$234.0 million in the first nine months of fiscal 2014, compared to \$219.5 million for the same period a year ago. The acquisition of Wetzel Holding AG, Wetzel GmbH and related affiliates (collectively "Wetzel") in November 2012 contributed \$7.7 million to the segment's sales increase in the first nine months of fiscal 2014. In addition, changes in foreign currency values against the U.S. dollar favorably impacted the segment's fiscal 2014 sales by \$6.9 million, compared to fiscal 2013. Marking and Fulfillment Systems segment sales were \$70.1 million for the first nine months of fiscal 2014, compared to \$63.9 million for the first nine months of fiscal 2013. The increase resulted principally from higher unit volume and the acquisition of Pyramid Controls, Inc. ("Pyramid") in December 2012. Pyramid contributed \$1.8 million to the fiscal 2014 sales increase over fiscal 2013. Sales for the Merchandising Solutions segment were \$71.8 million for the first nine months of fiscal 2014, compared to \$57.7 million for the same period a year ago. The increase principally reflected a significant merchandising display project during the third fiscal quarter of 2014.

Gross profit for the nine months ended June 30, 2014 was \$275.8 million, compared to \$266.2 million for the same period a year ago. Consolidated gross profit as a percent of sales was 36.0% and 36.3% for the first nine months of fiscal 2014 and fiscal 2013, respectively. The increase in consolidated gross profit primarily reflected the impact of higher sales in the Cremation segment and Brand Solutions businesses, partially offset by the impact of lower sales in the Cemetery Products and Funeral Home products segments.

Selling and administrative expenses for the nine months ended June 30, 2014 were \$207.7 million, compared to \$193.9 million for the first nine months of fiscal 2013. Consolidated selling and administrative expenses as a percent of sales were 27.4% for the nine months ended June 30, 2014, compared to 26.5% for the same period last year. Selling and administrative expenses in the first nine months of fiscal 2014 included expenses related to acquisition activities, primarily the SGK acquisition, of \$7.1 million, the Company's strategic cost structure initiatives of \$5.1 million and litigation expenses of \$1.9 million related to a legal dispute in the Funeral Home Products segment. Selling and administrative expenses in the first nine months of fiscal 2013 included expenses related to acquisition activities of \$2.5 million, strategic cost structure initiatives of \$8.3 million, expenses of \$1.2 million related to implementation of an ERP system and an impairment charge of approximately \$1.6 million related to the carrying value of an intangible asset. These expenses were partially offset by the benefit of a \$3.4 million adjustment to contingent consideration and a gain of \$3.3 million on the settlement of the purchase of the remaining ownership interest in one of the Company's subsidiaries.

Operating profit for the nine months ended June 30, 2014 was \$68.1 million, compared to \$72.3 million for the nine months ended June 30, 2013. Cemetery Products segment operating profit for the first nine months of fiscal 2014 was \$24.2 million, compared to \$23.9 million for the first nine months of fiscal 2013. Fiscal 2014 operating profit included expenses of \$651,000 related to strategic cost-structure initiatives. Fiscal 2013 operating profit included expenses related to strategic cost-structure initiatives of \$3.1 million and ERP implementation costs of \$1.4 million. Excluding these expenses from both periods, the Cemetery Products segment operating profit in the first nine months of fiscal 2014 was approximately \$3.5 million lower than in fiscal 2013, reflecting lower sales and losses on several mausoleum projects, partially offset by the benefit of the Company's recent cost structure initiatives. Operating profit for the Funeral Home Products segment was \$23.9 million for the nine months ended June 30, 2014, compared to \$29.5 million for the first nine months of fiscal 2013. The Funeral Home Products segment fiscal 2014 operating profit included expenses related to the Company's strategic cost-structure initiatives of \$2.3 million and litigation related expenses of \$1.9 million related to a legal dispute with one of the Company's competitors. The Funeral Home Products fiscal 2013 operating profit included expenses related to the Company's strategic cost-structure initiatives of \$1.8 million and litigation related expenses of \$148,000 related to a legal dispute with one of the Company's competitors. These fiscal 2013 expenses were offset by a favorable adjustment to the liability for contingent consideration of \$3.4 million. Excluding the aforementioned items from both periods, the Funeral Home Products segment operating profit for the first nine months of fiscal 2014 was approximately equal to the prior year, reflecting the impact of lower sales, offset by the favorable impact of the Company's strategic cost-structure initiatives. The Cremation segment reported an operating profit of \$5.0 million for the first nine months of

fiscal 2014, compared to \$1.4 million for the same period in fiscal 2013. The increase principally reflected the impact higher sales resulting from the waste incineration project. Graphics Imaging segment operating profit for the nine months ended June 30, 2014 was \$3.3 million, compared to \$10.0 million for the nine months ended June 30, 2013. The Graphics Imaging segment's fiscal 2014 operating profit included acquisition-related expenses of \$7.0 million and expenses related to strategic cost structure initiatives of \$985,000. Operating profit for the segment in fiscal 2013 included acquisition-related expenses of \$2.2 million, expenses related to strategic cost structure initiatives of approximately \$2.0 million and an impairment charge of \$1.6 million related to the carrying value of an intangible asset. These fiscal 2013 expenses were partially offset by a gain of \$3.3 million on the settlement of the purchase of the remaining ownership interest in one of the Company's subsidiaries. Excluding these items from both fiscal periods, the Graphics Imaging segment operating profit declined approximately \$1.1 million, primarily reflecting an unfavorable change in product mix, partially offset by the impact of the Wetzel acquisition of approximately \$500,000. Operating profit for the Marking and Fulfillment Systems segment for the first nine months of fiscal 2014 was \$5.8 million, compared to \$5.3 million for the same period a year ago. The increase primarily resulted from the favorable impact of higher sales. Merchandising Solutions segment operating profit was \$5.9 million for the first nine months of fiscal 2014, compared to \$2.1 million for the same period in fiscal 2013, primarily reflecting higher sales resulting from the fiscal 2014 third quarter merchandising display project, partially offset by an increase in expenses related to strategic cost structure initiatives of approximately \$630,000.

Investment income was \$1.7 million for the nine months ended June 30, 2014, compared to \$1.5 million for the nine months ended June 30, 2013. The increase reflected higher rates of return on investments held in trust for certain of the Company's benefit plans. Interest expense for the first nine months of fiscal 2014 was \$8.2 million, compared to \$9.8 million for the same period last year. The decrease in interest expense primarily reflected lower interest rates. Other deductions, net, for the nine months ended June 30, 2014 represented a decrease in pre-tax income of \$2.7 million, compared to a decrease in pre-tax income of \$3.2 million for the same period last year. Other income and deductions generally include banking related fees and the impact of currency gains and losses on certain intercompany debt.

The Company's effective tax rate for the nine months ended June 30, 2014 was 34.1%, compared to 34.3% for the first nine months of fiscal 2013 and 32.7% for the fiscal 2013 full year. The fiscal 2013 full year effective tax rate included the benefit of a European tax loss carryback. The effective tax rate for the first nine months of fiscal 2014 reflected the impact of estimated non-deductible transaction costs related to the pending acquisition of SGK. The difference between the Company's effective tax rate and the Federal statutory rate of 35.0% primarily reflected the impact of state taxes and estimated non-deductible acquisition costs, offset by lower foreign income taxes.

The deduction for net income attributable to noncontrolling interests was \$286,000 in the nine months ended June 30, 2014, compared to an addition to income of \$482,000 for the same period a year ago. The deduction in the current year primarily reflected the noncontrolling income generated by the Company's U.K. Cremation segment operation.

Goodwill and Other Intangible Assets:

Goodwill related to business combinations is not amortized, but is subject to annual review for impairment. In general, when the carrying value of a reporting unit exceeds its implied fair value, an impairment loss may need to be recognized. For purposes of testing for impairment, the Company uses a discounted cash flow technique. A number of assumptions and estimates are involved in the application of the discounted cash flow model to forecast operating cash flows, including sales volumes and pricing, costs to produce, tax rates, capital spending, working capital changes, and discount rate. The Company estimates future cash flows using volume and pricing assumptions based largely on existing customer relationships and contracts, and operating cost assumptions management believes are reasonable based on historical performance and projected future performance as reflected in its most recent operating plans and projections. The discount rate used in the discounted cash flow analysis was developed with the assistance of

valuation experts and management believes it appropriately reflects the risks associated with the Company's operating cash flows. In order to further validate the reasonableness of the estimated fair values of the reporting units as of the valuation date, a reconciliation of the aggregate fair values of all reporting units to market capitalization was performed using a reasonable control premium.

The Company performed its annual impairment review in the second quarter of fiscal 2014 and determined that for all reporting units, except Graphics Imaging, the estimated fair value significantly exceeded carrying value so no adjustments to the carrying value of goodwill were necessary at March 31, 2014. As discussed in the Company's Annual Report on Form 10-K for the year ended September 30, 2013, recent economic conditions in Europe have unfavorably impacted the operating results of the Graphics Imaging business. For the Graphics Imaging reporting unit, which had \$191.6 million of goodwill at March 31, 2014, the estimated fair value exceeded its carrying value by less than 10%, resulting in no goodwill impairment for the unit. While the Graphics Imaging reporting unit passed the first step of the impairment test, if its operating profits or another significant assumption were to deteriorate in the future, it could adversely affect the estimated fair value of the reporting unit. Factors that could have a negative impact on the estimated fair value of the Graphics Imaging reporting unit include a further delay in the recovery of the European market, continued pricing pressure, declines in expected volumes, and an increase in discount rates. If the Company is unsuccessful in its plans to recover the profitability of this business, the estimated fair value could decline and lead to a potential goodwill impairment in the future.

The carrying amount of trade names with indefinite lives as of June 30, 2014 and September 30, 2013 totaled \$23.1 million and \$22.9 million, respectively. These trade names are tested for impairment annually in the second quarter. Matthews performed a quantitative impairment evaluation of its trade names for 2014, and the test indicated the trade names were not impaired.

Liquidity and Capital Resources:

Net cash provided by operating activities was \$63.5 million for the first nine months of fiscal 2014, compared to \$72.9 million for the first nine months of fiscal 2013. Operating cash flow for both periods reflected net income adjusted for depreciation, amortization, stock-based compensation expense and non-cash pension expense. Net changes in working capital items, which principally related to increases in accounts receivable and inventory, partially offset by an increase in accounts payable, resulted in a use of working capital of \$14.3 million in fiscal 2014. Net changes in working capital items in fiscal 2013 resulted in a use of working capital of \$5.8 million, primarily reflecting a decrease in accounts payable.

Cash used in investing activities was \$18.7 million for the nine months ended June 30, 2014, compared to \$84.6 million for the nine months ended June 30, 2013. Investing activities for the first nine months of fiscal 2014 primarily reflected capital expenditures. Investing activities for the first nine months of fiscal 2013 primarily reflected acquisitions, net of cash acquired, of \$67.6 million and capital expenditures of \$17.3 million.

Capital expenditures reflected reinvestment in the Company's business 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 the last three fiscal years were primarily financed through operating cash. Capital spending for property, plant and equipment has averaged \$26.9 million for the last three fiscal years. Capital spending for fiscal 2014 is currently expected to be approximately \$30.0 million. The Company expects to generate sufficient cash from operations to fund all anticipated capital spending projects.

Cash used in financing activities for the nine months ended June 30, 2014 was \$23.7 million, primarily reflecting repayments, net of proceeds, of long-term debt of \$8.1 million, proceeds from the sale of treasury stock (stock option exercises) of \$2.0 million, treasury stock purchases of \$4.6 million, payment of contingent consideration of \$3.7 million and dividends of \$9.1 million to the Company's shareholders. Cash provided by financing activities for the nine months ended June 30, 2013 was \$8.6 million, primarily reflecting long-term debt proceeds, net of repayments, of \$39.8 million, payment of contingent consideration of \$9.5 million, treasury stock purchases of \$13.5 million and dividends of \$8.3 million to the Company's shareholders.

The Company has a domestic Revolving Credit Facility with a syndicate of financial institutions. The maximum amount of borrowings available under the facility at June 30, 2014 was \$500.0 million. Borrowings under the facility bear interest at LIBOR plus a factor ranging from .75% to 1.25% based on the Company's leverage ratio. The facility's maturity is July 2018. The leverage ratio is defined as net indebtedness divided by EBITDA (earnings before interest, taxes, depreciation and amortization). The Company is required to pay an annual commitment fee ranging from .15% to .25% (based on the Company's leverage ratio) of the unused portion of the facility. The Revolving Credit Facility requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed \$30.0 million) is available for the issuance of commercial and standby letters of credit. Outstanding borrowings on the Revolving Credit Facility were \$305.0 million as of June 30, 2014 and September 30, 2013. The weighted-average interest rate on outstanding borrowings under the credit facilities was 2.55% and 3.05% at June 30, 2014 and 2013, respectively.

In connection with the recent acquisition of SGK (see “Acquisitions”), on July 29, 2014 the Company entered into the first and second amendments to the Revolving Credit Facility to amend certain terms of the Revolving Credit Facility and increase the maximum amount of borrowings available under the facility from \$500.0 million to \$900.0 million. Under the terms of the amended facility, the interest rate spread at June 30, 2014 of 1.25% would have increased to 1.75%.

The Company has entered into the following interest rate swaps:

Effective Date	Amount	Fixed Interest Rate	Interest Rate Spread at June 30, 2014	Maturity Date
October 2011	\$25,000	1.67%	1.25%	October 2015
November 2011	25,000	2.13%	1.25%	November 2014
March 2012	25,000	2.44%	1.25%	March 2015
June 2012	40,000	1.88%	1.25%	June 2022
August 2012	35,000	1.74%	1.25%	June 2022
September 2012	25,000	3.03%	1.25%	December 2015
September 2012	25,000	1.24%	1.25%	March 2017
November 2012	25,000	1.33%	1.25%	November 2015
May 2014	25,000	1.35%	1.25%	May 2018

The interest rate swaps have been designated as cash flow hedges of the future variable interest payments under the Revolving Credit Facility which are considered probable of occurring. Based on the Company’s assessment, all the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

The fair value of the interest rate swaps reflected an unrealized loss, net of unrealized gains, of \$787,000 (\$480,000 after tax) at June 30, 2014 that is included in shareholders’ equity as part of accumulated other comprehensive income. Assuming market rates remain constant with the rates at June 30, 2014, an approximately \$1.2 million net unrealized loss included in accumulated other comprehensive income is expected to be recognized in earnings as interest expense over the next twelve months.

The Company, through certain of its European subsidiaries, has a credit facility with a bank. The maximum amount of borrowings available under this facility is 25.0 million Euros (\$34.2 million). Outstanding borrowings under the credit facility totaled 20.1 million Euros (\$27.5 million) and 22.5 million Euros (\$30.4 million) at June 30, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding borrowings under the facility at June 30, 2014 and 2013 was 1.35% and 1.37%, respectively.

The Company, through its German subsidiary, Saueressig GmbH & Co. KG (“Saueressig”), has several loans with various European banks. Outstanding borrowings under these loans totaled 1.5 million Euros (\$2.0 million) and 1.7 million Euros (\$2.3 million) at June 30, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding borrowings of Saueressig at June 30, 2014 and 2013 was 4.04% and 3.92%, respectively.

The Company, through its German subsidiary, Wetzel GmbH (“Wetzel”), has several loans with various European banks. Outstanding borrowings under these loans totaled 6.3 million Euros (\$8.6 million) and 7.4 million Euros (\$10.0 million) at June 30, 2014 and September 30, 2013. The weighted-average interest rate on outstanding borrowings of Wetzel at June 30, 2014 and 2013 was 7.62% and 7.26%, respectively.

The Company, through its wholly-owned subsidiary, Matthews International S.p.A., has several loans with various Italian banks. Outstanding borrowings on these loans totaled 6.0 million Euros (\$8.2million) and 5.1 million Euros (\$6.9 million) at June 30, 2014 and September 30, 2013, respectively. Matthews International S.p.A. also has three lines of credit totaling 11.3 million Euros (\$15.5 million) with the same Italian banks. Outstanding borrowings on these lines were 4.8 million Euros (\$6.6 million) and 5.6 million Euros (\$7.6 million) at June 30, 2014 and September 30, 2013, respectively. The weighted-average interest rate on outstanding Matthews International S.p.A. borrowings at June 30, 2014 and 2013 was 3.13% and 3.17%, respectively.

The Company has a stock repurchase program. Under the current authorization, the Company's Board of Directors has authorized the repurchase of a total of 2,500,000 shares of Matthews' common stock under the program, of which 1,081,807 shares remain available for repurchase as of June 30, 2014. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its common stock, and add to earnings per share. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions of the Company's Restated Articles of Incorporation.

Consolidated working capital of the Company was \$262.8 million at June 30, 2014, compared to \$222.0 million at September 30, 2013. Cash and cash equivalents were \$80.6 million at June 30, 2014, compared to \$59.0 million at September 30, 2013. The Company's current ratio was 2.4 and 2.2 at June 30, 2014 and September 30, 2013, respectively.

ENVIRONMENTAL MATTERS:

The Company's operations are subject to various federal, state and local laws and regulations relating to the protection of the environment. These laws and regulations impose limitations on the discharge of materials into the environment and require the Company to obtain and operate in compliance with conditions of permits and other government authorizations. As such, the Company has developed environmental, health, and safety policies and procedures that include the proper handling, storage and disposal of hazardous materials.

The Company is party to various environmental matters. These include obligations to investigate and mitigate the effects on the environment of the disposal of certain materials at various operating and non-operating sites. The Company is currently performing environmental assessments and remediation at these sites, as appropriate.

At June 30, 2014, an accrual of approximately \$5.1 million had been recorded for environmental remediation (of which \$1.3 million was classified in other current liabilities), representing management's best estimate of the probable and reasonably estimable costs of the Company's known remediation obligations. The accrual, which reflects previously established reserves assumed with the acquisition of York and additional reserves recorded as a purchase accounting adjustment, does not consider the effects of inflation and anticipated expenditures are not discounted to their present value. Changes in the accrued environmental remediation obligation from the prior fiscal year reflect payments charged against the accrual.

While final resolution of these contingencies could result in costs different than current accruals, management believes the ultimate outcome will not have a significant effect on the Company's consolidated results of operations or financial position.

ACQUISITIONS:

In March 2014, the Company signed a definitive agreement to acquire SGK. SGK is a leading global brand development, activation and brand deployment company. Under the terms of the transaction, SGK shareholders will receive \$11.80 cash and 0.20582 shares of Matthews' common stock for each SGK share held. The Company completed the acquisition on July 29, 2014. Based on the closing price of Matthews' stock on July 28, 2014, the

transaction represents an implied price of \$20.74 per share and a total enterprise value (which includes net outstanding debt) of approximately \$606 million.

In April 2013, the Company completed the purchase of the remaining 20% interest in Tact Group Limited (“Tact”). The Company had acquired an 80% interest in Tact in July 2009.

In March 2013, the Company completed the purchase of the remaining 38.5% interest in Kroma Pre-Press Preparation Systems Industry & Trade, Inc. (“Kroma”), completing the option arrangement in connection with the July 2011 acquisition of a 61.5% interest in Kroma.

In March 2013, the Company completed the purchase of the remaining 20% interest in Furnace Construction Cremators Limited (“FCC”). The Company had acquired an 80% interest in FCC in March 2010.

In December 2012, the Company acquired Pyramid. Pyramid is a provider of warehouse control systems and conveyor control solutions for distribution centers. The acquisition is designed to expand Matthews' fulfillment products and services in the warehouse management market. The initial purchase price for the transaction was approximately \$24.5 million, plus potential additional consideration up to \$3.7 million based on future operating results.

In November 2012, the Company completed the acquisition of Wetzel. Wetzel is a leading European provider of pre-press services and gravure printing forms, with manufacturing operations in Germany and Poland. Wetzel's products and services are sold primarily within Europe, and the acquisition is designed to expand Matthews' products and services in the global graphics imaging market. The purchase price for Wetzel was approximately 42.6 million Euros (\$54.7 million) on a cash-free, debt-free basis.

Forward-Looking Information:

Matthews has a three-pronged strategy to attain annual growth in earnings per share. This strategy consists of the following: internal growth (which includes organic growth, cost structure and productivity improvements, new product development and the expansion into new markets with existing products), acquisitions and share repurchases under the Company's stock repurchase program (see "Liquidity and Capital Resources").

The Company has a significant level of effort focused on the recent acquisition of SGK, which closed on July 29. Costs associated with the acquisition (including transaction and integration costs) and the impact resulting from acquisition valuation and related step-up expense will impact our results for the fourth quarter. However, our existing businesses are currently projecting to meet our initial fiscal 2014 consolidated expectations, on a non-GAAP adjusted basis.

Critical Accounting Policies:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Therefore, the determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, economic conditions, and in some cases, actuarial techniques. Actual results may differ from those estimates. A discussion of market risks affecting the Company can be found in "Quantitative and Qualitative Disclosures about Market Risk" in this Quarterly Report on Form 10-Q.

A summary of the Company's significant accounting policies are included in the Notes to Consolidated Financial Statements and in the critical accounting policies in Management's Discussion and Analysis included in the Company's Annual Report on Form 10-K for the year ended September 30, 2013. Management believes that the application of these policies on a consistent basis enables the Company to provide useful and reliable financial information about the company's operating results and financial condition.

LONG-TERM CONTRACTUAL OBLIGATIONS AND COMMITMENTS:

The following table summarizes the Company's contractual obligations at June 30, 2014, and the effect such obligations are expected to have on its liquidity and cash flows in future periods.

	Total	Payments due in fiscal year:			After 2019
		2014 Remainder	2015 to 2016	2017 to 2018	
(Dollar amounts in thousands)					
Contractual Cash Obligations:					
Revolving credit facilities	\$332,539	\$-	\$27,539	\$305,000	\$-
Notes payable to banks	20,317	10,649	6,568	3,100	-
Short-term borrowings	7,114	7,114	-	-	-
Capital lease obligations	9,966	610	3,340	1,827	4,189
Non-cancelable operating leases	21,069	3,086	12,229	3,575	2,179
Total contractual cash obligations	\$391,005	\$21,459	\$49,676	\$313,502	\$6,368

A significant portion of the loans included in the table above bear interest at variable rates. At June 30, 2014, the weighted-average interest rate was 2.55% on the Company's domestic Revolving Credit Facility, 1.35% on the credit facility through the Company's European subsidiaries, 4.04% on bank loans to its wholly-owned subsidiary, Saueressig, 7.62% on bank loans to its wholly-owned subsidiary, Wetzell and 3.13% on bank loans to the Company's wholly-owned subsidiary, Matthews International S.p.A.

Benefit payments under the Company's principal retirement plan are made from plan assets, while benefit payments under the supplemental retirement plan and postretirement benefit plan are funded from the Company's operating cash. The Company is not required to make any significant contributions to its principal retirement plan in fiscal 2014. During the nine months ended June 30, 2014, contributions of \$543,000 and \$709,000 were made under the supplemental retirement plan and postretirement plan, respectively. The Company currently anticipates contributing an additional \$180,000 and \$217,000 under the supplemental retirement plan and postretirement plan, respectively, for the remainder of fiscal 2014.

Unrecognized tax benefits are positions taken, or expected to be taken, on an income tax return that may result in additional payments to tax authorities. If a tax authority agrees with the tax position taken, or expected to be taken, or the applicable statute of limitations expires, then additional payments will not be necessary. As of June 30, 2014, the Company had unrecognized tax benefits, excluding penalties and interest, of approximately \$4.3 million. The timing of potential future payments related to the unrecognized tax benefits is not presently determinable. The Company believes that its current liquidity sources, combined with its operating cash flow and borrowing capacity, will be sufficient to meet its capital needs for the foreseeable future.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The following discussion about the Company's market risk involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The Company has market risk related to changes in interest rates, commodity prices and foreign currency exchange rates. The Company does not generally use derivative financial instruments in connection with these market risks, except as noted below.

Interest Rates - The Company's most significant long-term debt instrument is the domestic Revolving Credit Facility which bears interest at variable rates based on LIBOR.

The Company has entered into interest rate swaps as listed under "Liquidity and Capital Resources".

The interest rate swaps have been designated as cash flow hedges of the future variable interest payments under the Revolving Credit Facility which are considered probable of occurring. Based on the Company's assessment, all the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

The fair value of the interest rate swaps reflected a net unrealized gain of \$787,000 (\$480,000 after tax) at June 30, 2014 that is included in equity as part of accumulated other comprehensive income. A decrease of 10% in market interest rates (e.g. a decrease from 5.0% to 4.5%) would result in a decrease of approximately \$571,000 in the net fair value asset of the interest rate swaps.

Commodity Price Risks - In the normal course of business, the Company is exposed to commodity price fluctuations related to the purchases of certain materials and supplies (such as bronze ingot, steel, fuel and wood) used in its manufacturing operations. The Company obtains competitive prices for materials and supplies when available. In addition, based on competitive market conditions and to the extent that the Company has established pricing terms with customers through contracts or similar arrangements, the Company's ability to immediately increase the price of its products to offset the increased costs may be limited.

Foreign Currency Exchange Rates - The Company is subject to changes in various foreign currency exchange rates, including the Euro, British Pound, Canadian Dollar, Australian Dollar, Swedish Krona, Chinese Yuan, Hong Kong Dollar, Polish Zloty, Turkish Lira and Vietnamese Dong in the conversion from local currencies to the U.S. dollar of the reported financial position and operating results of its non-U.S. based subsidiaries. A strengthening of the U. S. dollar of 10% would have resulted in a decrease in reported sales of \$31.0 million and a decrease in reported operating income of \$2.4 million for the nine months ended June 30, 2014.

Actuarial Assumptions - The most significant actuarial assumptions affecting pension expense and pension obligations include the valuation of retirement plan assets, the discount rate and the estimated return on plan assets. The estimated return on plan assets is currently based upon projections provided by the Company's independent investment advisor, considering the investment policy of the plan and the plan's asset allocation. The fair value of plan assets and

discount rate are “point-in-time” measures, and the recent volatility of the debt and equity markets makes estimating future changes in fair value of plan assets and discount rates more challenging. The following table summarizes the impact on the September 30, 2013 actuarial valuations of changes in the primary assumptions affecting the Company’s principal retirement plan and supplemental retirement plan.

	Impact of Changes in Actuarial Assumptions					
	Change in Discount Rate		Change in Expected Return		Change in Market Value of Assets	
	+1%	-1%	+1%	-1%	+5%	-5%
	(Dollar amounts in thousands)					
Increase (decrease) in net benefit cost	\$ (2,394)	\$ 3,163	\$(1,204)	\$1,204	\$(1,097)	\$1,097
Increase (decrease) in projected benefit obligation	(23,348)	30,054	-	-	-	-
Increase (decrease) in funded status	23,348	(30,054)	-	-	6,219	(6,219)

Item 4. Controls and Procedures:

The Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are designed to provide reasonable assurance that information required to be disclosed in our reports filed under that Act (the "Exchange Act"), such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the rules of the Securities and Exchange Commission. These disclosure controls and procedures also are designed to provide reasonable assurance that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

Management, under the supervision and with the participation of our Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures in effect as of June 30, 2014. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2014, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, and that such information is recorded, summarized and properly reported within the appropriate time period, relating to the Company and its consolidated subsidiaries, required to be included in the Exchange Act reports, including this Quarterly Report on Form 10-Q.

There have been no changes in the Company's internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Matthews is subject to various legal proceedings and claims arising in the ordinary course of business. Management does not expect that the results of any of these legal proceedings will have a material adverse effect on Matthews' financial condition, results of operations or cash flows.

Item 1A. Risk Factors

The following risk factor relating to the Company's agreement to acquire Schawk, Inc. (the "Acquisition") updates the risk factors in the Company's Annual Report on Form 10-K for the year ended September 30, 2013 and Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2014.

Certain risks related to the Acquisition.

In March 2014, the Company signed a definitive agreement to acquire Schawk, Inc. (“SGK”), a leading global brand development, activation and brand deployment company. The Company completed the acquisition on July 29, 2014. Due to the acquisition, additional risks and uncertainties could affect the Company’s financial performance and actual results. Specifically, the acquisition could cause actual results for fiscal 2014 and beyond to differ materially from those expressed or implied in any forward-looking statements included in this report or otherwise made by the Company’s management. The risks associated with the acquisition include risks related to combining businesses and achieving expected savings and synergies, assimilating acquired companies and the fact that merger integration costs related to the acquisition are difficult to predict with a level of certainty, and may be greater than expected.

Item 2. Changes in Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Stock Repurchase Plan

The Company has a stock repurchase program. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its common stock, and add to earnings per share. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions of the Company’s Restated Articles of Incorporation. Under the current authorization, the Company's Board of Directors had authorized the repurchase of a total of 2,500,000 shares of Matthews’ common stock under the program, of which 1,081,807 shares remain available for repurchase as of June 30, 2014.

The following table shows the monthly fiscal 2014 stock repurchase activity:

Period	Total number of shares purchased	Weighted-average price paid per share	Total number of shares purchased as part of a publicly announced plan	Maximum number of shares that may yet be purchased under the plan
October 2013	509	\$ 40.83	509	1,194,161
November 2013	86,287	40.95	86,287	1,107,874
December 2013	15,381	41.67	15,381	1,092,493
January 2014	6,428	42.39	6,428	1,086,065
February 2014	-	-	-	1,086,065
March 2014	-	-	-	1,086,065
April 2014	-	-	-	1,086,065
May 2014	3,806	40.17	3,806	1,082,259
June 2014	452	41.09	452	1,081,807
Total	112,863	\$ 41.10	112,863	

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Not Applicable.

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(a) Exhibits

Exhibit No.	Description
31.1	Certification of Principal Executive Officer for Joseph C. Bartolacci*
31.2	Certification of Principal Financial Officer for Steven F. Nicola *
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Joseph C. Bartolacci*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Steven F. Nicola*
101	Interactive Data File (Form 10-Q for the quarterly period ended June 30, 2014 furnished in XBRL)

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MATTHEWS INTERNATIONAL CORPORATION
(Registrant)

Date: August 7, 2014

/s/ Joseph C. Bartolacci
Joseph C. Bartolacci, President
and Chief Executive Officer

Date: August 7, 2014

/s/ Steven F. Nicola
Steven F. Nicola, Chief Financial Officer,
Secretary and Treasurer

