

KEWAUNEE SCIENTIFIC CORP /DE/

Form 10-Q

March 11, 2009

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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 January 31, 2009 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 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

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

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 2, 2009, the registrant had outstanding 2,556,202 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<br>January 31 |           | Nine months ended<br>January 31 |           |
|---|----------------------------------|-----------|---------------------------------|-----------|
|   | 2009                             | 2008      | 2009                            | 2008      |
| Net Sales   | \$ 26,023                        | \$ 21,883 | \$ 79,150                       | \$ 67,394 |
| Costs of products sold  | 21,089                           | 17,064    | 62,846                          | 52,759    |
| Gross profit  | 4,934                            | 4,819     | 16,304                          | 14,635    |
| Operating expenses  | 3,440                            | 3,293     | 10,884                          | 9,811     |
| Operating earnings  | 1,494                            | 1,526     | 5,420                           | 4,824     |
| Other income (expense)  | 3                                | (6)       | (36)                            | (2)       |
| Interest expense  | (49)                             | (86)      | (231)                           | (302)     |
| Earnings before income taxes  | 1,448                            | 1,434     | 5,153                           | 4,520     |
| Income Tax expense  | 488                              | 421       | 1,595                           | 1,391     |
| Earnings before minority interests                                  | 960                              | 1,013     | 3,558                           | 3,129     |
| Minority interests in subsidiaries                                  | 78                               | 211       | 231                             | 441       |
| Net earnings  | \$ 882                           | \$ 802    | \$ 3,327                        | \$ 2,688  |
| Net earnings per share  |                                  |           |                                 |           |
| Basic   | \$ 0.35                          | \$ 0.32   | \$ 1.30                         | \$ 1.07   |
| Diluted   | \$ 0.35                          | \$ 0.31   | \$ 1.30                         | \$ 1.05   |
| Weighted average number of common shares outstanding (in thousands) |                                  |           |                                 |           |
| Basic   | 2,556                            | 2,543     | 2,554                           | 2,523     |
| Diluted   | 2,556                            | 2,576     | 2,563                           | 2,551     |

*See accompanying notes to consolidated financial statements.*

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

## Consolidated Balance Sheets

*(in thousands)*

|  | January 31,<br>2009<br>(Unaudited) | April 30,<br>2008 |
|--|------------------------------------|-------------------|
| <b><u>Assets</u></b>                               |                                    |                   |
| Current assets:                                    |                                    |                   |
| Cash and cash equivalents                          | \$ 2,691                           | \$ 3,784          |
| Restricted cash                                    | 398                                | 480               |
| Receivables, less allowance                        | 24,723                             | 20,087            |
| Inventories  | 7,678                              | 6,984             |
| Deferred income taxes                              | 400                                | 407               |
| Prepaid expenses and other current assets          | 959                                | 1,440             |
| <b>Total current assets</b>                        | <b>36,849</b>                      | <b>33,182</b>     |
| Property, plant and equipment, at cost             | 40,432                             | 39,186            |
| Accumulated depreciation                           | (28,831)                           | (27,361)          |
| <b>Net property, plant and equipment</b>           | <b>11,601</b>                      | <b>11,825</b>     |
| Prepaid pension cost                               | 2,158                              | 1,936             |
| Other  | 2,906                              | 3,663             |
| <b>Total other assets</b>                          | <b>5,064</b>                       | <b>5,599</b>      |
| <b>Total Assets</b>                                | <b>\$ 53,514</b>                   | <b>\$ 50,606</b>  |
| <b><u>Liabilities and Stockholders' Equity</u></b> |                                    |                   |
| Current liabilities:                               |                                    |                   |
| Short-term borrowings                              | \$ 5,815                           | \$ 4,551          |
| Current obligations under capital leases           | 268                                | 323               |
| Accounts payable                                   | 8,211                              | 8,929             |
| Employee compensation and amounts withheld         | 1,940                              | 2,026             |
| Deferred revenue                                   | 1,031                              | 667               |
| Other accrued expenses                             | 1,835                              | 766               |
| <b>Total current liabilities</b>                   | <b>19,100</b>                      | <b>17,262</b>     |
| Obligations under capital leases                   | 235                                | 153               |
| Deferred income tax                                | 904                                | 921               |
| Accrued employee benefit plan costs                | 2,876                              | 3,555             |
| Minority interests in subsidiaries                 | 1,280                              | 1,768             |
| <b>Total Liabilities</b>                           | <b>24,395</b>                      | <b>23,659</b>     |
| Stockholders' equity:                              |                                    |                   |
| Common Stock                                       | 6,550                              | 6,550             |
| Additional paid-in-capital                         | 657                                | 489               |
| Retained earnings                                  | 25,087                             | 22,373            |
| Accumulated other comprehensive loss               | (2,683)                            | (2,041)           |

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|  |           |           |
|--|-----------|-----------|
| Common stock in treasury, at cost          | (492)     | (424)     |
| Total stockholders' equity                 | 29,119    | 26,947    |
| Total Liabilities and Stockholders' Equity | \$ 53,514 | \$ 50,606 |

*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<br/>January 31</b> |                 |
|---|---|-----------------|
|   | <b>2009</b>                             | <b>2008</b>     |
| <b><i>Cash flows from operating activities:</i></b>                                 |   |                 |
| Net earnings  | \$ 3,327                                | \$ 2,688        |
| Adjustments to reconcile net earnings to net cash provided by operating activities: |   |                 |
| Depreciation  | 1,687                                   | 1,429           |
| Provision for bad debts   | 164                                     | 184             |
| Provision for deferred income tax expense   | (10)                                    | (5)             |
| Decrease in prepaid income taxes  | 812                                     |                 |
| Increase in receivables   | (4,800)                                 | (914)           |
| Increase in inventories   | (694)                                   | (261)           |
| Increase in prepaid pension cost  | (222)                                   | (345)           |
| Increase (decrease) in accounts payable and other accrued expenses                  | 265                                     | (42)            |
| Increase (decrease) in deferred revenue   | 364                                     | (962)           |
| Other, net  | (553)                                   | 220             |
| Net cash provided by operating activities   | 340                                     | 1,992           |
| <b><i>Cash flows from investing activities:</i></b>                                 |   |                 |
| Capital expenditures  | (1,156)                                 | (1,742)         |
| Decrease (increase) in restricted cash  | 82                                      | (83)            |
| Net cash used in investing activities   | (1,074)                                 | (1,825)         |
| <b><i>Cash flows from financing activities:</i></b>                                 |   |                 |
| Increase in short-term borrowings   | 1,264                                   | 184             |
| Payments on capital leases  | (280)                                   | (266)           |
| Dividends paid  | (613)                                   | (530)           |
| Dividends paid to minority interest in subsidiaries                                 | (498)                                   |                 |
| Purchase of treasury stock  | (198)                                   |                 |
| Proceeds from exercise of stock options (including tax benefit)                     | 298                                     | 548             |
| Net cash used in financing activities   | (27)                                    | (64)            |
| Effect of exchange rate changes on cash   | (332)                                   | 93              |
| <b><i>(Decrease) increase in cash and cash equivalents</i></b>                      | <b>(1,093)</b>                          | <b>196</b>      |
| <b><i>Cash and cash equivalents, beginning of period</i></b>                        | <b>3,784</b>                            | <b>2,231</b>    |
| <b><i>Cash and cash equivalents, end of period</i></b>                              | <b>\$ 2,691</b>                         | <b>\$ 2,427</b> |

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 should be read in conjunction with the consolidated financial statements and notes included in the Company's 2008 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 preparation of the 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, 2009 | April 30, 2008 |
|-------------------|------------------|----------------|
| Finished products | \$ 2,039         | \$ 1,920       |
| Work in process   | 1,308            | 1,099          |
| Raw materials     | 4,331            | 3,965          |
|                   | \$ 7,678         | \$ 6,984       |

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. Comprehensive Income**

A reconciliation of net earnings and total comprehensive income for the three and nine months ended January 31, 2009 and 2008 is as follows (in thousands):

|   | Three months ended<br>January 31, 2009 | Three months ended<br>January 31, 2008 |
|---|--|--|
| Net earnings  | \$ 882                                 | \$ 802                                 |
| Change in cumulative foreign currency translation adjustments | 82                                     | (69)                                   |
| Total comprehensive income                                    | \$ 964                                 | \$ 733                                 |

| Nine months<br>ended<br>January 31, 2009 | Nine months<br>ended<br>January 31, 2008 |
|--|--|
|--|--|

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|   |           |              |           |              |
|---|-----------|--------------|-----------|--------------|
| Net earnings  | \$        | 3,327        | \$        | 2,688        |
| Change in cumulative foreign currency translation adjustments |           | (642)        |           | (101)        |
| <b>Total comprehensive income</b>                             | <b>\$</b> | <b>2,685</b> | <b>\$</b> | <b>2,587</b> |

Assets and liabilities for the Company's foreign subsidiaries are translated at exchange rates prevailing on the balance sheet date. Revenues and expenses are translated at weighted average exchange rates prevailing during the period and any resulting translation adjustments are reported separately in stockholders' equity.

**Table of Contents****D. Segment Information**

The following table provides financial information by business segments for the three and nine months ended January 31, 2009 and 2008 (in thousands):

|   | <b>Domestic<br/>Operations</b> | <b>International<br/>Operations</b> | <b>Corporate</b> | <b>Total</b> |
|---|--------------------------------|-------------------------------------|------------------|--------------|
| <b>Three months ended January 31, 2009</b>    |                                |                                     |                  |              |
| Revenues from external customers              | \$ 22,498                      | \$ 3,525                            | \$               | \$ 26,023    |
| Intersegment revenues                         | 347                            | 234                                 | (581)            |              |
| Operating earnings (loss) before income taxes | 1,769                          | 302                                 | (623)            | 1,448        |
| <b>Three months ended January 31, 2008</b>    |                                |                                     |                  |              |
| Revenues from external customers              | \$ 17,659                      | \$ 4,224                            |                  | \$ 21,883    |
| Intersegment revenues                         | 303                            | 66                                  | (369)            |              |
| Operating earnings (loss) before income taxes | 1,565                          | 601                                 | (732)            | 1,434        |
| <b>Nine months ended January 31, 2009</b>     |                                |                                     |                  |              |
| Revenues from external customers              | \$ 67,296                      | \$ 11,854                           | \$               | \$ 79,150    |
| Intersegment revenues                         | 1,984                          | 259                                 | (2,243)          |              |
| Operating earnings (loss) before income taxes | 6,501                          | 1,025                               | (2,373)          | 5,153        |
| <b>Nine months ended January 31, 2008</b>     |                                |                                     |                  |              |
| Revenues from external customers              | \$ 55,753                      | \$ 11,641                           | \$               | \$ 67,394    |
| Intersegment revenues                         | 1,566                          | 376                                 | (1,942)          |              |
| Operating earnings (loss) before income taxes | 5,506                          | 1,234                               | (2,220)          | 4,520        |

**E. Defined 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.

Pension expense (income) consisted of the following (in thousands):

|                                | <b>Three months ended<br/>January 31, 2009</b> | <b>Three months ended<br/>January 31, 2008</b> |
|--------------------------------|--|--|
| Service Cost                   | \$ -0-   | \$ -0-   |
| Interest Cost                  | 224  | 215  |
| Expected return on plan assets | (338)  | (365)  |
| Recognition of net loss        | 40   | 35   |
| Net periodic pension income    | \$ (74)  | \$ (115)                                       |

|                                | <b>Nine months<br/>ended<br/>January 31, 2009</b> | <b>Nine months<br/>ended<br/>January 31, 2008</b> |
|--------------------------------|---|---|
| Service Cost                   | \$ -0-  | \$ -0-  |
| Interest Cost                  | 672   | 645   |
| Expected return on plan assets | (1,014)   | (1,095)   |
| Recognition of net loss        | 120   | 105   |
| Net periodic pension income    | \$ (222)  | \$ (345)  |

Recent financial market conditions have resulted in an unusually high degree of volatility and increased the risks associated with certain investments held by the Company's pension plans, which has impacted the value of those investments. There has been a negative return on plan assets through January 31, 2009 which is expected to unfavorably impact the funded status of the plans, the amount of required contributions in future years, and pension expense in future years. The ultimate impact on the funded status will be determined when the annual valuation for the plan year ended April 30, 2009 is performed, based upon the total return of the plan assets for the full year, and will be reflected in the Company's retirement and benefit plan disclosures at year-end. No contributions were paid to the plans during the nine months ended January 31, 2009. The Company has not yet decided if any contributions will be paid to the plans during the final three months of the current fiscal year.

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### F. Credit Arrangement

In October 2008, the Company increased its bank revolving credit facility from \$12 million to \$14 million under the same terms and conditions as the original \$12 million arrangement.

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company's 2008 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, 2008. The following discussion and analysis describes material changes in the Company's financial condition since April 30, 2008. The analysis of results of operations compares the three and nine months ended January 31, 2009 with the comparable periods of the prior fiscal year.

#### Results of Operations

Sales for the three months ended January 31, 2009 were \$26,023,000, an increase of 19% from sales of \$21,883,000 in the same period last year. Sales from Domestic Operations were \$22,498,000, an increase of 27% from the prior year period. Sales from Domestic Operations benefited from continuing higher levels of new orders and the strong order backlog. Sales from International Operations were \$3,525,000, a decrease of 17% from the prior year period. The decline in International Operations sales resulted primarily from a softer Singapore laboratory furniture market.

Sales for the nine months ended January 31, 2009 were \$79,150,000, an increase of 17% from sales of \$67,394,000 in the same period last year. Sales from Domestic Operations were \$67,296,000, an increase of 21% from the prior year period. Sales from International Operations were \$11,854,000, an increase of 2% from the prior year period. The order backlog at January 31, 2009 was \$60.7 million, as compared to a backlog of \$61.6 million at October 31, 2008 and \$58.8 million at January 31, 2008.

The gross profit margin for the three months ended January 31, 2009 was 19.0% of sales, as compared to 22.0% of sales in the comparable quarter of the prior year. The profit margin decrease as compared to the prior year period was primarily due to higher costs for raw materials and energy and differences in the product sales mix, as the current year period included a higher ratio of sales of non-manufactured products and installation services, which typically have lower profit margins than the Company's manufactured products. The gross profit margin for the nine months ended January 31, 2009 was 20.6% of sales, as compared to 21.7% of sales in the comparable quarter of the prior year. The decrease in the gross profit margin for the nine months of the current year was primarily due to higher costs for raw materials and energy and a higher ratio of sales of non-manufactured products and services.

Operating expenses for the three months ended January 31, 2009 were \$3,440,000, or 13.2% of sales, as compared to \$3,293,000, or 15.0% of sales, in the comparable period of the prior year. Operating expenses for the nine months ended January 31, 2009 were \$10,884,000, or 13.8% of sales, as compared to \$9,811,000, or 14.6% of sales, in the comparable period of the prior year. The increase in operating expense dollars for the current quarter was primarily due to an increase of \$155,000 in administrative salaries, an increase of \$75,000 for costs associated with benefit plans, and an increase of \$49,000 in depreciation expense. Operating expenses in the current quarter were favorably impacted by a \$95,000 reduction in expenses associated with incentive compensation plans and a \$125,000 reduction in professional and consulting expenses. The increase in operating expense dollars for the nine months of the current year was primarily due to an increase of \$370,000 in administrative salaries, an increase of \$213,000 for costs associated with benefit plans, an increase of \$178,000 in sales and marketing expenses, and an increase of \$130,000 in depreciation expense. Operating expenses for the nine months of the current year were favorably impacted by a \$133,000 reduction in professional and consulting expenses as compared to the same period of the prior year.

Operating earnings were \$1,494,000 and \$5,420,000 for the three and nine months ended January 31, 2009. This compares to operating earnings of \$1,526,000 and \$4,824,000 for the comparable periods of the prior year.

Interest expense was \$49,000 and \$231,000 for the three and nine months ended January 31, 2009, respectively, as compared to \$86,000 and \$302,000 for the comparable periods of the prior year. The decrease in interest expense for the current year periods resulted primarily from lower interest rates paid on advances under our bank credit facility.

The net of other income and other expense was income of \$3,000 and expense of \$36,000 for the three and nine months ended January 31, 2009, respectively, as compared to expense of \$6,000 and \$2,000 for the comparable periods of the prior year.

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Income tax expense of \$488,000 and \$1,595,000 was recorded for the three and nine months ended January 31, 2009, respectively, as compared to income tax expense of \$421,000 and \$1,391,000 recorded for the comparable periods of the prior year. The effective tax rates were 33.7% and 31.0% for the three and nine months ended January 31, 2009, respectively, and were 29.4% and 30.8% for the three and nine months ended January 31, 2008. The effective tax rates for each of the current year and prior year periods were below the statutory tax rates due to the combination of lower income tax rates in the geographic locations of the Company's subsidiaries and the impact of state and federal income tax credits on domestic operations income. The higher effective tax rates for each of the current year periods as compared to the prior year periods were due to a higher portion of taxable earnings in the prior year periods from the Company's subsidiaries located in geographic locations with lower income tax rates.

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Minority interests relate to minority shareholders' interest in the Company's two subsidiaries that are not 100% owned by the Company. Minority interests reduced net earnings by \$78,000 and \$231,000 for the three and nine months ended January 31, 2009, as compared to a reduction of \$211,000 and \$441,000 for the comparable periods of the prior year. The decrease in minority interests in the current year periods was directly related to lower earnings of the Company's two subsidiaries in the current year.

Net earnings were \$882,000, or \$0.35 per diluted share, and \$3,327,000, or \$1.30 per diluted share, for the three and nine months ended January 31, 2009. This compares to net earnings of \$802,000, or \$0.31 per diluted share, and \$2,688,000, or \$1.05 per diluted share, for the comparable periods of the prior year.

## 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, including capital expenditures through the current fiscal year.

The Company had working capital of \$17.7 million at January 31, 2009, compared to \$15.9 million at April 30, 2008. The ratio of current assets to current liabilities was 1.9-to-1 at January 31, 2009, unchanged from April 30, 2008. At January 31, 2009, advances of \$5,815,000 were outstanding under the Company's bank revolving credit facility, as compared to advances of \$4,551,000 outstanding as of April 30, 2008. In October 2008, the Company increased the revolving credit facility from \$12 million to \$14 million under the same terms and conditions as the \$12 million arrangement.

The Company's operations provided cash of \$340,000 during the nine months ended January 31, 2009. Cash was provided primarily from operating earnings, which was substantially offset by cash used to fund an increase of \$4,800,000 in accounts receivable related to the higher sales volumes. The Company's operations provided cash of \$1,992,000 during the nine months ended January 31, 2008. Cash was provided primarily from operating earnings, which was partially offset by an increase in accounts receivable of \$914,000 and a decrease in deferred revenue of \$962,000.

During the nine months ended January 31, 2009, net cash of \$1,074,000 was used in investing activities, primarily for capital expenditures. This compares to the use of \$1,825,000 for investing activities in the comparable period of the prior year, primarily for capital expenditures.

The Company's financing activities used cash of \$27,000 during the nine months ended January 31, 2009. Cash used included cash dividends of \$498,000 paid to minority interest holders of the Company's subsidiaries, cash dividends of \$613,000 paid to stockholders, payments on obligations of capital leases of \$280,000, and purchases of treasury stock of \$198,000. Cash was provided during this period by an increase of \$1,264,000 in short-term borrowings and \$298,000 in proceeds received from the exercise of stock options. Financing activities used cash of \$64,000 in the same period for the prior year, including \$530,000 for cash dividends paid to stockholders, and \$266,000 for payments on obligations under capital leases. Cash was provided during this period by proceeds of \$548,000 from the exercise of stock options and an increase of \$184,000 in short-term borrowings.

## Outlook for Fourth Quarter of Fiscal Year 2009

While the Company's ability to predict future demand for its products continues to be limited given, among other general economic factors affecting the Company and its markets, the Company's role as subcontractor or supplier to dealers for subcontractors, the Company expects the fourth quarter of fiscal year 2009 to be profitable. In addition to general economic factors affecting the Company and its markets, demand for its products is also dependent upon the number of laboratory construction projects planned and/or current progress in projects already under construction.

## 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, 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

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believes, belief, expects, plans, objectives, anticipates, intends or the like to be uncertain and forward-looking. Over time, the Company's 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 2008 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 nine month periods ended January 31, 2009 and January 31, 2008 has been performed by Cherry, Bekaert & Holland, L.L.P., the Company's 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 January 31, 2009, and the related consolidated statements of operations for the three month and nine month periods ended January 31, 2009 and 2008 and the related consolidated statements of cash flows for the nine-month periods ended January 31, 2009 and 2008. These interim consolidated financial statements are the responsibility of the Company's management.

We conducted our review 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 review, 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, 2008, and the related consolidated statements of operations, of stockholder's equity and of cash flows for the year then ended (not presented herein) and in our report dated July 12, 2008, 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, 2008 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  
February 26, 2009

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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, 2008.

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, 2009. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that, as of January 31, 2009, 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 and Reports on Form 8-K

- 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.

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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: March 10, 2009

By /s/ D. Michael Parker  
D. Michael Parker  
(As duly authorized officer and Senior Vice President, Finance and  
Chief Financial Officer)