UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **AUGUST 31, 2016**

Or

☐ 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.

(Name of registrant as specified in its charter)

British Columbia, Canada	N/A
(State or Incorporation or Organization)	(IRS Employer ID No.)

32275 NW Hillcrest, North Plains, Oregon, USA 97133
(Address of principal executive offices)

Registrant's Telephone Number 503-647-0110

Securities to be registered pursuant to Section 12(b) of the Act: None

Securities to be registered pursuant to Section 12(g) of the Act:
Common Shares without par value.
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act
☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
☐ Yes ☒ No

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 twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
☐

Indicate by check mark whether the registrant is a large accelerated filer, and 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 Act).
☐ Yes ☒ No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter:
February 29, 2016 = $14,406,595

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of November 2, 2016:
2,286,294

Jewett-Cameron Trading Company Ltd.

Form 10-K Annual Report

Fiscal Year Ended August 31, 2016

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PART I

ITEM 1. BUSINESS

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words like “plans”, “expects”, “aims”, “believes”, “projects”, “anticipates”, “intends”, “estimates”, “will”, “should”, “could” and similar expressions in connection with any discussion, expectation, or projection of future operating or financial performance, events or trends. Forward-looking statements are based on management's current expectations and assumptions, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may differ materially from these expectations and assumptions due to changes in global political, economic, business, competitive, market, regulatory and other factors. We undertake no obligation to publicly update or review any forward-looking information, whether as a result of new information, future developments or otherwise.

These factors include, but are not limited to the fact that the Company is in a highly competitive business and may seek additional financing to expand its business, and are set forth in more detail elsewhere in this Annual Report, including in the sections, ITEM 1A, “Risk Factors”, and ITEM 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations”.

Introduction

Jewett-Cameron Trading Company Ltd. is organized under the laws of British Columbia, Canada. In this Annual Report, the “Company”, “we”, “our” and “us” refer to Jewett-Cameron Trading Company Ltd. and its subsidiaries.

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 and clamps

Effective September 1, 2013, the Company reorganized certain of its subsidiaries. Jewett-Cameron Lumber Corporation (“JCLC”) was changed to JC USA Inc. (“JC USA”), which has the following four wholly-owned subsidiaries.

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 the newly incorporated Jewett-Cameron Company (“JCC”). JCC is a wholesaler of wood products and a manufacturer and distributor of specialty metal 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 and clamps segment reflects the business of MSI-PRO (“MSI”). MSI imports and distributes products including pneumatic air tools, industrial clamps, and saw blades. These products are primarily sold to retailers that in turn sell to contractors and end users.

JC USA provides professional and administrative services, including accounting and credit services, to each of its wholly-owned subsidiary companies.

Total Company sales were approximately $48.1 and $42.2 million during fiscal years ended August 31, 2016 and 2015, respectively.

The Company's principal office is located at 32275 NW Hillcrest Street, North Plains, Oregon; and the Company's website address is www.jewettcameron.com. Mail is not delivered to the street address, and the Company's mailing address is P.O. Box 1010, North Plains, OR 97133. The Company's phone number is (503) 647-0110, and the fax number is (503) 647-2272.

The Company files reports and other information with the Securities and Exchange Commission located at 100 F. Street NE, Washington, D.C. 20549. Copies of these filings may be accessed through their website at www.sec.gov. Reports are also filed under Canadian regulatory requirements on SEDAR, and these reports may be accessed at www.sedar.com.

The contact person for the Company is Donald M. Boone, President, Chief Executive Officer, Treasurer, Director, and Principal Financial Officer.

The Company's authorized capital includes 21,567,564 common shares without par value; and 10,000,000 preferred shares without par value. As of August 31, 2016 and November 2, 2016, there were 2,286,294 common shares outstanding. The Company's common shares are listed on the NASDAQ Capital Market in the United States with the symbol "JCTCF".

The Company's fiscal year ends on August 31st.

General Development of Business

Incorporation and Subsidiaries

Jewett-Cameron Trading Company Ltd. was incorporated under the Company Act of British Columbia on July 8, 1987 as a holding company for Jewett-Cameron Lumber Corporation ("JCLC"), which was incorporated in 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 completed a reorganization of certain of its subsidiaries and JCLC's name was changed to JC USA Inc. ("JC USA"). JC USA has the following wholly owned subsidiaries. MSI-PRO Co. ("MSI"), incorporated in April 1996, Jewett-Cameron Seed Company, ("JCSC"), incorporated in October 2000, Greenwood Products, Inc. ("Greenwood"), incorporated in February 2002, and Jewett-Cameron Company ("JCC") incorporated in September 2013. Jewett-Cameron Trading Company, Ltd. and its subsidiaries have no significant assets in Canada.

Corporate Development

Incorporated in 1953, JC USA operated as a small lumber wholesaler based in Portland, Oregon. In September 1984, the original stockholders sold their interest in the corporation to a new group of investors. Two members of that group remain active in the Company. These individuals are Donald Boone, the President, Chief Executive Officer, Treasurer, Director and Principal Financial Officer; and Michael Nasser, Corporate Secretary.

In July 1987, the Company acquired JC USA in what was not an arms-length transaction.

In early 1986, prior to JC USA being acquired by the Company, JC USA acquired Material Supply International ("Material Supply"). Material Supply was engaged in the importation and distribution of pneumatic air tools and industrial clamps. The product line was re-branded as "MSI-PRO" and MSI was incorporated in 1996 to carry-on the business of Material Supply.

In October 2000, JCSC was incorporated in anticipation of JC USA acquiring the business and certain assets of a firm called Agrobiotech Inc. JCSC operates as a seed storage, processing and sales business.

In February 2002, Greenwood was incorporated in anticipation of JC USA acquiring the business and certain assets of Greenwood Forest Products Inc. Greenwood is involved in the processing and distribution of specialty wood products.

In June 2012, the Company acquired land and fixed assets located in Manning, Oregon for $250,000 cash.

Narrative Description of Business

The Company's operations are classified into four segments. Sales, income before taxes, assets, depreciation and amortization, capital expenditures, and interest expense by segment are shown in the footnotes to the financial statements.

Industrial Wood Products - Greenwood

Greenwood is a wholesale distributor of a variety of specialty wood products. Operations are co-located in the building utilized by JCC and MSI.

Historically, a major product category has been treated plywood that is sold to boat manufacturers and the transportation industry. In February 2014, the Company sold its excess inventory related to the marine industry. Greenwood's total sales for fiscal 2016 and 2015 were 10% and 11% respectively of total Company sales.

The markets in which Greenwood competes are sensitive to downturns in the U.S economy.

Inventory is maintained at non-owned warehouse and wood treating facilities throughout the United States and is primarily shipped to customers on a just-in-time basis. Inventory is generally not purchased on a speculative basis in anticipation of price changes.

Greenwood has no significant backlog of orders.

Lawn, Garden, Pet and Other – JCC

The lawn, garden, pet and other segment reflects the business of the newly incorporated Jewett-Cameron Company (JCC), which is a manufacturer and distributor of specialty metal products and a wholesaler of wood products formerly conducted by JCLC.

JCC operates out of a 5.6 acre owned facility located in North Plains, Oregon that includes an office, a warehouse, a paved yard, and a remanufacturing plant. This business is a wholesaler of wood products and a manufacturer and distributor of specialty metal products. 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 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 home improvement business is seasonal, with higher levels of sales occurring between February and August. Inventory buildup occurs until the start of the season in February and then gradually declines to seasonal low levels at the end of the summer.

JCC has concentrated on building a customer base for lawn, garden, and pet related products. Management believes this market is less sensitive to downturns in the U.S. economy than is the market for new home construction.

The wood products that JCC distributes are not unique and are available from multiple suppliers. However, the metal products that JCC manufactures and distributes may be somewhat differentiated from similar products available from other suppliers.

JCC owns the patents and manufacturing rights connected with the Adjust-A-Gate and Fit-Right products, which are the gate support systems for wood, vinyl, chain link, and composite fences. Management believes the ownership of these patents results in an important competitive advantage for these and certain other products. During fiscal 2016, the Company applied for 4 new patents, while 4 other patents were granted. JCC also has two licensing agreements to market pet products.

Backlog orders are a factor in this business as customers may place firm priced orders for both wood and metal products for shipments to take place three to four months in the future.

Seed Processing and Sales - JCSC

JCSC operates out of an approximately 12 acre owned facility located adjacent to North Plains, Oregon. 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. Even though the harvest and processing cycle is seasonal, sales of JCSC tend to be fairly uniform throughout the year. However, profitability around the month of August may be unusually high based on a seasonal surge in cleaning sales, which are much more profitable sales than product sales.

JCSC has no backlog of sales orders.

Industrial Tools and Clamps - MSI

This business operates from the same owned facilities as JCC. MSI imports and distributes products including pneumatic air tools, industrial clamps, and saw blades. These products are primarily sold to retailers that in turn sell to contractors and end users. Sales of these products tend to be relatively uniform throughout the year.

MSI's product line was expanded in 2007 to include saw blades, digital calipers, and laser guides. These newer products carry the Avenger Products brand label.

Customer Concentration

The top ten customers were responsible for 78% and 71% of total Company sales for the years ended August 31, 2016 and August 31, 2015 respectively. Also, the Company's single largest customer was responsible for 33% and 30% of total Company sales for the years ended August 31, 2016 and August 31, 2015 respectively.

Employees

As of August 31, 2016 the Company had 54 full-time employees (August 31, 2015 – 52 full-time employees). By segment these employees were located as follows: Greenwood 2, JCC 25, JCSC 9, MSI 5, and JC USA 13. None of these employees are represented by unions at the Company. Jewett-Cameron Trading Company Ltd. has no direct employees, and the CEO of the Company is employed by JC USA.

ITEM 1A. RISK FACTORS

Investors should carefully consider the following risk factors and all other information contained in this Annual Report. There is a great deal of risk involved. Any of the following risks could affect our business, its financial condition, its potential profits or losses, and could result in you losing your entire investment if our business became insolvent. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties, including those not presently known to us or that we currently deem immaterial, also may result in decreased revenues, increased expenses or other events which could result in a decline in the price of our common stock.

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.

The Company’s common shares currently trade within the NASDAQ Capital Market in the United States. The common shares also formerly traded on the Toronto Stock Exchange in Canada until the Company voluntarily delisted from the Toronto Stock Exchange on October 11, 2012. The average daily trading volume of our common stock was approximately 3,540 shares on NASDAQ for the fiscal year ended August 31, 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 fiscal year ended August 31, 2016 our top ten customers represented 78% of our total sales, and our single largest customer was responsible for 33% 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 located in North America, and are primarily in the retail home improvement industries.

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 million, of which $3 million 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 1B. UNRESOLVED STAFF COMMENTS

--- No Disclosure Necessary ---

ITEM 2. PROPERTIES

The Company’s executive offices are located at 32275 NW Hillcrest Street, North Plains, OR 97133. The 5.6 acre facility, which is owned, consists of 46,000 square feet of covered space (6,000 office, 10,000 manufacturing, and 30,000 warehouse), a little over three acres of paved yard space, and was completed in October 1995. The facility provides office space for JC USA, including all of the Company’s executive offices, and is used as a distribution center to service the Company’s customer base for JCC, Greenwood and MSI. In May 2016, the Company received its final permits for the construction of a warehouse expansion at its headquarters property in North Plains. Construction commenced immediately upon receipt of the required permits, and the completed building will measure 150 feet by 80 feet and a height of 37 feet. The Company anticipates using the new warehouse for several new product lines.

The property associated with JCSC, which is owned, consists of 11.7 acres of land, 105,000 square feet of buildings, rolling stock, and equipment. It is currently used for seed processing and storage. It is located at 31345 NW Beach Road, Hillsboro, OR 97124, which is adjacent to North Plains, OR. During fiscal 2010, the Company purchased a seed testing lab located at 31895 NW Hillcrest Street, North Plains, OR 97133. The facility is 2,000 square feet and provides testing facilities for JCSC. The Company formerly leased the property for $729 per month until the expiration of the lease on January 4, 2010. At that time, the Company exercised its option to buy the land and building for a total cost of $150,946.

In June 2012, the Company acquired land and fixed assets located in Manning, Oregon for $250,000 cash. The land consists of 7.5 acres and the fixed assets included 12,000 square feet of buildings. The Company has an operating agreement in place with an outside party.

We believe that our facilities are currently adequate for our requirements, and that our current equipment is in good condition and is suitable for the operations involved.

ITEM 3. LEGAL PROCEEDINGS

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.

During the 1st quarter of fiscal 2011, the Oregon Court of Appeals ruled that the judgment in favor of Jewett Cameron as plaintiffs should be reversed and the judgment in favor of the defendants should stand. The judgment in favor of the Company was for $819,000 plus attorney's fees. The judgment against the plaintiffs is for $1,187,137. The Company appealed the decision to the Oregon Supreme Court. During the 1st quarter of fiscal 2011, the Company recorded a litigation loss of $962,137 and interest of $391,988 in addition to the existing litigation reserve of $225,000. Additional interest of $48,790 was recorded during the remainder of fiscal 2011. During the 1st quarter of fiscal 2012 ended November 30, 2011, additional interest of $16,204 was accrued.

In February 2012, the Company received the decision from the Oregon Supreme Court which was favorable to Jewett Cameron as plaintiff. As a result, the Company has reversed $1,459,832 of the litigation reserve and accrued interest during the 2nd quarter of fiscal 2012 ended February 29, 2012. The reversal was treated as a one-time gain during the quarter.

In July 2014, upon remand from the Oregon Supreme Court, the Oregon Court of Appeals has concluded that Greenwood Forest Products, Inc. as defendants are entitled to a new trial, and, as a consequence, ruled that the judgment in favor of Jewett Cameron as plaintiffs should be reversed and the judgment in favor of defendants should stand. The judgment in favor of the Company was for $819,000 plus attorney's fees. The judgment against plaintiffs was for $1,187,137. On August 7, 2014, the Company filed a petition with the Oregon Supreme Court for a review of the Oregon Court of Appeals notice. The petition requests the Oregon Supreme Court review the most recent ruling by the Oregon Court of Appeals, reverse the decision, and affirm the original judgment of the trial court. In September 2015, the Oregon Supreme Court ruled on the Company's petition and has reversed the decision of the Oregon Court of Appeals and remanded the case to back to the Court of Appeals for further proceedings. The Court also denied the defendants' request for a new trial.

During the year ended August 31, 2015, the Company recorded $26,716 of interest income due to the favorable difference in interest rates between the judgments. During the year ended August 31, 2016, 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”). The litigation expense of $115,990 represents the difference between the Settlement Payment, and the litigation reserve balance on the date of settlement of $84,010 which is net of interest income recognized for the period.

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 4. MINE SAFETY DISCLOSURES

--- No Disclosure Necessary ---

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common shares trade on the NASDAQ Capital Market (formerly the NASDAQ Small Cap Market) in the United States. The trading symbol for our common stock is “JCTCF” and the CUSIP number for the stock is 47733C-20-7. Our common stock began trading on the NASDAQ Small Cap Stock Market in April 1996.

The Company declared a two for one stock split of its common stock with a record date of the close of business on April 25, 2013. Shareholders received one additional common share for each common share held as of the record date. The stock split was effective as of May 2, 2013.

Table No. 1 lists the volume of trading along with the high, low, and closing sales prices on the NASDAQ Capital Market for the Company's common shares. Prices are adjusted to reflect the common stock split effective May 2, 2013.

Table No. 1
NASDAQ Capital Market
Common Shares Trading Activity
(US Dollars)

Period Ended	Volume	High	Low	Closing
Monthly				
9/30/16	38,300	$ 13.22	$ 12.12	$ 12.35
Quarterly				
8/31/16	458,100	$ 14.95	$ 10.63	$ 12.42
5/31/16	225,200	$ 12.44	$ 9.64	$ 12.06
2/29/16	130,000	$ 11.01	$ 8.76	$ 10.15
11/30/15	82,600	$ 10.66	$ 7.70	$ 10.42
8/31/15	73,200	$ 12.20	$ 9.46	$ 9.50
5/31/15	199,200	$ 13.73	$ 10.20	$ 12.10
2/28/15	34,200	$ 11.43	$ 10.00	$ 10.38
11/30/14	257,500	$ 10.25	$ 9.09	$ 10.50
Annually				
8/31/16	895,600	$ 14.95	$ 7.70	$ 12.42
8/31/15	564,100	$ 13.73	$ 9.09	$ 9.50
8/31/14	1,894,300	$ 13.44	$ 9.18	$ 9.90
8/31/13	3,525,600	$ 13.88	$ 5.07	$ 13.00
8/31/12	834,900	$ 11.80	$ 7.45	$ 10.12

The Company's common shares formerly traded on the Toronto Stock Exchange ("TSX") in Canada, under the trading symbol "JCT". The common stock commenced public trading on the Toronto Stock Exchange in February 1994 following over six years of trading on the Vancouver Stock Exchange. Effective at the close of business on October 11, 2012, the Company voluntarily delisted its common shares from the TSX. The Company no longer desires to maintain dual listings due to the costs involved and the volume of trading on the TSX has been minimal.

Holders

Computershare Investor Services Inc. which is located in Vancouver, British Columbia, Canada is the registrar and transfer agent for the common shares.

On November 2, 2016 there were 2,286,294 of the Company's common shares outstanding.

Dividends

The Company has not declared any dividends since incorporation and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain earnings for use in its operations, expansion of its business, and the possible repurchase of Company shares. There are no restrictions that limit the ability of the Company to pay dividends on common equity or that are likely to do so in the future. Any dividends paid by the Company to U.S. shareholders would be subject to Canadian withholding tax.

Recent Sales of Securities: Use of Proceeds from Securities

The Company has sold no securities in the last 3 fiscal years.

Purchases of equity securities by the issuer and affiliated purchasers

During the fiscal years ended August 31, 2016 and 2015, 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 April 9, 2014, 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 the 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. This share repurchase plan commenced on April 14, 2014 and terminated on November 14, 2014. Under the Plan, the Company repurchased a total of 235,782 common shares at a cost of $2,494,654 which is an average price of $10.58 per share.

On February 11, 2015, the Company announced the Board of Directors had authorized a new share repurchase plan to purchase for cancellation up to 300,000 common shares through the facilities of NASDAQ under similar terms to the April 9, 2014 repurchase plan. 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 had authorized a new share repurchase plan to purchase for cancellation up to 250,000 common shares through the facilities of NASDAQ under similar terms to the April 9, 2014 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.

The following table details the Company's repurchase of its common shares during the fourth quarter of fiscal 2016 ended August 31, 2016.

Period	Total Number of Shares purchased	Average Price Paid per Share	Total number of shares purchased as part of publicly announced plans or programs	Maximum Number of shares that may yet be purchased under the plans or programs
June	42,742	$ 11.45	106,128	143,872
July	69,391	$ 12.81	175,519	74,481
August	19	$ 14.25	175,538	- [(1)]
Total	**112,152**	**$ 12.29**	**175,538**	**-**

(1) The current Plan terminated on August 25, 2016.

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.

ITEM 6. SELECTED FINANCIAL DATA

--- No Disclosure Necessary for Smaller Reporting Companies ---

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The Company's operations are classified into four reportable segments as follows:

- Industrial wood products (Greenwood) – Distribution of specialty wood products.
- Lawn, garden, pet and other (JCC) – Wholesaling of wood products and manufacturing and distribution of specialty metal products.
- Seed processing and sales (JCSC) – Processing and distribution of agricultural seed.
- Industrial tools and clamps (MSI) – Importing and distribution of products including pneumatic air tools, industrial clamps, and saw blades.

Quarterly Results

The following table summarizes quarterly financial results in fiscal 2016 and fiscal 2015. (Figures are thousands of dollars except per share amounts.)

	For the Year Ended August 31, 2016				
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Full Year**
Sales	$ 11,942	$ 11,188	$ 14,459	$ 10,522	$ 48,111
Gross profit	2,380	2,036	3,177	2,144	9,737
Net income	532	132	909	552	2,125
Basic earnings per share	$ 0.22	$ 0.05	$ 0.37	$ 0.23	$ 0.87
Diluted earnings per share	$ 0.22	$ 0.05	$ 0.37	$ 0.23	$ 0.87

	For the Year Ended August 31, 2015				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Sales	$ 7,983	$ 9,483	$ 13,289	$ 11,483	$ 42,238
Gross profit	1,870	1,902	2,242	2,403	8,417
Net income	328	284	461	702	1,774
Basic earnings per share	$ 0.13	$ 0.11	$ 0.18	$ 0.27	$ 0.69
Diluted earnings per share	$ 0.13	$ 0.11	$ 0.18	$ 0.27	$ 0.69

Fiscal 2016 quarterly per share earnings were calculated using weighted average number of common shares outstanding of 2,435,650 (2015 - 2,581,850).

RESULTS OF OPERATIONS

Fiscal Years Ended August 31, 2016 and August 31, 2015

Sales totaled $48,110,998 compared to sales of $42,238,151 in fiscal 2015, which was an increase of $5,872,847, or 13.9%. The increase in sales was primarily due to higher sales at JCC.

Gross margin rose slightly to 20.2% in fiscal 2016 compared to 19.9% in fiscal 2015.

Operating expenses rose by $627,992 to $6,121,446 in fiscal 2016 from $5,493,454 in fiscal 2015. The increase was due to an increase in wages and employee benefits, which rose to $4,055,948 from $3,396,793 as the Company made an additional 10% contribution to each eligible employee’s 401(k) plan as a one-time compensation bonus. Selling, general and administrative fell to $1,789,230 from $1,814,899, and depreciation fell to $276,268 from $281,762. Income from operations rose to $3,615,146 in fiscal 2016 from $2,923,583 in fiscal 2015.

Including other items, income before income taxes was $3,519,893 in fiscal 2016 compared to $2,955,576 in fiscal 2015. Litigation loss of ($115,990) was related to the settlement of the litigation between the Company and Greenwood Forest Products, Inc. in fiscal 2016. Gain on sale of property, plant and equipment was $5,600 and interest expense was ($27) in fiscal 2016. Interest and other income declined to $15,164 from $31,993 in fiscal 2015. Income tax expense was $1,391,847 in fiscal 2016 compared to $1,181,605 in fiscal 2015. The Company calculates income tax expense based on combined federal and state rates that are currently in effect.

Net income for fiscal 2016 was $2,125,099, or $0.87 per basic and diluted share, compared to net income of $1,773,971, or $0.69 per basic and diluted share, for fiscal 2015. The income per share was positively affected by the repurchase and cancellation of common shares during both fiscal 2016 and 2015, and the weighted number of shares outstanding was 2,435,650 in fiscal 2016 and 2,581,850 in fiscal 2015.

Industrial Wood Products - Greenwood

Sales at Greenwood in fiscal 2016 were $4,704,087, which was an increase of $31,305, or less than 1%, from sales of $4,672,782 in fiscal 2015. 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. In February 2014, the Company sold its excess inventory related to the marine industry in an arm’s length transaction. The Company will maintain a readiness to participate in the marine segment when the market rebounds. Greenwood recorded an operating loss of $8,898 in fiscal 2016 compared to an operating profit of $91,552 in fiscal 2015.

Lawn, Garden, Pet and Other - JCC

Sales at JCC were $39,286,126 in fiscal 2016 compared to sales of $32,904,189 in fiscal 2015, which was an increase of $6,381,937, or 19%. Operating income at JCC for 2016 was $3,253,673 compared to $2,118,156 in 2015, which was an increase of $1,135,517, or 54%. The increase in sales for 2016 was primarily due to the market’s continued acceptance of recently introduced new products and the addition of new small and mid-sized customers. The results in fiscal 2015 were negatively affected by prolonged winter weather across the United States and the West Coast port slowdown which delayed the delivery of product from manufacturers in China. Overall, the operating results of JCC are seasonal with the first two quarters of the fiscal year being much slower than the final two quarters of the fiscal year.

The following table shows a breakdown between the metal and wood categories in this segment.

	Sales in Millions of Dollars			Percent of Total Sales		
Fiscal Year	Metal	Wood	Total	Metal	Wood	Total
2016	$26.4	$12.9	$39.3	67%	33%	100%
2015	$21.9	$11.0	$32.9	67%	33%	100%

Seed Processing and Sales - JCSC

Sales at JCSC were $2,927,408 in fiscal 2016 compared to sales of $2,776,556 in fiscal 2015, which represents an increase of $150,852, or 5%. Although grass seed demand has risen in conjunction with the improvement in the US residential housing market, the sales environment for the segment remains challenging due to the decline in seed cleaning services as more growers clean in-house. Current supplies have also been restricted by the persistent drought in the Western US which have reduced harvested yields. Operating loss at JCSC for the year was $193,208 compared to an operating loss of $23,096 in fiscal 2015.

Industrial Tools and Clamps - MSI

Sales at MSI were $1,193,377 in fiscal 2016 compared to sales of $1,884,624 in fiscal 2015, which was a decrease of $691,247, or 37%. The segment has recently become more competitive, and the Company has reduced prices on certain of its products which reduced operating margins. Operating loss at MSI in fiscal 2016 was $100,986 compared to operating income of $86,184 in fiscal 2015.

LIQUIDITY AND CAPITAL RESOURCES

Fiscal Year Ended August 31, 2016

As of August 31, 2016, the Company had working capital of $14,450,870 compared to working capital of $15,103,474 as of August 31, 2015, which is a decrease of $652,604. The largest changes affecting working capital include the decrease in accounts receivable of $346,043, a decrease in inventory of $282,558, and decrease in prepaid income taxes of $25,974. Note receivable declined by $1,310 as the entire remaining balance of the note was repaid during the year. Cash rose by $103,625, and prepaid expenses increased by $113,436.

Accounts payable decreased by $144,983 to $839,972 which is related to the timing of payments due to suppliers. Accrued liabilities rose to $1,473,792 from $1,024,358, an increase of $449,434. Litigation reserve declined to $Nil from $90,671 as Company settled its outstanding litigation during the period and the entire amount was applied against the amount of the settlement. The ratio of current assets to current liabilities, or current ratio, was 7.2 as of August 31, 2016.

For the fiscal year ended August 31, 2016, the accounts receivable collection period or DSO was 25 days compared to 32 days for the year ended August 31, 2015. Inventory turnover for the year ended August 31, 2016 was 78 days compared to 94 days for the year ended August 31, 2015.

During the year the Company repurchased and cancelled 175,538 common shares which used cash of $2,124,579. An additional 15,000 common shares were voluntarily returned by the Company's CEO and cancelled. Purchase of property, plant and equipment used cash of $926,445 as the Company began construction of a warehouse expansion during the year.

Based on the Company's current working capital position, its policy of retaining earnings, and the line of credit available, the Company has adequate working capital to meet its needs for the coming fiscal year.

Short-term and Long-term Debt

External sources of liquidity include a line of credit from U.S. Bank of $3 million, of which $3 million is available. Previously the line of credit was $1 million, but in during fiscal 2015, the Company increased the line of credit borrowing limit to $3 million.

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 August 31, 2016 the one month LIBOR rate plus 175 basis points was 2.27% (0.52% + 1.75%). The line of credit has certain financial covenants. The Company is in compliance with these covenants.

OTHER MATTERS

Contractual Obligations and Commercial Commitments

The Company currently has no contractual obligations or commercial commitments.

Inflation

The Company does not believe that inflation had a material impact during fiscal 2016 or 2015. Typically, the Company passes price increases on to the customer.

Critical Accounting Policies

Management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On a regular basis, we evaluate our estimates and assumptions. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

During the year ended August 31, 2016, the Company did not adopt any new accounting policies that would have a material impact on the consolidated financial statements, nor did it make changes to accounting policies. Senior Management has discussed with the Audit Committee the development, selection and disclosure of accounting estimates used in the preparation of the consolidated financial statements.

Recent Accounting Pronouncements

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The Company did not have any derivative financial instruments as of August 31, 2016, and the Company does not use derivative instruments for trading purposes.

Changes in U.S. interest rates affect the interest earned on the Company’s cash as well as interest paid on debt. The Company has a line of credit with an interest rate based on published rates that 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

The financial statements and notes thereto are attached hereto. The audit report of Davidson & Company, LLP Chartered Accountants is included herein immediately preceding the audited consolidated financial statements.

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)

AUGUST 31, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Jewett-Cameron Trading Company Ltd. and Subsidiaries

We have audited the accompanying consolidated financial statements of Jewett-Cameron Trading Company Ltd. and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of August 31, 2016 and 2015, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewett-Cameron Trading Company Ltd. and Subsidiaries as of August 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

November 2, 2016

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)
AS OF AUGUST 31

	2016	2015
ASSETS		
Current assets		
Cash	$ 4,519,922	$ 4,416,297
Accounts receivable, net of allowance of $Nil (August 31, 2015 - $Nil)	3,342,204	3,688,247
Inventory, net of allowance of $176,717 (August 31, 2015 - $120,824) (note 3)	8,069,017	8,351,575
Note receivable	-	1,310
Prepaid expenses	832,895	719,459
Prepaid income taxes	596	26,570
Total current assets	16,764,634	17,203,458
Property, plant and equipment, net (note 4)	2,954,595	2,231,711
Intangible assets, net (note 5)	150,543	223,250
Total assets	$ 19,869,772	$ 19,658,419

- Continued -

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

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)
AS OF AUGUST 31

	2016	2015
Continued		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 839,972	$ 984,955
Litigation reserve (note 12(a))	-	90,671
Accrued liabilities	1,473,792	1,024,358
Total current liabilities	2,313,764	2,099,984
Deferred tax liability (note 6)	31,353	34,300
Total liabilities	2,345,117	2,134,284
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, 2015 – 2,476,832)	1,078,759	1,168,712
Additional paid-in capital	600,804	600,804
Retained earnings	15,845,092	15,754,619
Total stockholders' equity	17,524,655	17,524,135
Total liabilities and stockholders' equity	$ 19,869,772	$ 19,658,419

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

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in U.S. Dollars)
YEARS ENDED AUGUST 31

	2016	2015
SALES	$ 48,110,998	$ 42,238,151
COST OF SALES	38,374,405	33,821,114
GROSS PROFIT	9,736,593	8,417,037
OPERATING EXPENSES		
Selling, general and administrative	1,789,230	1,814,899
Depreciation and amortization	276,268	281,762
Wages and employee benefits	4,055,948	3,396,793
	6,121,446	5,493,454
Income from operations	3,615,146	2,923,583
OTHER ITEMS		
Gain on sale of property, plant and equipment	5,600	-
Interest and other income	15,164	31,993
Interest expense	(27)	-
Litigation expense (Note 12(a))	(115,990)	-
	(95,253)	31,993
Income before income taxes	3,519,893	2,955,576
Income taxes (note 6)		
Current	1,394,794	1,208,277
Deferred	(2,947)	(26,672)
Net income for the year	2,125,099	1,773,971
Basic earnings per common share	$ 0.87	$ 0.69
Diluted earnings per common share	$ 0.87	$ 0.69
Weighted average number of common shares outstanding:		
Basic	2,435,650	2,581,850
Diluted	2,435,650	2,581,850

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

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Expressed in U.S. Dollars)
YEARS ENDED AUGUST 31

	Capital Stock				
	Number of Shares	Amount	Additional paid-in capital	Retained earnings	Total
August 31, 2014	2,704,630	$ 1,276,201	$ 600,804	$ 16,321,701	$ 18,198,706
Shares repurchased and cancelled (note 9)	(227,798)	(107,489)	-	(2,341,053)	(2,448,542)
Net income	-	-	-	1,773,971	1,773,971
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

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

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. Dollars)
YEARS ENDED AUGUST 31

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	$ 2,125,099	$ 1,773,971
Items not affecting cash:		
Depreciation and amortization	276,268	281,762
Gain on sale of property, plant and equipment	(5,600)	-
Deferred income taxes	(2,947)	(26,672)
Interest income on litigation	(6,661)	(26,716)
Decrease in litigation reserve	(84,010)	-
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	346,043	(1,245,319)
Decrease in note receivable	1,310	13,690
Decrease in inventory	282,558	802,554
(Increase) decrease in prepaid expenses	(113,436)	43,074
Decrease in prepaid income taxes	25,974	519,777
Increase in accounts payable and accrued liabilities	304,451	694,558
Net cash provided by operating activities	3,149,049	2,830,679
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of property, plant and equipment	5,600	-
Purchase of property, plant and equipment	(926,445)	(293,380)
Net cash used in investing activities	(920,845)	(293,380)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	(2,124,579)	(2,448,542)
Net cash used in financing activities	(2,124,579)	(2,448,542)
Net increase in cash	103,625	88,757
Cash, beginning of year	4,416,297	4,327,540
Cash, end of year	4,519,922	4,416,297

Supplemental disclosure with respect to cash flows (note 15)

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.

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.

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.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. At August 31, 2016, cash was $4,519,922 compared to $4,416,297 at August 31, 2015. At August 31, 2016 and 2015, 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 18 months and 30 months, respectively, and are reviewed annually for impairment.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 fiscal years ended August 31, 2016 and 2015 are as follows:

	2016	**2015**
Net income	$ 2,125,099	$ 1,773,971
Basic weighted average number of common shares outstanding	2,435,650	2,581,850
Effect of dilutive securities Stock options	-	-
Diluted weighted average number of common shares outstanding	2,435,650	2,581,850
Basic and diluted earnings per common share	$ 0.87	$ 0.69

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.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 years ended August 31, 2016 and 2015, and there were no options outstanding on August 31, 2016 or 2015.

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 August 31, 2016 and 2015 follows:

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	$4,519,922	$4,519,922	$4,416,297	$4,416,297
Accounts receivable, net of allowance	3,342,204	3,342,204	3,688,247	3,688,247
Note receivable	-	-	1,310	1,310
Accounts payable and accrued liabilities	2,313,764	2,313,764	2,009,313	2,009,313

The following table presents information about the assets that are measured at fair value on a recurring basis as of August 31, 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:

	August 31, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	$ 4,519,922	$ 4,519,922	$ —	$ —

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

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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 sales in the consolidated statements of operations. All costs billed to the customer are included as sales in the consolidated statements 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.

Reclassifications

Certain reclassifications have been made to prior years' financial statements to conform to the classifications used in the current year. Refer to Note 13,"**Segment Information**".

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 as of August 31, 2016 and 2015 follows:

	2016	2015
Wood products and metal products	$ 7,374,255	$ 7,376,505
Industrial tools	450,924	525,667
Agricultural seed products	243,838	449,403
	$ 8,069,017	$ 8,351,575

(Expressed in U.S. Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant, and equipment as of August 31, 2016 and 2015 follows:

	2016	2015
Office equipment	$ 615,031	$ 591,124
Warehouse equipment	1,498,960	1,520,724
Buildings	3,697,100	2,878,849
Land	761,924	761,924
	6,573,015	5,752,621
Accumulated depreciation	(3,618,420)	(3,520,910)
Net book value	$ 2,954,595	$ 2,231,711

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.

5. INTANGIBLE ASSETS

A summary of intangible assets as of August 31, 2016 and 2015 follows:

	2016	2015
Patent	$ 850,000	$ 850,000
Other	43,655	43,655
	893,655	893,655
Accumulated amortization	(743,112)	(670,405)
Net book value	$ 150,543	$ 223,250

(Expressed in U.S. Dollars)

6. INCOME TAXES

A reconciliation of the provision for income taxes with amounts determined by applying the statutory U.S. federal income tax rate to income before income taxes is as follows:

	2016	2015
Computed tax at the federal statutory rate	$ 1,194,943	$ 1,002,996
State taxes, net of federal benefit	169,869	144,893
Depreciation	(5,834)	16,473
Inventory reserve	32,269	33,216
Other	3,547	10,699
Provision for income taxes	$ 1,394,794	$ 1,208,277
Current income taxes	$ 1,394,794	$ 1,208,277
Deferred income taxes	(2,947)	(26,672)
	$ 1,391,847	$ 1,818,605

Deferred income tax liability as of August 31, 2016 of $31,353 (August 31, 2015 – $34,300) reflects 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.

	2016	2015
Deferred tax assets:		
Allowance for inventory	$ 78,237	$ 66,745
Allowance for bad debts	-	-
Difference between book and tax depreciation	28,469	37,014
Total deferred tax assets	106,706	103,759
Valuation allowance	-	-
Net deferred tax assets	$ 106,706	$ 103,759
Net deferred tax liability	(138,059)	(138,059)
Combined net deferred tax asset (liability)	$ (31,353)	$ (34,300)

7. BANK INDEBTEDNESS

There was no bank indebtedness under the Company's line-of-credit as of August 31, 2016 or August 31, 2015. At August 31, 2016, the line of credit borrowing limit was $3,000,000.

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 (Note 12(b)).

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 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.

During the 4th quarter of fiscal 2015 ended August 31, 2015, the Company repurchased and cancelled a total of 4,778 common shares under a 10b5-1 share repurchase plan. The total cost was $54,491 at an average price of $11.41 per share. The premium paid to acquire these shares over their per share book value in the amount of $52,236 was recorded as a decrease to retained earnings. In addition to the shares repurchased during the quarter, 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 $7,077, with a corresponding increase to retained earnings of $7,077.

During the 3rd quarter of fiscal 2015 ended May 31, 2015, the Company repurchased and cancelled a total of 89,051 common shares under a 10b5-1 share repurchase plan. The total cost was $1,101,574 at an average price of $12.37 per share. The premium paid to acquire these shares over their per share book value in the amount of $1,059,554 was recorded as a decrease to retained earnings.

During the 1st quarter of fiscal 2015 ended November 30, 2014, the Company repurchased and cancelled a total of 118,969 common shares under a 10b5-1 share repurchase plan. The total cost was $1,292,477 at an average price of $10.86 per share. The premium paid to acquire these shares over their per share book value in the amount of $1,236,340 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 the years ended August 31, 2016 and August 31, 2015.

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 $60,000 of eligible compensation. For the years ended August 31, 2016 and 2015 the 401(k) compensation expense was $571,551 and $242,960, respectively.

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.

(Expressed in U.S. Dollars)

12. CONTINGENT LIABILITIES AND COMMITMENTS (cont'd…)

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"). The litigation expense of $115,990 represents the difference between the Settlement Payment, and the litigation reserve balance on the date of settlement of $84,010 which is net of interest income recognized for the period. 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.

A summary of the litigation reserve is as follows:

	August 31, 2016	August 31, 2015
Litigation settlement [1]	$ (84,010)	$ -
Litigation reserve	84,010	117,387
Interest expense	-	-
Interest income	-	(26,716)
Total	$ -	$ 90,671

(1) The litigation reserve was reversed in full upon the settlement reached during the year ended August 31, 2016.

b) At August 31, 2016 and August 31, 2015 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.

(Expressed in U.S. Dollars)

13. SEGMENT INFORMATION (cont'd…)

Following is a summary of segmented information for the years ended August 31:

		2016		2015
Sales to unaffiliated customers:				
Industrial wood products	$	4,704,087	$	4,672,782
Lawn, garden, pet and other		39,286,126		32,904,189
Seed processing and sales		2,927,408		2,776,556
Industrial tools and clamps		1,193,377		1,884,624
	$	48,110,998	$	42,238,151
Income (loss) before income taxes:				
Industrial wood products	$	(8,898)	$	91,552
Lawn, garden, pet and other		3,253,673		2,118,156
Seed processing and sales		(193,208)		(23,096)
Industrial tools and clamps		(100,986)		86,184
Corporate and administrative		569,312		682,780
	$	3,519,893	$	2,955,576
Identifiable assets:				
Industrial wood products	$	787,093	$	1,854,307
Lawn, garden, pet and other		10,325,984		8,799,762
Seed processing and sales		359,070		878,373
Industrial tools and clamps		559,582		856,287
Corporate and administrative		7,838,043		7,269,690
		19,869,772	$	19,658,419
Depreciation and amortization:				
Industrial wood products	$	655	$	981
Lawn, garden, pet and other		41,283		53,549
Seed processing and sales		10,783		10,899
Industrial tools and clamps		1,856		2,667
Corporate and administrative		221,691		213,666
	$	276,268	$	281,762
Capital expenditures:				
Industrial wood products	$	-	$	-
Lawn, garden, pet and other		910,713		-
Seed processing and sales		15,732		-
Industrial tools and clamps		-		-
Corporate and administrative		-		293,380
	$	926,445	$	293,380
Interest expense:	$	-	$	-

(Expressed in U.S. Dollars)

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 years ended August 31:

		2016		2015
Sales	$	23,725,076	$	18,124,573

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 fiscal years ended August 31:

		2016		2015
United States	$	44,568,899	$	39,491,806
Canada		1,465,208		1,166,254
Mexico/Latin America		1,963,994		1,452,221
Europe		6,926		-
Asia/Pacific		94,285		112,746
Middle East		11,686		12,164
Africa		-		2,960
	$	48,110,998	$	42,238,151

All of the Company's significant identifiable assets were located in the United States as of August 31, 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 August 31, 2016, two customers accounted for accounts receivable greater than 10% of total accounts receivable for a total of 62%. At August 31, 2015, one customer accounted for accounts receivable great than 10% of total accounts receivable for a total of 30%. 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 fiscal year ended August 31, 2016, there were three suppliers which each accounted for greater than 10% of total purchases, and the aggregate purchases amounted to $21,741,249. For the fiscal year ended August 31, 2015, there were three suppliers which each accounted for greater than 10% of total purchases, and the aggregate purchases amounted to $18,852,104.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Certain cash payments for the years ended August 31, 2016 and 2015 are summarized as follows:

	2016	2015
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ 1,371,707	$ 688,270

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Jewett-Cameron Trading Company Ltd. and Subsidiaries

Our report on the consolidated financial statements of Jewett-Cameron Trading Company Ltd. and Subsidiaries as at August 31, 2016 and 2015 and for the years then ended is included on Page 18 of this Form 10-K. In connection with our audits of such consolidated financial statements, we have also audited the related consolidated financial statement Schedule II for the years ended August 31, 2016 and 2015 included in this Form 10-K.

In our opinion, the consolidated financial statement schedule referred to above for the years ended August 31, 2016 and 2015, when considered in relation to the consolidated financial statements taken as a whole, presents fairly in all material respects the information required to be included therein.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

November 2, 2016

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENT SCHEDULE
SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
AUGUST 31, 2016

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions Credited to Costs and Expenses	Deductions From Reserves	Balance at End of Year
August 31, 2016					
Allowance deducted from related Balance sheet account:					
Inventory	$ 120,824	$ 55,893	$ -	$ -	$ 176,717
August 31, 2015					
Allowance deducted from related Balance sheet account:					
Inventory	$ 111,756	$ 9,068	$ -	$ -	$ 120,824

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

--- No Disclosure Necessary ---

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Principal Financial Officer, 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 Chief Executive Officer and Principal Financial Officer have 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 Principal Financial Officer as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Under supervision and with the participation of our management including our Chief Executive Officer and Principal Financial Officer we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation our management concluded that our internal control over financial reporting was effective as of August 31, 2016.

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report on Form 10-K.

Changes in Internal Controls

There has been no change in our internal control over financial reporting that occurred during our most recent fiscal year that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

--- No Disclosure Necessary ---

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Table No. 4 lists as of November 2, 2016 the names of the Directors of the Company. The Directors will serve until the next Annual Shareholders' Meeting or until a successor is duly elected, unless the office is vacated in accordance with the Articles/By-Laws of the Company.

Table No. 4
Directors

Name	Age	Date First Elected Or Appointed
Donald M. Boone (2)	76	July 1987
Ralph E. Lodewick (1) (2)	81	February 2008
Frank G. Magdlen (1) (2)	69	January 2013
Adrian Russell-Falla (1) (2)	54	May 2015

(1) Member of Audit Committee.
(2) Resident of Oregon, USA and citizen of the United States.

Table No. 5 lists, as of November 2, 2016, the names of the executive officers of the Company. The executive officers serve at the pleasure of the Board of Directors. All executive officers are residents and citizens of the United States and spend 100% of their time on the affairs of the Company.

Table No. 5
Executive Officers

Name	Position	Age	Date of Board Approval
Donald M. Boone	President, Chief Executive Officer and Treasurer	76	July 1987
Michael C. Nasser	Corporate Secretary	70	July 1987

Family Relationships/Other Relationships/Arrangements

There are no arrangements or understandings between any two or more directors or executive officers, pursuant to which he/she was selected as a director or executive officer. There are no family relationships, material arrangements or understandings between any two or more directors or executive officers.

Written Management Agreements
--- No Disclosure Necessary ---

Business Experience

Donald M. Boone has over 45 years of management experience and has been Chief Executive Officer of the Company since its beginning in 1987. Before this he worked for companies including Sunrise Forest Products, Oregon Pacific Industries, and Tektronix.

Michael C. Nasser has over 40 years of experience in sales and sales management and has worked in this capacity for the Company since its inception. Prior to this he worked for companies including Sunrise Forest Products and Oregon Pacific Industries. Mr. Nasser is a graduate of Portland State University.

Ralph E. Lodewick has an extensive business and governance background covering over 45 years. Employers have included Tektronix, and he has owned businesses involved in art and music. He has served on the board of directors of City Arts and the Mt. Hood Festival of Jazz. Also, he has been a board member and board president of the Jazz Society of Oregon and the Multnomah Arts Center Association.

Frank G. Magdlen is chairman of the audit committee. He has over 40 years of business experience during which he held various financial services positions specializing in investment banking, research on small capitalization companies and portfolio management. Mr. Magdlen has an MBA from University of Southern California, and an undergraduate degree from University of Portland. Mr. Magdlen is a Chartered Financial Analyst.

Adrian Russell-Falla to the Company's Board of Directors. Mr. Russell-Falla is a technology entrepreneur and innovator. He has extensive marketing and fund-raising experience, and his specialties include business and brand development in both the for-profit and non-profit sectors, including venture capital markets.

Involvement in Certain Legal Proceedings

There have been no events during the last five years that are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, or control person including:

1) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2) Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations/other minor offenses);
3) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently enjoining, barring, suspending or otherwise limiting his/her involvement in any type of business, securities or banking activities; and
4) Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Audit Committee Financial Expert

Our Board of Directors has determined that Frank G. Magdlen is the "audit committee financial expert", as defined in Item 401(h) of Regulation S-K. Mr. Magdlen is independent as that term is used in Section 240.14a-101 under the Exchange Act and as defined under NASDAQ Rule 4200 9a) (15).

Audit Committees

The Company has an audit committee, which recommends to the board of directors the engagement of the independent auditors of the Company and reviews with the independent auditors the scope and results of the Company's audits, the Company's internal accounting controls, and the professional services furnished by the independent auditors to the Company. The board of directors, in light of the increased responsibilities placed on the audit committee during 2002 by the Sarbanes-Oxley Act and the SEC, adopted an Amended and Restated Charter in late 2002.

The audit committee is directly responsible for the appointment, compensation and oversight of auditors; and concerns about accounting and auditing matters; and has the authority to engage independent counsel and other outside advisors.

The audit committee may delegate to one or more designated members of the audit committee the authority to grant pre-approvals required by this policy / procedure. The decisions of any audit committee member to whom authority is delegated to pre-approve a service shall be presented to the audit committee at its next scheduled meeting.

In accordance with the requirements of the U.S. Sarbanes-Oxley Act of 2002 and rules issued by the Securities and Exchange Commission, we introduced a procedure for the review and pre-approval of any services performed by Davidson & Company, LLP Chartered Accountants, including audit services, audit related services, tax services and other services. The procedure requires that all proposed engagements of Davidson & Company, LLP Chartered Accountants for audit and permitted non-audit services are submitted to the audit committee for approval prior to the beginning of any such services.

The current members of the audit committee are Frank Magdlen (Chairman), Ralph Lodewick, and Adrian Russell-Falla. All current members of the audit committee are "independent" within the meaning of the new regulations from the SEC regarding audit committee membership.

The audit committee met two times in fiscal 2015 and two times in fiscal 2016.

Compliance with Section 16(a) of the Exchange Act.

The Company has reviewed the Forms 3 and 4 furnished to the Company under Rule 16a-3(e) of the Securities Exchange Act during the most recent fiscal year and the Forms 5 furnished to the Company with respect to its most recent fiscal year, as well as any written representations received by the Company from persons required to file such forms, and management has determined that a Form 4 filed by Donald Boone on June 22, 2016 was not filed on a timely basis.

Other than the Form 4 filing named above, there were no other reports that failed to be filed on a timely basis as required by Section 16(a) of the Securities Exchange Act during the most recent fiscal year.

Code of Ethics

The Company has a written "code of ethics" that meets the United States' Sarbanes-Oxley standards. The code is posted on the Company's website.

Limitation of Liability and Indemnification

Our certificate of incorporation limits the personal liability of our board members for breaches by them of their fiduciary duties. Our bylaws also require us to indemnify our directors and officers to the fullest extent permitted by British Columbia law. British Columbia law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for any of the following acts:

a. any breach of their duty of loyalty to the Company or its stockholders;
b. acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
c. unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions; and
d. any transaction from which the director derived an improper personal benefit.

Such limitation of liability may not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission. In addition, British Columbia laws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in such capacity, regardless of whether indemnification would be permitted under British Columbia law. We currently maintain liability insurance for our directors and executive officers.

Among other things, this will provide for indemnification of our directors and executive officers for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of the Company, arising out of such person's services as a director or executive officer of ours, any subsidiary of ours or any other company or enterprise to which the person provided services at our request. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

ITEM 11. EXECUTIVE COMPENSATION

Table No. 6 details compensation paid or accrued for fiscal 2016, 2015 and 2014 for the Company's chief executive officer, each of the Company's most highly compensated executive officers who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds $100,000 per year.

Table No. 6
Summary Compensation Table
Executive Officers

		Annual Compensation			Long-term Compensation: Awards		Long-term Compensation: Payouts	
Name and Principal Position	**Fiscal Year**	**Salary**	**Bonus**	**Other Annual Comp.**	**Restricted Stock Awards**	**Securities Underlying Options/ SARS (#)**	**LTIP Payouts**	**All Other Comp.**
Donald Boone, President, Chief Executive Officer, Treasurer, Principal Financial Officer (1)								
	2016	$ 19,240	$ -	$ -	$ -	$ -	$ -	$ 6,207
	2015	$ 29,017	$ -	$ -	$ -	$ -	$ -	$ 5,040
	2014	$ 36,000	$ -	$ -	$ -	$ -	$ -	$ 4,320
Michael Nasser, Corporate Secretary								
	2016	$177,000	$50,000	$ -	$ -	$ -	$ -	$ 15,000
	2015	$177,000	$24,290	$ -	$ -	$ -	$ -	$ 8,400
	2014	$177,000	$50,000	$ -	$ -	$ -	$ -	$ 7,200
Murray Smith, Former Chief Financial Officer (2)								
	2015	$ 68,596	$ -	$ -	$ -	$ -	$ -	$ 8,400
	2014	$ 87,000	$ -	$ -	$ -	$ -	$ -	$ 7,200

(1) Effective April 1, 2015, Donald Boone voluntarily reduced his salary from $36,000 annually to $9.25 hourly.
(2) Murray Smith resigned as Chief Financial Officer effective June 15, 2015.

The Company may grant stock options to directors, executive officers and employees. The Company has a 401(k) Plan which allows for a non-elective discretionary contribution based on the first $60,000 of eligible compensation.

Other than participation in the Company's stock option plan and 401(k), no funds were set aside or accrued during fiscal 2016 to provide pension, retirement or similar benefits for directors or executive officers.

The Company has no plans or arrangements with respect to remuneration received or that may be received by executive officers of the Company to compensate such executive officers in the event of termination of employment (as a result of resignation, retirement, change of control) or a change of responsibilities following a change of control.

No executive officer or director received other compensation in excess of the lesser of $25,000 or 10% of such officer's cash compensation, and all executive officers or directors as a group did not receive other compensation, which exceeded $25,000 times the number of persons in the group or 10% of the compensation.

Except for our 401(k) Plan we have no material stock option plan, bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers. Michael Nasser received bonuses, which were determined by the Chief Executive Officer.

Stock Options

The Company may grant stock options to purchase securities to directors and employees on terms and conditions acceptable to the regulatory authorities in Canada, notably the Ontario Securities Commission and the British Columbia Securities Commission. The Company has no formal written stock option plan.

Under our stock option program, stock options for up to 10% of the number of our 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 our 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.

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, and the maximum term of each stock option may not exceed ten years and are determined in accordance with Toronto Stock Exchange ("TSX") guidelines.

No options were granted during fiscal 2015 or fiscal 2016, and as of August 31, 2016 there were no options outstanding.

401(k) Plan

The Company has a 401(k) Plan which allows for a non-elective discretionary contribution based on the first $60,000 of eligible compensation. In fiscal 2016, the Company made an additional 10% contribution for all eligible employees as a one-time compensation bonus. For the years ended August 31, 2016 and 2015 the 401(k) compensation expense was $571,551 and $242,960, respectively. The contributions for Donald Boone were $6,207 and $5,040 for the fiscal years ended August 31, 2016 and 2015 respectively. The contributions for Michael Nasser were $15,000 and $8,400 for the fiscal years ended August 31, 2016 and 2015 respectively. The contribution for Murray Smith was $Nil and $8,400 for the fiscal years ended August 31, 2016 and 2015 respectively. There are no un-funded liabilities.

Long-Term Incentive Plan / Defined Benefit or Actuarial Plan

During fiscal 2016 the Company had no Long-Term Incentive Plan ("LTIP") and no LTIP awards were made. Also, during fiscal 2016 the Company had no Defined Benefit or Actuarial Plan.

Compensation Committee Interlocks and Insider Participation

The Company has no compensation committee, and the independent members of the board of directors perform equivalent functions.

No board of director member and none of our executive officers have a relationship that would constitute an interlocking relationship with executive officers and directors of another entity.

Employment Contracts
Termination of Employment and Change-in-Control Arrangements
--- No Disclosure Necessary ---

Director Compensation

The Company has no formal plan for compensating its directors for their service in their capacity as directors. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of the Board of Directors. The board of directors may award special remuneration to any director undertaking any special services on behalf of the Company other than services ordinarily required of a director. During fiscal 2016 the following cash payments were paid to directors to compensate them for board meetings attended: Frank Magdlen $4,200 (fiscal 2015 - $3,400), Ralph Lodewick $4,200 (fiscal 2015 - $4,200), Adrian Russell-Falla $1,800 (fiscal 2015 - $Nil), and Ted Sharp $Nil (fiscal 2015 - $4,600). Ted Sharp died on March 20, 2015, and Adrian Russell-Falla was named to the Board effective May 11, 2015.

Executive Officer Compensation

The Company has no compensation committee and a majority of the board of directors performs equivalent functions.

As in prior years all judgments regarding executive compensation for fiscal 2016 were based primarily upon our assessment of each executive officer's performance and contribution towards enhancing long-term shareowner value. We rely upon judgment and not upon rigid guidelines or formulas or short-term changes in our stock price in determining the amount and mix of compensation for each executive officer.

Decisions concerning 2016 compensation considered each executive officer's level of responsibility and performance. As noted above, specific decisions involving 2016 executive officer compensation were ultimately based on a judgment about the individual executive officer's performance and contribution towards enhancing long-term shareholder value.

The board of director's basis for Donald Boone's compensation was set many years ago, and this compensation remained unchanged at his request. This amount of compensation is substantially less than what would ordinarily be considered as normal compensation for being Chief Executive Officer of the Company. During fiscal 2015, Mr. Boone requested that his compensation be reduced from $36,000 annually to $9.25 per hour, the then current minimum wage in the State of Oregon. The reduction was approved by the Board of Directors and became effective April 1, 2015.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The Company is a publicly owned corporation. It is not controlled directly or indirectly by another corporation or any foreign government.

Table No. 7 shows directors, executive officers, and 5% shareholders who beneficially owned the Company's common stock and the amount of the Company's voting stock owned as of November 2, 2016.

Table No. 7.
Shareholdings of Directors, Executive Officers,
and 5% Shareholders

Class	Name and Address of of Beneficial Owner	Amount of Beneficial and Voting Ownership	Percent of Class (1)
Common	Donald M. Boone	750,769	32.8%
Common	Michael C. Nasser	251,694	11.0%
Common	Ralph Lodewick	Nil	-
Common	Frank Magdlen	Nil	-
Common	Adrian Russell-Falla	Nil	-
Total directors, executive officers, and 5% shareholders		1,002,463	43.8%

(1) Based on 2,286,294 shares outstanding as of November 2, 2016.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

There have been no transactions or proposed transactions, which have materially affected or will materially affect the Company in which any director, executive officer, or beneficial holder of more than 5% of the outstanding common stock, or any of their respective relatives, spouses, associates or affiliates has had or will have any direct or material indirect interest.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The audit committee is directly responsible for the appointment, compensation and oversight of auditors; and has the authority and the funding to engage independent counsel and other outside advisors.

The audit committee may delegate to one or more designated members of the audit committee the authority to grant pre-approvals required by this policy and procedure. The decisions of any audit committee member to whom authority is delegated to pre-approve a service shall be presented to the audit committee at its next meeting.

In accordance with the requirements of the U.S. Sarbanes-Oxley Act of 2002 and rules issued by the Securities and Exchange Commission, we introduced a procedure for the review and pre-approval of any services performed by Davidson & Company, LLP Chartered Accountants, including audit services, audit related services, tax services and other services. The procedure requires that all proposed engagements of Davidson & Company, LLP Chartered Accountants for audit and permitted non-audit services are submitted to the finance and audit committee for approval prior to the beginning of any such services.

Fees, including reimbursements for expenses and for professional services rendered by Davidson & Company, LLP Chartered Accountants to the Company were:

Principal Accountant Fees and Services	**Fiscal Year 2016**	**2015**
Audit fees	$ 90,000	$ 90,000
Tax fees	8,500	3.500
All other fees (1)	24,750	24,750
Total	$ 123,250	$ 118,250

(1) FY2016: $8,250 to review the Q1 Form 10Q
$8,250 to review the Q2 Form 10Q
$8,250 to review the Q3 Form 10Q

FY2015: $8,250 to review the Q1 Form 10Q
$8,250 to review the Q2 Form 10Q
$8,250 to review the Q3 Form 10Q

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(A) Financial Statements and Schedules:

(B) Exhibits:

2.	Plan of acquisition, reorganization, arrangement, liquidation or succession: No Disclosure Necessary
3.	Articles of Incorporation/By-Laws: Incorporated by reference to Form 10 Registration Statement, as amended.
3.1	Notice of Articles dated May 1, 2013 (filed as an exhibit to the Fiscal 2013 Form 10-K Annual Report filed on October 30, 2013)
4.	Instruments defining the rights of holders, including indentures --- Refer to Exhibit #3 ---
9.	Voting Trust Agreements: No Disclosure Necessary.
10.	Material Contracts: Incorporated by reference to Form 10 Registration Statement, as amended.
11.	Statement re Computation of Per Share Earnings: No Disclosure Necessary
12.	Statements re computation of ratios: No Disclosure Necessary
13.	Annual Report to security holders, Form 10-Q or quarterly report to security holders: No Disclosure Necessary
14.	Code of Ethics: No Disclosure Necessary
16.	Letter on Change of Certifying Accountant: No Disclosure Necessary
18.	Letter on change in accounting principles: No Disclosure Necessary
21.	Subsidiaries of the Registrant: Refer to page 4 of this Form 10-K
22.	Published report regarding matters submitted to vote No Disclosure Necessary
23.	Consent of Experts and Counsel: No Disclosure Necessary
24.	Power of Attorney: No Disclosure Necessary
31.	Rule 13a-14a/15d-14(a) Certifications
32.	Section 1350 Certifications
99.	Additional Exhibits: No Disclosure Necessary
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE PAGE

Pursuant to the requirements of Section 13 or 15(d) 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

Dated: November 2, 2016

By: */s/ "Donald M. Boone"*
Donald M. Boone,
President/CEO/Treasurer/Director/Principal Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: November 2, 2016

By: */s/ "Donald M. Boone"*
Donald M. Boone,
President/CEO/Treasurer/Director/Principal Financial Officer

Dated: November 2, 2016

By: */s/ "Michael C. Nasser"*
Michael C. Nasser,
Corporate Secretary

Dated: November 2, 2016

By: */s/ "Ralph E. Lodewick"*
Ralph E. Lodewick,
Director

Dated: November 2, 2016

By: */s/ "Frank Magdlen"*
Frank Magdlen,
Director

Dated: November 2, 2016

By: */s/ "Adrian Russell-Falla"*
Adrian Russell-Falla,
Director