

KEWAUNEE SCIENTIFIC CORP /DE/

Form 10-Q

December 13, 2012

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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 October 31, 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 0-5286

KEWAUNEE SCIENTIFIC CORPORATION

(Exact name of registrant as specified in its charter)

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

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 December 10, 2012, the registrant had outstanding 2,588,455 shares of Common Stock.

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KEWAUNEE SCIENTIFIC CORPORATION

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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 October 31 | | Six months ended October 31 | |
|--|----------------------------------|-----------|--------------------------------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| Net sales | \$ 31,185 | \$ 25,962 | \$ 57,868 | \$ 52,283 |
| Costs of products sold | 25,958 | 22,117 | 47,398 | 44,250 |
| Gross profit | 5,227 | 3,845 | 10,470 | 8,033 |
| Operating expenses | 4,013 | 4,005 | 8,151 | 7,960 |
| Operating earnings (loss) | 1,214 | (160) | 2,319 | 73 |
| Other income | 108 | 36 | 176 | 35 |
| Interest expense | (101) | (128) | (215) | (223) |
| Earnings (loss) before income taxes | 1,221 | (252) | 2,280 | (115) |
| Income tax expense (benefit) | 414 | (96) | 785 | (67) |
| Net earnings (loss) | 807 | (156) | 1,495 | (48) |
| Less: net earnings (loss) attributable to the noncontrolling interest | 158 | (31) | 212 | 55 |
| Net earnings (loss) attributable to Kewaunee Scientific Corporation | \$ 649 | \$ (125) | \$ 1,283 | \$ (103) |
| Net earnings (loss) per share attributable to Kewaunee Scientific Corporation stockholders | | | | |
| Basic | \$ 0.25 | \$ (0.05) | \$ 0.50 | \$ (0.04) |
| Diluted | \$ 0.25 | \$ (0.05) | \$ 0.50 | \$ (0.04) |
| Weighted average number of common shares outstanding | | | | |
| Basic | 2,587 | 2,579 | 2,584 | 2,579 |
| Diluted | 2,601 | 2,579 | 2,592 | 2,579 |

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Comprehensive Income

*(Unaudited)**(in thousands)*

| | Three months ended October 31 | | Six months ended October 31 | |
|--|----------------------------------|----------|--------------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Net earnings (loss) | \$ 807 | \$ (156) | \$ 1,495 | \$ (48) |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustments | 111 | (279) | (25) | (235) |
| Change in fair value of cash flow hedge | 13 | (39) | 1 | (94) |
| Other comprehensive income (loss) | 124 | (318) | (24) | (329) |
| Comprehensive income (loss) | 931 | (474) | 1,471 | (377) |
| Less comprehensive income (loss) attributable to the noncontrolling interest | 158 | (31) | 212 | 55 |
| Comprehensive income (loss) attributable to Kewaunee Scientific Corporation | \$ 773 | \$ (443) | \$ 1,259 | \$ (432) |

See accompanying notes to consolidated financial statements.

Table of Contents*Kewaunee Scientific Corporation*

Consolidated Balance Sheets

(in thousands)

| | October 31, 2012 (Unaudited) | April 30, 2012 |
|--|------------------------------------|-------------------|
| <u>Assets</u> | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 5,878 | \$ 6,188 |
| Restricted cash | 639 | 704 |
| Receivables, less allowance | 24,868 | 23,244 |
| Inventories | 12,424 | 11,760 |
| Deferred income taxes | 755 | 713 |
| Prepaid expenses and other current assets | 1,755 | 989 |
| Total Current Assets | 46,319 | 43,598 |
| Property, plant and equipment, at cost | 44,178 | 43,556 |
| Accumulated depreciation | (29,420) | (28,210) |
| Net Property, Plant and Equipment | 14,758 | 15,346 |
| Deferred income taxes | 1,710 | 1,656 |
| Other | 3,710 | 3,536 |
| Total Other Assets | 5,420 | 5,192 |
| Total Assets | \$ 66,497 | \$ 64,136 |
| <u>Liabilities and Equity</u> | | |
| Current Liabilities: | | |
| Short-term borrowings | \$ 5,694 | \$ 6,816 |
| Current obligations under capital leases | | 36 |
| Current portion of long-term debt | 200 | 200 |
| Accounts payable | 11,226 | 8,848 |
| Employee compensation and amounts withheld | 1,827 | 1,304 |
| Deferred revenue | 1,065 | 1,362 |
| Other accrued expenses | 2,121 | 1,674 |
| Total Current Liabilities | 22,133 | 20,240 |
| Long-term debt | 3,367 | 3,467 |
| Accrued employee benefit plan costs | 8,389 | 8,771 |
| Total Liabilities | 33,889 | 32,478 |
| Commitments and Contingencies | | |
| Equity: | | |
| Common Stock | 6,550 | 6,550 |
| Additional paid-in-capital | 1,443 | 1,341 |
| Retained earnings | 29,948 | 29,218 |
| Accumulated other comprehensive loss | (7,200) | (7,176) |
| Common stock in treasury, at cost | (344) | (422) |

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| | | |
|---|-----------|-----------|
| Total Kewaunee Scientific Corporation Stockholders Equity | 30,397 | 29,511 |
| Noncontrolling interest | 2,211 | 2,147 |
| Total Equity | 32,608 | 31,658 |
| Total Liabilities and Equity | \$ 66,497 | \$ 64,136 |

See accompanying notes to consolidated financial statements.

Table of Contents*Kewaunee Scientific Corporation*

Consolidated Statements of Cash Flows

*(Unaudited)**(in thousands)*

| | Six months ended October 31 | |
|--|--|-----------------|
| | 2012 | 2011 |
| <i>Cash flows from operating activities:</i> | | |
| Net earnings (loss) | \$ 1,495 | \$ (48) |
| Adjustments to reconcile net earnings (loss) to net cash provided by operating activities: | | |
| Depreciation | 1,317 | 1,343 |
| Bad debt provision | 23 | 16 |
| Provision for deferred income tax expense (benefit) | (96) | (124) |
| Increase in prepaid income taxes | | (103) |
| (Increase) decrease in receivables | (1,647) | 3,851 |
| (Increase) decrease in inventories | (664) | 96 |
| Increase (decrease) in accounts payable and other accrued expenses | 3,348 | (2,475) |
| Decrease in deferred revenue | (297) | (47) |
| Other, net | (1,225) | (583) |
| Net cash provided by operating activities | 2,254 | 1,926 |
| <i>Cash flows from investing activities:</i> | | |
| Capital expenditures | (729) | (751) |
| Decrease (increase) in restricted cash | 65 | (323) |
| Net cash used in investing activities | (664) | (1,074) |
| <i>Cash flows from financing activities:</i> | | |
| Dividends paid | (517) | (516) |
| Dividends paid to minority interest | (139) | |
| (Decrease) increase in short-term borrowings | (1,122) | 738 |
| Payments on long-term debt | (100) | (100) |
| Payments on capital leases | (36) | (40) |
| Net proceeds from exercise of stock options (including tax benefit) | 67 | |
| Net cash (used in) provided by financing activities | (1,847) | 82 |
| Effect of exchange rate changes on cash | (53) | (124) |
| (Decrease) increase in cash and cash equivalents | (310) | 810 |
| Cash and cash equivalents, beginning of period | 6,188 | 2,402 |
| Cash and cash equivalents, end of period | \$ 5,878 | \$ 3,212 |

See accompanying notes to consolidated financial statements.

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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):

| | October 31, 2012 | April 30, 2012 |
|-------------------|------------------|----------------|
| Finished products | \$ 3,642 | \$ 3,570 |
| Work in process | 1,792 | 1,831 |
| Raw materials | 6,990 | 6,359 |
| | \$ 12,424 | \$ 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 six months ended October 31, 2012 and 2011 (in thousands):

| | Domestic Operations | International Operations | Corporate | Total |
|---|------------------------|-----------------------------|-----------|-----------|
| Three months ended October 31, 2012 | | | | |
| Revenues from external customers | \$ 25,683 | \$ 5,502 | \$ | \$ 31,185 |
| Intersegment revenues | 688 | 918 | (1,606) | |
| Operating earnings (loss) before income taxes | 1,438 | 784 | (1,001) | 1,221 |
| Three months ended October 31, 2011 | | | | |
| Revenues from external customers | \$ 23,826 | \$ 2,136 | \$ | \$ 25,962 |

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| | | | | |
|---|-----|------|-------|-------|
| Intersegment revenues | 128 | 94 | (222) | |
| Operating earnings (loss) before income taxes | 650 | (43) | (859) | (252) |

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| | Domestic Operations | International Operations | Corporate | Total |
|---|------------------------|-----------------------------|-----------|-----------|
| Six months ended October 31, 2012 | | | | |
| Revenues from external customers | \$ 48,312 | \$ 9,556 | \$ | \$ 57,868 |
| Intersegment revenues | 1,418 | 1,422 | (2,840) | |
| Operating earnings (loss) before income taxes | 3,322 | 1,030 | (2,072) | 2,280 |
| Six months ended October 31, 2011 | | | | |
| Revenues from external customers | \$ 47,222 | \$ 5,061 | \$ | \$ 52,283 |
| Intersegment revenues | 401 | 266 | (667) | |
| Operating earnings (loss) before income taxes | 1,367 | 200 | (1,682) | (115) |

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 \$1.0 million were paid to the plans during the six months ended October 31, 2012, 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 six months ended October 31, 2011 of the prior year.

Pension expense consisted of the following (in thousands):

| | Three months ended October 31, 2012 | Three months ended October 31, 2011 |
|-------------------------------------|---|---|
| Service cost | \$ -0- | \$ -0- |
| Interest cost | 226 | 235 |
| Expected return on plan assets | (305) | (326) |
| Recognition of net loss | 276 | 179 |
| Net periodic pension expense | \$ 197 | \$ 88 |

| | Six months ended October 31, 2012 | Six months ended October 31, 2011 |
|-------------------------------------|---|---|
| Service cost | \$ -0- | \$ -0- |
| Interest cost | 453 | 470 |
| Expected return on plan assets | (607) | (652) |
| Recognition of net loss | 551 | 358 |
| Net periodic pension expense | \$ 397 | \$ 176 |

E. Earnings Per Share

Basic earnings per share is based on the weighted average number of common shares outstanding during the three and six 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 158,400 shares were not included in the computation of diluted earnings per share for the three and six month periods ended October 31, 2012, 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 325,300 shares were not included in the computation of diluted earnings per share for the three and six month periods ended October 31, 2011, 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 six months ended October 31, 2012 with the comparable periods of the prior year.

Results of Operations

Sales for the three months ended October 31, 2012 were \$31,185,000, an increase of 20% from sales of \$25,962,000 in the comparable period of the prior year. Sales from Domestic Operations were \$25,683,000, up from \$23,826,000 in the comparable period of the prior year. The increase in Domestic Operations was primarily due to the Company's strengthened dealer network and the shipment of several large direct contracts during the quarter. Sales from International Operations were \$5,502,000, up from \$2,136,000 in the comparable period of the prior year. The increase in International Operations sales was primarily due to the shipment of several large international projects during the quarter.

Sales for the six months ended October 31, 2012 were \$57,868,000, up 11% from sales of \$52,283,000 in the same period last year. Domestic Operations sales were \$48,312,000, up from sales of \$47,222,000 in the same period last year. The increase in Domestic Operations sales was primarily attributable to the Company's strengthened dealer network and the order backlog. International Operation sales were \$9,556,000, up from sales of \$5,061,000 in the same period last year. The increase in International Operations sales was primarily due to shipments of several large projects in the current year.

The order backlog was \$90.8 million at October 31, 2012, as compared to \$86.2 million at April 30, 2012 and \$78.0 million at October 31, 2011.

The gross profit margin for the three months ended October 31, 2012 was 16.8% of sales, as compared to 14.8% of sales in the comparable quarter of the prior year. The gross profit margin for the six months ended October 31, 2012 was 18.1% of sales, as compared to 15.4% of sales in the comparable period of the prior year. The increase in the gross profit margin percentages for the current year periods was primarily due to a more favorable product mix and reduced manufacturing and overhead costs.

Operating expenses for the three months ended October 31, 2012 were \$4,013,000, or 12.9% of sales, as compared to \$4,005,000, or 15.4% of sales, in the comparable period of the prior year. Operating expenses for the six months ended October 31, 2012 were \$8,151,000, or 14.1% of sales, as compared to \$7,960,000, or 15.2% of sales in the comparable period of the prior year. Lower costs resulting from cost reduction actions initiated in the second half of the prior year substantially offset higher expenses associated with increased sales and increased pension expense of \$109,000 and \$221,000 for the three and six month periods of the current year, respectively.

Interest expense was \$101,000 and \$215,000 for the three and six months ended October 31, 2012, as compared to \$128,000 and \$223,000 for the comparable periods of the prior year. The decrease for the current year periods resulted from lower borrowing levels.

Income tax expense of \$414,000 was recorded for the three months ended October 31, 2012, as compared to income tax benefit of \$96,000 recorded for the comparable period of the prior year. An income tax expense of \$785,000 was recorded for the six months ended October 31, 2012, as compared to an income tax benefit of \$67,000 recorded for the comparable period of the prior year. The effective tax rates were 33.9% and 38.1% for the three months ended October 31, 2012 and 2011, respectively. The effective tax rates were 34.4% and 58.3% for the six months ended October 31, 2012 and 2011, respectively. The effective tax rate for the prior year periods benefited from the favorable impact of federal and state income tax credits combined with the reported net loss.

Noncontrolling interests related to the Company's two subsidiaries that are not 100% owned by the Company reduced net earnings by \$158,000 for the three months ended October 31, 2012, as compared to an increase of net earnings by \$31,000 for the comparable period of the prior year. Net earnings were reduced by \$212,000 and \$55,000 for the six months ended October 31, 2012 and 2011, 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 \$649,000, or \$0.25 per diluted share, was reported for the three months ended October 31, 2012, compared to a net loss of \$125,000, or \$0.05 per diluted share, in the prior year period. Net earnings of \$1,283,000, or \$0.50 per diluted share, was reported for the six months ended October 31, 2012, compared to a net loss of \$103,000, or \$0.04 per diluted share, for the same period last year.

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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 \$24.2 million at October 31, 2012, compared to \$23.4 million at April 30, 2012. The ratio of current assets to current liabilities was 2.1-to-1.0 at October 31, 2012, compared to 2.2-to-1.0 at April 30, 2012. At October 31, 2012, advances of \$5,694,000 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 \$9,261,000 at October 31, 2012, as compared to \$10,519,000 at April 30, 2012.

The Company's operations provided cash of \$2,254,000 during the six months ended October 31, 2012. Cash was primarily provided from earnings and an increase in accounts payable and other accrued expenses of \$3,348,000, which was partially offset by an increase in accounts receivable of \$1,647,000. The Company's operations provided cash of \$1,926,000 during the six months ended October 31, 2011, with cash primarily provided from a decrease in accounts receivable of \$3,851,000, partially offset by a decrease in accounts payable and accrued expenses of \$2,475,000.

During the six months ended October 31, 2012, net cash of \$664,000 was used in investing activities, primarily for capital expenditures. This compares to the use of \$1,074,000 for investing activities in the comparable period of the prior year for capital expenditures of \$751,000 and an increase in restricted cash of \$323,000.

The Company's financing activities used cash of \$1,847,000 during the six months ended October 31, 2012, primarily for repayment of short-term borrowings of \$1,122,000, cash dividends of \$517,000 paid to stockholders, and cash dividends of \$139,000 paid to minority interest holders. Financing activities provided cash of \$82,000 in the same period of the prior year, primarily from \$738,000 received from short-term borrowings, partially offset by cash dividends paid of \$516,000.

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, anticipate, 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.

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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 six month periods ended October 31, 2012 and October 31, 2011 has been performed by Cherry, Bekaert & Holland, L.L.P., the Company's independent registered public accounting firm. Their report on the interim consolidated financial information follows.

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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 October 31, 2012, the related consolidated statements of operations, and comprehensive income for the three-month and six-month periods ended October 31, 2012 and 2011 and the related consolidated statements of cash flows for the six-month periods ended October 31, 2012 and 2011. 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 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 & Holland, L.L.P.
Charlotte, North Carolina
December 12, 2012

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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 October 31, 2012. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that, as of October 31, 2012, 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.

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PART II. OTHER INFORMATION

Item 6. Exhibits

| | |
|---------|--|
| 10.1 | Re-established Retirement Plan for Salaried Employees of Kewaunee Scientific Corporation (as Amended and Restated effective as of May 1, 2012).* |
| 10.2 | Re-established Retirement Plan for Hourly Employees of Kewaunee Scientific Corporation (as Amended and Restated effective as of May 1, 2012).* |
| 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 |

* The referenced exhibit is a management contract or compensatory plan or arrangement.

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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: December 13, 2012

By /s/ D. Michael Parker

D. Michael Parker

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