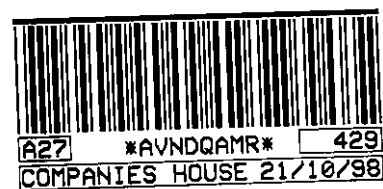


WD-40 COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 AUGUST 1998

Registered in England and Wales - Number 1755958



WD-40 COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1998

The directors present their report and the audited accounts of the company for the year ended 31 August 1998.

Principal activities and review of the business

The company continues to manufacture and market WD-40 in the UK, Europe, Middle East and Africa.

The company achieved a record sales year with a 7.5% growth rate despite the continued strength of sterling. The WD-40 branch offices in Germany, France and Spain achieved good growth as did sales via third party distributors in Eastern Europe. Sales in the UK remained flat. Operating profits doubled as a result of the increased sales volume and tighter financial management and control of overhead and currency exposure issues.

The company's restructuring undertaken over the last 2 years is expected to facilitate further growth in sales and earnings for the coming financial year.

Year 2000

Assuring the ongoing operation of business systems and processes into the next millenium is a key management priority. We are currently testing our hardware and software programs for year 2000 compliancy and will replace or upgrade as necessary. We are also liaising with our key trading partners, suppliers, and customers to ensure that the supply and distribution chains we depend on, and are involved in, continue to operate without disruption.

Results and dividends

The profit for the year after taxation amounted to £2,032,000 (1997 - £960,000).

Dividends of £2,568,000 were paid in respect of the year (1997 - £1,121,000).

Directors

The directors of the company during the year were as follows:

K S Gallon
G Schleif (retired 30 September 1997)
G O Ridge
W Noble

The directors had no disclosable interest in the shares of the company or any other group undertakings during the year.

Payment of creditors

Average creditor days was 41 (1997 - 40)

WD-40 COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1998 (CONTINUED)

Directors' responsibility for preparing the accounts

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 11 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers, shall be deemed to be re-appointed for subsequent financial years in accordance with Section 386 of the Companies Act 1985.

By Order of the Board



KS Gallon
Secretary

2nd October 1998

AUDITORS' REPORT TO THE SHAREHOLDERS OF WD-40 COMPANY LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

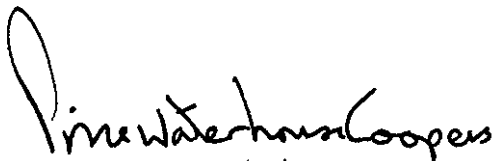
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
and Registered Auditors

2 October 1998

WD-40 COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1998

	Notes	1998 £'000	1997 £'000
Turnover	3	22,206	20,620
Cost of sales		(12,211)	(11,223)
Gross profit		9,995	9,397
Distribution costs		(1,135)	(1,098)
Administration expenses		(6,068)	(6,912)
Operating profit	4	2,792	1,387
Interest receivable and similar income		183	61
Profit on ordinary activities before taxation		2,975	1,448
Tax on profit on ordinary activities	5	(943)	(488)
Profit for the financial year		2,032	960
Retained profit brought forward		5,688	5,849
		7,720	6,809
Dividends paid		(2,568)	(1,121)
Retained profit carried forward		5,152	5,688

The company's recognised gains and losses consist wholly of the profit for the financial year. All company operations are continuing.

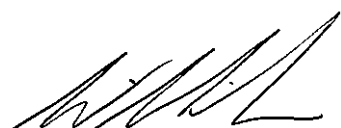
The notes on pages 6 to 11 form part of these accounts.

WD-40 COMPANY LIMITED

BALANCE SHEET - 31 AUGUST 1998

	Notes	£'000	1998 £'000	1997 £'000
Fixed assets				
Tangible assets	6		1,231	1,186
Intangible assets	7		819	886
			2,050	2,072
Current assets				
Stock	8	405		919
Debtors	9	4,726		3,312
Cash at bank and in hand		2,160		3,935
		7,291		8,166
Creditors: amounts falling due within one year	10	(3,882)		(4,236)
Net current assets			3,409	3,930
Total assets less current liabilities			5,459	6,002
Provision for liabilities and charges	11		(57)	(64)
			5,402	5,938
Capital and reserves				
Share capital	12		250	250
Profit and loss account			5,152	5,688
Total shareholders' funds	16		5,402	5,938

Approved by the Board on 2nd October 1998



W Noble

The notes on pages 6 to 11 form part of these accounts.

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1998

1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has adopted the following accounting policies.

Turnover

Turnover represents the invoiced value of goods supplied after deduction of settlement discount and value added tax.

Stock

Stock has been included in the accounts at the lower of cost and net realisable value.

Fixed assets and depreciation and amortisation

Fixed assets are stated at cost less depreciation, which has been calculated to write off the fixed assets on a straight line basis over their estimated useful lives at the following rates:

Motor vehicles	-	25%
Buildings	-	2½%
Plant and machinery	-	10%
Fixtures and fittings	-	10% - 20%
Goodwill amortisation	-	6⅔%

No depreciation is provided on freehold land.

Goodwill arising on the acquisitions of companies and brand rights is amortised over the economic life of the goodwill.

Taxation

The company applies US accounting principles for deferred taxation so as to be consistent with its holding company. Deferred taxation has accordingly been provided in respect of timing differences for taxation purposes relating to the excess of capital allowances over related depreciation. In addition deferred taxation has been provided in respect of other timing differences which are expected to reverse in the foreseeable future. The provision made does not differ significantly from the amount which would be provided under Statement of Standard Accounting Practice No.15 issued by the Accounting Standards Committee in the United Kingdom.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Trading results are translated at the monthly average rates during the year. Foreign currency exchange differences are dealt with through the profit and loss account.

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1998 (continued)

1 ACCOUNTING POLICIES (Continued)

Pension costs

Employees of WD-40 Limited are members of a defined contribution money purchase scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The cost of providing pensions to employees is charged to the profit and loss account as it is incurred.

2 CASHFLOW STATEMENT

The company is a wholly owned subsidiary of WD-40 Inc and is included in the financial statements of WD-40 Inc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

3 TURNOVER

	1998 £'000	1997 £'000
Geographical analysis of turnover:		
UK/Eire	8,788	10,828
Europe	10,940	7,235
Africa/Middle East	2,478	2,557
	22,206	20,620

4 OPERATING PROFIT

	1998 £'000	1997 £'000
Operating profit is stated after charging/(crediting):		
Salaries	1,697	1,609
Social security costs	284	222
Other pension costs	210	145
Depreciation	244	210
Amortisation of goodwill	67	67
Loss/(profit) on sale of fixed assets	(2)	17
Royalties	2,107	1,969
Auditors' remuneration for audit services	16	14
Exchange loss	25	778

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1998 (continued)

5 TAXATION

	1998 £'000	1997 £'000
The taxation charge based on profit for the year is made up as follows:		
Corporation tax at 31% (1997: 32.16%)	944	499
Deferred tax (note 11)	(7)	(14)
Overseas tax	6	3
	943	488

6 TANGIBLE FIXED ASSETS

	Freehold land £'000	Building £'000	Plant, tools and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 September 1997	117	622	143	617	423	1,922
Additions	-	92	-	77	166	335
Disposals	-	-	-	(8)	(128)	(136)
At 31 August 1998	117	714	143	686	461	2,121
Depreciation						
At 1 September 1997	-	185	121	274	156	736
Charge for year	-	18	5	105	116	244
Disposals	-	-	-	(8)	(82)	(90)
At 31 August 1998	-	203	126	371	190	890
Net book amount						
At 31 August 1998	117	511	17	315	271	1,231
At 31 August 1997	117	437	22	343	267	1,186

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1998 (continued)

6 TANGIBLE FIXED ASSETS (continued)

Capital commitments:

	1998 £'000	1997 £'000
Future capital expenditure not provided for in the accounts for which contracts have been placed	41	112

7 INTANGIBLE FIXED ASSETS

	1998 £'000	1997 £'000
Goodwill at cost	998	998
Less: amortisation	(179)	(112)
Net book value	819	886

The goodwill relates to the acquisition of the 3 in 1 brand rights during 1995/96 for the UK, Europe and Middle East. The goodwill is being amortised on a straight line basis over 15 years.

8 STOCK

	1998 £'000	1997 £'000
Raw materials	3	6
Work in progress	31	73
Finished goods	371	840
	405	919

9 DEBTORS

	1998 £'000	1997 £'000
Trade debtors	4,123	3,123
Prepayments and accrued income	603	189
	4,726	3,312

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1998 (continued)

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £'000	1997 £'000
Trade creditors	1,164	781
Amounts owed to group undertakings	989	2,156
Taxation and social security	898	353
Accruals and deferred income	831	946
	<u>3,882</u>	<u>4,236</u>

11 DEFERRED TAXATION

	1998 £'000	1997 £'000
Excess of capital allowances claimed over depreciation	86	87
Other timing differences	(29)	(23)
	<u>57</u>	<u>64</u>

There is no unprovided potential deferred tax liability.

12 SHARE CAPITAL

	1998 £'000	1997 £'000
Authorised:		
500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>
Issued, allotted and fully paid:		
250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>

13 PENSION COMMITMENTS

There is a Group Company Pension/Life Assurance scheme administered by Standard Life. This is a money-purchase non-contributory scheme open to all employees after a qualifying period of service.

WD-40 COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1998 (continued)

14 DIRECTORS' EMOLUMENTS

	1998 £'000	1997 £'000
Emoluments	164	173
Pension contributions (1 director)	26	11

15 EMPLOYEES

The average weekly number of persons employed in the company was 52 (1997 - 51).

	1998	1997
Employees by category:		
Sales and marketing	34	33
Administration	18	18

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
Profit for the financial year	2,032	960
Dividends	(2,568)	(1,121)
Net reduction to shareholders' funds	(536)	(161)
Opening shareholders' funds	5,938	6,099
Closing shareholders' funds	5,402	5,938

17 ULTIMATE HOLDING COMPANY

The ultimate holding company is WD-40 Company incorporated in the United States. This is the smallest and largest group for which group accounts are prepared including this company. Copies of group accounts can be requested from WD-40 Company, 1061 Cudahy Place, San Diego, California, 92110, USA. The company has taken advantage of paragraph 3 of FRS 8 'Related Party Disclosures' not to disclose transactions with members of the WD-40 group.