

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 NOVEMBER 30, 2016**
- 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 **000-19954**

JEWETT-CAMERON TRADING COMPANY LTD.

(Exact Name of Registrant as Specified in its Charter)

BRITISH COLUMBIA

(State or Other Jurisdiction of Incorporation or Organization)

NONE

(I.R.S. Employer Identification No.)

32275 N.W. Hillcrest, North Plains, Oregon

(Address of Principal Executive Offices)

97133

(Zip Code)

(503) 647-0110

(Registrant's Telephone Number, Including Area Code)

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, or a non-accelerated filer

Large accelerated filer

Non-accelerated filer

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**

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
Common Stock, no par value – 2,286,294 common shares as of January 17, 2017.

Jewett-Cameron Trading Company Ltd.

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

NOVEMBER 30, 2016

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

	November 30, 2016	August 31, 2016
ASSETS		
Current assets		
Cash	\$ 4,899,362	\$ 4,519,922
Accounts receivable, net of allowance of \$Nil (August 31, 2016 - \$Nil)	3,386,389	3,342,204
Inventory, net of allowance of \$167,584 (August 31, 2016 - \$176,717) (note 3)	7,688,609	8,069,017
Prepaid expenses	862,118	832,895
Prepaid income taxes	-	596
Total current assets	16,836,478	16,764,634
Property, plant and equipment, net (note 4)	3,129,753	2,954,595
Intangible assets, net (note 5)	132,367	150,543
Total assets	\$ 20,098,598	\$ 19,869,772

- Continued -

The accompanying notes are an integral part of these consolidated financial statements.

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

	November 30, 2016	August 31, 2016
Continued		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 618,293	\$ 839,972
Accrued liabilities	1,130,568	1,473,792
Income taxes payable	310,974	-
Total current liabilities	2,059,835	2,313,764
Deferred tax liability (note 6)	28,188	31,353
Total liabilities	2,088,023	2,345,117
Contingent liabilities and commitments (note 12)		
Stockholders' equity		
Capital stock (note 8, 9)		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
2,286,294 common shares (August 31, 2016 – 2,286,294)	1,078,759	1,078,759
Additional paid-in capital	600,804	600,804
Retained earnings	16,331,012	15,845,092
Total stockholders' equity	18,010,575	17,524,655
Total liabilities and stockholders' equity	\$ 20,098,598	\$ 19,869,772

The accompanying notes are an integral part of these consolidated financial statements.

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

	Three Months Ended	
	November 30,	
	2016	2015
SALES	\$ 10,421,804	\$ 11,941,508
COST OF SALES	8,027,362	9,561,653
GROSS PROFIT	2,394,442	2,379,855
OPERATING EXPENSES		
Selling, general and administrative expenses	551,048	542,793
Depreciation and amortization	68,640	75,513
Wages and employee benefits	982,249	876,345
	1,601,937	1,494,651
Income from operations	792,505	885,204
OTHER ITEM		
Interest and other income	1,820	8,734
	1,820	8,734
Income before income taxes	794,325	893,938
Income tax expense	(308,405)	(361,693)
Net income	\$ 485,920	\$ 532,245
Basic earnings per common share	\$ 0.21	\$ 0.21
Diluted earnings per common share	\$ 0.21	\$ 0.21
Weighted average number of common shares outstanding:		
Basic	2,286,294	2,476,832
Diluted	2,286,294	2,476,832

The accompanying notes are an integral part of these consolidated financial statements.

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

Capital Stock					
	Number of Shares	Amount	Additional paid-in capital	Retained earnings	Total
August 31, 2015	2,476,832	\$ 1,168,712	\$ 600,804	\$ 15,754,619	\$ 17,524,135
Shares repurchased and cancelled (note 9)	(190,538)	(89,953)	-	(2,034,626)	(2,124,579)
Net income	-	-	-	2,125,099	2,125,099
August 31, 2016	2,286,294	1,078,759	600,804	15,845,092	17,524,655
Net income	-	-	-	485,920	485,920
November 30 2016	2,286,294	\$ 1,078,759	\$ 600,804	\$ 16,331,012	\$ 18,010,575

The accompanying notes are an integral part of these consolidated financial statements.

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

	Three Month Periods	
	Ended November 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 485,920	\$ 532,245
Items not involving an outlay of cash:		
Depreciation and amortization	68,640	75,513
Deferred income taxes	(3,165)	12,805
Interest income on litigation	-	(6,661)
Changes in non-cash working capital items:		
Increase in accounts receivable	(44,185)	(631,579)
Decrease in inventory	380,408	189,334
Decrease in note receivable	-	950
Decrease in prepaid income taxes	596	26,570
(Increase) in prepaid expenses	(29,223)	(333,009)
(Decrease) increase in accounts payable and accrued liabilities	(564,903)	88,686
Increase in income taxes payable	310,974	-
Net cash provided by (used by) operating activities	605,062	(45,146)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(225,622)	(10,526)
Net cash used in investing activities	(225,622)	(10,526)
Net increase (decrease) in cash	379,440	(55,672)
Cash, beginning of period	4,519,922	4,416,297
Cash, end of period	\$ 4,899,362	\$ 4,360,625

Supplemental disclosure with respect to cash flows (note 15)

The accompanying notes are an integral part of these consolidated financial statements.

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
November 30, 2016
(Unaudited)

1. NATURE OF OPERATIONS

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, the Company 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, 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 and other specialty building products principally to customers in the marine and transportation industries in the United States. 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.

These unaudited financial statements are those of the Company and its wholly owned subsidiaries. In the opinion of management, the accompanying Consolidated Financial Statements of Jewett-Cameron Trading Company Ltd., contain all adjustments, consisting only of normal recurring adjustments, necessary to fairly state its financial position as of November 30, 2016 and August 31, 2016 and its results of operations and cash flows for the three month periods ended November 30, 2016 and November 30, 2015 in accordance with generally accepted accounting principles of the United States of America (“U.S. GAAP”). Operating results for the three month period ended November 30, 2016 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Generally accepted accounting principles

These consolidated financial statements have been prepared in conformity with generally accepted accounting principles of the United States of America.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, JC USA, JCC, MSI, JCSC, and Greenwood, all of which are incorporated under the laws of Oregon, U.S.A.

All inter-company balances and transactions have been eliminated upon consolidation.

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
November 30, 2016
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated into the Company's consolidated financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowances for doubtful accounts receivable and inventory obsolescence, possible product liability and possible product returns, and litigation contingencies and claims. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents. At November 30, 2016, cash was \$4,899,362 compared to \$4,519,922 at August 31, 2016. At November 30, 2016 and August 31, 2016, there were no cash equivalents.

Accounts receivable

Trade and other accounts receivable are reported at face value less any provisions for uncollectible accounts considered necessary. Accounts receivable primarily includes trade receivables from customers. The Company estimates doubtful accounts on an item-by-item basis and includes over aged accounts as part of allowance for doubtful accounts, which are generally ones that are ninety days or greater overdue.

The Company extends credit to domestic customers and offers discounts for early payment. When extension of credit is not advisable, the Company relies on either prepayment or a letter of credit.

Inventory

Inventory, which consists primarily of finished goods, is recorded at the lower of cost, based on the average cost method, and market. Market is defined as net realizable value. An allowance for potential non-saleable inventory due to excess stock or obsolescence is based upon a review of inventory components.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. The Company provides for depreciation over the estimated life of each asset on a straight-line basis over the following periods:

Office equipment	3-7 years
Warehouse equipment	2-10 years
Buildings	5-30 years

Intangibles

The Company's intangible assets have a finite life and are recorded at cost. The most significant intangible assets are two patents related to gate support systems. Amortization is calculated using the straight-line method over the remaining lives of 15 months and 27 months, respectively, and are reviewed annually for impairment.

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
November 30, 2016
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Asset retirement obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and normal use of the long-lived assets. The Company also records a corresponding asset which is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost). The Company does not have any significant asset retirement obligations.

Impairment of long-lived assets and long-lived assets to be disposed of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less costs to sell.

Currency and foreign exchange

These financial statements are expressed in U.S. dollars as the Company's operations are based only in the United States.

The Company does not have non-monetary or monetary assets and liabilities that are in a currency other than the U.S. dollar. Any statement of operations transactions in a foreign currency are translated at rates that approximate those in effect at the time of translation. Gains and losses from translation of foreign currency transactions into U.S. dollars are included in current results of operations.

Earnings per share

Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings per common share takes into consideration common shares outstanding (computed under basic earnings per share) and potentially dilutive common shares.

The earnings per share data for the three months ended November 30, 2016 and November 30, 2015 are as follows:

	2016	2015
Net income	\$ 485,920	\$ 532,245
Basic weighted average number of common shares outstanding	2,286,294	2,476,832
Effect of dilutive securities Stock options	-	-
Diluted weighted average number of common shares outstanding	2,286,294	2,476,832

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
November 30, 2016
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Comprehensive income

The Company has no items of other comprehensive income in any year presented. Therefore, net income presented in the consolidated statements of operations equals comprehensive income.

Stock-based compensation

All stock-based compensation is recognized as an expense in the financial statements and such costs are measured at the fair value of the award.

No options were granted during the three month period ended November 30, 2016, and there were no options outstanding on November 30, 2016.

Financial instruments

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values:

Cash - the carrying amount approximates fair value because the amounts consist of cash held at a bank and cash held in short term investment accounts.

Accounts receivable - the carrying amounts approximate fair value due to the short-term nature and historical collectability.

Notes receivable - the carrying amounts approximate fair value due to the short-term nature of the amount.

Accounts payable and accrued liabilities - the carrying amount approximates fair value due to the short-term nature of the obligations.

The estimated fair values of the Company's financial instruments as of November 30, 2016 and August 31, 2016 follows:

	November 30, 2016		August 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	\$4,899,362	\$4,899,362	\$4,519,922	\$4,519,922
Accounts receivable, net of allowance	3,386,389	3,386,389	3,342,204	3,342,204
Accounts payable and accrued liabilities	1,748,861	1,748,861	2,313,764	2,313,764

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
November 30, 2016
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

The following table presents information about the assets that are measured at fair value on a recurring basis as of November 30, 2016, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset:

	<u>November 30, 2016</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Cash	\$ 4,899,362	\$ 4,899,362	\$ —	\$ —

The fair values of cash are determined through market, observable and corroborated sources.

Income taxes

A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carryforwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Shipping and handling costs

The Company incurs certain expenses related to preparing, packaging and shipping its products to its customers, mainly third-party transportation fees. All costs related to these activities are included as a component of cost of goods sold in the consolidated statement of operations. All costs billed to the customer are included as revenue in the consolidated statement of operations.

Revenue recognition

The Company recognizes revenue from the sales of lumber, building supply products, industrial wood products, specialty metal products, and other specialty products and tools, when the products are shipped, title passes, and the ultimate collection is reasonably assured. Revenue from the Company's seed operations is generated from seed processing, handling and storage services provided to seed growers, and by the sales of seed products. Revenue from the provision of these services and products is recognized when the services have been performed, products sold and collection of the amounts is reasonably assured.

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
November 30, 2016
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent Accounting Pronouncements

Management has reviewed the new accounting guidance and determined that there is not a material impact on our financial statements.

3. INVENTORY

A summary of inventory is as follows:

	November 30, 2016	August 31, 2016
Wood products and metal products	\$ 6,973,477	\$ 7,374,255
Industrial tools	404,425	450,924
Agricultural seed products	310,707	243,838
	<u>\$ 7,688,609</u>	<u>\$ 8,069,017</u>

4. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant, and equipment is as follows:

	November 30, 2016	August 31, 2016
Office equipment	\$ 624,140	\$ 615,031
Warehouse equipment	1,498,960	1,498,960
Buildings	3,913,613	3,697,100
Land	761,924	761,924
	<u>6,798,637</u>	<u>6,573,015</u>
Accumulated depreciation	<u>(3,668,884)</u>	<u>(3,618,420)</u>
Net book value	<u>\$ 3,129,753</u>	<u>\$ 2,954,595</u>

In the event that facts and circumstances indicate that the carrying amount of an asset may not be recoverable and an estimate of future discounted cash flows is less than the carrying amount of the asset, an impairment loss will be recognized. Management's estimates of revenues, operating expenses, and operating capital are subject to certain risks and uncertainties which may affect the recoverability of the Company's investments in its assets. Although management has made its best estimate of these factors based on current conditions, it is possible that changes could occur which could adversely affect management's estimate of the net cash flow expected to be generated from its operations.

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
November 30, 2016
(Unaudited)

5. INTANGIBLE ASSETS

A summary of intangible assets is as follows:

	November 30, 2016	August 31, 2016
Patent	\$ 850,000	\$ 850,000
Other	43,655	43,655
	<u>893,655</u>	<u>893,655</u>
Accumulated amortization	(761,288)	(743,112)
Net book value	<u>\$ 132,367</u>	<u>\$ 150,543</u>

6. DEFERRED INCOME TAXES

Deferred income tax liability as of November 30, 2016 of \$28,188 (August 31, 2016 – \$31,353) reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

7. BANK INDEBTEDNESS

There was no bank indebtedness under the Company's \$3,000,000 line of credit as of November 30, 2016 or August 31, 2016.

Bank indebtedness, when it exists, is secured by an assignment of accounts receivable and inventory. Interest is calculated solely on the one month LIBOR rate plus 175 basis points.

8. CAPITAL STOCK

Common Stock

Holders of common stock are entitled to one vote for each share held. There are no restrictions that limit the Company's ability to pay dividends on its common stock. The Company has not declared any dividends since incorporation.

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. CANCELLATION OF CAPITAL STOCK

Treasury stock may be kept based on an acceptable inventory method such as the average cost basis. Upon disposition or cancellation, the treasury stock account is credited for an amount equal to the number of shares cancelled, multiplied by the cost per share and the difference is treated as additional paid-in-capital in excess of stated value.

During the 4th quarter of fiscal 2016 ended August 31, 2016, the Company repurchased and cancelled a total of 112,152 common shares under a 10b5-1 share repurchase plan. The total cost was \$1,378,701 at an average price of \$12.29. The premium paid to acquire these shares over their per share book value in the amount of \$1,325,994 was recorded as a decrease to retained earnings. In addition to the shares repurchased under the 10b5-1 repurchase plan, Donald Boone, President and CEO of the Company, voluntarily returned 15,000 common shares to treasury for cancellation. The Company paid no consideration for the shares. Capital stock was reduced by the book value of the shares in the amount of \$7,124, with a corresponding increase to retained earnings of \$7,124.

During the 3rd quarter of fiscal 2016 ended May 31, 2016, the Company repurchased and cancelled a total of 63,386 common shares under a 10b5-1 share repurchase plan. The total cost was \$745,878 at an average price of \$11.77 per share. The premium paid to acquire these shares over their per share book value in the amount of \$715,756 was recorded as a decrease to retained earnings.

10. STOCK OPTIONS

The Company has a stock option program under which stock options to purchase securities from the Company can be granted to directors and employees of the Company on terms and conditions acceptable to the regulatory authorities of Canada, notably the Ontario Securities Commission and the British Columbia Securities Commission.

Under the stock option program, stock options for up to 10% of the number of issued and outstanding common shares may be granted from time to time, provided that stock options in favor of any one individual may not exceed 5% of the issued and outstanding common shares. No stock option granted under the stock option program is transferable by the optionee other than by will or the laws of descent and distribution, and each stock option is exercisable during the lifetime of the optionee only by such optionee. Generally, no option can be for a term of more than 10 years from the date of the grant.

The exercise price of all stock options, granted under the stock option program, must be at least equal to the fair market value (subject to regulated discounts) of such common shares on the date of grant. Options vest at the discretion of the Board of Directors.

The Company had no stock options outstanding as of November 30, 2016 and August 31, 2016.

11. PENSION AND PROFIT-SHARING PLANS

The Company has a deferred compensation 401(k) plan for all employees with at least 12 months of service pending a semi-annual enrolment time. The plan allows for a non-elective discretionary contribution based on the first \$60,000 of eligible compensation. For the quarters ended November 30, 2016 and 2015 the 401(k) compensation expense was \$53,570 and \$39,843, respectively.

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
November 30, 2016
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12. CONTINGENT LIABILITIES AND COMMITMENTS

- a) A subsidiary was a plaintiff in a lawsuit filed in Portland, Oregon, entitled, Greenwood Products, Inc. et al v. Greenwood Forest Products, Inc. et al., Case No. 05-02553 (Multnomah County Circuit Court).

During fiscal 2002 the Company entered into a purchase agreement to acquire inventory over a 15 month period with an initial estimated value of \$7,000,000 from Greenwood Forest Products, Inc. During the year ended August 31, 2003, the Company completed the final phase of the inventory acquisition. As partial consideration for the purchase of the inventory the Company issued two promissory notes, based on its understanding of the value of the inventory purchased. The Company believes it overpaid the obligation by approximately \$820,000. The holder counterclaimed for approximately \$2,400,000.

Litigation was completed on March 5, 2007, with the court's general judgment and money award. The net effect was money judgment in favor of Greenwood Forest Products, Inc. for \$242,604. The Company accrued reserves to cover the money judgment related to this dispute. Both parties filed appeals for review of the court's opinion.

A series of rulings and appeals between the years ended August 31, 2011 to August 31, 2015, resulted in the Company recognizing aggregate litigation income of \$272,695, and aggregate interest expense of \$363,366 to August 31, 2015, totaling a net loss of \$90,671. During the period ended November 30, 2015, the Company recorded \$6,661 of interest income.

During the year ended August 31, 2016, the Company and Greenwood Forest Products, Inc., settled all litigation between the two companies. The Company made a cash payment of \$200,000 to Greenwood Forest Products, Inc., as full settlement and termination of the litigation (the "Settlement Payment"). During the year ended August 31, 2016, litigation expense of \$115,990 was recorded. As a result, to the date of settlement during the year ended August 31, 2016, the Company has recognized aggregate litigation income, and aggregate interest expense of \$156,705, and \$363,366 respectively, resulting in an aggregate loss of \$206,661.

- b) At November 30, 2016 and August 31, 2016 the Company had an un-utilized line-of-credit of \$3,000,000 (note 7). The line-of-credit has certain financial covenants. The Company is in compliance with these covenants.

13. SEGMENT INFORMATION

The Company has four principal reportable segments. These reportable segments were determined based on the nature of the products offered. Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company evaluates performance based on several factors, of which the primary financial measure is business segment income before taxes. The following tables show the operations of the Company's reportable segments.

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
November 30, 2016
(Unaudited)

13. SEGMENT INFORMATION (cont'd...)

Following is a summary of segmented information for the three month periods ended November 30:

	<u>2016</u>	<u>2015</u>
Sales to unaffiliated customers:		
Industrial wood products	\$ 959,616	\$ 1,553,523
Lawn, garden, pet and other	8,419,027	8,868,811
Seed processing and sales	479,111	1,221,409
Industrial tools and clamps	564,050	297,765
	<u>\$ 10,421,804</u>	<u>\$ 11,941,508</u>
Income (loss) before income taxes:		
Industrial wood products	\$ (28,462)	\$ 37,249
Lawn, garden, pet and other	527,220	665,399
Seed processing and sales	36,811	47,195
Industrial tools and clamps	40,407	(29,015)
Corporate and administrative	218,349	173,110
	<u>\$ 794,325</u>	<u>\$ 893,938</u>
Identifiable assets:		
Industrial wood products	\$ 1,187,525	\$ 1,534,523
Lawn, garden, pet and other	9,579,500	9,975,028
Seed processing and sales	452,678	853,665
Industrial tools and clamps	532,897	627,344
Corporate and administrative	8,345,998	7,294,934
	<u>\$ 20,098,598</u>	<u>\$ 20,285,494</u>
Depreciation and amortization:		
Industrial wood products	\$ 83	\$ 245
Lawn, garden, pet and other	10,715	15,440
Seed processing and sales	3,174	2,666
Industrial tools and clamps	328	600
Corporate and administrative	54,340	56,562
	<u>\$ 68,640</u>	<u>\$ 75,513</u>
Capital expenditures:		
Industrial wood products	\$ -	\$ -
Lawn, garden, pet and other	-	-
Seed processing and sales	-	-
Industrial tools and clamps	-	-
Corporate and administrative	225,622	10,526
	<u>\$ 225,622</u>	<u>\$ 10,526</u>
Interest expense:	\$ -	\$ 24

JEWETT-CAMERON TRADING COMPANY LTD.
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13. SEGMENT INFORMATION (cont'd...)

The following table lists sales made by the Company to customers which were in excess of 10% of total sales for the three months ended November 30:

	<u>2016</u>	<u>2015</u>
Sales	\$ 5,524,416	\$ 5,509,701

The Company conducts business primarily in the United States, but also has limited amounts of sales in foreign countries. The following table lists sales by country for the quarter ended November 30:

	<u>2016</u>	<u>2015</u>
United States	\$ 9,881,253	\$ 10,830,787
Canada	268,062	164,289
Europe	12,408	-
Mexico/Latin America	233,594	916,822
Asia/Pacific	26,487	29,610

All of the Company's significant identifiable assets were located in the United States as of November 30, 2016 and 2015.

14. CONCENTRATIONS

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company places its cash with a high quality financial institution. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts receivable are concentrated geographically in the United States amongst a small number of customers. At November 30, 2016, three customers accounted for accounts receivable greater than 10% of total accounts receivable at 70%. At November 30, 2015, two customers accounted for accounts receivable greater than 10% of total accounts receivable at 61%. The Company controls credit risk through credit approvals, credit limits, credit insurance and monitoring procedures. The Company performs credit evaluations of its commercial customers but generally does not require collateral to support accounts receivable.

Volume of business

The Company has concentrations in the volume of purchases it conducts with its suppliers. For the three months ended November 30, 2016, there were two suppliers that each accounted for greater than 10% of total purchases, and the aggregate purchases amounted to \$3,180,581. For the three months ended November 30, 2015, there were three suppliers that each accounted for greater than 10% of total purchases, and the aggregate purchases amounted to \$5,558,778.

JEWETT-CAMERON TRADING COMPANY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Certain cash payments for the three months ended November 30 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Cash paid during the periods for:		
Interest	\$ -	\$ 24
Income taxes	\$ -	\$ -

There were no non-cash investing or financing activities during the periods presented.

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

These unaudited financial statements are those of the Company and its wholly owned subsidiaries. In the opinion of management, the accompanying consolidated financial statements of Jewett-Cameron Trading Company Ltd., contain all adjustments, consisting only of normal recurring adjustments, necessary to fairly state its financial position as of November 30, 2016 and August 31, 2016 and its results of operations and cash flows for the three month periods ended November 30, 2016 and November 30, 2015 in accordance with U.S. GAAP. Operating results for the three month period ended November 30, 2016 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2017.

The Company's operations are classified into four reportable segments, which were determined based on the nature of the products offered along with the markets being served. The segments are as follows:

- Industrial wood products
- Lawn, garden, pet and other
- Seed processing and sales
- Industrial tools

The industrial wood products segment reflects the business conducted by Greenwood Products, Inc. (Greenwood), Greenwood is a processor and distributor of industrial wood products. A major product category is treated plywood that is sold to boat manufacturers and the transportation industry.

The lawn, garden, pet and other segment reflects the business of Jewett-Cameron Company (JCC), which is a manufacturer and distributor of specialty metal products and a wholesaler of wood products formerly conducted by JCLC. Wood products include fencing and landscape timbers, while metal products include dog kennels, proprietary gate support systems, perimeter fencing, and greenhouses. JCC uses contract manufacturers to make the specialty metal products. Some of the products that JCC distributes flow through the Company's distribution center located in North Plains, Oregon, and some are shipped direct to the customer from the manufacturer. Primary customers are home centers and other retailers.

The seed processing and sales segment reflects the business of Jewett-Cameron Seed Company (JCSC). JCSC processes and distributes agricultural seed. Most of this segment's sales come from selling seed to distributors with a lesser amount of sales derived from cleaning seed.

The industrial tools segment reflects the business of MSI-PRO (MSI). MSI imports and distributes products including pneumatic air tools, industrial clamps, and saw blades; that are primarily sold to retailers that in turn sell to contractors and end users.

RESULTS OF OPERATIONS

Three Months Ended November 30, 2016 and November 30, 2015

For the three months ended November 30, 2016, sales decreased by \$1,519,704 to \$10,421,804 from \$11,941,508 for the three months ended November 30, 2015.

Sales at Greenwood were \$959,616 for the three months ended November 30, 2016 compared to sales of \$1,553,523 for the three months ended November 30, 2015, which was a decrease of \$593,997, or 38%. Sales have begun to rebound as the Company has obtained new customers and new uses for its products, but due to the continued weakness in the marine industry, overall demand remains below historical levels. For the quarter, Greenwood had an operating loss of (\$28,462) compared to operating income of \$37,249 in the three months ended November 30, 2015.

Sales at JCC were \$8,419,027 for the three months ended November 30, 2016 compared to sales of \$8,868,811 for the three months ended November 30, 2015, which was a decrease of \$449,784, or 5%. The decrease in sales for the current period was primarily due to higher than normal sales in the prior year's quarter due to the Company receiving and shipping seasonal orders from certain customers earlier than in previous years. Operating income for JCC was \$527,220 for the three months ended November 30, 2016, which was a decrease of \$138,179 from the operating income \$665,399 for the three months ended November 30, 2015. Overall, the operating results of JCC are seasonal with the first two quarters of the fiscal year historically being slower than the final two quarters of the fiscal year.

Sales at JCSC were \$479,111 for the three months ended November 30, 2016 compared to sales of \$1,221,409 for the three months ended November 30, 2015. This represents a decrease of \$742,298, or 61%. The decline in sales was largely due to lower per pound seed prices in the current quarter compared to 2015 when the persistent drought in the Western US and in other seed growing areas temporarily boosted prices due to smaller harvested yields. Operating income for JCSC for the quarter was \$36,811 compared to operating income of \$47,195 for the quarter ended November 30, 2015.

Sales at MSI were \$564,050 for the quarter ended November 30, 2016 compared to sales of \$297,765 for the quarter ended November 30, 2015, which was an increase of \$266,285, or 89%. The higher sales in the current quarter are attributable to a large seasonal order from an existing customer which was placed earlier than in prior years. Operating income for MSI for the three months ended November 30, 2016 was \$40,407 compared to an operating loss of (\$29,015) for the three months ended November 30, 2015.

Gross margin for the three month period ended November 30, 2016 was 23.0% compared to 19.9% for the three months ended November 30, 2015.

Operating expenses increased by \$107,286 to \$1,601,937 from \$1,494,651 for the three months ended November 30, 2016. Selling, General and Administrative Expenses rose to \$551,048 from \$542,793. Depreciation and Amortization decreased to \$68,640 from \$75,513. Wages and Employee Benefits increased to \$982,249 from \$876,345. During the current quarter, the Company hired Charlie Hopewell as Chief Operating Officer of the Jewett Cameron Companies. This is a new position, and Mr. Hopewell is responsible for the day-to-day operations of the Company and its subsidiaries.

The Company's income tax expense in the current period was \$308,405 compared to \$361,693 for the three months ended November 30, 2015. Net income for the three months ended November 30, 2016 was \$485,920, or \$0.21 per basic and diluted share, compared to net income of \$532,245, or \$0.21 per basic and diluted share, for the three months ended November 30, 2015. The per share net income in the current period benefited from a lower weighted average number of shares outstanding due to the repurchases of common shares in fiscal 2016.

LIQUIDITY AND CAPITAL RESOURCES

As of November 30, 2016, the Company had working capital of \$14,776,643 compared to working capital of \$14,450,870 as of August 31, 2016, an increase of \$325,773. Cash totaled \$4,899,362, an increase of \$379,440. Accounts receivable rose to \$3,386,389 from \$3,342,204 due to the seasonal cycle of sales to customers and the related timing of cash receipts. Inventory decreased by \$380,408 and prepaid expenses, which are largely related to down payments for future inventory purchases, increased by \$29,223. Prepaid taxes declined by \$596 to \$Nil.

Accounts payable decreased by \$221,679 and accrued liabilities decreased by \$343,224. Income taxes payable increased by \$310,974.

As of November 30, 2016, accounts receivable and inventory represented 66% of current assets and 55% of total assets. For the three months ended November 30, 2016, the accounts receivable collection period, or DSO, was 30 days compared to 33 days for the three months ended November 30, 2015. Inventory turnover to the three months ended November 30, 2016 was 89 days compared to 79 days for the three months ended November 30, 2015.

External sources of liquidity include a line of credit from U.S. Bank of \$3,000,000. As of November 30, 2016, the Company had no borrowing balance leaving the entire amount available. Borrowing under the line of credit is secured by an assignment of accounts receivable and inventory. The interest rate is calculated solely on the one month LIBOR rate plus 175 basis points. As of November 30, 2016 the one month LIBOR rate plus 175 basis points was 2.37% (0.62% + 1.75%). The line of credit has certain financial covenants. The Company is in compliance with these covenants.

In May 2016, the Company received its final permits for the construction of a warehouse expansion at its headquarters property in North Plains. The completed building measures 150 feet by 80 feet and has a height of 37 feet, and will be used for several new product lines. Subsequent to the end of the current period, the Company received its conditional occupation permits and intends to begin utilizing the new expansion during the second quarter of fiscal 2017.

The Company has been utilizing its cash position by repurchasing common shares under formal repurchase plans in order to increase shareholder value. The Company has repurchased common shares through share repurchase plans approved by the Board of Directors in accordance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934.

On February 11, 2015, the Company announced the Board of Directors had authorized a share repurchase plan to purchase for cancellation up to 300,000 common shares through the facilities of NASDAQ Stock Market ("NASDAQ"). Transactions may involve Jewett-Cameron insiders or their affiliates executed in compliance with Jewett-Cameron's Insider Trading Policy. The share repurchase plan will be effected in accordance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934, which contains restrictions on the number of shares that may be purchased on a single day, subject to certain exceptions for block purchases, based on the average daily trading volumes ("ADTV") of Jewett-Cameron's shares on NASDAQ. Purchases shall be limited to one "Block" purchase per week in lieu of the 25% of ADTV limitation for compliance with Rule 10b-18(b)(4). A "block" as defined under Rule 10b-18(a)(5) means a quantity of stock that, among other things, is at least 5,000 shares and has a purchase price of at least US\$50,000. The plan commenced on February 17, 2015 and was terminated by the Board on July 17, 2015. Under the Plan, the Company repurchased a total of 93,829 common shares at a cost of \$1,156,066 which is an average price of \$12.32.

On March 7, 2016, the Company announced the Board of Directors approved a new share purchase plan to purchase for cancellation up to 250,000 common shares through the facilities of NASDAQ. The terms of the plan are similar to the February 11, 2015 repurchase plan. The plan commenced on March 10, 2016 and terminated on August 25, 2016. Under the Plan, the Company repurchased a total of 175,538 common shares at a cost of \$2,124,579 which is an average price of \$12.10.

In addition to the Rule 10b-18 share repurchases, Donald M. Boone, CEO, President and Director, voluntarily returned 15,000 common shares to the Company's treasury for cancellation in August 2015. In June 2016, Mr. Boone voluntarily returned an additional 15,000 to treasury for cancellation. The Company paid no consideration for these shares.

Business Risks

This quarterly report includes "forward-looking statements" as that term is defined in Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "anticipates," or "hopeful," or the negative of those terms or other comparable terminology, or by discussions of strategy, plans or intentions. For example, this section contains numerous forward-looking statements. All forward-looking statements in this report are made based on management's current expectations and estimates, which involve risks and uncertainties, including those described in the following paragraphs.

Risks Related to Our Common Stock

We may decide to acquire assets or enter into business combinations, which could be paid for, either wholly or partially with our common stock and if we decide to do this our current shareholders would experience dilution in their percentage of ownership.

Our Articles of Incorporation give our Board of Directors the right to enter into any contract without the approval of our shareholders. Therefore, our management could decide to make an investment (buy shares, loan money, etc.) without shareholder approval. If we acquire an asset or enter into a business combination, this could include exchanging a large amount of our common stock, which could dilute the ownership interest of present stockholders.

Future stock distributions could be structured in such a way as to be 1) diluting to our current shareholders or 2) could cause a change in control to new investors.

If we raise additional funds by selling more of our stock, the new stock may have rights, preferences or privileges senior to those of the rights of our existing stock. If common stock is issued in return for additional funds, the price per share could be lower than that paid by our current stockholders. The result of this would be a lessening of each present stockholder's relative percentage interest in our company.

Our shareholders could experience significant dilution if we issue our authorized 10,000,000 preferred shares.

The Company's common shares currently trade within the NASDAQ Capital Market in the United States. The average daily trading volume of our common stock on NASDAQ was 3,610 shares for the three months ended November 30, 2016. With this limited trading volume, investors could find it difficult to purchase or sell our common stock.

Risks Related to Our Business

We could experience a decrease in the demand for our products resulting in lower sales volumes.

In the past we have at times experienced decreasing products sales with certain customers. The reasons for this can be generally attributed to: increased competition; general economic conditions; demand for products; and consumer interest rates. If economic conditions deteriorate or if consumer preferences change, we could experience a significant decrease in profitability.

If our top customers were lost, we could experience lower sales volumes.

For the three months ended November 30, 2016, our top ten customers represented 79% of our total sales. We would experience a significant decrease in sales and profitability and would have to cut back our operations, if these customers were lost and could not be replaced. Our top ten customers are in the U.S., Canada and Mexico and are primarily in the retail home improvement industry.

We could experience delays in the delivery of our products to our customers causing us to lose business.

We purchase our products from other vendors and a delay in shipment from these vendors to us could cause significant delays in our delivery to our customers. This could result in a decrease in sales orders to us and we would experience a loss in profitability.

We could lose our credit agreement and could result in our not being able to pay our creditors.

We have a line of credit with U.S. Bank in the amount of \$3,000,000, of which \$3,000,000 is available. We are currently in compliance with the requirements of our existing line of credit. If we lost this credit it could become impossible to pay some of our creditors on a timely basis.

If we fail to maintain an effective system of internal controls, we may not be able to detect fraud or report our financial results accurately, which could harm our business and we could be subject to regulatory scrutiny.

We have completed a management assessment of internal controls as prescribed by Section 404 of the Sarbanes-Oxley Act, which we were required to do in connection with our year ended August 31, 2016. Based on this process we did not identify any material weaknesses. Although we believe our internal controls are operating effectively, we cannot guarantee that in the future we will not identify any material weaknesses in connection with this ongoing process.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

The Company does not have any derivative financial instruments as of November 30, 2016. However, the Company is exposed to interest rate risk.

The Company's interest income and expense are most sensitive to changes in the general level of U.S. interest rates. In this regard, changes in U.S. interest rates affect the interest earned on the Company's cash.

The Company has a line of credit whose interest rate may fluctuate over time based on economic changes in the environment. The Company is subject to interest rate risk and could be subject to increased interest payments if market interest rates fluctuate. The Company does not expect any change in the interest rates to have a material adverse effect on the Company's results from operations.

Foreign Currency Risk

The Company operates primarily in the United States. However, a relatively small amount of business is conducted in currencies other than U.S. dollars. Also, to the extent that the Company uses contract manufacturers in China, currency exchange rates can influence the Company's purchasing costs.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, including the Company's Principal Executive and Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"). Based on that evaluation, our Principal Executive and Financial Officer has concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our Chief Executive Officer and our Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1. Legal Proceedings

- a) A subsidiary was a plaintiff in a lawsuit filed in Portland, Oregon, entitled, Greenwood Products, Inc. et al v. Greenwood Forest Products, Inc. et al., Case No. 05-02553 (Multnomah County Circuit Court).

During fiscal 2002 the Company entered into a purchase agreement to acquire inventory over a 15 month period with an initial estimated value of \$7,000,000 from Greenwood Forest Products, Inc. During the year ended August 31, 2003, the Company completed the final phase of the inventory acquisition. As partial consideration for the purchase of the inventory the Company issued two promissory notes, based on its understanding of the value of the inventory purchased. The Company believes it overpaid the obligation by approximately \$820,000. The holder counterclaimed for approximately \$2,400,000.

Litigation was completed on March 5, 2007, with the court's general judgment and money award. The net effect was money judgment in favor of Greenwood Forest Products, Inc. for \$242,604. The Company accrued reserves to cover the money judgment related to this dispute. Both parties filed appeals for review of the court's opinion.

A series of rulings and appeals between the years ended August 31, 2011 to August 31, 2015, resulted in the Company recognizing aggregate litigation income of \$272,695, and aggregate interest expense of \$363,366 to August 31, 2015, totaling a net loss of \$90,671.

During the year ended August 31, 2016, the Company and Greenwood Forest Products, Inc., settled all litigation between the two companies. The Company made a cash payment of \$200,000 to Greenwood Forest Products, Inc., as full settlement and termination of the litigation (the "Settlement Payment"). During the year ended August 31, 2016, litigation expense of \$115,990 was recorded. As a result, to the date of settlement during the year ended August 31, 2016, the Company has recognized aggregate litigation income, and aggregate interest expense of \$156,705, and \$363,366 respectively, resulting in an aggregate loss of \$206,661.

The Company does not know of any other material, active or pending legal proceedings against them; nor is the Company involved as a plaintiff in any other material proceeding or pending litigation. The Company knows of no other active or pending proceedings against anyone that might materially adversely affect an interest of the Company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

---No Disclosure Required---

Item 3. Defaults Upon Senior Securities

---No Disclosure Required---

Item 4. Mine Safety Disclosures

---No Disclosure Required---

Item 5. Other Information

---No Disclosure Required---

Item 6. Exhibits

- 3.1 Amended and Restated Articles of Incorporation of Jewett-Cameron Lumber Corporation
-- Filed as an exhibit to the 10-Q Quarterly Report filed on January 13, 2014 --
- 3.2 Articles of Incorporation of Jewett-Cameron Company.
-- Filed as an exhibit to the 10-Q Quarterly Report filed on January 13, 2014 --
- 31.1 Certification of Chief Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act, Donald M. Boone
- 32.1 Certification of Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C., 1350 (Section 906 of the Sarbanes-Oxley Act), Donald M. Boone

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Jewett-Cameron Trading Company Ltd.
(Registrant)

January 17, 2017

/s/ "Donald M. Boone"
Donald M. Boone,
President/CEO/Treasurer/Director/CFO

CERTIFICATIONS

I, Donald M. Boone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Jewett-Cameron Trading Company Ltd;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 17, 2017

By: /s/ "Donald M. Boone"
Donald M. Boone,
Chief Executive Officer, President and Treasurer
and Principal Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Jewett-Cameron Trading Company Ltd. (the "Company") on Form 10-Q for the period ended November 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company does hereby certify, to such officer's knowledge, that, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 17, 2017

Signed: /s/ "Donald M. Boone"

**Donald M. Boone,
Chief Executive Officer, President and Treasurer
and Principal Financial Officer**