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, 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 000-19954

JEWETT-CAMERON TRADING COMPANY LTD.

(Exact Name of Registrant as Specified in its Charter)

BRITISH COLUMBIA	**NONE**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
32275 N.W. Hillcrest, North Plains, Oregon	**97133**
(Address Of Principal Executive Offices)	(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 ☐	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 ☒

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 – 2,234,494 common shares as of January 16, 2018.

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, 2017

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

	November 30, 2017	August 31, 2017
ASSETS		
Current assets		
Cash	$ 5,560,066	$ 5,912,250
Accounts receivable, net of allowance of $Nil (August 31, 2017 - $1,725)	3,363,541	3,565,055
Inventory, net of allowance of $186,713 (August 31, 2017 - $156,713) (note 3)	9,120,135	8,807,545
Prepaid expenses	1,040,558	595,776
Total current assets	19,084,300	18,880,626
Property, plant and equipment, net (note 4)	3,201,768	3,222,572
Intangible assets, net (note 5)	60,323	77,837
Deferred income taxes (note 6)	10,221	-
Total assets	$ 22,356,612	$ 22,181,035

- 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, 2017	August 31, 2017
Continued		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 544,736	$ 638,128
Accrued liabilities	1,765,072	1,807,192
Total current liabilities	2,309,808	2,445,320
Deferred tax liability (note 6)	-	11,344
Total liabilities	2,309,808	2,456,664
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		
2,234,494 common shares (August 31, 2017 – 2,234,494)	1,054,316	1,054,316
Additional paid-in capital	600,804	600,804
Retained earnings	18,391,684	18,069,251
Total stockholders' equity	20,046,804	19,724,371
Total liabilities and stockholders' equity	$ 22,356,612	$ 22,181,035

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, 2017	Three Months Ended November 30, 2016
SALES	$ 9,413,970	$ 10,421,804
COST OF SALES	7,227,222	8,027,362
GROSS PROFIT	2,186,748	2,394,442
OPERATING EXPENSES		
Selling, general and administrative expenses	445,877	551,048
Depreciation and amortization	72,665	68,640
Wages and employee benefits	1,097,904	982,249
	1,616,446	1,601,937
Income from operations	570,302	792,505
OTHER ITEMS		
Loss on sale of property, plant and equipment	(27,552)	-
Interest and other income	2,690	1,820
	(24,862)	1,820
Income before income taxes	545,440	794,325
Income tax expense	(223,007)	(308,405)
Net income	$ 322,433	$ 485,920
Basic earnings per common share	$ 0.14	$ 0.21
Diluted earnings per common share	$ 0.14	$ 0.21
Weighted average number of common shares outstanding:		
Basic	2,234,494	2,286,294
Diluted	2,234,494	2,286,294

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, 2016	2,286,294	$ 1,078,759	$ 600,804	$ 15,845,092	$ 17,524,655
Shares repurchased and cancelled (note 9)	(51,800)	(24,443)	-	(502,498)	(526,941)
Net income	-	-	-	2,726,657	2,726,657
August 31, 2017	2,234,494	$ 1,054,316	$ 600,804	$ 18,069,251	$ 19,724,371
Net income	-	-	-	322,433	322,433
November 30, 2017	2,234,494	$ 1,054,316	$ 600,804	$ 18,391,684	$ 20,046,804

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 Months Ended November 30, 2017	Three Months Ended November 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 322,433	$ 485,920
Items not involving an outlay of cash:		
Depreciation and amortization	72,665	68,640
Loss on sale of property, plant and equipment	27,552	-
Deferred income taxes	(21,565)	(3,165)
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	201,514	(44,185)
(Increase) decrease in inventory	(312,590)	380,408
Decrease in prepaid income taxes	-	596
(Increase) in prepaid expenses	(444,782)	(29,223)
Decrease in accounts payable and accrued liabilities	(135,512)	(564,903)
Increase in income taxes payable	-	310,974
Net cash provided by (used by) operating activities	(290,285)	605,062
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(61,899)	(225,622)
Net cash used in investing activities	(61,899)	(225,622)
Net increase (decrease) in cash	(352,184)	379,440
Cash, beginning of period	5,912,250	4,519,922
Cash, end of period	$ 5,560,066	$ 4,899,362

Supplemental disclosure with respect to cash flows (note 14)

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

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, 2017 and August 31, 2017 and its results of operations and cash flows for the three month periods ended November 30, 2017 and 2016 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, 2017 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2018.

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.

(Expressed in U.S. Dollars)

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, 2017, cash was $5,560,066 compared to $5,912,250 at August 31, 2017. At November 30, 2017 and August 31, 2017, 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 3 months and 15 months, respectively, and are reviewed annually for impairment.

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 significant 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.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Earnings per share (cont'd…)

The earnings per share data for the three month periods ended November 30, 2017 and 2016 are as follows:

	Three Month Periods ended November 30,	
	2017	2016
Net income	$ 322,433	$ 485,920
Basic weighted average number of common shares outstanding	2,234,494	2,286,294
Effect of dilutive securities Stock options	-	-
Diluted weighted average number of common shares outstanding	2,234,494	2,286,294

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, 2017, and there were no options outstanding on November 30, 2017.

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.

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

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

The estimated fair values of the Company's financial instruments as of November 30, 2017 and August 31, 2017 follows:

	November 30, 2017		August 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	$5,560,066	$5,560,066	$5,912,250	$5,912,250
Accounts receivable, net of allowance	3,363,541	3,363,541	3,565,055	3,565,055
Accounts payable and accrued liabilities	2,309,808	2,309,808	2,445,320	2,445,320

The following table presents information about the assets that are measured at fair value on a recurring basis as of November 30, 2017, 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:

	November 30, 2017	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	$ 5,560,066	$ 5,560,066	$ —	$ —

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 sales in the consolidated statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The new standard provides a five-step approach to be applied to all contracts with customers and also requires expanded disclosures about revenue recognition. The ASU is effective for annual reporting periods beginning after December 15, 2017, including interim periods and is to be retrospectively applied. Early application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company adopted this ASU on April 1, 2017, prospectively. There was no material impact on the Company's financial statements on adoption.

In November 2015, an ASU was issued to simplify the presentation of deferred income taxes. The amendments in this ASU require that deferred tax liabilities and assets be classified as non-current on the balance sheet as compared to the current requirements to separate deferred tax liabilities and assets into current and non-current amounts. This ASU is effective for annual periods beginning after December 15, 2016, including interim periods within those annual periods. Earlier application is permitted. This ASU may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company adopted this ASU on April 1, 2017, prospectively. There was no material impact on the Company's financial statements on adoption.

In February 2016, Topic 842, *Leases* was issued to replace the leases requirements in Topic 840, *Leases*. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The accounting applied by a lessor is largely unchanged from that applied under previous GAAP. Topic 842 will be effective for annual reporting periods beginning after December 15, 2018, including interim periods within those annual periods and is to be retrospectively applied. Earlier application is permitted. The adoption of this new guidance is not expected to have a material impact on the Company's consolidated financial statements.

In July 2015, Topic 330, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory, which requires that inventory within the scope of the guidance be measured at the lower of cost and net realizable value. Inventory measured using last-in, first-out (LIFO) and the retail inventory method (RIM) are not impacted by the new guidance. The new standard is being issued as part of the simplification initiative. Prior to the issuance of the standard, inventory was measured at the lower of cost or market (where market was defined as replacement cost, with a ceiling of net realizable value and floor of net realizable value less a normal profit margin). This necessitated obtaining three data points to determine market value. Replacing the concept of market with the single measurement of net realizable value is intended to create efficiencies for preparers. Further, this change will more closely align U.S. GAAP and IFRS. The guidance will be effective for fiscal years beginning after December 15, 2016, including interim periods within those years and is to be prospectively applied. The Company adopted this ASU on April 1, 2017, prospectively. There was no material impact on the Company's financial statements on adoption.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Recent Accounting Pronouncements (cont'd…)

In November 2016, Topic 230, the FASB issued ASU No. 2016-18, Statement of Cash Flows: Restricted Cash, a consensus of the FASB's Emerging Issues Task Force (the "Task Force"). The new standard requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. Topic 230 will be effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual periods. The Company is currently assessing this ASU's impacts on the Company's consolidated results of operations and financial condition.

3. INVENTORY

A summary of inventory is as follows:

	November 30, 2017	August 31, 2017
Wood products and metal products	$ 8,464,819	$ 8,184,921
Industrial tools	434,598	434,871
Agricultural seed products	220,718	187,753
	$ 9,120,135	$ 8,807,545

4. PROPERTY, PLANT AND EQUIPMENT

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

	November 30, 2017	August 31, 2017
Office equipment	$ 569,750	$ 561,090
Warehouse equipment	1,302,838	1,290,838
Buildings	4,090,527	4,097,438
Land	761,924	761,924
	6,725,039	6,711,290
Accumulated depreciation	(3,523,271)	(3,488,718)
Net book value	$ 3,201,768	$ 3,222,572

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.

(Expressed in U.S. Dollars)

5. INTANGIBLE ASSETS

A summary of intangible assets is as follows:

	November 30, 2017	**August 31, 2017**
Patent	$ 850,000	$ 850,000
Other	43,655	43,655
	893,655	893,655
Accumulated amortization	(833,332)	(815,818)
Net book value	$ 60,323	$ 77,837

6. DEFERRED INCOME TAXES

Deferred income tax assets as of November 30, 2017 of $10,221, and deferred tax liabilities as of August 31, 2017 of $11,344 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, 2017 or August 31, 2017.

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.

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 2017 ended August 31, 2017, the Company repurchased and cancelled a total of 41,800 common shares under a 10b5-1 share repurchase plan. The total cost was $526,941 at an average price of $12.61 per share. The premium paid to acquire these shares over their per share book value in the amount of $507,217 was recorded as a decrease to retained earnings.

Donald Boone, Chairman and former President and CEO of the Company, voluntarily returned 10,000 common shares to treasury for cancellation during the fiscal year ended August 31, 2017. The Company paid no consideration for the shares. Capital stock was reduced by the book value of the shares in the amount of $4,719, with a corresponding increase to retained earnings of $4,719.

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 per share. 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 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, 2017 and August 31, 2017.

(Expressed in U.S. Dollars)

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 monthly enrollment time. The plan allows for a non-elective discretionary contribution based on the first $45,000 of eligible compensation, which was decreased from the prior $50,000 during the second quarter of fiscal 2018 and from $60,000 of eligible compensation during the second quarter of fiscal 2017. During the second quarter of fiscal 2016 ended February 29, 2016, the Company made an additional 10% contribution for all eligible employees as a one-time compensation bonus. For the three months ended November 30, 2017 and 2016 the 401(k) compensation expense was $46,962 and $53,570, respectively.

12. 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.

Following is a summary of segmented information for the three month periods ended November 30, 2017 and 2016:

	2017	2016
Sales to unaffiliated customers:		
Industrial wood products	$ 662,454	$ 959,616
Lawn, garden, pet and other	7,984,745	8,419,027
Seed processing and sales	468,575	479,111
Industrial tools and clamps	298,196	564,050
	$ 9,413,970	$ 10,421,804
Income (loss) before income taxes:		
Industrial wood products	$ (42,760)	$ (28,462)
Lawn, garden, pet and other	300,872	527,220
Seed processing and sales	63,462	36,811
Industrial tools and clamps	10,621	40,407
Corporate and administrative	213,245	218,349
	$ 545,440	$ 794,325
Identifiable assets:		
Industrial wood products	$ 861,542	$ 1,187,525
Lawn, garden, pet and other	11,569,466	9,579,500
Seed processing and sales	351,176	452,678
Industrial tools and clamps	525,356	532,897
Corporate and administrative	9,049,072	8,345,998
	$ 22,356,612	$ 20,098,598

(Expressed in U.S. Dollars)

12. SEGMENT INFORMATION (cont'd…)

Depreciation and amortization:		
Industrial wood products	$ 83	$ 83
Lawn, garden, pet and other	8,560	10,715
Seed processing and sales	2,450	3,174
Industrial tools and clamps	328	328
Corporate and administrative	61,244	54,340
	$ 72,665	$ 68,640
Capital expenditures:		
Industrial wood products	$ -	$ -
Lawn, garden, pet and other	-	-
Seed processing and sales	-	-
Industrial tools and clamps	-	-
Corporate and administrative	61,899	225,622
	$ 61,899	$ 225,622
Interest expense:	$ -	$ -

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, 2017 and 2016:

	2017	**2016**
Sales	$ 5,773,104	$ 5,524,416

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 three months ended November 30, 2017 and 2016:

	2017	**2016**
United States	$ 8,899,759	$ 9,881,253
Canada	364,173	268,062
Europe	5,073	12,408
Mexico/Latin America	79,958	233,594
Middle East	12,209	-
Asia/Pacific	52,798	26,487

All of the Company's significant identifiable assets were located in the United States as of November 30, 2017 and 2016.

(Expressed in U.S. Dollars)

13. 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, 2017, three customers accounted for accounts receivable greater than 10% of total accounts receivable at 72%. At August 31, 2017, three customers accounted for accounts receivable greater than 10% of total accounts receivable for a total of 77%. 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, 2017, there were three suppliers that each accounted for greater than 10% of total purchases, and the aggregate purchases amounted to $3,923,827. 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.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

	2017	**2016**
Cash paid during the periods for:		
Interest	$ -	$ -
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, 2017 and August 31, 2017 and its results of operations and cash flows for the three month periods ended November 30, 2017 and November 30, 2016 in accordance with U.S. GAAP. Operating results for the three month period ended November 30, 2017 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2018.

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 primarily to the transportation industry.

The lawn, garden, pet and other segment reflects the business of Jewett-Cameron Company (JCC), which is a wholesaler of wood products and a manufacturer and distributor of specialty metal products. Wood products are primarily fencing, while metal products include pet enclosures and kennels, proprietary gate support systems, perimeter fencing, greenhouses, canopies and umbrellas. Examples of the Company's brands include Lucky Dog, Animal House and AKC (used under license from the American Kennel Club) for pet enclosures and kennels; Adjust-A-Gate, Fit-Right, and Perimeter Patrol for gates and fencing; Early Start, Spring Gardner, and Weatherguard for greenhouses; and TrueShade for patio umbrellas, furniture covers and canopies. JCC uses contract manufacturers to make the specialty metal products. Some of the products that JCC distributes flow through the Company's facility 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, saw blades, digital calipers, and laser guides. MSI brands include MSI-Pro, Avenger, and ProMax.

RESULTS OF OPERATIONS

Three Months Ended November 30, 2017 and November 30, 2016

For the three months ended November 30, 2017, sales decreased by $1,007,834, or 9.7% to $9,413,970 from $10,421,804 for the three months ended November 30, 2016.

Sales at Greenwood were $662,454 for the three months ended November 30, 2017 compared to sales of $959,616 for the three months ended November 30, 2016, which was a decrease of $297,162, or 31%. Overall, demand remains weak in this sector. Historically, a large portion of Greenwood's sales were in the marine industry, but the Company sold its excess marine industry inventory in fiscal 2014. The Company will maintain a readiness to participate in the marine segment when the market rebounds. For the quarter, Greenwood had an operating loss of ($42,760) compared to an operating loss of ($28,462) in the three months ended November 30, 2016.

Sales at JCC were $7,984,745 for the three months ended November 30, 2017 compared to sales of $8,419,027 for the three months ended November 30, 2016, which was a decrease of $434,282, or 5%. The decrease in sales in the current period was primarily due to a breakage issue with a specific product. This product was sold to a single retail store customer. After two reported incidents of breakage, the Company and the retailer issued a voluntary safety advisory which included a recall of units sold and a permanent withdrawal from sale of all remaining unsold units. This recall had a significant negative effect on JCC's sales and income for the quarter, as the Company has provided the retailer with a return allowance for the units and destroyed all remaining inventory of the recalled product. Operating income for JCC was $300,872 for the three months ended November 30, 2017 compared to operating income of $527,220 for the three months ended November 30, 2016. This represents a decrease of $226,348 which is principally attributable to the product issue discussed above. 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 $468,575 for the three months ended November 30, 2017 compared to sales of $479,111 for the three months ended November 30, 2016. This represents a decrease of $10,536, or 2%. Overall demand for grass seed remains high due to the continuing strength in the residential housing market in North America. Operating income for JCSC for the quarter was $63,462 compared to operating income of $36,811 for the quarter ended November 30, 2016.

Sales at MSI were $298,196 for the quarter ended November 30, 2017 compared to sales of $564,050 for the quarter ended November 30, 2016, which was a decrease of $265,854, or 47%. In the prior year's quarter, the Company received a final large order from a now former customer, while the current quarter's sales are more consistent with historical results. Operating income for MSI for the three months ended November 30, 2017 was $10,621 compared to operating income of $40,407 for the three months ended November 30, 2016.

Gross margin for the three month period ended November 30, 2017 was 23.2% compared to 23.0% for the three months ended November 30, 2016.

Operating expenses increased by $14,509 to $1,616,446 from $1,601,937 for the three months ended November 30, 2017. Selling, General and Administrative Expenses declined to $445,877 from $551,048. Depreciation and Amortization increased to $72,665 from $68,640. Wages and Employee Benefits increased to $1,097,904 from $982,249 as the Company hired additional personnel including Charles Hopewell as President and CEO.

The Company's income tax expense in the current period was $223,007 compared to $308,405 for the three months ended November 30, 2016. Net income for the three months ended November 30, 2017 was $322,433, or $0.14 per basic and diluted share, compared to $485,920, or $0.21 per basic and diluted share, for the three months ended November 30, 2016.

LIQUIDITY AND CAPITAL RESOURCES

As of November 30, 2017, the Company had working capital of $16,774,492 compared to working capital of $16,435,306 as of August 31, 2017, an increase of $339,186. Cash totaled $5,560,066, a decrease of $352,184. Accounts receivable fell to $3,363,541 from $3,565,055 due to the seasonal cycle of sales to customers and the related timing of cash receipts. Inventory increased by $312,590 and prepaid expenses, which is largely related to down payments for future inventory purchases, increased by $444,782 as the Company has secured additional specialty lumber for certain customers who indicated they would increase their orders for the Spring season. The Company also accelerated certain specialty metal product purchases from China in advance of announced increase in the price of steel. Accounts payable decreased by $93,392 and accrued liabilities decreased by $42,120.

As of November 30, 2017, accounts receivable and inventory represented 65% of current assets and 56% of total assets. For the three months ended November 30, 2017, the accounts receivable collection period, or DSO, was 33 days compared to 30 days for the three months ended November 30, 2016. Inventory turnover to the three months ended November 30, 2017 was 113 days compared to 89 days for the three months ended November 30, 2016.

External sources of liquidity include a line of credit from U.S. Bank of $3,000,000. As of November 30, 2017, 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, 2017, the one month LIBOR rate plus 175 basis points was 3.11% (1.36% + 1.75%). The line of credit has certain financial covenants. The Company is in compliance with these covenants.

The Company has been expanding its infrastructure to support its growth. 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. During the second quarter of fiscal 2017, the Company received its conditional occupation permits and began using the new expansion for several new product lines. Additional personnel were also added during fiscal 2017 to support its new product lines and sales initiatives.

Subsequent to the end of the first quarter, the Company received noticed that its application for a patent on its updated Adjust-a-Gate gate system has been granted by the United States Patent and Trademark Office. This new patent will extend the protection on the Adjust-a-Gate products for an additional 15 years.

The Company has been utilizing its cash position by repurchasing common shares under formal repurchase plans in order to increase shareholder value. During the fiscal years ended August 31, 2017 and 2016, 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 March 7, 2016, the Company announced the Board of Directors had authorized a share repurchase plan to purchase for cancellation up to 250,000 common shares through the facilities of NASDAQ. Transactions may involve Jewett-Cameron insiders or their affiliates executed in compliance with Jewett-Cameron's Insider Trading Policy. The share repurchase plan was 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 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 was an average price of $12.10.

On May 23, 2017, the Company announced the Board of Directors had authorized a new share repurchase plan to purchase for cancellation up to 225,000 common shares through the facilities of NASDAQ under similar terms as the March 2016 repurchase plan. The Plan commenced on June 1, 2017 and terminated automatically on August 31, 2017. Under the Plan, the Company repurchased and cancelled a total of 41,800 common shares at a total cost of $526,941 which was an average price of $12.61 per share.

In addition to the Rule 10b-18 share repurchases, Donald M. Boone, Chairman and former President and CEO, voluntarily returned 15,000 common shares to the Company’s treasury for cancellation in June 2016. In February 2017, Mr. Boone voluntarily returned an additional 10,000 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.

<u>Risks Related to Our Common Stock</u>

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 2,565 shares for the three months ended November 30, 2017. With this limited trading volume, investors could find it difficult to purchase or sell our common stock.

<u>Risks Related to Our Business</u>

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, 2017, our top ten customers represented 92% 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, 2017. 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, 2017. 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 currently conducted in currencies other than U.S. dollars, and the Company may experience an increase in foreign exchange risk as they expand their international sales. 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

The Company does not know of any 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, Charles Hopewell
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), Charles Hopewell

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 16, 2018

/s/ "Charles Hopewell"
Charles Hopewell,
President/CEO/CFO

CERTIFICATIONS

I, Charles Hopewell, 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 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 16, 2018

By: */s/ "Charles Hopewell"*
Charles Hopewell,
Chief Executive Officer and President,
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, 2017 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 16, 2018

Signed: */s/ "Charles Hopewell"*
Charles Hopewell,
Chief Executive Officer and President,
and Principal Financial Officer