WD 40 CO
Form 10-Q
April 06, 2017
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended February 28, 2017

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

For the transition period from to

Commission File Number: 000-06936

WD-40 COMPANY

(Exact name of registrant as specified in its charter)

Delaware	95-1797918
(State or other jurisdiction	(I.R.S. Employer
of incorporation or organization)	Identification No.)
1061 Cudahy Place, San Diego, California	92110
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (619) 275-1400

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of outstanding shares of the registrant's common stock, par value $0.001 per share, as of April 3, 2017 was 14,063,204.

WD-40 COMPANY

QUARTERLY REPORT ON FORM 10-Q

For the Quarter Ended February 28, 2017

TABLE OF CONTENTS

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

WD-40 COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited and in thousands, except share and per share amounts)

	February 28, 2017	August 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 33,572	$ 50,891
Short-term investments	67,720	57,633
Trade accounts receivable, less allowance for doubtful accounts of $268 and $394 at February 28, 2017 and August 31, 2016, respectively	66,086	64,680
Inventories	37,980	31,793
Other current assets	6,187	4,475
Total current assets	211,545	209,472
Property and equipment, net	22,293	11,545
Goodwill	95,439	95,649
Other intangible assets, net	17,550	19,191
Deferred tax assets, net	621	621
Other assets	2,806	3,190
Total assets	$ 350,254	$ 339,668
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 21,832	$ 18,690
Accrued liabilities	16,848	15,757
Accrued payroll and related expenses	10,548	20,866
Revolving credit facility, current	14,233	-
Income taxes payable	3,119	3,381
Total current liabilities	66,580	58,694
Revolving credit facility	134,000	122,000
Deferred tax liabilities, net	17,442	16,365
Other long-term liabilities	2,668	2,214
Total liabilities	220,690	199,273
Commitments and Contingencies (Note 11)		
Shareholders' equity:		
Common stock authorized 36,000,000 shares, $0.001 par value; 19,676,623 and 19,621,820 shares issued at February 28, 2017 and August 31, 2016, respectively; and 14,088,804 and 14,208,338 shares		

outstanding at February 28, 2017 and August 31, 2016, respectively	20	20
Additional paid-in capital	148,498	145,936
Retained earnings	300,797	289,642
Accumulated other comprehensive income (loss)	(33,128)	(27,298)
Common stock held in treasury, at cost 5,587,819 and 5,413,482		
shares at February 28, 2017 and August 31, 2016, respectively	(286,623)	(267,905)
Total shareholders' equity	129,564	140,395
Total liabilities and shareholders' equity	$ 350,254	$ 339,668

See accompanying notes to condensed consolidated financial statements.

3

WD-40 COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited and in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Net sales	$ 96,519	$ 94,550	$ 185,767	$ 187,072
Cost of products sold	42,057	42,188	80,265	83,302
Gross profit	54,462	52,362	105,502	103,770
Operating expenses:				
Selling, general and administrative	29,842	28,692	58,833	56,540
Advertising and sales promotion	5,041	5,017	9,853	10,677
Amortization of definite-lived intangible assets	717	747	1,438	1,502
Total operating expenses	35,600	34,456	70,124	68,719
Income from operations	18,862	17,906	35,378	35,051
Other income (expense):				
Interest income	133	183	280	331
Interest expense	(598)	(417)	(1,129)	(789)
Other income	9	1,320	273	1,269
Income before income taxes	18,406	18,992	34,802	35,862
Provision for income taxes	6,046	5,323	10,684	10,131
Net income	$ 12,360	$ 13,669	$ 24,118	$ 25,731
Earnings per common share:				

Basic	$ 0.87	$ 0.95	$ 1.69	$ 1.78
Diluted	$ 0.87	$ 0.94	$ 1.69	$ 1.77
Shares used in per share calculations:				
Basic	14,111	14,386	14,146	14,395
Diluted	14,143	14,429	14,182	14,445
Dividends declared per common share	$ 0.49	$ 0.42	$ 0.91	$ 0.80

See accompanying notes to condensed consolidated financial statements.

WD-40 COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited and in thousands)

	Three Months Ended		Six Months Ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Net income	$ 12,360	$ 13,669	$ 24,118	$ 25,731
Other comprehensive income (loss):				
Foreign currency translation adjustment	284	(9,421)	(5,830)	(12,084)
Total comprehensive income	$ 12,644	$ 4,248	$ 18,288	$ 13,647

See accompanying notes to condensed consolidated financial statements.

WD-40 COMPANY
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited and in thousands, except share and per share amounts)

	Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive Income	Treasury Stock		Total Shareholders'
	Shares	Amount	Capital	Earnings	(Loss)	Shares	Amount	Equity
Balance at August 31, 2016	19,621,820	$ 20	$ 145,936	$ 289,642	$ (27,298)	5,413,482	$ (267,905)	$ 140,395
Issuance of common stock under share-based compensation plan, net of shares withheld for taxes	54,803		(1,333)					(1,333)
Stock-based compensation			2,959					2,959
Tax benefits from settlements of stock-based equity awards			936					936
Cash dividends ($0.91 per share)				(12,963)				(12,963)
Acquisition of treasury stock						174,337	(18,718)	(18,718)
Foreign currency translation adjustment					(5,830)			(5,830)
Net income				24,118				24,118
Balance at February 28, 2017	19,676,623	$ 20	$ 148,498	$ 300,797	$ (33,128)	5,587,819	$ (286,623)	$ 129,564

See accompanying notes to condensed consolidated financial statements.

6

WD-40 COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in thousands)

	Six Months Ended	
	February 28, 2017	February 29, 2016
Operating activities:		
Net income	$ 24,118	$ 25,731
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,298	3,311
Net gains on sales and disposals of property and equipment	(101)	(15)
Deferred income taxes	155	(407)
Excess tax benefits from settlements of stock-based equity awards	(936)	(1,544)
Stock-based compensation	2,959	1,889
Unrealized foreign currency exchange losses (gains), net	1,153	(1,116)
Provision for bad debts	(102)	97
Changes in assets and liabilities:		
Trade and other accounts receivable	(4,088)	(14,828)
Inventories	(6,582)	(4,858)
Other assets	(1,459)	(660)
Accounts payable and accrued liabilities	4,793	3,199
Accrued payroll and related expenses	(11,727)	(3,948)
Income taxes payable	2,302	3,346
Other long-term liabilities	(36)	84
Net cash provided by operating activities	13,747	10,281
Investing activities:		
Purchases of property and equipment	(12,896)	(2,155)
Proceeds from sales of property and equipment	271	92
Purchases of short-term investments	(17,212)	(11,829)
Maturities of short-term investments	4,517	4,278
Net cash used in investing activities	(25,320)	(9,614)
Financing activities:		
Treasury stock purchases	(18,718)	(15,122)
Dividends paid	(12,963)	(11,591)
Proceeds from issuance of common stock	359	708
Excess tax benefits from settlements of stock-based equity awards	936	1,544

Net proceeds from revolving credit facility	26,233	14,541
Net cash used in financing activities	(4,153)	(9,920)
Effect of exchange rate changes on cash and cash equivalents	(1,593)	(2,333)
Net decrease in cash and cash equivalents	(17,319)	(11,586)
Cash and cash equivalents at beginning of period	50,891	53,896
Cash and cash equivalents at end of period	$ 33,572	$ 42,310

See accompanying notes to condensed consolidated financial statements.

7

WD-40 COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1. The Company

WD-40 Company ("the Company"), based in San Diego, California, is a global marketing organization dedicated to creating positive lasting memories by developing and selling products which solve problems in workshops, factories and homes around the world. The Company markets its maintenance products and its homecare and cleaning products under the following well-known brands: WD-40®, 3-IN-ONE®, GT85®, X-14®, 2000 Flushes®, Carpet Fresh®, no vac®, Spot Shot®, 1001®, Lava® and Solvol®. Currently included in the WD-40 brand are the WD-40 multi-use product and the WD-40 Specialist® and WD-40 BIKE® product lines.

The Company's brands are sold in various locations around the world. Maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the United Kingdom ("U.K.") and Australia. The Company's products are sold primarily through mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets, sport retailers, independent bike dealers, online retailers and industrial distributors and suppliers.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Consolidation

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, according to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. The August 31, 2016 year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

In the opinion of management, the unaudited financial information for the interim periods shown reflects all adjustments necessary for a fair statement thereof and such adjustments are of a normal recurring nature. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2016, which was filed with the SEC on October 24, 2016.

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year.

Foreign Currency Forward Contracts

In the normal course of business, the Company employs established policies and procedures to manage its exposure to fluctuations in foreign currency exchange rates. The Company’s U.K. subsidiary, whose functional currency is Pound Sterling, utilizes foreign currency forward contracts to limit its exposure to net asset balances held in non-functional currency, specifically the Euro. The Company regularly monitors its foreign currency exchange rate exposures to ensure the overall effectiveness of its foreign currency hedge positions. While the Company engages in foreign currency hedging activity to reduce its risk, for accounting purposes, none of its foreign currency forward contracts are designated as hedges.

Foreign currency forward contracts are carried at fair value, with net realized and unrealized gains and losses recognized currently in other income (expense) in the Company's consolidated statements of operations. Cash flows from settlements of foreign currency forward contracts are included in operating activities in the consolidated statements of cash flows. Foreign currency forward contracts in an asset position at the end of the reporting period are included in other current assets, while foreign currency forward contracts in a liability position at the end of the reporting period are included in accrued liabilities in the Company's consolidated balance sheets. At February 28, 2017, the Company had a notional amount of $15.3 million outstanding in foreign currency forward contracts, which mature in March 2017. Unrealized net gains and losses related to foreign currency forward contracts were not significant at February 28, 2017 and August 31, 2016. Realized net gains and losses related to foreign currency forward contracts were not material for each of the three and six month periods ended February 28, 2017 and February 29, 2016.

Fair Value Measurements

Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures", defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company categorizes its financial assets and liabilities measured at fair value into a hierarchy that categorizes fair value measurements into the following three levels based on the types of inputs used in measuring their fair value:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities;

Level 2: Observable market-based inputs or observable inputs that are corroborated by market data; and

Level 3: Unobservable inputs reflecting the Company's own assumptions.

Under fair value accounting, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As of February 28, 2017, the Company had no assets or liabilities that are measured at fair value in the financial statements on a recurring basis, with the exception of the foreign currency forward contracts, which are classified as Level 2 within the fair value hierarchy. The carrying values of cash equivalents, short-term investments and short-term borrowings are recorded at cost, which approximates their fair values primarily due to their short-term maturities and are classified as Level 2 within the fair value hierarchy. During the six months ended February 28, 2017, the Company did not record any significant nonrecurring fair value measurements for assets or liabilities in periods subsequent to their initial recognition.

Recently Issued Accounting Standards

In January 2017, the Financial Accounting Standards Board ("FASB") issued ASU No. 2017-04, "Simplifying the Test for Goodwill Impairment". This updated guidance eliminates Step 2 from the current two-step quantitative model for goodwill impairment tests. Step 2 required an entity to calculate an implied fair value, which included a hypothetical purchase price allocation requirement, for reporting units that failed Step 1. Per this updated guidance, a goodwill impairment will instead be measured as the amount by which a reporting unit's carrying value exceeds its fair value as identified in Step 1. This guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company has evaluated the potential impacts of this updated guidance, and it does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU No. 2016-16, "Intra-Entity Transfers of Assets Other Than Inventory", which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted in the first interim period of an entity's annual financial statements. The Company has evaluated the potential impacts of this updated guidance, and it does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments". The amendments in this updated guidance address eight specific cash flow issues to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period.

Early adoption is permitted and should be applied using a retrospective approach. The Company is in the process of evaluating the potential impacts of this new guidance on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “Measurement of Credit Losses on Financial Instruments”, which requires entities to estimate all expected credit losses for certain types of financial instruments, including trade receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The updated guidance also expands the disclosure requirements to enable users of financial statements to understand the entity’s assumptions, models and methods for estimating expected credit losses. This guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted. The Company is in the process of evaluating the potential impacts of this new guidance on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, “Improvements to Employee Share-Based Payment Accounting”. The amendments in this updated guidance include changes to simplify the Codification for several aspects of the accounting for share-based payment transactions, including those related to the income tax consequences, classification of awards as either equity or liabilities, accounting for forfeitures, minimum statutory withholding requirements and classification of certain items on the statement of cash flows. Certain of these changes are required to be applied retrospectively while other changes are required to be applied prospectively. This guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is permitted. The Company does not expect that it will adopt this updated guidance early, but it expects that the adoption of this new guidance will have a more than inconsequential impact on the Company’s consolidated financial statements. For example, if the Company had adopted this updated guidance in fiscal year 2016, its income tax expense for the year would have been reduced by approximately $2.1 million due to the recognition of excess tax benefits in the provision for income taxes rather than through additional paid-in-capital. The Company also expects to change its policy related to forfeitures upon adoption of this new guidance such that it will recognize the impacts of forfeitures as they occur rather than recognizing them based on an estimated forfeiture rate. Although the Company is still assessing the impacts of this change in policy for forfeitures on its consolidated financial statements, it does not expect that the impact will be material.

In February 2016, the FASB issued ASU No. 2016-02, “Leases”. The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted and should be applied using a modified retrospective approach. The Company is in the process of evaluating the impacts of this new guidance on its consolidated financial statements and related disclosures.

In August 2014, the FASB issued ASU No. 2014-15, “Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”. This updated guidance requires management to evaluate whether there is a substantial doubt about an entity's ability to continue as a going concern within one year of the date that the financial statements are issued and provide related disclosures if necessary. This guidance is effective for the first annual fiscal period ending after December 15, 2016, and for all interim and annual periods thereafter. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers”, which supersedes the revenue recognition requirements in ASC 605, “Revenue Recognition”. The core principle of this updated guidance and related amendments is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new rule also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This guidance was originally to be effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. In July 2015, the FASB approved a one year deferral for the effective date of this guidance. Early adoption is permitted but only to the original effective date. Companies are permitted to adopt this new rule following either a full or modified retrospective approach. The Company does not intend to adopt this guidance early and it will become effective for the Company on September 1, 2018. The Company has not yet decided which implementation method it will adopt. Although management has completed its initial evaluation of this new guidance as it pertains to the Company, it is still in the process of determining the impacts that this updated guidance will have on the Company's consolidated financial statements.

Note 3. Inventories

Inventories consist primarily of raw materials and components, finished goods, and product held at third-party contract manufacturers. Inventories are stated at the lower of cost or market and cost is determined based on a first-in, first-out method or, for a portion of raw materials inventory, the average cost method. Inventories consisted of the following (in thousands):

	February 28, 2017	August 31, 2016
Product held at third-party contract manufacturers	$ 3,944	$ 3,521
Raw materials and components	2,616	2,996
Work-in-process	451	163
Finished goods	30,969	25,113
Total	$ 37,980	$ 31,793

Note 4. Property and Equipment

Property and equipment, net, consisted of the following (in thousands):

	February 28, 2017	August 31, 2016
Machinery, equipment and vehicles	$ 15,730	$ 14,892
Buildings and improvements	4,136	4,223
Computer and office equipment	3,613	3,605
Software	7,773	7,392
Furniture and fixtures	1,238	1,286
Capital in progress	12,785	2,200
Land	247	254
Subtotal	45,522	33,852
Less: accumulated depreciation and amortization	(23,229)	(22,307)
Total	$ 22,293	$ 11,545

At February 28, 2017, capital in progress on the balance sheet included $11.0 million associated with capital costs related to the purchase and buildout of the Company's new headquarters office in San Diego in the first quarter of fiscal year 2017. For further information on the Company's new headquarters office, see the Liquidity and Capital Resources section in Part I—Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Note 5. Goodwill and Other Intangible Assets

Goodwill

The following table summarizes the changes in the carrying amounts of goodwill by segment (in thousands):

	Americas	EMEA	Asia-Pacific	Total
Balance as of August 31, 2016	$ 85,452	$ 8,987	$ 1,210	$ 95,649
Translation adjustments	(22)	(188)	-	(210)
Balance as of February 28, 2017	$ 85,430	$ 8,799	$ 1,210	$ 95,439

During the second quarter of fiscal year 2017, the Company performed its annual goodwill impairment test. The annual goodwill impairment test was performed at the reporting unit level as required by the authoritative guidance. In accordance with ASU No. 2011-08, "Testing Goodwill for Impairment", companies are permitted to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. The Company performed a qualitative assessment of each reporting unit to determine whether it was more likely than not that the fair value of a reporting unit was less than its carrying amount. In performing this qualitative assessment, the Company assessed relevant events and circumstances that may impact the fair value and the carrying amount of each of its reporting units. Factors that were considered included, but were not limited to, the following: (1) macroeconomic conditions; (2) industry and market conditions; (3) historical financial performance and expected financial performance; (4) other entity specific events, such as changes in management or key personnel; and (5) events affecting the Company's reporting units, such as a change in the composition of net assets or any expected dispositions. Based on the results of this qualitative assessment, the Company determined that it is more likely than not that the carrying value of each of its reporting units is less than its fair value and, thus, the two-step quantitative analysis was not required. As a result, the Company concluded that no impairment of its goodwill existed as of February 28, 2017.

Definite-lived Intangible Assets

The Company's definite-lived intangible assets, which include the 2000 Flushes, Spot Shot, Carpet Fresh, 1001 and GT85 trade names, the Belgium customer list, the GT85 customer relationships and the GT85 technology are included in other intangible assets, net in the Company's condensed consolidated balance sheets. The following table summarizes the definite-lived intangible assets and the related accumulated amortization and impairment (in thousands):

	February 28, 2017	August 31, 2016
Gross carrying amount	$ 35,554	$ 36,009
Accumulated amortization	(18,004)	(16,818)
Net carrying amount	$ 17,550	$ 19,191

There has been no impairment charge for the six months ended February 28, 2017 as a result of the Company's review of events and circumstances related to its existing definite-lived intangible assets.

Changes in the carrying amounts of definite-lived intangible assets by segment for the six months ended February 28, 2017 are summarized below (in thousands):

	Americas	EMEA	Asia-Pacific	Total
Balance as of August 31, 2016	$ 14,913	$ 4,278	$ -	$ 19,191

Amortization expense	(1,104)	(334)	-	(1,438)
Translation adjustments	-	(203)	-	(203)
Balance as of February 28, 2017	$ 13,809	$ 3,741	$ -	$ 17,550

The estimated amortization expense for the Company's definite-lived intangible assets in future fiscal years is as follows (in thousands):

	Trade Names	Customer-Based	Technology
Remainder of fiscal year 2017	$ 1,208	$ 215	$ 16
Fiscal year 2018	2,407	430	32
Fiscal year 2019	2,407	249	-
Fiscal year 2020	2,012	159	-
Fiscal year 2021	1,222	159	-
Thereafter	6,875	159	-
Total	$ 16,131	$ 1,371	$ 48

Included in the total estimated future amortization expense is the amortization expense for the 1001 trade name and the GT85 intangible assets, which are based on current foreign currency exchange rates, and as a result amounts in future periods may differ from those presented due to fluctuations in those rates.

Note 6. Accrued and Other Liabilities

Accrued liabilities consisted of the following (in thousands):

	February 28, 2017	August 31, 2016
Accrued advertising and sales promotion expenses	$ 9,919	$ 9,763
Accrued professional services fees	1,477	1,262
Accrued sales taxes and other taxes	1,700	954
Other	3,752	3,778
Total	$ 16,848	$ 15,757

Accrued payroll and related expenses consisted of the following (in thousands):

	February 28, 2017	August 31, 2016
Accrued incentive compensation	$ 4,627	$ 12,203
Accrued payroll	3,490	3,559
Accrued profit sharing	753	2,716
Accrued payroll taxes	1,152	1,744
Other	526	644
Total	$ 10,548	$ 20,866

Note 7. Debt

Revolving Credit Facility

On June 17, 2011, the Company entered into an unsecured credit agreement with Bank of America, N.A. ("Bank of America"). Since June 17, 2011, this unsecured credit agreement has been amended four times, most recently on September 1, 2016, (the "Fourth Amendment"). This Fourth Amendment amended the credit agreement in connection with the purchase of the Company's new headquarters office and land located at 9715 Businesspark Avenue, San Diego, California (the "Property"). The Fourth Amendment permits the Company to spend $18.0 million in aggregate for the acquisition and improvement costs for the Property, with any excess applied against the $7.5 million permitted annually by the amended

13

agreement for other capital expenditures. In addition, the Fourth Amendment also includes changes to the agreement that will allow, as a permitted lien, any agreement with Bank of America for secured debt.

Per the terms of the amended agreement, the revolving commitment may not exceed $175.0 million and the aggregate amount of the Company's capital stock that it may repurchase may not exceed $150.0 million during the period from November 16, 2015 to the maturity date of the agreement so long as no default exists immediately prior and after giving effect thereto. This revolving credit facility matures on May 13, 2020, and includes representations, warranties and covenants customary for credit facilities of this type, as well as customary events of default and remedies. In addition, per the terms of the amended agreement, the Company and Bank of America may enter into an autoborrow agreement in form and substance satisfactory to Bank of America, providing for the automatic advance of revolving loans in U.S. Dollars to the Company's designated account at Bank of America. In the second quarter of fiscal year 2016, the Company entered into an autoborrow agreement with Bank of America and this agreement has been in effect since that time.

For the financial covenants, the definition of consolidated EBITDA includes the add back of non-cash stock-based compensation to consolidated net income when arriving at consolidated EBITDA. The terms of the financial covenants are as follows:

- The consolidated leverage ratio cannot be greater than three to one. The consolidated leverage ratio means, as of any date of determination, the ratio of (a) consolidated funded indebtedness as of such date to (b) consolidated EBITDA for the most recently completed four fiscal quarters.
- The consolidated interest coverage ratio cannot be less than three to one. The consolidated interest coverage ratio means, as of any date of determination, the ratio of (a) consolidated EBITDA for the most recently completed four fiscal quarters to (b) consolidated interest charges for the most recently completed four fiscal quarters.

The Company assesses its ability and intent associated with draws on the line of credit at the end of each reporting period in order to determine the proper balance sheet classification for amounts outstanding on the line of credit. In conjunction with the purchase of the new headquarters office in September 2016, the Company borrowed $10.0 million on the line of credit which it intends to repay in less than twelve months. In addition, the Company had $4.2 million in net borrowings outstanding under the autoborrow agreement at February 28, 2017. Since the autoborrow feature provides for borrowings to be made and repaid by the Company on a daily basis, any such borrowings made under an active autoborrow agreement are classified as short-term on the Company's consolidated balance sheets. As a result, the Company has classified $14.2 million borrowed under the revolving credit facility during the six months ended February 28, 2017 as short-term on its consolidated balance sheets.

In addition to the $14.2 million in borrowings classified as short-term, the Company borrowed an additional $12.0 million U.S. Dollars under the revolving credit facility during the six months ended February 28, 2017. Based on management's ability and intent to refinance these new draws and remainder of the Company's short-term borrowings under the facility with successive short-term borrowings for a period of at least twelve months, the Company has classified the remaining $134.0 million outstanding under the revolving credit facility as a long-term liability at February 28, 2017. The Company regularly converts existing draws on its line of credit to new draws with new maturity dates and interest rates. As of February 28, 2017, the Company had a $148.2 million outstanding balance on the revolving credit facility and was in compliance with all debt covenants under this credit facility.

Note 8. Share Repurchase Plans

On June 21, 2016, the Company’s Board of Directors approved a share buy-back plan. Under the plan, which became effective on September 1, 2016, the Company is authorized to acquire up to $75.0 million of its outstanding shares through August 31, 2018. The timing and amount of repurchases are based on terms and conditions as may be acceptable to the Company’s Chief Executive Officer and Chief Financial Officer and in compliance with all laws and regulations applicable thereto. During the period from September 1, 2016 through February 28, 2017, the Company repurchased 174,337 shares at a total cost of $18.7 million under this $75.0 million plan.

Note 9. Earnings per Common Share

The table below reconciles net income to net income available to common shareholders (in thousands):

	Three Months Ended		Six Months Ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Net income	$ 12,360	$ 13,669	$ 24,118	$ 25,731
Less: Net income allocated to participating securities	(75)	(87)	(152)	(162)
Net income available to common shareholders	$ 12,285	$ 13,582	$ 23,966	$ 25,569

The table below summarizes the weighted-average number of common shares outstanding included in the calculation of basic and diluted EPS (in thousands):

	Three Months Ended	Six Months Ended

	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Weighted-average common shares outstanding, basic	14,111	14,386	14,146	14,395
Weighted-average dilutive securities	32	43	36	50
Weighted-average common shares outstanding, diluted	14,143	14,429	14,182	14,445

For the three months ended February 28, 2017, there were no anti-dilutive stock-based equity awards outstanding. For the three months ended February 29, 2016, weighted-average stock-based equity awards outstanding that are non-participating securities in the amount of 8,884 were excluded from the calculation of diluted EPS under the treasury stock method as they were anti-dilutive.

For the six months ended February 28, 2017, there were no anti-dilutive stock-based equity awards outstanding. For the six months ended February 29, 2016, weighted-average stock-based equity awards outstanding that are non-participating securities in the amount of 8,457 were excluded from the calculation of diluted EPS under the treasury stock method as they were anti-dilutive.

Note 10. Related Parties

On October 11, 2011, the Company's Board of Directors elected Mr. Gregory A. Sandfort as a director of WD-40 Company. Mr. Sandfort is President and Chief Executive Officer of Tractor Supply Company ("Tractor Supply"), which is a WD-40 Company customer that acquires products from the Company in the ordinary course of business.

The condensed consolidated financial statements include sales to Tractor Supply of $0.2 million and $0.1 million for the three months ended February 28, 2017 and February 29, 2016, respectively, and $0.5 million and $0.4 million for the six months ended February 28, 2017 and February 29, 2016. Accounts receivable from Tractor Supply were not material as of February 28, 2017.

Note 11. Commitments and Contingencies

Purchase Commitments

The Company has ongoing relationships with various suppliers (contract manufacturers) who manufacture the Company's products. The contract manufacturers maintain title to and control of certain raw materials and components, materials utilized in finished products, and the finished products themselves until shipment to the Company's customers or third-party distribution centers in accordance with agreed upon shipment terms. Although the Company typically does not have definitive minimum purchase obligations included in the contract terms with its contract manufacturers, when such obligations have been included, they have been immaterial. In the ordinary course of business, supply needs are communicated by the Company to its contract manufacturers based on orders and short-term projections, ranging from two to five months. The Company is committed to purchase the products produced by the contract manufacturers based on the projections provided.

Upon the termination of contracts with contract manufacturers, the Company obtains certain inventory control rights and is obligated to work with the contract manufacturer to sell through all product held by or manufactured by the contract manufacturer on behalf of the Company during the termination notification period. If any inventory remains at the contract manufacturer at the termination date, the Company is obligated to purchase such inventory which may include raw materials, components and finished goods. The amounts for inventory purchased under termination commitments have been immaterial.

In addition to the commitments to purchase products from contract manufacturers described above, the Company may also enter into commitments with other manufacturers to purchase finished goods and components to support innovation and renovation initiatives and/or supply chain initiatives. As of February 28, 2017, no such commitments were outstanding.

Litigation

From time to time, the Company is subject to various claims, lawsuits, investigations and proceedings arising in the ordinary course of business, including but not limited to, product liability litigation and other claims and proceedings with respect to intellectual property, breach of contract, labor and employment, tax and other matters.

On February 24, 2017, a legal action was filed against the Company in a United States District Court in Ohio (FirstPower Group, LLC v. WD-40 Company, WD-40 Manufacturing Company, Wal-Mart Stores East, LP, Lowe's Home Centers, LLC, and Home Depot U.S.A., Inc.). The complaint alleges claims of trademark infringement, unfair competition, counterfeiting, and deceptive trade practices arising out of the Company's marketing and sale of the WD 40 EZ-REACH Flexible Straw product. FirstPower Group, LLC ("FirstPower") claims exclusive ownership and the right to use the words “EZ REACH” for lubricating oil products based on certain registered trademarks covering such words. In addition to findings on the merits of FirstPower’s infringement claims, the complaint seeks an award of damages and a permanent injunction prohibiting the alleged infringement of FirstPower’s asserted trademark rights.

On February 24, 2017, FirstPower also filed a motion for preliminary injunction seeking an interim order prohibiting the alleged infringement of FirstPower’s asserted trademark rights pending disposition of FirstPower’s claims on the merits at trial.

The Company disputes FirstPower’s claims of trademark infringement arising out of the Company’s sale of the WD 40 EZ-REACH Flexible Straw product. The Company contends that there is no likelihood of confusion as to the source of the products marketed and sold by WD-40 Company and FirstPower with the words “EZ REACH” in their respective names. The Company intends to vigorously oppose FirstPower’s claims. Although the Company believes that any loss resulting from this litigation will not have a material impact on the Company’s financial condition or results of operations, such a loss is reasonably possible. The Company is unable to estimate the possible loss or a range of possible loss that the Company may incur.

Indemnifications

As permitted under Delaware law, the Company has agreements whereby it indemnifies senior officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company maintains Director and Officer insurance coverage that mitigates the Company's exposure with respect to such obligations. As a result of the Company's insurance coverage, management believes that the estimated fair value of these indemnification agreements is minimal. Thus, no liabilities have been recorded for these agreements as of February 28, 2017.

From time to time, the Company enters into indemnification agreements with certain contractual parties in the ordinary course of business, including agreements with lenders, lessors, contract manufacturers, marketing distributors, customers and certain vendors. All such indemnification agreements are entered into in the context of the particular agreements and are provided in an attempt to properly allocate risk of loss in connection with the consummation of the underlying contractual arrangements. Although the maximum amount of future payments that the Company could be required to make under these indemnification agreements is unlimited, management believes that the Company maintains adequate levels of insurance coverage to protect the Company with respect to most potential claims arising from such agreements and that such agreements do not otherwise have value separate and apart from the liabilities incurred in the ordinary course of the Company's business. Thus, no liabilities have been recorded with respect to such indemnification agreements as of February 28, 2017.

Note 12. Income Taxes

The Company uses an estimated annual effective tax rate, which is based on expected annual income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which the Company operates, to determine its quarterly provision for income taxes. Certain significant or unusual items are separately recognized in the quarter in which they occur and can be a source of variability in the effective tax rates from quarter to quarter.

The provision for income taxes was 32.8% and 28.0% of income before income taxes for the three months ended February 28, 2017 and February 29, 2016, respectively, and 30.7% and 28.3% of income before income taxes for the six months ended February 28, 2017 and February 29, 2016, respectively. The increase in the effective income tax rate from period to period was primarily driven by an immaterial out-of-period correction that the Company recorded in the second quarter of fiscal year 2017 associated with the tax impacts from certain unrealized foreign currency exchange losses in periods prior to fiscal year 2017.

The Company is subject to taxation in the U.S. and in various state and foreign jurisdictions. Due to expired statutes, the Company's federal income tax returns for years prior to fiscal year 2014 are not subject to examination by the U.S. Internal Revenue Service. The Company was notified in September 2016 by the U.S. Internal Revenue Service of its plans to perform an income tax audit for the tax period ended August 31, 2015 and this audit is currently underway.

The Company is also currently under audit in various state and international jurisdictions for fiscal years 2013 through 2015. Generally, for the majority of state and foreign jurisdictions where the Company does business, periods prior to fiscal year 2013 are no longer subject to examination. The Company has estimated that up to $0.3 million of unrecognized tax benefits related to income tax positions may be affected by the resolution of tax examinations or expiring statutes of limitation within the next twelve months. Audit outcomes and the timing of settlements are subject to significant uncertainty.

Note 13. Business Segments and Foreign Operations

The Company evaluates the performance of its segments and allocates resources to them based on sales and operating income. The Company is organized on the basis of geographical area into the following three segments: the Americas; EMEA; and Asia-Pacific. Segment data does not include inter-segment revenues. Unallocated corporate expenses are general corporate overhead expenses not directly attributable to the operating segments and are reported separate from the Company's identified segments. The corporate overhead costs include expenses for the Company's accounting and finance, information technology, human resources, research and development, quality control and executive management functions, as well as all direct costs associated with public company compliance matters including legal, audit and other professional services costs.

Summary information about reportable segments is as follows (in thousands):

For the Three Months Ended	Americas	EMEA	Asia-Pacific	Unallocated Corporate (1)	Total
February 28, 2017:					
Net sales	$ 45,078	$ 36,205	$ 15,236	$ -	$ 96,519
Income from operations	$ 10,710	$ 10,327	$ 4,585	$ (6,760)	$ 18,862
Depreciation and amortization expense	$ 1,090	$ 517	$ 61	$ 10	$ 1,678
Interest income	$ 2	$ 109	$ 22	$ -	$ 133
Interest expense	$ 595	$ -	$ 3	$ -	$ 598
February 29, 2016:					
Net sales	$ 45,542	$ 35,626	$ 13,382	$ -	$ 94,550
Income from operations	$ 10,814	$ 9,413	$ 3,769	$ (6,090)	$ 17,906
Depreciation and amortization expense	$ 1,061	$ 514	$ 67	$ 8	$ 1,650
Interest income	$ 1	$ 145	$ 37	$ -	$ 183
Interest expense	$ 414	$ -	$ 3	$ -	$ 417
For the Six Months Ended February 28, 2017:					
Net sales	$ 87,918	$ 66,462	$ 31,387	$ -	$ 185,767
Income from operations	$ 21,459	$ 17,505	$ 9,571	$ (13,157)	$ 35,378
Depreciation and amortization expense	$ 2,139	$ 1,018	$ 123	$ 18	$ 3,298
Interest income	$ 4	$ 189	$ 87	$ -	$ 280
Interest expense	$ 1,122	$ -	$ 7	$ -	$ 1,129
February 29, 2016:					
Net sales	$ 89,954	$ 67,712	$ 29,406	$ -	$ 187,072

Income from operations	$ 21,674	$ 16,128	$ 8,892	$ (11,643)	$ 35,051
Depreciation and amortization expense	$ 2,141	$ 1,024	$ 131	$ 15	$ 3,311
Interest income	$ 3	$ 248	$ 80	$ -	$ 331
Interest expense	$ 783	$ -	$ 6	$ -	$ 789

(1) Unallocated corporate expenses are general corporate overhead expenses not directly attributable to any one of the operating segments. These expenses are reported separate from the Company's identified segments and are included in Selling, General and Administrative expenses on the Company's condensed consolidated statements of operations.

18

The Company’s Chief Operating Decision Maker does not review assets by segment as part of the financial information provided and therefore, no asset information is provided in the above table.

Net sales by product group are as follows (in thousands):

	Three Months Ended		Six Months Ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Maintenance products	$ 87,771	$ 84,641	$ 166,930	$ 166,882
Homecare and cleaning products	8,748	9,909	18,837	20,190
Total	$ 96,519	$ 94,550	$ 185,767	$ 187,072

Note 14. Subsequent Events

On March 21, 2017, the Company’s Board of Directors declared a cash dividend of $0.49 per share payable on April 28, 2017 to shareholders of record on April 14, 2017.

Effective as of March 9, 2017, the Company became obligated to incur certain costs under a contract for the construction of improvements to the Company’s new office building located at 9715 Businesspark Avenue, San Diego, California (the “Property”). The Company and Back’s Construction, Inc. (the “Contractor”) entered into a Standard Form of Agreement between Owner and Contractor dated as of February 23, 2017 (the “Agreement”) for the construction of the improvements to the Property (the “Project”). On March 9, 2017, the Company and the Contractor executed Change Order #1 to the Agreement to finalize a cost summary exhibit and to establish the maximum price for the Project in the amount of $4.2 million. The Project is scheduled to be completed no later than July 14, 2017.

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

As used in this report, the terms "we," "our," "us" and "the Company" refer to WD-40 Company and its wholly-owned subsidiaries, unless the context suggests otherwise. Amounts and percentages in tables and discussions may not total due to rounding.

The following information is provided as a supplement to, and should be read in conjunction with, the unaudited condensed consolidated financial statements and notes thereto included in Part I Item 1 of this Quarterly Report and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended August 31, 2016, which was filed with the Securities and Exchange Commission ("SEC") on October 24, 2016.

In order to show the impact of changes in foreign currency exchange rates on our results of operations, we have included constant currency disclosures, where necessary, in the Overview and Results of Operations sections which follow. Constant currency disclosures represent the translation of our current fiscal year revenues and expenses from the functional currencies of our subsidiaries to U.S. dollars using the exchange rates in effect for the corresponding period of the prior fiscal year. We use results on a constant currency basis as one of the measures to understand our operating results and evaluate our performance in comparison to prior periods. Results on a constant currency basis are not in accordance with accounting principles generally accepted in the United States of America ("non-GAAP") and should be considered in addition to, not as a substitute for, results prepared in accordance with GAAP.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for certain forward-looking statements. This report contains forward-looking statements, which reflect the Company's current views with respect to future events and financial performance.

These forward-looking statements include, but are not limited to, discussions about future financial and operating results, including: growth expectations for maintenance products; expected levels of promotional and advertising spending; plans for and success of product innovation, the impact of new product introductions on the growth of sales; anticipated results from product line extension sales; and forecasted foreign currency exchange rates and commodity prices. These forward-looking statements are generally identified with words such as "believe," "expect," "intend," "plan," "could," "may," "aim," "anticipate," "estimate" and similar expressions. The Company undertakes no obligation to revise or update any forward looking statements.

Actual events or results may differ materially from those projected in forward-looking statements due to various factors, including, but not limited to, those identified in Part I Item 1A, "Risk Factors," in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2016, and in the Company's Quarterly Reports on Form 10-Q, which may be updated from time to time.

Overview

The Company

WD-40 Company ("the Company"), based in San Diego, California, is a global marketing organization dedicated to creating positive lasting memories by developing and selling products which solve problems in workshops, factories and homes around the world. We market our maintenance products and our homecare and cleaning products under the following well-known brands: WD-40®, 3-IN-ONE®, GT85®, X-14®, 2000 Flushes®, Carpet Fresh®, no vac®, Spot Shot®, 1001®, Lava® and Solvol®. Currently included in the WD-40 brand are the WD-40 multi-use product and the WD-40 Specialist® and WD-40 BIKE® product lines.

Our brands are sold in various locations around the world. Maintenance products are sold worldwide in markets throughout North, Central and South America, Asia, Australia, Europe, the Middle East and Africa. Homecare and cleaning products are sold primarily in North America, the United Kingdom ("U.K.") and Australia. We sell our products primarily through mass retail and home center stores, warehouse club stores, grocery stores, hardware stores, automotive parts outlets, sport retailers, independent bike dealers, online retailers and industrial distributors and suppliers.

Highlights

The following summarizes the financial and operational highlights for our business during the six months ended February 28, 2017:

- Consolidated net sales decreased $1.3 million for the six months ended February 28, 2017 compared to the corresponding period of the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact of $12.4 million on consolidated net sales for the six months ended February 28, 2017 compared to the corresponding period of the prior fiscal year. Thus, on a constant currency basis, net sales would have increased by $11.1 million from period to period. This unfavorable impact from changes in foreign currency exchange rates mainly came from our EMEA segment, which accounted for 36% of our consolidated sales for the six months ended February 28, 2017.

- Consolidated net sales for the WD-40 Specialist product line were $11.2 million which is a 17% increase for the six months ended February 28, 2017 compared to the corresponding period of the prior fiscal year. Although the WD-40 Specialist product line is expected to provide the Company with long-term growth opportunities, we will see some volatility in sales levels from period to period due to the timing of promotional programs, the building of distribution, and various other factors that come with building a new product line.

- Gross profit as a percentage of net sales increased to 56.8% for the six months ended February 28, 2017 compared to 55.5% for the corresponding period of the prior fiscal year.

- Consolidated net income decreased $1.6 million, or 6%, for the six months ended February 28, 2017 compared to the corresponding period of the prior fiscal year. Changes in foreign currency exchange rates had an unfavorable impact of $2.4 million on consolidated net income for the six months ended February 28, 2017 compared to the corresponding period of the prior fiscal year. Thus, on a constant currency basis, net income would have increased $0.8 million.

- Diluted earnings per common share for the six months ended February 28, 2017 were $1.69 versus $1.77 in the prior fiscal year period.

- Share repurchases were executed under our current $75.0 million share buy-back plan, which was approved by the Company's Board of Directors in June 2016 and became effective on September 1, 2016. During the period from September 1, 2016 through February 28, 2017, the Company repurchased 174,337 shares at an average price of $107.35 per share, for a total cost of $18.7 million.

Our strategic initiatives and the areas where we will continue to focus our time, talent and resources in future periods include: (i) maximizing WD-40 multi-use product sales through geographic expansion and increased market penetration; (ii) leveraging the WD-40 brand by growing the WD-40 Specialist product line; (iii) leveraging the strengths of the Company through broadened product and revenue base; (iv) attracting, developing and retaining talented people; and (v) operating with excellence.

21

Results of Operations

Three Months Ended February 28, 2017 Compared to Three Months Ended February 29, 2016

Operating Items

The following table summarizes operating data for our consolidated operations (in thousands, except percentages and per share amounts):

	Three Months Ended		Change from Prior Year	
	February 28, 2017	February 29, 2016	Dollars	Percent
Net sales:				
Maintenance products	$ 87,771	$ 84,641	$ 3,130	4%
Homecare and cleaning products	8,748	9,909	(1,161)	(12)%
Total net sales	96,519	94,550	1,969	2%
Cost of products sold	42,057	42,188	(131)	-
Gross profit	54,462	52,362	2,100	4%
Operating expenses	35,600	34,456	1,144	3%
Income from operations	$ 18,862	$ 17,906	$ 956	5%
Net income	$ 12,360	$ 13,669	$ (1,309)	(10)%
Earnings per common share - diluted	$ 0.87	$ 0.94	$ (0.07)	(7)%
Shares used in per share calculations - diluted	14,143	14,429	(286)	(2)%