

KEWAUNEE SCIENTIFIC CORP /DE/

Form 10-Q

December 12, 2008

[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 October 31, 2008 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)

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

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.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ 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 December 5, 2008, the registrant had outstanding 2,556,202 shares of Common Stock.

Table of Contents

KEWAUNEE SCIENTIFIC CORPORATION

INDEX TO FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED OCTOBER 31, 2008

	Page Number
<u>PART I. FINANCIAL INFORMATION</u>	1
Item 1. <u>Financial Statements</u>	1
<u>Consolidated Statements of Operations Three and Six months ended October 31, 2008 and 2007</u>	1
<u>Consolidated Balance Sheets October 31, 2008 and April 30, 2008</u>	2
<u>Consolidated Statements of Cash Flows Six months ended October 31, 2008 and 2007</u>	3
<u>Notes to Consolidated Financial Statements</u>	4
Item 2. <u>Management's Discussion and Analysis</u>	7
<u>Review by Independent Registered Public Accounting Firm</u>	11
<u>Report of Independent Registered Public Accounting Firm</u>	12
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	13
Item 4. <u>Controls and Procedures</u>	13
<u>PART II. OTHER INFORMATION</u>	14
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	14
Item 5. <u>Other Information</u>	14
Item 6. <u>Exhibits and Reports on Form 8-K</u>	14
<u>SIGNATURE</u>	15

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 October 31		Six months ended October 31	
	2008	2007	2008	2007
Net Sales	\$ 27,732	\$ 24,727	\$ 53,127	\$ 45,511
Costs of products sold	21,713	19,174	41,757	35,695
Gross profit	6,019	5,553	11,370	9,816
Operating expenses	3,858	3,370	7,444	6,518
Operating earnings	2,161	2,183	3,926	3,298
Other income (expense)	(1)	1	(39)	4
Interest expense	(93)	(106)	(182)	(216)
Earnings before income taxes	2,067	2,078	3,705	3,086
Income Tax expense	566	658	1,107	970
Earnings before minority interests	1,501	1,420	2,598	2,116
Minority interests in subsidiaries	37	208	153	230
Net earnings	\$ 1,464	\$ 1,212	\$ 2,445	\$ 1,886
Net earnings per share				
Basic	\$ 0.57	\$ 0.48	\$ 0.96	\$ 0.75
Diluted	\$ 0.57	\$ 0.47	\$ 0.95	\$ 0.74
Weighted average number of common shares outstanding (in thousands)				
Basic	2,555	2,522	2,553	2,512
Diluted	2,562	2,554	2,566	2,538

See accompanying notes to consolidated financial statements.

Table of Contents*Kewaunee Scientific Corporation*

Consolidated Balance Sheets

(in thousands)

	October 31, 2008 (Unaudited)	April 30, 2008
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,282	\$ 3,784
Restricted cash	408	480
Receivables, less allowance	25,508	20,087
Inventories	6,866	6,984
Deferred income taxes	400	407
Prepaid expenses and other current assets	1,019	1,440
Total current assets	36,483	33,182
Property, plant and equipment, at cost	39,983	39,186
Accumulated depreciation	(28,307)	(27,361)
Net property, plant and equipment	11,676	11,825
Prepaid pension cost	2,084	1,936
Other	3,025	3,663
Total other assets	5,109	5,599
Total Assets	\$ 53,268	\$ 50,606
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Short-term borrowings	\$ 4,966	\$ 4,551
Current obligations under capital leases	314	323
Accounts payable	8,687	8,929
Employee compensation and amounts withheld	1,751	2,026
Deferred revenue	1,374	667
Other accrued expenses	1,981	766
Total current liabilities	19,073	17,262
Obligations under capital leases	277	153
Deferred income tax	912	921
Accrued employee benefit plan costs	2,960	3,555
Minority interests in subsidiaries	1,708	1,768
Total Liabilities	24,930	23,659
Stockholders' equity:		
Common Stock	6,550	6,550
Additional paid-in-capital	635	489
Retained earnings	24,410	22,373

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

Accumulated other comprehensive loss	(2,765)	(2,041)
Common stock in treasury, at cost	(492)	(424)
Total stockholders' equity	28,338	26,947
Total Liabilities and Stockholders' Equity	\$ 53,268	\$ 50,606

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	
	2008	2007
<i>Cash flows from operating activities:</i>		
Net earnings	\$ 2,445	\$ 1,886
Adjustments to reconcile net earnings to net cash (used) by operating activities:		
Depreciation	1,135	974
Provision for bad debts	116	147
Provision for deferred income tax (benefit) expense	(2)	1
Decrease in prepaid income taxes	812	
Increase in receivables	(5,537)	(1,255)
Decrease (increase) in inventories	118	(552)
Increase in prepaid pension cost	(148)	(229)
Increase in accounts payable and other accrued expenses	698	1,351
Increase (decrease) in deferred revenue	707	(793)
Other, net	(847)	107
Net cash (used) provided by operating activities	(503)	1,637
<i>Cash flows from investing activities:</i>		
Capital expenditures	(679)	(1,135)
Decrease (increase) in restricted cash	72	(73)
Net cash used in investing activities	(607)	(1,208)
<i>Cash flows from financing activities:</i>		
Dividends paid	(408)	(351)
Increase (decrease) in short-term borrowings	415	(1,153)
Payments on capital leases	(192)	(175)
Purchase of treasury stock	(198)	
Proceeds from exercise of stock options	276	307
Net cash used in financing activities	(107)	(1,372)
Effect of exchange rate changes on cash	(285)	63
<i>Decrease in cash and cash equivalents</i>	(1,502)	(880)
<i>Cash and cash equivalents, beginning of period</i>	3,784	2,231
<i>Cash and cash equivalents, end of period</i>	\$ 2,282	\$ 1,351

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 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):

	October 31, 2008	April 30, 2008
Finished products	\$ 2,213	\$ 1,920
Work in process	1,503	1,099
Raw materials	3,150	3,965
	\$ 6,866	\$ 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.

Table of Contents**C. Comprehensive Income**

A reconciliation of net earnings and total comprehensive income for the three and six months ended October 31, 2008 and 2007 is as follows (in thousands):

	Three months ended October 31, 2008	Three months ended October 31, 2007
Net earnings	\$ 1,464	\$ 1,212
Change in cumulative foreign currency translation adjustments	(588)	117
Total comprehensive income	\$ 876	\$ 1,329

	Six months ended October 31, 2008	Six months ended October 31, 2007
Net earnings	\$ 2,445	\$ 1,886
Change in cumulative foreign currency translation adjustments	(724)	170
Total comprehensive income	\$ 1,721	\$ 2,056

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.

D. Segment Information

The following table provides financial information by business segments for the three and six months ended October 31, 2008 and 2007 (in thousands):

	Domestic Operations	International Operations	Corporate	Total
Three months ended October 31, 2008				
Revenues from external customers	\$ 23,785	\$ 3,947	\$	\$ 27,732
Intersegment revenues	851	21	(872)	
Operating earnings (loss) before income taxes	2,693	309	(935)	2,067
Three months ended October 31, 2007				
Revenues from external customers	\$ 20,080	\$ 4,647	\$	\$ 24,727
Intersegment revenues	488	221	(709)	
Operating earnings (loss) before incomes taxes	2,268	636	(826)	2,078
Six months ended October 31, 2008				
Revenues from external customers	\$ 44,798	\$ 8,329	\$	\$ 53,127
Intersegment revenues	1,637	25	(1,662)	
Operating earnings (loss) before incomes taxes	4,732	723	(1,750)	3,705
Six months ended October 31, 2007				
Revenues from external customers	\$ 38,094	7,417	\$	\$ 45,511
Intersegment revenues	1,264	310	(1,574)	
Operating earnings (loss) before incomes taxes	3,940	634	(1,488)	3,086

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. No contributions were paid to the plans during the six months ended October 31, 2008, and the Company does not expect any contributions to be paid to the plans during the remainder of the current fiscal year.

Table of Contents

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

	Three months ended October 31, 2008	Three months ended October 31, 2007
Service Cost	\$ -0-	\$ -0-
Interest Cost	220	215
Expected return on plan assets	(339)	(365)
Recognition of net loss	31	35
Net periodic pension income	\$ (88)	\$ (115)

	Six months ended October 31, 2008	Six months ended October 31, 2007
Service Cost	\$ -0-	\$ -0-
Interest Cost	448	430
Expected return on plan assets	(676)	(730)
Recognition of net loss	80	70
Net periodic pension income	\$ (148)	\$ (230)

Recent 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 October 31, 2008 which could potentially impact the funded status of the plans and the amount of required contributions 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.

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.

Table of Contents

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 six months ended October 31, 2008 with the comparable periods of the prior fiscal year.

Results of Operations

Sales for the three months ended October 31, 2008 were \$27,732,000, an increase of 12% from sales of \$24,727,000 in the same period last year. Sales from Domestic Operations were \$23,785,000, an increase of 18% from the prior year period. Sales from International Operations were \$3,947,000, a decrease of 15% from the prior year period. The decline in international operations sales resulted from customer changes in their product delivery dates.

Sales for the six months ended October 31, 2008 were \$53,127,000, an increase of 17% from sales of \$45,511,000 in the same period last year. Sales from Domestic Operations were \$44,798,000, an increase of 18% from the prior year period. Sales from International Operations were \$8,329,000, an increase of 12% from the prior year period. The order backlog at October 31, 2008 was \$61.6 million, as compared to a backlog of \$58.7 million at April 30, 2008 and \$54.9 million at October 31, 2007.

The gross profit margin for the three months ended October 31, 2008 was 21.7% of sales, as compared to 22.5% of sales in the comparable quarter of the prior year. The gross profit margin for the six months ended October 31, 2008 was 21.4% of sales, as compared to 21.6% of sales in the comparable quarter of the prior year. The decreases in gross profit margins for the current year period were primarily due to higher raw material costs, particularly steel.

Operating expenses for the three months ended October 31, 2008 were \$3,858,000, or 13.9% of sales, as compared to \$3,370,000, or 13.6% of sales, in the comparable period of the prior year. Operating expenses for the six months ended October 31, 2008 were \$7,444,000, or 14.0% of sales, as compared to \$6,518,000, or 14.3% of sales, in the comparable period of the prior year. The increase in operating expenses for the current quarter was primarily due to an increase of \$126,000 in administrative salaries and an increase of \$85,000 in sales and marketing expenses. The increase in operating expenses for the current year six-month period, was primarily due to an increase of \$215,000 in administrative salaries, an increase of \$190,000 for costs associated with the performance incentive plans, and an increase of \$161,000 in sales and marketing expenses.

Operating earnings were \$2,161,000 and \$3,926,000 for the three and six months ended October 31, 2008. This compares to operating earnings of \$2,183,000 and \$3,298,000 for the comparable periods of the prior year.

Table of Contents

Interest expense was \$93,000 and \$182,000 for the three and six months ended October 31, 2008, respectively, as compared to \$106,000 and \$216,000 for the comparable periods of the prior year. The decrease in interest expense for the current year periods resulted from lower interest rates paid, partially offset by higher levels of borrowings.

The net of other income and other expense was an expense of \$1,000 and \$39,000 in the three and six months ended October 31, 2008, respectively, as compared to income of \$1,000 and \$4,000 for the comparable periods of the prior year.

Income tax expense of \$566,000 and \$1,107,000 was recorded for the three and six months ended October 31, 2008, respectively, as compared to income tax expense of \$658,000 and \$970,000 recorded for the comparable periods of the prior year. The effective tax rates were 27.4% and 29.9% for the three and six months ended October 31, 2008, respectively, and were 31.7% and 31.4% for the three and six months ended October 31, 2007. 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 tax rates in geographic locations of the Company's subsidiaries and the impact of state and federal income tax credits on calculated domestic income tax expense. Additionally, income tax expense for the current quarter was reduced by approximately \$94,000 for a one-time adjustment for tax credits earned from prior fiscal year capital expenditures resulting from the reinstatement in the current quarter of the United States Federal Research and Environmental Law that had previously expired on December 31, 2007.

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 \$37,000 and \$153,000 for the three and six months ended October 31, 2008, as compared to a reduction of \$208,000 and \$230,000 for the comparable periods of the prior year. The decrease in minority interests in the current period was related to lower earnings of the Company's two subsidiaries.

Net earnings were \$1,464,000, or \$0.57 per diluted share, and \$2,445,000, or \$0.95 per diluted share, for the three and six months ended October 31, 2008. As stated in the discussion of income tax expense above, net earnings for the quarter ended October 31, 2008 benefited from a one-time adjustment for federal tax credits of approximately \$94,000, or \$0.04 per diluted share. Net earnings were \$1,212,000, or \$0.47 per diluted share, and \$1,886,000, or \$0.74 per diluted share, for the three and six-months ended October 31, 2007.

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.

Table of Contents

The Company had working capital of \$17.4 million at October 31, 2008, compared to \$15.9 million at April 30, 2008. The ratio of current assets to current liabilities was 1.9-to-1 at October 31, 2008, unchanged from April 30, 2008. At October 31, 2008, advances of \$4,966,000 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 bank credit facility from \$12 million to \$14 million under the same terms and conditions as the \$12 million arrangement.

The Company's operations used cash of \$503,000 during the six months ended October 31, 2008. Cash was primarily used to fund an increase of \$5,537,000 in accounts receivable, which was partially offset by cash provided from operating earnings. The Company's operations provided cash of \$1,637,000 during the six months ended October 31, 2007. Cash was provided primarily from operations and an increase in accounts payable and other accrued expenses which were partially offset by an increase in accounts receivable and a decrease in deferred revenue.

During the six months ended October 31, 2008, net cash of \$607,000 was used by investing activities, primarily for capital expenditures. This compares to the use of \$1,208,000 for investing activities in the comparable period of the prior year, primarily for capital expenditures.

The Company's financing activities used cash of \$107,000 during the six months ended October 31, 2008. Cash used included cash dividends paid of \$408,000, payments on obligations of capital leases of \$192,000, and purchases of treasury stock of \$198,000. Cash was provided during this period by an increase of \$415,000 in short-term borrowings and \$276,000 in proceeds received from the exercise of stock options. Financing activities used cash of \$1,372,000 in the same period for the prior year, including \$1,153,000 for reduction in short-term borrowings, \$351,000 for cash dividends, and \$175,000 for payments on obligations under capital leases, partially offset by \$307,000 received from the exercise of stock options.

Outlook for Remainder 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 remainder 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. 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, we bear the burden of possible increases in labor and material costs between the quotation of an order and delivery of a product.

Table of Contents

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 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.

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 six month periods ended October 31, 2008 and October 31, 2007 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.

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 October 31, 2008, and the related consolidated statements of operations for the three month and six month periods ended October 31, 2008 and 2007 and the related consolidated statements of cash flows for the six-month periods ended October 31, 2008 and 2007. 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 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

November 26, 2008

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, 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 October 31, 2008. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that, as of October 31, 2008, 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 4. Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Stockholders was held on August 27, 2008. Information regarding the results of this meeting are incorporated by reference from Item 4 of Part II of the Company's Report on Form 10-Q for the three months ended July 31, 2008.

Item 5. Other Information

On October 28, 2008, the Company amended its revolving credit facility with Bank of America, N.A. (the "Bank") increasing the credit facility to \$14,000,000 from \$12,000,000 under the same terms and conditions as the \$12,000,000 credit facility.

Item 6. Exhibits and Reports on Form 8-K

- 10.50 Loan and Security Agreement dated as of December 10, 2007 between Bank of America N.A. and the Company (incorporated by reference to Exhibit 10.50 to the Company's Quarterly Report on Form 10-Q for the period ended October 31, 2007).
- 10.50A Amendment dated October 28, 2008 to Loan and Security Agreement dated as of December 10, 2007 between Bank of America N.A. and the Company.
- 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.

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: December 12, 2008

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