

Jewett-Cameron Announces 3rd Quarter Financial Results

North Plains, Oregon, July 14, 2014 – Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the third quarter and nine month periods of fiscal 2014 ended May 31, 2014.

Sales for the third quarter of fiscal 2014 totaled \$15.3 million compared to sales of \$15.1 million for the third quarter of fiscal 2013. Income from operations was \$1,552,537 compared to income of \$1,686,508 for the third quarter ended May 31, 2013. Net income after other items and income taxes for the current quarter was \$936,329, or \$0.33 per share, compared to net income of \$1,018,564, or \$0.32 per share, in the year-ago quarter.

For the nine months ended May 31, 2014, Jewett-Cameron reported sales of \$33.1 million compared to sales of \$38.6 million for the nine months ended May 31, 2013. Net income was \$1,506,306, or \$0.50 per share, compared to net income of \$2,289,941, or \$0.73 per share, in the first nine months of fiscal 2013. The year ago period was positively affected by the one-time gain on the sale of property of \$353,852.

“Several of our market segments have become much more competitive during the last year,” said CEO Don Boone. “We have also seen increases in raw material prices, which together has resulted in lower margins. As a response, we have initiated several programs to obtain new business, including introductory pricing and the launch of several new products.”

As of May 31, 2014, the Company’s cash position was \$4.2 million, and there was no borrowing against its \$1.0 million line of credit. The Company has historically utilized its cash position by implementing share repurchase programs as an effective method of enhancing shareholder value. During the third quarter of fiscal 2014 ended May 31, 2014, the Company repurchased and cancelled a total of 327,078 common shares at a total cost of \$3,234,699, which represents an average price of \$9.89 per share. In the second quarter of fiscal 2014, the Company repurchased and cancelled 58,180 common shares at a cost of \$569,019, which represents an average price of \$9.78 per share. These repurchases were pursuant to Rule 10b-18 share repurchase plans. Under the current plan, the Company may repurchase up to 300,000 common shares through the facilities of the NASDAQ Stock Market (“NASDAQ”). The Plan will remain in place until November 14, 2014 but may be limited or terminated at any time without prior notice. As of July 14, 2014, a total of 71,765 common shares have been repurchased under the new Plan.

In July 2014, the Company received notice in the lawsuit Greenwood Products, Inc. et al v. Greenwood Forest Products, Inc. et al., Case No. 05-02553 (Multnomah County Circuit Court) which involves a Company subsidiary as plaintiff. Upon remand from the Oregon Supreme Court, the Oregon Court of Appeals has concluded that Greenwood Forest Products, Inc. as defendants are entitled to a new trial. As a consequence, the Court ruled that the judgment in favor of Jewett-Cameron as plaintiffs should be reversed and the judgment in favor of defendants should stand. The judgment in favor of the Company was for \$819,000 plus attorneys fees. The judgment against plaintiffs was for \$1,187,137. The Company is currently assessing the impact of this new ruling, and is evaluating potential next steps. As of the date of this filing, the potential exposure to the Company of this new ruling is \$1.8 million.

About Jewett-Cameron Trading Company Ltd.

Jewett-Cameron Trading Company Ltd. was incorporated in British Columbia on July 8, 1987 as a holding company for Jewett-Cameron Lumber Corporation (“JCLC”), incorporated September 1953. Jewett-Cameron Trading Company, Ltd. acquired all the shares of JCLC through a stock-for-stock exchange on July 13, 1987, and at that time JCLC became a wholly owned subsidiary. Effective

September 1, 2013, Jewett-Cameron reorganized certain of its subsidiaries. JCLC's name was changed to JC USA Inc. ("JC USA"), and a new subsidiary, Jewett-Cameron Company ("JCC"), was incorporated. JC USA has the following wholly owned subsidiaries: MSI-PRO Co. ("MSI"), incorporated April 1996, Jewett-Cameron Seed Company, ("JCSC"), incorporated October 2000, Greenwood Products, Inc. ("Greenwood"), incorporated February 2002, and Jewett-Cameron Company ("JCC"), incorporated September 2013. Jewett-Cameron Trading Company, Ltd. and its subsidiaries (the "Company") have no significant assets in Canada.

The Company, through its subsidiaries, operates out of facilities located in North Plains, Oregon. JCC's business consists of the manufacturing and distribution of specialty metal products and wholesale distribution of wood products to home centers and other retailers located primarily in the United States. Greenwood is a processor and distributor of industrial wood products used in a variety of markets and applications, including the marine and transportation markets. MSI is an importer and distributor of pneumatic air tools and industrial clamps in the United States. JCSC is a processor and distributor of agricultural seeds in the United States. JC USA provides professional and administrative services, including accounting and credit services, to its subsidiary companies.

Forward-looking Statements

The information in this release contains certain forward-looking statements that anticipate future trends and events. These statements are based on certain assumptions that may prove to be erroneous and are subject to certain risks, including but not limited to, the uncertainties of the Company's new product introductions, the risks of increased competition and technological change in the Company's industry, and other factors detailed in the Company's SEC filings. Accordingly, actual results may differ, possibly materially, from predictions contained herein.

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	May 31, 2014	August 31, 2013
ASSETS		
Current assets		
Cash	\$ 4,240,397	\$ 8,308,445
Accounts receivable, net of allowance of \$Nil (August 31, 2013 - \$Nil)	4,923,144	3,344,777
Inventory, net of allowance of \$115,426 (August 31, 2013 - \$134,259) (note 3)	7,245,395	8,520,991
Note receivable	15,000	15,000
Prepaid expenses	1,326,824	587,609
Prepaid income taxes	317,445	270,423
Total current assets	18,068,205	21,047,245
Property, plant and equipment, net (note 4)	2,177,368	2,241,950
Intangible assets, net (note 5)	314,133	368,662
Total assets	\$ 20,559,706	\$ 23,657,857
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 962,733	\$ 1,715,458
Litigation reserve (note 13(a))	124,121	144,103
Accrued liabilities	1,127,861	1,149,882
Total current liabilities	2,214,715	3,009,443
Deferred tax liability (note 6)	44,382	50,393
Total liabilities	2,259,097	3,059,836
Contingent liabilities and commitments (note 13)		
Stockholders' equity		
Capital stock (note 8)		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
2,749,678 common shares (August 31, 2013 - 3,134,936)	1,297,457	1,479,246
Additional paid-in capital	600,804	600,804
Retained earnings	16,402,348	18,517,971
Total stockholders' equity	18,300,609	20,598,021
Total liabilities and stockholders' equity	\$ 20,559,706	\$ 23,657,857

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Three Month Period Ended May 31,		Nine Month Period Ended May 31,	
	2014	2013	2014	2013
SALES	\$ 15,335,570	\$ 15,051,509	\$ 33,074,500	\$ 38,575,738
COST OF SALES	12,384,976	12,021,388	26,516,458	31,114,942
GROSS PROFIT	2,950,594	3,030,121	6,558,042	7,460,796
OPERATING EXPENSES				
Selling, general and administrative expenses	402,013	372,191	1,240,800	1,176,173
Depreciation and amortization	73,145	66,735	212,694	188,431
Wages and employee benefits	922,899	904,687	2,599,270	2,658,240
	1,398,057	1,343,613	4,052,764	4,022,844
Income from operations	1,552,537	1,686,508	2,505,278	3,437,952
OTHER ITEMS				
Gain on sale of property, plant and equipment	-	-	4,109	353,852
Interest and other income	6,734	6,734	20,008	30,049
Interest expense	-	-	-	(400)
	6,734	6,734	24,117	383,501
Income before income taxes	1,559,271	1,693,242	2,529,395	3,821,453
Income tax expense	(622,942)	(674,678)	(1,023,089)	(1,531,512)
Net income	\$ 936,329	\$ 1,018,564	\$ 1,506,306	\$ 2,289,941
Basic earnings per common share	\$ 0.33	\$ 0.32	\$ 0.50	\$ 0.73
Diluted earnings per common share	\$ 0.33	\$ 0.32	\$ 0.50	\$ 0.73
Weighted average number of common shares outstanding:				
Basic	2,866,273	3,135,128	3,042,692	3,135,641
Diluted	2,866,273	3,135,128	3,042,692	3,135,641

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Three Month Period Ended May 31,		Nine Month Period Ended May 31,	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 936,329	\$ 1,018,564	\$ 1,506,306	\$ 2,289,941
Items not involving an outlay of cash:				
Depreciation and amortization	73,145	66,735	212,694	188,431
(Gain) loss on sale of property, plant and equipment	-	-	(4,109)	(353,852)
Deferred income tax expense (recovery)	2,355	594	(6,011)	152,017
Interest income on litigation	(6,734)	(6,734)	(19,982)	(19,982)
Changes in non-cash working capital items:				
(Increase) decrease in accounts receivable	(666,858)	2,474,524	(1,578,367)	(1,727,858)
Decrease in inventory	283,331	1,017,381	1,275,596	2,410,477
(Increase) decrease in note receivable	(15,000)	(15,000)	-	5,000
(Increase) decrease in prepaid expenses	762,010	(459,525)	(739,215)	(1,501,480)
(Increase) decrease in prepaid income taxes	174,587	128,084	(47,022)	(125,868)
Increase (decrease) in accounts payable and accrued liabilities	133,976	(835,443)	(774,746)	(1,131,569)
Decrease in accrued income taxes	-	-	-	(37,203)
Net cash provided by (used in) operating activities	1,677,141	3,389,180	(174,856)	148,054
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(18,899)	(52,889)	(94,274)	(183,679)
Proceeds from sale of property, plant and equipment	-	-	4,800	410,000
Net cash provided by (used in) investing activities	(18,899)	(52,889)	(89,474)	226,321
CASH FLOWS FROM FINANCING ACTIVITIES				
Redemption of common stock	(3,234,699)	-	(3,803,718)	(4,884)
Net cash used in financing activities	(3,234,699)	-	(3,803,718)	(4,884)
Net increase (decrease) in cash	(1,576,457)	3,336,291	(4,068,048)	369,491
Cash, beginning of period	5,816,854	4,342,588	8,308,445	7,309,388
Cash, end of period	\$ 4,240,397	\$ 7,678,879	\$ 4,240,397	\$ 7,678,879

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Source: Jewett-Cameron Trading Company Ltd.