

KEWAUNEE SCIENTIFIC CORP /DE/

Form 10-Q

March 11, 2013

Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended January 31, 2013

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 0-5286

**KEWAUNEE SCIENTIFIC CORPORATION**

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>38-0715562</b> (IRS Employer Identification No.)
<b>2700 West Front Street</b>	
<b>Statesville, North Carolina</b> (Address of principal executive offices)	<b>28677-2927</b> (Zip Code)
<b>Registrant's telephone number, including area code: (704) 873-7202</b>	

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 (§232.405 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 definition of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input checked="" type="checkbox"/>

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

As of March 7, 2013, the registrant had outstanding 2,591,462 shares of Common Stock.

**Table of Contents**

**KEWAUNEE SCIENTIFIC CORPORATION**

INDEX TO FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JANUARY 31, 2013

	<b>Page Number</b>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
Item 1. <u>Financial Statements</u>	
<u>Consolidated Statements of Operations (unaudited) Three and nine months ended January 31, 2013 and 2012</u>	1
<u>Consolidated Statements of Comprehensive Income (Loss) (unaudited) Three and nine months ended January 31, 2013 and 2012</u>	2
<u>Consolidated Balance Sheets January 31, 2013 (unaudited) and April 30, 2012</u>	3
<u>Consolidated Statements of Cash Flows (unaudited) Nine months ended January 31, 2013 and 2012</u>	4
<u>Notes to Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	7
<u>Review by Independent Registered Public Accounting Firm</u>	9
<u>Report of Independent Registered Public Accounting Firm</u>	10
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	11
Item 4. <u>Controls and Procedures</u>	11
<b><u>PART II. OTHER INFORMATION</u></b>	
Item 6. <u>Exhibits</u>	12
<b><u>SIGNATURE</u></b>	13

**Table of Contents**

## Part 1. Financial Information

**Item 1. Financial Statements***Kewaunee Scientific Corporation*

## Consolidated Statements of Operations

*(Unaudited)**(in thousands, except per share data)*

	Three months ended January 31		Nine months ended January 31	
	2013	2012	2013	2012
Net sales	\$ 27,450	\$ 21,574	\$ 85,318	\$ 73,857
Costs of products sold	22,441	17,803	69,839	62,053
Gross profit	5,009	3,771	15,479	11,804
Operating expenses	4,054	3,990	12,205	11,950
Operating earnings (loss)	955	(219)	3,274	(146)
Other income	84	193	260	228
Interest expense	(80)	(110)	(295)	(333)
Earnings (loss) before income taxes	959	(136)	3,239	(251)
Income tax expense (benefit)	177	(170)	962	(237)
Net earnings (loss)	782	34	2,277	(14)
Less: net earnings attributable to the noncontrolling interest	238	156	450	211
Net earnings (loss) attributable to Kewaunee Scientific Corporation	\$ 544	\$ (122)	\$ 1,827	\$ (225)
Net earnings (loss) per share attributable to Kewaunee Scientific Corporation stockholders				
Basic	\$ 0.21	\$ (0.05)	\$ 0.71	\$ (0.09)
Diluted	\$ 0.21	\$ (0.05)	\$ 0.71	\$ (0.09)
Weighted average number of common shares outstanding (in thousands)				
Basic	2,590	2,579	2,586	2,579
Diluted	2,604	2,579	2,596	2,579

*See accompanying notes to consolidated financial statements.*

**Table of Contents***Kewaunee Scientific Corporation*

## Consolidated Statements of Comprehensive Income (Loss)

*(Unaudited)**(in thousands)*

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>January 31</b>		<b>January 31</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net earnings (loss)	\$ 782	\$ 34	\$ 2,277	\$ (14)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	71	(84)	46	(319)
Change in fair value of cash flow hedge	24	(27)	25	(121)
Other comprehensive income (loss)	95	(111)	71	(440)
Comprehensive income (loss)	877	(77)	2,348	(454)
Less comprehensive income (loss) attributable to the noncontrolling interest	238	156	450	211
Comprehensive income (loss) attributable to Kewaunee Scientific Corporation	\$ 639	\$ (233)	\$ 1,898	\$ (665)

*See accompanying notes to consolidated financial statements.*

**Table of Contents***Kewaunee Scientific Corporation*

## Consolidated Balance Sheets

*(in thousands)*

	January 31, 2013 (Unaudited)	April 30, 2012
<b><u>Assets</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 4,202	\$ 6,188
Restricted cash	692	704
Receivables, less allowance	20,064	23,244
Inventories	12,888	11,760
Deferred income taxes	742	713
Prepaid expenses and other current assets	1,527	989
<b>Total Current Assets</b>	<b>40,115</b>	<b>43,598</b>
Property, plant and equipment, at cost	44,861	43,556
Accumulated depreciation	(29,971)	(28,210)
<b>Net Property, Plant and Equipment</b>	<b>14,890</b>	<b>15,346</b>
Deferred income taxes	1,732	1,656
Other	3,886	3,536
<b>Total Other Assets</b>	<b>5,618</b>	<b>5,192</b>
<b>Total Assets</b>	<b>\$ 60,623</b>	<b>\$ 64,136</b>
<b><u>Liabilities and Equity</u></b>		
Current Liabilities:		
Short-term borrowings	\$ 2,707	\$ 6,816
Current obligations under capital leases		36
Current portion of long-term debt	200	200
Accounts payable	8,562	8,848
Employee compensation and amounts withheld	1,339	1,304
Deferred revenue	939	1,362
Other accrued expenses	2,082	1,674
<b>Total Current Liabilities</b>	<b>15,829</b>	<b>20,240</b>
Long-term debt	3,317	3,467
Accrued employee benefit plan costs	8,778	8,771
<b>Total Liabilities</b>	<b>27,924</b>	<b>32,478</b>
Commitments and Contingencies		
Equity:		
Common Stock	6,550	6,550
Additional paid-in-capital	1,501	1,341
Retained earnings	30,225	29,218
Accumulated other comprehensive loss	(7,105)	(7,176)
Common stock in treasury, at cost	(317)	(422)
<b>Total Kewaunee Scientific Corporation Stockholders' Equity</b>	<b>30,854</b>	<b>29,511</b>

Edgar Filing: KEWAUNEE SCIENTIFIC CORP /DE/ - Form 10-Q

Noncontrolling interest	1,845	2,147
Total Equity	32,699	31,658
Total Liabilities and Equity	\$ 60,623	\$ 64,136

*See accompanying notes to consolidated financial statements.*

**Table of Contents***Kewaunee Scientific Corporation*

## Consolidated Statements of Cash Flows

*(Unaudited)**(in thousands)*

	<b>Nine months ended January 31</b>	
	<b>2013</b>	<b>2012</b>
<b><i>Cash flows from operating activities:</i></b>		
Net earnings (loss)	\$ 2,277	\$ (14)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation	1,994	1,994
Bad debt provision	(8)	45
Provision for deferred income tax expense	(105)	(167)
Increase in prepaid income taxes		(391)
Decrease in receivables	3,188	7,255
Increase in inventories	(1,128)	(1,296)
Increase (decrease) in accounts payable and other accrued expenses	157	(2,561)
Decrease in deferred revenue	(423)	(258)
Other, net	(624)	(298)
Net cash provided by operating activities	5,328	4,309
<b><i>Cash flows from investing activities:</i></b>		
Capital expenditures	(1,538)	(1,230)
Decrease (increase) in restricted cash	12	(96)
Net cash used in investing activities	(1,526)	(1,326)
<b><i>Cash flows from financing activities:</i></b>		
Dividends paid	(784)	(773)
Dividends paid to minority interest	(744)	
Decrease in short-term borrowings	(4,109)	(187)
Payments on long-term debt	(150)	(150)
Payments on capital leases	(36)	(61)
Net proceeds from exercise of stock options (including tax benefit)	94	
Net cash used in financing activities	(5,729)	(1,171)
Effect of exchange rate changes on cash	(59)	(285)
<b><i>(Decrease) increase in cash and cash equivalents</i></b>	<b>(1,986)</b>	<b>1,527</b>
<b><i>Cash and cash equivalents, beginning of period</i></b>	<b>6,188</b>	<b>2,402</b>
<b><i>Cash and cash equivalents, end of period</i></b>	<b>\$ 4,202</b>	<b>\$ 3,929</b>

*See accompanying notes to consolidated financial statements.*



**Table of Contents**

## Kewaunee Scientific Corporation

## Notes to Consolidated Financial Statements

(unaudited)

**A. Financial Information**

The unaudited interim consolidated financial statements of Kewaunee Scientific Corporation (the Company or Kewaunee) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the Commission). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These interim consolidated financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of these financial statements and should be read in conjunction with the consolidated financial statements and notes included in the Company's 2012 Annual Report to Stockholders. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year. The condensed consolidated balance sheet as of April 30, 2012 included in this interim period filing has been derived from the audited financial statements at that date, but does not include all of the information and related notes required by generally accepted accounting principles (GAAP) for complete financial statements.

The preparation of the interim consolidated financial statements requires management to make certain estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

**B. Inventories**

Inventories consisted of the following (in thousands):

	January 31, 2013	April 30, 2012
Finished products	\$ 3,692	\$ 3,570
Work in process	1,737	1,831
Raw materials	7,459	6,359
	\$ 12,888	\$ 11,760

For interim reporting, LIFO inventories are computed based on year-to-date quantities and interim changes in price levels. Changes in quantities and price levels are reflected in the interim consolidated financial statements in the period in which they occur.

**C. Segment Information**

The following table provides financial information by business segments for the three and nine months ended January 31, 2013 and 2012 (in thousands):

	Domestic Operations	International Operations	Corporate	Total
<b>Three months ended January 31, 2013</b>				
Revenues from external customers	\$ 20,445	\$ 7,005	\$	\$ 27,450
Intersegment revenues	2,415	454	(2,869)	
Operating earnings (loss) before income taxes	1,009	992	(1,042)	959
<b>Three months ended January 31, 2012</b>				
Revenues from external customers	\$ 17,142	\$ 4,432	\$	\$ 21,574

Edgar Filing: KEWAUNEE SCIENTIFIC CORP /DE/ - Form 10-Q

Intersegment revenues	1,369	511	(1,880)	
Operating earnings (loss) before income taxes	233	504	(873)	(136)

**Table of Contents**

	Domestic Operations	International Operations	Corporate	Total
<b>Nine months ended January 31, 2013</b>				
Revenues from external customers	\$ 68,757	\$ 16,561	\$	\$ 85,318
Intersegment revenues	3,833	1,876	(5,709)	
Operating earnings (loss) before income taxes	4,331	2,022	(3,114)	3,239
<b>Nine months ended January 31, 2012</b>				
Revenues from external customers	\$ 64,364	\$ 9,493	\$	\$ 73,857
Intersegment revenues	1,770	777	(2,547)	
Operating earnings (loss) before income taxes	1,600	704	(2,555)	(251)

**D. Defined Benefit Pension Plans**

The Company has non-contributory defined benefit pension plans covering substantially all salaried and hourly employees. These plans were amended as of April 30, 2005, no further benefits have been, or will be, earned under the plans, subsequent to the amendment date, and no additional participants will be added to the plans. Contributions of \$1,000,000 were paid to the plans during the nine months ended January 31, 2013, and the Company does not expect any contributions to be paid to the plans during the remainder of the fiscal year. Contributions of \$402,000 were made during the nine months ended January 31, 2012.

Pension expense consisted of the following (in thousands):

	Three months ended January 31, 2013	Three months ended January 31, 2012
Service cost	\$ -0-	\$ -0-
Interest cost	226	235
Expected return on plan assets	(303)	(326)
Recognition of net loss	276	179
<b>Net periodic pension expense</b>	<b>\$ 199</b>	<b>\$ 88</b>

	Nine months ended January 31, 2013	Nine months ended January 31, 2012
Service cost	\$ -0-	\$ -0-
Interest cost	679	705
Expected return on plan assets	(910)	(978)
Recognition of net loss	827	537
<b>Net periodic pension expense</b>	<b>\$ 596</b>	<b>\$ 264</b>

**E. Earnings Per Share**

Basic earnings per share is based on the weighted average number of common shares outstanding during the three and nine month periods. Diluted earnings per share reflects the assumed exercise and conversion of outstanding options under the Company's stock option plans, except when options have an anti-dilutive effect. Options to purchase 118,400 shares were not included in the computation of diluted earnings per share for the three and nine month periods ended January 31, 2013, because the option exercise prices were greater than the average market price of the common shares at that date, and accordingly, such options would have an antidilutive effect. Options to purchase 308,800 shares were not included in the computation of diluted earnings per share for the three and nine month periods ended January 31, 2012, because the effect would be anti-dilutive.



**Table of Contents****Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The Company's 2012 Annual Report to Stockholders contains management's discussion and analysis of financial condition and results of operations at and for the year ended April 30, 2012. The following discussion and analysis describes material changes in the Company's financial condition since April 30, 2012. The analysis of results of operations compares the three and nine months ended January 31, 2013 with the comparable periods of the prior year.

**Results of Operations**

Sales for the three months ended January 31, 2013 were \$27,450,000, an increase of 27% from sales of \$21,574,000 in the comparable period of the prior year. Sales for the quarter benefited from the Company's strengthened domestic dealer network, broadened international dealer network, and lower manufacturing costs. Sales from Domestic Operations were \$20,445,000 for the three months ended January 31, 2013, up from \$17,142,000 in the comparable period of the prior year. The domestic marketplace for privately-funded projects continued to hold up relatively well during the quarter, while opportunities for publicly-funded wood educational projects remained well below pre-recession levels, as state and local governments continued to receive significantly lower funding for capital projects. Sales from International Operations were \$7,005,000 for the three months ended January 31, 2013, up from \$4,432,000 in the comparable period of the prior year. The Company continues to see increased opportunities for sales and orders in its Asia and Middle East laboratory markets.

Sales for the nine months ended January 31, 2013 were \$85,318,000, up 16% from sales of \$73,857,000 in the same period last year. Domestic Operations sales were \$68,757,000 for the nine months ended January 31, 2013, up from sales of \$64,364,000 in the same period last year. International Operation sales were \$16,561,000 for the nine months ended January 31, 2013, up from sales of \$9,493,000 in the same period last year.

The order backlog was \$84.5 million at January 31, 2013, as compared to \$86.2 million at April 30, 2012 and \$77.1 million at January 31, 2012.

The gross profit margin for the three months ended January 31, 2013 was 18.2% of sales, as compared to 17.5% of sales in the comparable quarter of the prior year. The gross profit margin for the nine months ended January 31, 2013 was 18.1% of sales, as compared to 16.0% of sales in the comparable period of the prior year. The increases in the gross profit margin percentages for the current year periods were primarily due to benefits associated with higher manufacturing volumes, a more favorable product mix, and reduced manufacturing and overhead costs.

Operating expenses for the three months ended January 31, 2013 were \$4,054,000, or 14.8% of sales, as compared to \$3,990,000, or 18.5% of sales, in the comparable period of the prior year. Operating expenses for the nine months ended January 31, 2013 were \$12,205,000, or 14.3% of sales, as compared to \$11,950,000, or 16.2% of sales in the comparable period of the prior year. The current year periods were favorably impacted by lower costs resulting from cost reduction actions initiated in the second half of the prior year. These lower costs substantially offset higher expenses associated with the increase in sales and higher pension expense. Pension expense increased by \$111,000 and \$332,000 for the three and nine month periods of the current year, respectively, as compared to the comparable periods of the prior year.

Interest expense was \$80,000 and \$295,000 for the three and nine months ended January 31, 2013, as compared to \$110,000 and \$333,000 for the comparable periods of the prior year. The decreases for the current year periods resulted from lower borrowing levels.

Income tax expense of \$177,000 and \$962,000 was recorded for the three and nine months ended January 31, 2013, as compared to income tax benefits of \$170,000 and \$237,000 recorded for the comparable periods of the prior year. The effective tax rates were 18.5% and 29.7% for the three and nine months ended January 31, 2013, respectively. These rates were favorably impacted by tax rates for the Company's international subsidiaries and the impact of state and federal tax credits. Additionally, since the federal research and development (R&D) tax credit was reinstated in January 2013 retroactive to 2012, the cumulative impact of these tax credits for the first six months of the fiscal year was considered in the third quarter effective tax rate calculation. The effective tax rates were credits of 125% and 94.4% for the three and nine months ended January 31, 2012, respectively. The effective tax rates for these periods are reflective of favorable federal and state income tax credits combined with reported net losses.

Noncontrolling interests related to the Company's two subsidiaries that are not 100% owned by the Company reduced net earnings by \$238,000 and \$450,000 for the three and nine months ended January 31, 2013, respectively. Net earnings were reduced by \$156,000 and \$211,000 for the three and nine months ended January 31, 2012, respectively. The changes in the net earnings attributable to the noncontrolling interest in the current periods were due to the change in earnings of the two subsidiaries in the related periods.

Net earnings of \$544,000, or \$0.21 per diluted share, was reported for the three months ended January 31, 2013, compared to a net loss of \$122,000, or \$0.05 per diluted share, in the prior year period. Net earnings of \$1,827,000, or \$0.71 per diluted share, was reported for the nine

Edgar Filing: KEWAUNEE SCIENTIFIC CORP /DE/ - Form 10-Q

months ended January 31, 2013, compared to a net loss of \$225,000, or \$0.09 per diluted share, for the same period last year.

---

## Table of Contents

### Liquidity and Capital Resources

Historically, the Company's principal sources of liquidity have been funds generated from operations, supplemented as needed by short-term borrowings under the Company's revolving credit facility. Additionally, certain machinery and equipment are financed by non-cancellable operating leases or capital leases. The Company believes that these sources will be sufficient to support ongoing business requirements in the current year, including capital expenditures.

The Company had working capital of \$24,286,000 at January 31, 2013, as compared to \$23,358,000 at April 30, 2012. The ratio of current assets to current liabilities was 2.5-to-1.0 at January 31, 2013, as compared to 2.2-to-1.0 at April 30, 2012. At January 31, 2013, advances of \$2,707,000 were outstanding under the Company's bank revolving credit facility, as compared to advances of \$6,816,000 outstanding as of April 30, 2012. Total bank borrowings and capital lease obligations were \$6,224,000 at January 31, 2013, as compared to \$10,519,000 at April 30, 2012.

The Company's operations provided cash of \$5,328,000 during the nine months ended January 31, 2013. Cash was primarily provided from earnings and a decrease in accounts receivable of \$3,188,000, partially offset by an increase in inventories of \$1,128,000. The Company's operations provided cash of \$4,309,000 during the nine months ended January 31, 2012, with cash primarily provided from a decrease in accounts receivable of \$7,255,000, partially offset by an increase in inventory of \$1,296,000 and a decrease in accounts payable and accrued expenses of \$2,561,000.

During the nine months ended January 31, 2013, net cash of \$1,526,000 was used in investing activities, primarily for capital expenditures. This compares to the use of \$1,326,000 for investing activities in the comparable period of the prior year, primarily for capital expenditures.

The Company's financing activities used cash of \$5,729,000 during the nine months ended January 31, 2013, which included repayment of short-term borrowings of \$4,109,000, cash dividends of \$784,000 paid to stockholders, and cash dividends of \$744,000 paid to minority interest holders. Financing activities used cash of \$1,171,000 in the same period of the prior year, which included repayment of short-term borrowings of \$187,000 and cash dividends paid of \$773,000.

### Outlook

The Company's ability to predict future demand for its products continues to be limited given its role as subcontractor or supplier to dealers for subcontractors. Demand for the Company's products is also dependent upon the number of laboratory construction projects planned and/or current progress in projects already under construction. The Company's earnings are also impacted by increased costs of raw materials, including stainless steel, wood, and epoxy resin, and whether the Company is able to increase product prices to customers in amounts that correspond to such increases without materially and adversely affecting sales. Additionally, since prices are normally quoted on a firm basis in the industry, the Company bears the burden of possible increases in labor and material costs between the quotation of an order and delivery of a product. The Company is also unable to predict the timing and strength of the global economic recovery and its short-term and long-term impact on its operations and the markets in which it competes.

### Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Certain statements in this report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the Reform Act). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could significantly impact results or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to, economic, competitive, governmental, and technological factors affecting the Company's operations, customer changes to product designs, customer changes to delivery dates, markets, products, services, and prices, as well as prices for certain raw materials and energy. The cautionary statements made pursuant to the Reform Act herein and elsewhere by the Company should not be construed as exhaustive. The Company cannot always predict what factors would cause actual results to differ materially from those indicated by the forward-looking statements. In addition, readers are urged to consider statements that include the terms believes, belief, expects, plans, objectives, anticipated, intends or the like to be uncertain and forward-looking. Over time, the Company's actual results, performance or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by the Company's forward-looking statements, and such difference might be significant and harmful to stockholders' interests. Many important factors that could cause such a difference are described under the caption Risk Factors, in Item 1A of the Company's 2012 Annual Report on Form 10-K.

**Table of Contents**

REVIEW BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

A review of the interim consolidated financial information included in this Quarterly Report on Form 10-Q for each of the three and nine month periods ended January 31, 2013 and January 31, 2012 has been performed by Cherry Bekaert LLP, the Company's independent registered public accounting firm. Their report on the interim consolidated financial information follows.



**Table of Contents**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have reviewed the accompanying consolidated balance sheet of Kewaunee Scientific Corporation and its subsidiaries (the Company) as of January 31, 2013, the related consolidated statements of operations, and comprehensive income (loss) for the three-month and nine-month periods ended January 31, 2013 and 2012 and the related consolidated statements of cash flows for the nine-month periods ended January 31, 2013 and 2012. These interim consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the interim consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of April 30, 2012, and the related consolidated statements of operations, comprehensive income (loss) and stockholders' equity, and cash flows for the year then ended (not presented herein) and in our report dated July 13, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of April 30, 2012 is fairly stated in all material respects in relation to the consolidated financial statement from which it has been derived.

/s/ Cherry Bekaert LLP  
Charlotte, North Carolina  
March 8, 2013

**Table of Contents**

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There are no material changes to the disclosures made on this matter in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2012.

**Item 4. Controls and Procedures**

(a) Evaluation of disclosure controls and procedures

An evaluation was performed under the supervision and the participation of the Company's management, including the Chief Executive Officer ( CEO ) and Chief Financial Officer ( CFO ), of the effectiveness of the design and operation of 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) as of January 31, 2013. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that, as of January 31, 2013, the Company's disclosure controls and procedures were adequate and effective and designed to ensure that all material information required to be filed in this quarterly report is made known to them by others within the Company and its subsidiaries.

(b) Changes in internal controls

There was no significant change in the Company's internal control over financial reporting that occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**Table of Contents**

PART II. OTHER INFORMATION

**Item 6. Exhibits**

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

**Table of Contents**

SIGNATURE

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

KEWAUNEE SCIENTIFIC CORPORATION

(Registrant)

Date: March 11, 2013

By /s/ D. Michael Parker  
D. Michael Parker

(As duly authorized officer and Senior Vice President, Finance  
and Chief Financial Officer)